



REPUBLIC OF TURKEY
Ministry of Agriculture and Rural Affairs



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ABBREVIATIONS

AA	Audit Authority
ACC	Agricultural Credit Cooperative
ARDSI	Agriculture and Rural Development Support Institution
ARIP	Agricultural Reform Implementation Project
ASCA	Agricultural Sales Cooperatives and Associations
ASCU	Agricultural Sales Cooperatives Union
CA	Competent Authority
CAO	Competent Accrediting Officer
CAP	Common Agricultural Policy
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CATOM	Multi-Purpose Community Centres
CB	Certifying Body
CBO	Community-Based Organizations
CE	On the spot control experts
CFP	Common Fisheries Policy
CGAP	Code of Good Agricultural Practice
CHD	Cultural Heritage Development Project
CMEF	Common Monitoring and Evaluation Framework
CUPM	Coordination Unit for Project Management
CUPMC	Coordination Unit for Project Monitoring and Control
da	decare
DAAPT	Department of Alternative Agricultural Production Techniques
DG	Directorate-General
DG AGR	Directorate-General for Agriculture and Rural Development
DIS	Direct Income Support
DSI	General Directorate of State Hydraulic Work
EADP	Eastern Anatolia Development Project
EAFRD	European Agricultural Fund for Rural Development
EC	European Community
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EU	European Union
EUR	Euro
EUROSTAT	Statistical Office of the European Communities
F&V	Fruits and Vegetables
FADN	Farm Accountancy Data Network
FAO	Food and Agricultural Organization
FAOSTAT	FAO Statistical Database
FrYOM	Former Yugoslavian Republic of Macedonia
FTE	Full-Time Equivalent
GAP	Good Agricultural Practices
GAP	South-eastern Anatolia Project
GD	General Directorate
GDAPD	General Directorate of Agricultural Production and Development
GDAR	General Directorate of Agricultural Research

GDOS	General Directorate of Organization and Support
GDP	Gross Domestic Product
GDPC	General Directorate of Protection and Control
GHP	Good Hygiene Practices
GIDEM	Entrepreneur Support Centre
GMP	Good Manufacturing Practices
GNP	Gross National Product
GVA	Gross Value Added
ha	hectare
HACCP	Hazard Analysis of Critical Control Points
HQ	Head Quarters
IACS	Integral Administration and Control System
ICT	Information and Communication Technology
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument for Pre-Accession Assistance on Rural Development
ISO	International Standard Organisation
ISPA	Instrument for Structural Policies for Pre-Accession
IT	Information Technology
IUCN	The International Union for the Conservation of Nature
JICA	Japan International Cooperation Agency
LAG	Local Action Group
LAO	Local Advisory Service
LFA	Less Favoured Areas
LUCC	Land Use Capability Classification
MA	Managing Authority
MAFA	Multi-Annual Financing Agreement
MARA	Ministry of Agriculture and Rural Affairs
MCT	Ministry of Culture and Tourism
ME	Ministry of Education
MoEF	Ministry of Environment and Forestry
MFB	Meat and Fish Board
MIFF	Multi-Annual Indicative Financial Framework
MIPD	Multi-Annual Indicative Planning Document
MIT	Ministry of Industry and Trade
MS	Member States
mt	metric tons
N	Nitrogen
NAO	National Authorisation Officer
N.A.P-D	National Action Programme on combating Desertification
NDP	National Development Plan
NF	National Fund
NFRS	National Farm Registration System
NGO	Non-Governmental Organization
NIPAC	National IPA Coordinator
NPAA	National Program for Adoption of the Acquis
NRDP	National Rural Development Plan

NRDS	National Rural Development Strategy
NUTS	Nomenclature of Units for Territorial Statistics
OECD	Organization for Economic Cooperation and Development
OG	Official Gazette
OIE	Office International des Epizooties
OJ	Official Journal
OP	Operational Programme
OPEC	Organization of Petroleum Exporting Countries
ORKOY	General Directorate for Forest-Village Relations
PCU	Provincial Coordination Unit
PCPSU	Payment Claim Processing Sub-Unit
PESC	Project Evaluation and Selection Committee
PG	Producer Group
PHARE	The Poland and Hungary Action for Restructuring of the Economy
PO	Producer Organisation
PPS	Purchase Power Standards
RDISP	Rural Development Investments Support Program
RDP	Rural Development Plan
SAPARD	Special Accession Program for Agricultural and Rural Development
SAP RDA	South Eastern Anatolia Project Regional Development Administration
SDB	Strategy Development Board
SEAP	South Eastern Anatolia Project
SEE	State Economic Enterprises
SGP	Sorting, Grading, Packaging
SLM	Sustainable Land Management
SME	Small and Medium-sized Enterprises
SPO	State Planning Organization
SYDTF	Directorate-General for Support of Social Aid and Solidarity Fund
SWOT	Strengths, Weaknesses, Opportunities, and Threats
t	tons
TA	Technical Assistance
ToR	Terms of Reference
TRT GAP TV	Turkish Radio Television South-eastern Anatolia Project Television
TURKSTAT	Turkish Statistical Institute
TURKVET	Veterinary Information System
UN	United Nations
UNDP	United Nations Development Programme
UT	Undersecretariat of Treasury
VBPIP	Village-Based Participatory Investment Program
WB	World Bank
WGs	Working Groups
WTO	World Trade Organization
YTL	New Turkish Lira

INTRODUCTION

The European Union (EU) has established a new framework for assistance to candidate countries and potential candidate countries by the IPA Council Regulation (EC) No 1085/2006, the Instrument for Pre-Accession Assistance (IPA). The instrument has five components and Turkey, as a candidate country and included in annex I of the above Regulation, is entitled to benefit from all five components. The Component V of IPA (IPA Rural Development- IPARD) supports the policy development as well as the preparation for the implementation and management of the Community's Rural Development Policy, Common Agricultural Policy and related policies. The IPARD funds are to be implemented through a single multi-annual "Rural Development Programme" covering the period 2007-2013.

The IPA Rural Development Programme (IPARD Programme) of Turkey has been designed by taking into account both the priorities and needs of the Country in the pre-accession period within the context of rural development – in accordance with the priorities of the 9th Development Plan (2007-2013), Agricultural Strategy (2006-2010) and the National Rural Development Strategy and the strategic priorities of the EU's Multi-annual Indicative Planning Document (MIPD). The legal basis for the programme are the IPA Council Regulation (EC) No 1085/2006 and the IPA Implementing Commission Regulation (EC) No 718/2007.

The programme is of a seven-year duration, 2007-2013, but its financial envelope has been specified for three years only. The allocations for Turkey for this three-year period are as follows:

Component	2007	2008	2009	TOTAL
<i>Transition Assistance and Institution Building</i>	252,2	250,2	233,2	735,6
<i>Cross-border Co-operation</i>	6,6	8,8	9,4	24,8
<i>Regional Development</i>	167,5	173,8	182,7	524
<i>Human Resources Development</i>	50,2	52,9	55,6	158,7
<i>Rural Development</i>	20,7	53	85,5	159,2
Total	497,2	538,7	566,4	1602,3

Source: MIFF

The IPARD Programme has been elaborated by the Ministry of Agriculture and Rural Affairs (MARA) in close cooperation with other public institutions and involving the opinions of all relevant stakeholders: local authorities, social, economic and environmental partners, centres of knowledge, NGOs and universities.

The content of this programme follows the outline suggested in the IPA Implementing Commission Regulation (EC) No 718/2007 while also taking other important reference documents belonging to the Acquis Communautaire into account.

CHAPTER 1

GENERAL SOCIO-ECONOMIC CONTEXT OF RURAL AREAS IN TURKEY

The present chapter is organised in four sections:

Section 1.1: A brief description, with quantified information of the key ongoing trends and structural features of the Turkish context, indicating how they influence the evolution of rural areas.

Section 1.2: An analysis of the performance of the agriculture and food sector, the environment, forestry, fisheries and the rural economy. Problematic sectors and areas as well as ongoing trends. The SWOT analysis of the rural areas and the selected sectors for IPARD Programme.

Section 1.3: An operational definition of rural areas to be used for analysis and implementation of IPARD Programme.

Section 1.4: Baseline indicators.

1.1 KEY TRENDS AND RELEVANT STRUCTURAL FEATURES OF THE OVERALL ECONOMY

Increasing fragilities in the macroeconomic structure owing to the fiscal and monetary policies implemented during the 1990s, moved the Turkish economy away from the stable growth path and the years with high growth rates were followed by the years of economic contraction or low growth rates. During this period, high inflation rates, increasing public deficits, interest payments, and debt stock and inefficiency alongside unstable growth became the fundamental problems of the economy.

The 1990s, the decade of international competition and economic transformations experienced deeply in the world due to globalization and trade liberalization trends, were the lost years for the Turkish economy. Incorrect policies implemented in social security, State Economic Enterprises (SEEs) and agricultural support in the beginning of this period resulted in a serious deterioration in public finance. The increasing debt stock and the resultant high real interest rate environment caused inflation to become chronic on the one hand, and domestic savings to be directed towards financing public deficits rather than funding productive investments, on the other. In addition to these fundamental problems, the reforms needed to eliminate the structural problems in the economy could not be realized during this period.

Privatization that would reduce the role of the state in the economy could not be realized and policies towards creating a strong financial system could not be implemented. Although a deep economic crisis was experienced during the first year of the 8th Development Plan (2001-2005), which was prepared in such an environment, following the stabilization programme and the structural reforms that were implemented afterwards, a serious transformation process started in the Turkish economy.

Within the framework of the Economic Programme introduced, and of the political stability created following the crisis, tight monetary, fiscal, and incomes' policies were implemented. Furthermore, a determined attitude was shown regarding the structural reforms that would make the macroeconomic stability permanent and the economy efficient, flexible and productive. In this context, necessary regulations were made to ensure efficiency in public finance, to strengthen the financial sector and to increase the role of the private sector in the economy.

1.1.1. Key trends

Turkey can demonstrate some distinctive features in its development: an overall growing economy with frequent periods of economic crisis; a growing population with great disparities of income and capabilities, especially between urban and rural areas and different sectors of the economy; a rich endowment of natural resources strained by overconsumption and poor management and more so concentrated in the agricultural sector and rural areas. The recent trends of the overall economy and its overall structural features, manifest themselves in strong, distinctive and polarized ways, influencing the structure and evolution of the current socio-economic context. These trends are important for rural development policies as they have a major impact on rural areas.

Development disparities between urban and rural areas still prevail as a result of modernization efforts, industrialization and socio-economic transformation in the social and economic development process of Turkey to date. In this process, rural areas failed to catch up with the rapid development of the urban areas. Two of the basic reasons are the structural transformation of

Turkish economy in favor of industry and service sectors and the migration between regions and from the rural to urban areas.

1.1.1.1. A growing economy, an improved stability

The last financial crisis of 2001 made way for the adoption of new macroeconomic policies and structural reforms, which created the conditions for a significant and stable improvement in the economy. These reforms were the key factors in obtaining a substantial decrease in inflation rates. Maintaining fiscal discipline, implementing wage and salary adjustments in the public sector consistent with the programme targets, and the Central Bank's strict adherence to the monetary programme, have helped to reduce substantially the inflation rate. The inflation rate which was over 100 % in 1994, fell to one digit numbers in 2004 for the first time after 30 years occurring as 9.32 %. The inflation rates were observed as 7,7% in 2005 and 9,8% in 2006 (see Graphic 1).

By carrying out structural reforms and privatizations, the regulatory and supervisory role of the State was strengthened, while the share of the private sector increased. Private consumption has been increasing at an annual average rate of 6.8% and the annual average increase of private investments reached 19.7% during the 2002-2005 period.

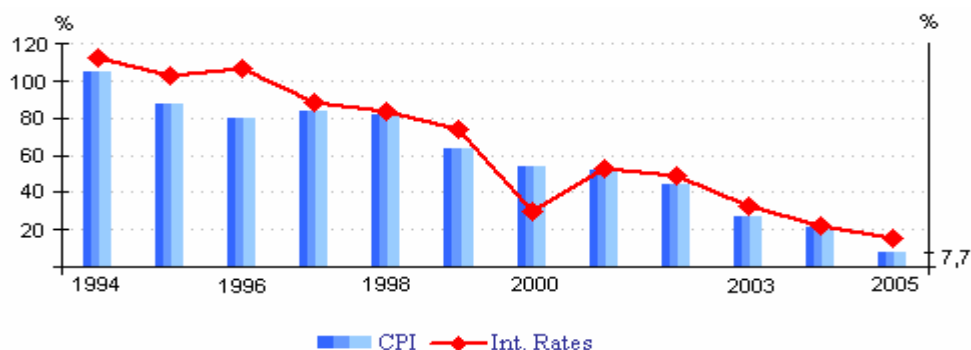
Gross Domestic Product (GDP) has increased 7,5% between 2002 and 2005. In 2005, GDP for Turkey reached to 487,2 billion YTL (291,8 billion Euro). Total investment expenditures in relation to GDP increased from 22,8% in 2003 to 24,9% in 2005, with an increasing share of the private sector.

In the medium and longer term, the gradual liberalization of domestic markets coupled with the favourable conditions for foreign investments have contributed to a greater and increasing degree of openness and integration with external markets. Total export values have been steadily increasing since 1995, indicating that an important part of the economic growth has been export led. This trend shows an acceleration after the crisis of 2001. Imports have followed a more irregular path over time but have also been rising. Turkey has increased its share of world markets from 0.15% in 1980 to 0.6% in the year 2003. Between 1980 and 2005 Turkish exports have increased from 2,5 bn Euro to 59,14 bn Euro (see Graphic 2).

If per capita income is considered, the picture appears less dynamic. Due to long term population growth (see below) GDP per capita has been growing at a much slower pace than production: at 2,5% annually between 1980 and 1989, at 2,1% between 1990 and 1999, and at over 2% after 2000. In terms of Purchase Power Standards (PPS) (purchasing power of the same goods with different currencies), GDP per capita stood at much higher level: 5.930 Euro in 2003 (10.005 YTL) and 6973 Euro (12 450 YTL) in 2006. In real terms, GDP per capita reached 4.398 Euro in 2006 (6.760 YTL) with a very significant increase in comparison to 1.910 Euro for 2001 (2.624 YTL)¹

Graphic 1 Evolution of inflation rate 1994-2005

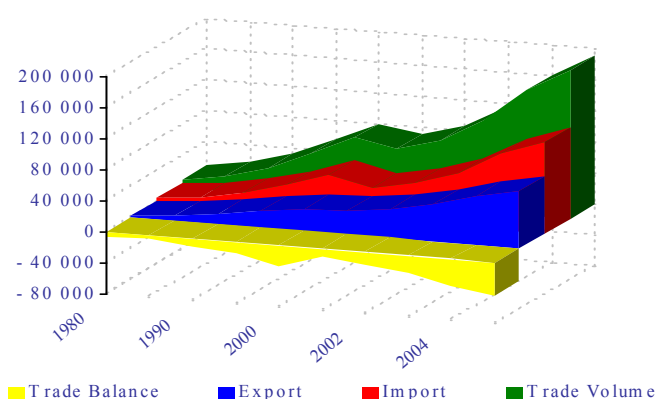
¹ Significant changes in the exchange rate between both Euro and dollar on the one hand, and Turkish Lira on the other, influence the observed trends.



CPI: Consumer Price Index

Source: TURKSTAT

Graphic 2 Total export-import, capacity and balance of foreign trade (Thousand Euro)



Source: TURKSTAT

1.1.1.2. The drivers of growth: manufacturing, services and tourism

The drivers of economic growth have been the manufacturing and service sector. Agriculture's share of GDP (at current prices) has been declining in relative terms (- 60,5% in the last 25 years) although it has actually grown in absolute values. There has been a considerable industrial growth (+31,6%) in the same 25 year period, still expanding in the most recent years, when many advanced economies experienced an industrial decline, as well as an increase in services (+17,9%) which has remained the dominant sector of the Turkish economy throughout the whole period considered. The sector shares (%) of GDP for the period 1980-2006 are shown in Table 1 below:

Table 1. The sector shares (%) of GDP for the period 1980-2006

	1980	1990	2000	2004	2005	2006
Agriculture	26,1	17,5	14,1	11,2	10,3	9,2
Industry	19,3	25,5	23,3	24,9	25,4	25,6
Services	54,6	57,0	62,6	63,9	64,4	65,2
Total	100,0	100,0	100,0	100,0	100,0	100,0

Source: SPO

Two sectors have played an important role in economic growth and are relevant for agricultural and rural development: the food industry and tourism. The food industry contributes around 5% of the GDP and has a 20% share in the production of the manufacturing sector (2002 figures). The food sector provides employment for approximately 250.000 persons in 28.000 enterprises, mainly

SMEs². It has expanded in terms of number of enterprises during the nineties (+10,7%) (see further analysis on agriculture and food chains in section 1.2). With urbanization the demand for food changes in location and preferences, creating new needs for food which the traditional informal local markets are no longer able to supply.

The rate of growth of the services sector has been constantly higher than that of the overall economy. It is also the main employer in the economy with 51% of total employment in 2005. Trade services are its most important component.

The tourism sector has played an important role in economic growth, rising constantly in the last 20 years in terms of value-added, employment and foreign exchange revenues. While the Turkish sector share in international tourism was 1,6 % in 2001, it raised to 2,9% in 2005, with Turkey receiving 3% of the European tourism market. The number of foreign tourists rose from 10.4 million to 21,1 million in the same period; revenues have reached 13,1 bn Euro in 2006 and are expected to reach 24,8 bn Euro in 2013 (see Table 2). The bed capacity of the sector was of 396,1 thousands in 2000 and increased to 483,3 thousands in 2005.

Table 2. Tourism revenues

	2002-2005	2006	2013*	2007-2013 Average
Tourism Revenues (net) (billion Euro)	11,1	13,1	24,8	18,9

* Projection

Source: SPO

However, the distribution of tourist arrivals by main tourism centers (2005) indicates that tourism is highly concentrated in a few major centers, in the most developed parts of the country as shown in the table below:

Table 3. Distribution of tourist arrivals by main tourism centers

	Number of Tourist Arrivals (2005)	%
Antalya	6.884.636	32,6
Istanbul	4.848.680	22,9
Muğla	2.836.467	13,4
Izmir	789.482	3,7
Aydın	338.923	1,6
Others	5.424.610	25,8
Total	21.122.798	100,0

Source : Ministry of Culture and Tourism

One of the reasons for this expansion of tourism has been the fact that Turkey possesses extraordinary historical richness: in its territory important civilizations have been established and bequeathed a valuable cultural and artistic heritage. The diversity of such resources, especially outside the best-known traditional urban centres of attraction, are less known and underestimated, as a potential asset. The same can be said about natural resources and the landscape: a highly diverse flora and fauna, different eco-systems, vast wetlands, a multiplicity of local crafts and typical products are an untapped resource, available to rural areas and that may be addressed by rural development policies, both in terms of natural resources management and conservation, as

² See Annex 1.7 for the total number of enterprises.

well as cultural heritage, and rural livelihoods improvement. The later are expected to stem from and at the same time trigger the local development and diversification of economic activities in rural areas.

1.1.1.3. A growing population and fast urbanization

In 2006, Turkey's total population was estimated as 72.974 million, after several decades of continuous increase. This figure is more than double that of 1970, and over five times that of the first Census of 1927. Demographic growth is due to high fertility rates that have so far consistently outbalanced out-migration.

The "village" population (people living in settlements below 2,000 residents) has been considered historically as coinciding with rural population. In the long-term, two distinct phases may be observed in the rural-urban distribution (shown in table 4 below): the first from 1927 to 1950 in which Turkish society remains an agrarian one, with three quarters of the population living in rural areas and maintaining its share notwithstanding population growth, and a second phase, after the 1950's, in which a process of significant urbanization takes place and shifts the balance of the Turkish population, which now lives predominantly in cities³ of over 2.000 (64,9%) inhabitants. The urban population grows both by positive birth rates and by migration from the rural areas. It may be noted however, that in absolute numbers the village population hosts more than double the population in relation to 1927, with even a slight increase in the 1990s, which might indicate the presence of spill-over effects of urbanization to rural areas.

Table 4. Rural-urban distribution of the population

Census Year	Village Population (million)	Share of Village Population (%)	City Population (million)	Share of City Population (%)	Total (million)
1927	10,3	75,8	3,3	24,2	13,6
1935	12,4	76,5	3,8	23,5	16,2
1940	13,5	75,6	4,3	24,4	17,8
1945	14,1	75,1	4,7	24,9	18,8
1950	15,7	75,0	5,2	25,0	20,9
1955	17,1	71,2	6,9	28,8	24,0
1960	18,9	68,1	8,9	31,9	27,8
1965	20,6	65,6	10,8	34,4	31,4
1970	21,9	61,6	13,7	38,4	35,6
1975	23,5	58,2	16,9	41,8	40,4
1980	25,1	56,1	19,6	43,9	44,7
1985	23,8	47,0	26,9	53,0	50,7
1990	23,2	41,0	33,3	59,0	56,5
2000 ⁴	23,8	35,1	44,0	64,9	67,8

Source: TURKSTAT, 2000 General Population Census

As a result of long-term population growth Turkey has a comparatively large young population: the age group under 15 years of age represents 31% of the population (OECD average is 20%). Considering the breakdown of rural and urban population by age groups, the 0-14 and 65+ groups have a relatively larger proportion in rural areas while the productive age groups are slightly more concentrated in cities.

³ City means the settlements having population over 2000 inhabitants. The settlements having population under 2000 inhabitants are called villages.

⁴ Detailed table is provided in Annex 1.1.

Table 5 quantifies the distribution of rural and urban population by age group, where the higher percentage of individuals of very young age (0-14) is higher in rural areas in relative terms than for any other age group and even higher than those urban areas. The working age population is relatively more concentrated in the urban areas. This provides a further indication of the effects of skewed migration of work motivations from the rural areas to urban areas. Only after 50 years of age the share of rural population shows –in relative terms- higher shares in rural areas.

Table 5. Age distribution of village and urban population (2000)

Age Groups	RURAL		URBAN		Total Population
	Population	Percentage	Population	Percentage	
00-04	2.497.269	10,49	4.087.553	9,29	6.584.822
05-09	2.517.446	10,58	4.239.171	9,63	6.756.617
10-14	2.487.864	10,45	4.390.792	9,98	6.878.656
15-19	2.469.474	10,38	4.740.001	10,77	7.209.475
20-24	2.073.483	8,71	4.616.663	10,49	6.690.146
25-29	1.851.478	7,78	4.043.777	9,19	5.895.255
30-34	1.570.918	6,60	3.438.737	7,81	5.009.655
35-39	1.530.175	6,43	3.324.212	7,55	4.854.387
40-44	1.287.733	5,41	2.781.023	6,32	4.068.756
45-49	1.116.970	4,69	2.251.799	5,12	3.368.769
50-54	992.433	4,17	1.724.916	3,92	2.717.349
55-59	832.516	3,50	1.225.906	2,79	2.058.422
60-64	799.112	3,36	1.030.176	2,34	1.829.288
65-69	761.677	3,20	883.840	2,01	1.645.517
70-74	537.390	2,26	635.253	1,44	1.172.643
75-79	256.418	1,08	321.179	0,73	577.597
80-84	109.062	0,46	137.630	0,31	246.692
85+	96.336	0,40	120.164	0,27	216.500
Unknown	9.899	0,04	13.482	0,03	23.381
Total Population	23.797.653	100,00	44.006.274	100,00	67.803.927

Source: TURKSTAT, 2000 General Population Census

Rural settlements with less than 20.000 inhabitants, in 2003, represented 39,4% of the total population, well balanced between males and females (50,7% males and 49,3% females).

A growing population means an expansion of the domestic market, good availability of labour supply, which in turn, with higher incomes translates into opportunities for growth and prosperity. However, if growth opportunities concentrate in urban areas, this trend may actually become a double edged factor, on the one hand freeing excess labour from rural areas and pushing for the modernization of agriculture, on the other hand stimulating their abandonment and loss of resources.

The recent trends of the Turkish economy shows the high GDP growth rates, exports, industrialization, urbanization, population and domestic demand. Turkey is competitive in many of its exports, to Europe, but also increasingly to the Middle East, the Southern New Member States, Russia; it is also competitive in the attraction of tourism, and there is a great potential for the valorization of still untapped natural and cultural resources, for which there is a growing demand. These trends are likely to continue in the medium term.

The other side of the coin is that this development has been accompanied by structural changes, by loss of competitiveness and drainage of resources from rural areas, contributing to significant and widening rural-urban disparities, overlapping with traditional East-West disparities. The trends observed today in the Turkish economy are different from the corresponding ones of the older EU Member States (currently concerned with the Lisbon Agenda): stagnant or slow growth, declining industries, urban crises, unemployment, ageing and immigration, exhausted pull effect, and, in some cases, return to rural areas. The specific needs of rural areas arising from the present Turkish development and modernization phase are well known to developed countries since they have also experienced them in the past. Turkey needs indeed to cover the route toward both the modernisation of the agriculture and the improvement of socio-economic conditions of rural areas in line with the current trends of the CAP as well as adoption of the latest EU Acquis related to market organisations, veterinary, phytosanitary, consumer protection, quality, health, hygiene, environmental protection issues.

1.1.1.4. Land use and ownership

In comparison to the Turkish land classification slight differences with the EU classification of land can be detected. A small part of brush land should be classified, according to the Commission's Decision EC/2000/115, as pastureland, though it originates from forestland, that has been strongly degraded. In the Turkish context, it is classified as forest/brush, as required by the existing forest legislation.

Intensive farming is practised in fully irrigated land that equals to 4,9 million ha (18% of the farming land). Semi-intensive farming corresponds to insufficient irrigated land of 762.273 ha (2,9%). Extensive farming corresponds to rainfed crops (dry farming) and equals approximately 20,9 million ha (78,5%).

Intensive livestock farming can be defined as a system with high production outputs, based in shed building breeding, with less than 50% of the animals' nutrient needs covered by grazing.

On the contrary, extensive livestock farming is based on grazing of pasture to cover the maximum of the animals nutrient needs.

On this basis the great majority of Turkish livestock farming is extensive. Extensive livestock farming is however not always environmentally sound. Particularly in Turkey, given the low productivity of pastureland, due to erosion, this extensive system leads to intensive use of pastureland (overgrazing). So all permanent pastures of approximately 21,5 million ha, with very minor exceptions, are intensively farmed. The below table shows the land use in Turkey:

Table 6. Land use in Turkey

Land use type	Area (ha)	(%)
Farming land	26.590.000	34,13
Unused and undeveloped potentially productive land	1.944.340	2,50
Pasture land	21.505.168	27,61
- Meadow	646.691	0,83
- Grassland and permanent pasture	20.858.477	26,78
Forest / brush	23.227.975	29,82
- Forest land	15.184.879	19,49
- Brush land	8.043.096	10,33
Water surface	1.158.109	1,48
Other land	3.474.108	4,46
Total	77.899.700	100,00

Source : TURKSTAT, 2004

According to TURKSTAT's agricultural structure annual surveys for the period 1984-2004 the total farming land of Turkey decreased by 3,0%. Since 1995 this trend slowed-down, with a decrease of 0,9% for the period 1995-2004.

There are 16 provinces out of the total of 81 Turkish provinces which have more than 4 million da of agricultural area. Konya, Şanlıurfa, Ankara and Sivas have the largest areas of agricultural land with 14,1, 8,7, 7,6 and 6,1 million da, respectively. In 26 provinces the area of agricultural land is more than 40% of the total area. The largest percentage is found in Tekirdag (65%), followed by a group (Nevşehir, Kilis, Edirne, Şanlıurfa, Mardin, Kars and Aydın) with more than 50% of agricultural area. Provinces with a relatively small fraction of their area as agricultural land are Tunceli, Karabük, and Eskişehir (19%), Bolu (18%), Antalya and Van (15%). Of these provinces, Tunceli, Eskişehir and Van have large areas of permanent grassland.

More specifically, arable land increased for the same period (1984-2004) by 3,75%. Fallow land decreased by 3,4% vineyards decreased by 16,8%, vegetable gardens increased by 28,2%, fruit trees increased by 16,3% and olive trees by 15,8%. (see Annex 1.12.1)

The number of agricultural holdings and the land operated by size of agricultural holdings and land tenure forms are shown in Table 7 below. The total number of holdings is 3,021,207 according to the Agricultural Census of 2001. While 81 percent of total holdings operate exclusively on their own land⁵, the distribution of other forms of land tenure can be seen in the below table.

⁵ The farmer only use his/her own land for farming purposes having the title deed of the land.

Table 7. Land ownership

Size of holdings (decare)	Total number of holdings	Holdings having their own land								Holdings not having their own land							
		Holdings operating only their own land	%	Holdings operating only possessors hip	%	Holdings operating both their own land and and possessorship	%	Holdings operating both their own land and rented land as tenant/share	%	Holdings operating only rented land	%	Holdings operating land only on share basis	%	Holdings operating land in other types of tenure	%	Holdings operating land by more than one type of tenure	%
Total	3 021 207	2 457 378	81	94 784	3	44 062	1,5	317 282	11	54 965	1,8	37 837	1,3	9 608	0,3	5291	0,2
-5	177 891	160 733	90	8 808	5	1 169	0,7	2 008	1	2 939	1,7	1 378	0,8	856	0,5	0	0,0
5-9	290 326	256 538	88	11 043	4	2 089	0,7	11 270	4	4 577	1,6	3 779	1,3	995	0,3	35	0,0
10-19	539 515	463 136	86	19 512	4	7 065	1,3	28 788	5	11 895	2,2	7 172	1,3	1 152	0,2	795	0,1
20-49	950 549	784 370	83	30 670	3	15 299	1,6	84 667	9	17 282	1,8	12 544	1,3	4 085	0,4	1632	0,2
50-99	559 996	436 412	78	15 512	3	8 932	1,6	81 929	15	8 609	1,5	5 804	1,0	1 760	0,3	1038	0,2
100-199	327 332	238 730	73	7 448	2	6 239	1,9	62 414	19	6 774	2,1	4 289	1,3	493	0,2	945	0,3
200-499	153 691	103 694	67	1 413	1	3 023	2,0	39 546	26	2 590	1,7	2 542	1,7	259	0,2	624	0,4
500-999	17 430	10 608	61	374	2	190	1,1	5 547	32	292	1,7	205	1,2	2	0,0	212	1,2
1000-2499	4 199	2 954	70	4	0	56	1,3	1 060	25	6	0,1	106	2,5	3	0,1	10	0,2
2500-4999	222	157	71	0	0	0	0,0	46	21	0	0,0	18	8,1	1	0,5	0	0,0
5000+	56	46	82	0	0	0	0,0	7	13	1	1,8	0	0,0	2	3,6	0	0,0

Source : TURKSTAT-2001

1.1.2. Relevant structural features for rural policy

The weaknesses of the Turkish context are quite substantial and mostly related to the developing phase under way: considerable external income gap with EU countries; widening internal disparities (in terms of income and migration); large size of the informal economy; low level of education of the rural population. Rural areas and traditional agricultural activities are being challenged by modernization, which, with the structural changes it entails, affects them directly. Rural policies thus should address such weaknesses and aim to make rural areas viable and sustainable in the new macro-economic context, avoiding abandonment and degradation of the environment, thus becoming economically and socially marginalised or dependent on assistance. Due to the particular conditions of rural areas in Turkey, analyzed in section 1.2 below, there is a need for considering a gradual transition phase out of small semi-subsistence farming, low productivity, unpaid labour, poverty and state intervention, towards more efficient farm holdings on one hand and more diversified rural economies on the other.

1.1.2.1. A wide external development gap between Turkey and the EU and OECD countries

When placed in a comparative context Turkey's current state of development leaves considerable scope for improvement. In general, the economic gap between the country and OECD Member States (considered in terms of purchasing power parity GDP per capita) has remained practically unchanged since the early 1970s, just slightly increased (see section 1.4 with baseline indicators). On this scale Turkish figures are the lowest in OECD countries (2005 data) and correspond to 26% of the EU-15 average. This ranking characterizes Turkey as a "convergence" country. Its developing trend, at a rate faster than that of EU countries, implies that it is catching up.

A second structural difference is that rural areas in Turkey, compared with those of other developed countries have a stronger presence of agricultural employment and are still relatively rich in

population: this of course is an asset, counterbalanced by the poor socio-economic conditions of most rural areas (see further analysis in section 1.2).

Regarding the figures presented in Table 8 below, the following considerations can be made:

- With around 58% of the population living in “predominantly rural areas” in Turkey, compared with other countries and the EU, Turkey ranks in the highest group of countries, with Ireland, Sweden, Norway and Finland.
- Between 1990 and 2000 the most extreme forms of rurality declined quite significantly: from 58 % of the areas classified as “predominantly rural” in 1990, only 40 % could still be classified in this way in 2000⁶. This trend may be explained as the result of growth in the same periods: a shift of population has taken place from the more rural (predominantly rural) to the less rural regions (intermediate) and towards predominantly urban regions, indicating a fast process of urbanization that attracts human and economic resources out of the most rural areas, leaving them still substantially excluded from the economic expansion that has taken place in the wider economy and increasing the gap between urban and rural areas.

⁶ FAO published report results - New context new approach new rural policy for Turkey.2007

Table 8. Share of population and area in different types of rural areas. % values on national totals.

COUNTRY	Population (% on national total)			Area (% on national total)		
	Predominantly Rural regions	Significantly Rural or Intermediate regions	Predominantly Urban regions	Predominantly Rural regions	Significantly Rural regions	Predominantly Urban regions
Australia	23	22	55	92	8	0
Austria	40	39	22	71	28	1
Belgium	2	17	81	15	28	57
Canada	33	23	44	95	4	1
Denmark	39	38	23	68	31	1
Finland	47	32	21	83	16	1
France	30	41	29	61	34	5
Germany	8	26	66	19	39	42
Greece	47	18	35	81	16	3
Iceland	35	8	57	75	24	1
Ireland	62	-	38	91	-	9
Italy	9	44	47	26	54	20
Japan	23	34	43	59	33	8
Luxemburg	-	100	-	-	100	-
Netherlands	-	15	85	-	34	66
New Zealand	-	61	39	-	95	5
Norway	51	38	11	84	16	0
Portugal	35	24	41	81	13	6
Spain	19	46	35	55	39	6
Sweden	49	32	19	88	10	2
Switzerland	14	25	61	54	29	17
Turkey ⁷	58	30	12	82	17	1
UK	15	17	68	52	22	26
US	36	34	30	85	10	5
EC average	17	31	52	49	34	16
OECD	28	32	40	87	10	3

Source: OECD (2000)

1.1.2.2. Employment and the characteristics of labour supply

In the year 2005, the population at 15 to 64 years of age amounts to 46.622 million and the number of employed persons is 21.413 million, corresponding to a rate of employment of 45,9%; this rate remained unchanged in 2006 (Table 9). This is low (as is the labour force participation rate) and compares unfavourably with that of EU-15 at 65,4%. The trend of employment rate has been a slightly descending one (from 47,8% in 2001 to 45,9% in 2006). In the context of population and

⁷ The result is based on 1990 General population census.

economic growth, this trend suggests that growth in employment lags slightly behind population growth.

Table 9. Distribution of labour force (1.000 people)

	2000	2001	2002	2003	2004	2005	2006
Population at 15-64 years of age	42.614	43.457	44.226	44.977	45.813	46.622	47.391
Labour Force	22.330	22.732	23.117	22.964	23.609	23.928	24.195
Labour Force Participation Rate (%)	52,4	52,3	52,3	51,1	51,5	51,3	51,1
Female (%)	28,0	28,5	29,5	28,1	27,0	26,5	26,7
Male (%)	76,9	76,1	75,1	74,0	76,1	76,2	75,5
Employment	20.836	20.771	20.659	20.475	21.117	21.413	21.752
Employment Rate (%)	48,9	47,8	46,7	45,5	46,1	45,9	45,9
Employment Rate in Rural Areas (%)	59,2	58,9	57,5	55,0	55,4	52,9	52,3
Employment Rate in Urban Areas (%)	42,3	40,9	40,1	39,8	40,6	42,0	42,4
Unemployed	1.494	1.961	2.458	2.489	2.492	2.515	2.443
Unemployment Rate (%)	6,7	8,6	10,6	10,8	10,6	10,5	10,1
Unemployment Rate in Rural Areas (%)	4,1	5,0	6,0	6,9	6,2	7,1	6,8
Unemployment Rate in Urban Areas (%)	8,9	11,6	14,3	13,8	13,7	12,8	12,1
Young Unemployment Rate (%)	13,1	16,2	19,2	20,5	19,7	19,3	N/A

Source: TURKSTAT

The participation of women in the labour force is remarkably lower than that of men, and the employment rate in rural areas is higher than that of in urban ones. This situation may be explained by the combined effect of two structural characteristics of the labour market: the first refers to the peculiar features of the agricultural labour, the second to the low level of literacy and skills of women. Small semi-subsistence family farms with mixed production, operating with family members formally self-employed (but in fact not paid for their work) are operating largely in the informal sector of the economy; since they represent a sizable segment of the population, their employment behaviour (i.e. whether they declare themselves employed or not) influences labour statistics, especially in the case of rural women.

The employment rate tends to decline over time (it was 64,5% in Turkey in 1975) and especially in urban areas, as farm women withdraw from the labour force when they move to the cities. The fact that they have a low level of education and little skills besides farming, makes it difficult for them to find a job in the formal market. It is only with the gradual improvement of the levels of education and the decreasing importance of the informal economy, particularly relevant to agriculture, that employment rates improve, as already the case, when the employment rate of women in the youngest age groups is considered.

This complex situation of the labour markets influences labour productivity, especially in agriculture, and reflects a high demographic pressure on land and excess labour, which the process of urbanization is likely to gradually reduce over time. Labour productivity in agriculture is consistently the lowest in OECD countries (see OECD report on Turkey, 2006) since 1976 to 2003, at values around 6.200 Euro per worker, well below those for industry and for most of the EU countries.

The unemployment rate for Turkey was 8,6% in 2001, increased to 10,6 in 2004 and has declined to 10,1% in 2006. Youth unemployment has remained unchanged at almost double that level at around 19%.

Agricultural employment, as expected, shows a marked declining trend in absolute numbers (from 8.1 million in 2001 to 6.1 million in 2006, see indicators in section 1.4 below), as well as in its share of employment (from 37.6% to 27.3% in the same period), while industry and services increase their share of employment from 62.4% to 72.7%. This is coherent with the overall expansion of GDP in the same sectors that has been described in section 1.1.1 above.

The informal employment constitutes nearly half of the employment for the last five years and it was 49,1 % of the total employment, 88,1 % of the employment in agriculture and 34% outside the agriculture in 2005. The relevant size of the informal economy, especially in the agricultural sector, the relatively low employment rates and the high unemployment are interrelated factors. They influence each other in very significant ways and indicate important weaknesses in the labour market of rural areas, that need to be addressed by specific policies, if the objective of alleviating the restructuring impact of economic growth on the rural population and the smaller farms is to be achieved. There is a need for an improvement and better diffusion of training and education and effective extension services, that could significantly contribute to capacity building, adapted to the current changing situation of rural areas. Furthermore, there is a need for activities in other sectors than farming in rural areas, which could complement farming activities for revenue and gradually ease off the demographic pressure on land, while at the same time maintaining the population in rural areas.

1.2 THE PERFORMANCE OF AGRICULTURAL AND RURAL SECTORS

1.2.1. Agriculture and food chains

The economic rationale for becoming a member of a free trade area is that it opens up opportunities to create additional economic growth by exporting those goods for which the country has a comparative cost advantage. These economic benefits will only be realised if producers can make an acceptable income at the prices prevailing on the enlarged open market. This in turn depends on the quality and structure of the production factors in the producing businesses and the most frequently used indicator of this structural efficiency is labour productivity or the gross value added in the business per annual work unit applied.

An indication of the ability of Turkish farms to compete on the open EU market can be obtained from comparing their prices and labour productivity with those prevailing in Europe.

Table 10. Comparative crop prices in Turkey and the EU 25 (Euro per 100 kg) in 2004

<i>Product</i>	<i>TR price</i>	<i>EU 25 price</i>
Wheat	19,05	12,28
Rye	15,02	11,04
Barley	16,17	11,45
Oats	17,05	12,51
Maize	19,36	12,77
Potatoes	20,01	20,22
Sugar beet	59,23	44,49

Source: TURKSTAT and EUROSTAT

The prices received by Turkish farmers are higher for all products except potatoes. Cereal prices are still protected by some import tariffs. Upon entry to the EU it can be expected that the prices of all these products will fall. Table 11 allows a comparison of prices received by Turkish and Greek farmers for a selected range of crops, vegetable and fruits (typical agricultural products of the

Mediterranean and Continental climatic zones). Table 11 provides Eurostat prices for these products only on a country by country basis and unlike those in Table 10, no EU average is available.

Table 11. Prices in Turkey and Greece for selected Mediterranean zone products. (Euro per 100 kg, 2004)

<i>Product</i>	<i>Prices in Turkey</i>	<i>Prices in Greece</i>
Chick peas	57.9	119.0
Lentils	67.5	129.0
Tobacco	257.3	148.0
Cotton	134.6	88.0
Melons	25.6	24.9
Tomatoes	23.7	47.0
Cherries	96.7	159.7
Peaches	57.2	57.7
Olives (table)	83.3	152.3
Oranges	24.7	22.0
Mandarins	29.5	48.2
Hazel nuts	137.0	175.6
Pistachio nuts	333.4	560.81

Source: TURKSTAT; Agricultural Structure, production, price and value, 2004. EUROSTAT.

In contrast to the situation illustrated in Table 10, the prices for all these products are much lower in Turkey, which suggests that after EU entry the economic environment for their production, if the main problems of the sector are solved, will be much more competitive than today.

The prospects for durum wheat, staple product of the Mediterranean and continental type of farming, and Turkey's most important product in volume terms, is much less favourable. The respective 2004 prices in Turkey and Greece were 20,1 and 13,8 Euro per 100 kgs.

It is more difficult to compare EU and TR prices for animal products because Eurostat and Turkstat provide data for different units of output. Table 12 allows comparison of milk and beef prices in Turkey and selected EU member states.

Table 12. Milk and beef prices in Turkey and selected EU member states 2004 (Euro /100kg)

<i>Country/prices</i>	<i>Milk prices (euro/100kg)</i>	<i>Beef prices (Euro /100kg liveweight)</i>
Netherlands	30,37	
Ireland	25,99	150,33
France	30,64	
United Kingdom	26,4	
Denmark		100,0
Turkey	33,0	243,0

Source: EUROSTAT and MARA: Sectoral Analysis of the Redmeat sector.

Prices received for milk in Turkey are slightly higher than the EU member states but beef prices are much higher, a fact suggesting that producers in this sector will have to adapt to a much lower price regime. It is worth noting that dry livestock production is the dominant agricultural activity in North East and East Central agricultural regions, which are predominantly or wholly rural in character, have the lowest GDP per head (50-75% of national average) and the highest negative rates of net migration (more than 5%). It would appear then that the dominant types of farming in the poorest rural regions will have to face one of the strongest challenges posed by adaptation to the CAP.

The extent to which the agricultural sector is bringing additional wealth into the economy is indicated by the ratio between the value of agricultural imports and agricultural exports.

Table 13 below shows that the sector brings in significant foreign earnings and its performance in this regard has been improving steadily in recent years. A breakdown of this performance by sectors shows that the ratio for cereals is 29 (cost of imports is 29 times greater than the value of exports). This reflects the large amount of animal feed that is imported. On the other hand, fruit and vegetables with ratios of 0.05 and 0.06 respectively are the main source of foreign earnings from agriculture. The ratio of agricultural exports in total exports which was 59,14 billion Euro in 2005 is 10,7.

Table 13. Value of agricultural exports and imports 2003-2005

<i>Year</i>	<i>Agricultural exports (1000 Euro)</i>	<i>Agricultural Imports. (1000 Euro)</i>	<i>Imports/exports %</i>
2003	4.277.048	2.593.966	66
2004	4.820.875	2.618.735	54
2005	6.320.254	2.780.879	43

Source: TURKSTAT

The ability of the agricultural sector to grasp the opportunities or face the challenges associated with EU entry will depend on the structural efficiency of the farm and food processing businesses. The term “structural efficiency” refers to the amount, quality and combinations of land, labour and technology applied to the production process. The most widely used indicator of structural efficiency is labour productivity or the value added by each unit of labour applied. The gross value added at current prices per person employed in the agricultural sector (crop and livestock production plus agricultural crafts) in Turkey, the EU 25, EU 15 and selected Member States is shown in Table 14. The Table indicates that labour productivity in Turkey, is approximately 20 times lower than the EU average, 30 times lower than Austria and between 5 and 6 times lower than the selected new Member States.

Table 14. Gross value added at current prices per worker in the agricultural sectors in 2004 (Euro per worker)

<i>Country</i>	<i>GVA/ worker</i>
EU 25	59,600
EU 15	67,600
Austria	122,400
Czech Republic	16,500
Hungary	21,300
Slovakia	17,000
Turkey	3,449

Source: TURKSTAT and EUROSTAT

This low productivity factor can be attributed to a number of structural weaknesses. Table 15 shows that 67% of all farms are mixed. Specialisation improves the opportunities for applying up to date production technology and information.

Table 15. Distribution of farm holdings by type

<i>Type</i>	<i>Number of holdings</i>	<i>%</i>
Cropping only	929.582	30,2
Livestock only	76.629	2,4
Mixed farming	2.074.439	67,4
TOTAL	3.076.650	100,0

Source: TURKSTAT, 2001

Table 16 shows that the average area of land per holding is only 6 ha and the proportion with less than 5 ha is 65%. The opportunities to achieve economies of scale from large investments in modern equipment and buildings are much more limited on small farms. Under employment of the

labour force is a common characteristic of farms with a limited amount of land. In addition to these constraints on productivity, one of the social consequences of having a large proportion of small farms is that a large proportion of farm households have low incomes and many may be below the poverty threshold.

Table 16. Distribution of farm holdings by area of land (% , 2005)

Country	< 5ha	5-50 ha	> 50 ha
Turkey	65	34	1

Source: TURKSTAT and EUROSTAT

Table 17 shows that farm holdings are also divided into several distinct parcels of land. Over 80.5 of farms are divided into more than 3 parcels. This level of fragmentation limits the opportunities for mechanisation, adoption of intensive grazing systems, while involves increased losses and higher production costs.

Table 17. Farm Fragmentation

Number of plots	%
1 to 3	19,5
4 to 5	57,4
6 to 9	16,0
>10	7,1

Source: TURKSTAT, 2001

It would appear that only 48.7% of the village (rural) population has primary education and this could imply relatively high levels of illiteracy. The percentage with advanced education is only 2.0%. A very large proportion (64%) of the agricultural workforce is described as unpaid family labour. In a country which is experiencing strong economic growth in urban based activities it is inevitable that this vast reserve of unpaid labour will diminish and acquire an actual cost.

Finally, although there is no data available on fixed capital formation, with the dominance of small farms and this availability of unpaid family labour it is not surprising to find that there is much qualitative comment on the very low levels of technology applied on a very large proportion of farms. From the data on farm machinery and equipment published by Turkstat it would appear that some 25% of the ploughing equipment is still animal drawn, while 68% of the combine harvesters are more than 10 years old.

1.2.2. Analyses of the agricultural sectors targeted under the programme

According to the IPA Implementing Commission Regulation (EC) No 718/2007 Art. 184 (b), an in-depth analysis of all sectors concerned involving independent expertise is required, as a basis for each Programme. Furthermore, the Multi-annual Indicative Planning Document-MIPD (2007-2009) states that on the modernisation of the farm, food processing and marketing sectors an in-depth analysis should be carried out involving independent expertise as required by the IPA legal framework. Following this requirement, detailed studies of all agricultural sectors to be included under IPARD were commissioned by MARA, in order to provide a robust account of the context, current situation, potential, development needs, and interventions recommended under IPARD and

complementary programmes. The reports have all been published⁸ and were available during the preparation of the IPARD programme.

1.2.2.1. Milk sector

Production & consumption

Turkey is among the largest milk producing countries in the world with an annual output of about 11,1 million tons in 2005. Of this output, 90% comes from cows, 8% from sheep, and 2% from goats.

The consumption of milk is comparatively low, utilising about 18% of production and counting for about 15% of the per capita consumption of dairy products in Turkey. In absolute terms, milk consumption per capita is 147 litres per annum, compared to, for example, Poland with a consumption of 321 litres per annum.

Cheese and yoghurt are the preferred consumed products: 73% of milk goes into the making of these products.

In the case of the production of small subsistence or semi-subsistence farms, 90% is consumed directly by the farm household as yoghurt and ayran (60% of total production), liquid milk (20%), and cheese (10%). 10% of total production on these farms is sold locally.

The price of milk is relatively high in comparison with the purchasing power of most consumers. This price is influenced by the high costs of the milk collection. Only the higher income groups can afford to buy industrially processed milk. The lower priced, non-processed, low quality milk within reach of the lower income households causes the informal system of distribution to rise.

Farm structure

In contrast to other big producing countries, Turkey's production units are very small: about 87% of the holdings have less than 10 cows. Only a very small minority are large-scale producing farms:

Table 18. Farm size⁹

Number of milking cows	Percentage (%)	Number
1 – 6	75,3	829.643
7- 49	24,3	268.029
50 – 100	0,3	4.017
>100	0,04	452
Total		1.102.141

Source: MARA

Milk production yields are also comparatively low, although in an increasing mode. The yields in 2004, in kgs per lactation, were: (i) Pure breed: 3.881; (ii) Cross bred: 2.711, (iii) Native breed: 1.317¹⁰

⁸ The five sector studies are: Overview of the Turkish Dairy Sector within the framework of EU-accession, April 2006; FAO supported project. Final Report for the Red Meat Sector, December, 2006; Poultry meat sector report, November 2006; Final Report Fruit and Vegetables Sector December 2006; Fisheries & Aquaculture sector study, Final Report, February 2007

⁹ Detailed table is provided in Annex 1.8.1

¹⁰ Of the country's 9.6 million cows, 33.6 % are pure breed, 48% are cross-bred and 18.4% are native. The composition of the herd varies per region, with a higher concentration of pure breed in the West.

The FAO analysis of the Turkish dairy sector (2006) identifies four categories of producers:

- The milk producers for self-sufficiency having 1 or 2 cows: in most cases these farmers are relatively old. They also produce other agricultural products, like some fruit and vegetable. The milk quality is generally poor and is totally consumed by the family or possibly a small amount sold locally
- The "extended" self-sufficiency type, breeding between 3 and 10 cows: these are also multi-activity farms/ or part-time farmers. Portion of their output is consumed on the farm and the rest is sold, most often directly to neighbouring consumers. Milk quality is generally poor.
- The specialised milk producers who breed between 10 and 50 cows. These farms are specialised, with relatively young farmers. Most of their milk is sold to dairy enterprises.
- The intensified milk producers, who breed more than 100 cows. They can be either private farms or state farms. Some of them are owned by processing companies.

To take an example: in the Konya province, there are about 35,000 farms that have some dairy activity. Among them, 35 are specialist dairy farms with over 100 cows each. These farms are milking and cooling their milk with state of the art technology and are producing high quality milk, cooled and quality tested, that conforms with Community standards as well as the national quality standards, directly delivered to modern processing dairies that also comply with the Community and national regulations.

The price that the modern dairy farmers receive is higher than the price for normal milk. This higher price reflects both the scarcity of this high quality certifiable milk on the domestic market, the high investment needed and the higher cost of producing quality animal feed on a self sufficient basis in Turkish conditions. Demand for this type of high quality dairy products is growing in the main cities and will continue to grow.

On the other hand, most of the milk producing agricultural holdings have between 1 and 10 cows. Hand milking is the norm, the milk is not cooled (in summer it has to be collected twice a day, otherwise it turns bad), it is not quality tested or controlled and usually of very poor quality: it is estimated that 95% has bacteria count of more than 1 million, excessive somatic cells, antibiotic residues and high incidence of brucellosis.

Besides the first two categories, there is also a group of emerging small to medium specialist dairy farms owned and managed mainly by young members of traditional farming families. These have a commercial orientation and are mostly selling higher quality milk to modern dairies. Herd sizes are small - between 10 and 50 cows. Although willing to improve their rearing practices, they find it hard to access sufficient land and pastures – often communal pasture of very low feed value. They have also difficulties in raising commercial credit: it is thus very difficult for them to finance the necessary modernisation of the, stables, feeding, milking room equipment and cooling facilities.

Geographical distribution

There are clear regional differences in Turkey's pattern of milk production. Native breeds are prominent in the South East Region (providing up to 56% of production). The season is short and

milk yields are low, at 1,000 litres per lactation on average. Output is almost all targeted to the local market. Production of cow milk is complemented by significant outputs of sheep milk¹¹.

In the Western part of Turkey, especially in the Marmara and the Aegean Regions, pure breed and cross-breeds make up most of the stock, yielding up to 6,000 and 4,000 litres respectively per lactation. In these two regions there are larger number of sizeable commercial dairy farms emerging in the recent years.

Collection and processing sector

According to the 2005 data, out of total national output of milk, about 10% is sold directly to households or to street sellers¹² whose customers have no assurance on the quality of the product. Although this might sound alarming, it should be noted that the traditional system of milk production, collection and processing/distribution provides considerable employment and suits many consumers whose choices are dictated by price rather than quality. It is also important to remember that the dairy components of the Turkish diet are based on processed milk - yoghurt, white cheese, yellow cheese – much less sensitive to quality of raw milk.

Another 19% of total national output is sold through 800 milk collectors to 3,700 small dairies (mandiras). These two marketing channels are the ones under most risk from a sanitary point of view.

About 33% is sold to bigger dairy enterprises, the rest is autoconsumed¹³.

As regards the industrial processing, the distribution of milk processing enterprises per size was as shown in Table 19 below:

Table 19. Distribution of milk processing enterprises per size (see Annex 1.8.3)

Capacity (tons/day)	Percent (%)	Number
Under 5	75	1438
Between 5-50	21	393
50-70	1.3	24
Over 70	2.7	49
Total	100	1904

Source: MARA-Provincial Directorates, March 2007

As can be seen, the majority of these are very small dairy enterprises, operating at small scale (less than 1 ton per day) – and outside the national food health and safety regulations. These mandiras are mainly producing yoghurt and white cheese with labour intensive technology and under relatively unhygienic conditions, and sell their produce to the smaller shops and supermarkets. Since they buy milk at lower prices and have much lower investment costs, they can supply their products at a lower price than the modern dairies.

Much of the initial collection of milk is undertaken by cooperatives and collecting centres. These centres may be managed by local cooperative unions or municipalities. They are independent from

¹¹ In the North East and South East Regions combined, output from ‘other milk sources’ (sheep, goats and buffalo) makes up 23% of the total, compared to 10% nationally. Nevertheless, the production of sheep, goat and buffalo milk is declining overall, despite the fact that higher disposable income is creating a growing demand for this type of dairy product. The decline reflects the absence of any organised collection, processing or marketing for these special milks.

¹² milk sellers usually collect the milk themselves and deliver it door-to-door to their consumers, without pasteurisation or standardisation.

¹³ consumed by the farmers themselves and for the feeding of calves

the dairies and thus are not integrated into a vertical chain through which quality controls may be more readily put into effect.

Producers who are unwilling to accept the imposition of quality standards by the collecting centres still have the option of taking their supply to the informal sub-sector.

Yet, this partly "uncontrolled" situation is supposed to change in the future: in order to restrict the informal sector, law on Food No 5179 was passed in 2004. Although its enforcement faces some difficulties, the selling of the products without the permission from the Ministry of Agriculture and Rural Affairs has been banned. In particular, the selling of street milk is forbidden and controls are expected to be reinforced in the future.

On the contrary, the milk producers selling their milk to processing establishments with proper working permission, licence and milk incentive code are included in a special subsidy support programme by the Government. In this way, the Government aims to register the milk produced as well as foster the processing of milk under hygienic conditions. Details of the national support schemes, the objectives and their complementarity with IPARD are explained in Chapter 2.

Producer organisations

There are about 750 agricultural development cooperatives established by Law No. 1163, recorded in the milk sector, with 96,000 members. Typically, a dairy cooperative will collect milk in one centre (from farms or collection centres) for storing, cooling and laboratory analysis, and for onward sale to bigger companies. It will also provide inputs, such as feed preparation equipment.

There is also a Cattle Breeders' Association of Turkey, which covers 55 provinces mostly in western regions. Membership is open to producers having at least five head of pure breed cows. The number of breeders in this Association is approximately 50,000, having a total of 500,000 cows.

Recently, there is one Central Milk Producers' Union which represents 8 milk producing unions.

1.2.2.2. The red meat sector

Production & consumption

Table 20 below shows that both production and consumption of red meat have been declining since 1990, while the production and consumption of poultry meat has expanded by an almost equivalent amount.

In the context of an increasing population and rising incomes, this dynamic reflects a divergence in price between the two products, which in turn reflects the introduction of a modern efficient poultry meat production and on the other hand, a traditional, small scale and inefficient system of livestock production, as well as the import restrictions put on beef imports raising prices for consumers.

Table 20. Livestock Production in Turkey (million tonnes) Compared to Human Population (1,000) and Per Capita Consumption (kg/year)

Production (m. tonnes)	1990	2000	2005	Change % 1990-2005
Red meat				
Beef	329.0	354.6	321.7	- 2,2%
Lamb/mutton	143.6	111.1	73.7	-48,7%
Goat meat	22.5	21.4	12.4	-44,9%
White meat				
Poultry	415.0	662.7	979.4	+136,0%
Pork	0.33	0.27	0.01	-97,0%
Total meat (excl. fish)	910.4	1150.1	1387.2	+52,4%
	1990	2000	2005	Change % 1990-2005
Human population(1000)	56,473	67,804	72,774 (Projected data)	+28,9%
Red meat kg/capita/year	8.8	7.2	5.6	-36,4%
Poultry kg/capita/year	7.3	3.0	13.5	+84,9%
Total meat kg/capita/year	16.1	15.8	19.1	18,6%

Source: Elaboration from TURKSTAT (Includes data from the slaughterhouses, combines and the feast of the sacrifice)

Turkish per capita consumption of red meat in 2005, at 5.6 kg¹⁴, was considerably below the EU25 figure of 17.7 kg (source: Eurostat).

Protection of prices was ensured through import tariffs on livestock products and the restrictions on the import of beef and live bovine animals from the EU (and other countries), which keep the price of red meat higher than it would otherwise be. However, as seen below, the situation is not straightforward, given the 40% of red meat (22% of beef and 69% of sheep and goat meat) that is slaughtered and marketed informally, without registration.

The evolution of the livestock sector still points towards a similar decline:

Table 21. Evolution of livestock sector

Category	Percent Decline 1980-2005	Numbers (millions) 2005
Cattle	-33	10,5
Sheep	-41	25,0
Goats	-62	6,6
Buffalo	-84	0,16

Source: Elaboration from TURKSTAT(see Annex 1.9.6)

Farm structure

Turkish livestock production is a predominantly small-scale activity, within a mixed farming system; 67,4% of farms have some crops as well as livestock. Small farms (under 20 ha) constitute two-thirds of the total and hold 49,8% and 48,7% of the small ruminant and cattle population respectively. Of the 2,2 million cattle holdings in 2001, 50% had 1 to 4 animals.

¹⁴ even accounting for a high level of unrecorded home consumption

On the other hand there is a significant degree of concentration of beef fattening in a small number of farms that have more than 300 animals; 1,2% of the 72.000 specialised holdings keep 43% of fattening animals. This phenomenon is driven by the investments of major capital groups and private entrepreneurs. The high capital modern intensified fattening units are mostly concentrated in the Western part of the country.

Geographical distribution

About half of the total herd stock is located in the eastern regions, where there is a heavy concentration of native breeds. While these can adapt to the harsher specific climate in that part of Turkey, they are less productive than animals in the west. Up to 70% of the pure breeds are located in the Marmara, Aegean, Central North and Central South regions. About half of the sheep are also in the eastern regions. The Mediterranean region holds 25% of the goat-herd, where they adapt to the inferior vegetation conditions.

Traditionally, the extensive livestock farming systems in the Central and Eastern parts of Turkey are the primary source of cattle for the rearing and fattening units in the Western and Southern regions, so the development of the whole sector is dependant on their adaptation and modernisation. Nevertheless, the sustainability of this extensive livestock rearing model is presently impaired by the high rate of net migration from these provinces over the last 10 -15 years.

Performance of the rearing sector

The traditional livestock production system which is found in up to 90% of farms has very low productivity. This is due to a combination of many unfavourable factors:

- small size of the farm,
- low production and high cost of feed: fodder planting is limited and pastures are not properly managed. Most animals are fed with a high content of straw in the diet, which restricts growth rates.
- indigenous or Holstein and Brown Swiss breeds reared are not suitable for high quality beef production.

which translate into a low yield of meat: carcass productivity per cattle is 187 kg.

Animal welfare conditions are primitive and unhealthy in the traditional barns. The traditional small-scale farmer does not have the knowledge or resources to increase production in response to growing demand for red meat.

Moreover, with many years of over-grazing and over-exploitation, the pastures have not only deteriorated in productivity but also in quality (composition of desirable plants). Plant coverage of pastures in semi arid zones (South eastern and Central part of Turkey) has reduced dramatically and is unable to retain the soil, causing severe wind and water erosion problems (See Section 1.2.3).

Performance of the fattening units located in the West is incomparably better. Still, an analysis of the performance of these feedlots¹⁵ demonstrates that the gross margin is actually hardly remunerating the capital invested. A substantial decrease in feeding cost would be required, which

¹⁵ cf study of beef and sheep production costs commissioned by the Turkish Fish and Meat board

would in turn require considerable investment in feed preparation, storage and distribution on the farms.

Studies conducted by MARA point out that an emerging class of small to middle-scale rearing and/or fattening farms¹⁶ could be the desirable solution to counterbalance the present negative evolution, as these farms would be in a position to properly manage their fodder crops and feed requirements, while achieving economic levels of results guaranteeing their long-term viability. Their specialisation in cattle or sheep rearing would also help them to improve their rearing practices, with a positive consequence on productivity (e.g. choice of adapted breeds, proper animal health cover).

Processing

Livestock traditionally reaches the market in various ways: producers may sell live animals in local markets, at livestock exchange markets, or to traders. Animals are then taken to municipal or private slaughterhouses and subsequently to meat processing enterprises. Most meat enterprises also buy directly from farmers and some have their own feed lots.

One of the main problems of the red meat sector is the unregistered slaughtering (in butcher shops, farms, and certain slaughterhouses); it is estimated to account for as much as 40% of the whole red meat production.

Table 22. Unregistered Slaughtering Situation (2004)

Cattle	
Carcass meat production (187kg/animal)	475,600 tons meat carcass
Registered Production	366,948 tons meat carcass
Balance	108,652 tons unregistered (22%)
Sheep & Goats	
Meat carcass production (15 kg/animal)	262,442 tons meat carcass
Registered production	80,015 tons of meat carcass
Balance Sheep and goat meat	182,427 tons unregistered (69%)
Total meat	
Total meat production	738,042 tons meat carcass
Total meat registered	446,963 tons meat carcass
Balance	291,079 tons meat carcass unregistered (40%)

Source: Elaboration on MARA base data

The extent of this unregistered slaughtering is partially due to the insufficient number of large-scale modern enterprises. Of the 641 slaughterhouses for bovine animals, only 181 are classified as Class 1 and 20 as Class 2 (20-40 animals a day).¹⁷

Public slaughterhouses of class 3 are usually managed by Municipalities, but their facilities are mostly outdated and well below standards, as regards hygiene and food safety and animal welfare. They only undertake 15-20% of present slaughtering, and would need to be in fact fully replaced by more modern and adapted enterprises.

As regards the meat processing sector, here again the enterprises are in rather poor conditions – with the exception of a limited number of modern units. They have suffered from the decline of the market, which prevented their reinvestment.

¹⁶ ≥ 30 cattle or ≥ 100 sheep/goats

¹⁷ Detailed figures are provided in Annex 1.9.3, 1.9.4 and 1.9.5.

From a health and food safety standpoint, facilities at many meat enterprises require upgrading to comply with EU requirements, especially in small enterprises involved in cooked meat products. A number of legislative measures have been introduced and inspection services organised but, in general, regulations governing the management of slaughtering and meat enterprises are not yet harmonised with Community Standards. Moreover, the enforcement of compliance, especially at local level, is not always effective. In its present state, the industry needs incentives to raise standards for hygiene and environmental protection.

Still, a number of the more dynamic small to medium enterprises, besides the bigger integrated combinat enterprises, could be brought back to competitiveness conditions, as well as compliance with modern quality standards, if properly supported.

Although not specifically addressed by the IPARD Programme, many of the 39 registered animal markets will need to be upgraded under national support schemes in the future.

Producer organisations

For the red meat sector there is a tendency in the more developed cattle rearing areas (mainly in the west of the country) to transform existing cooperative structures into producer organisations on the lines of the EU model.

For most areas, however, the prospects for producer organisation formation may be more promising by starting from a ‘clean sheet’ base and combining group development with general education and training of producers in recommended animal rearing practices.

1.2.2.3. The poultry meat sector

Production & consumption

As noted above, Turkish demand for poultry meat has been growing rapidly. This is being met by rising levels of domestic production as imports face high tariffs.

There are 238.101.895 broilers, 3.902.346 turkey and 1.250.634 goose in Turkey. The detailed figures at provincial bases are provided in Annex.1.9.7.

According to TURKSTAT data sources, production of poultry meat raised from 422 to 979 thousand tons between 1996 and 2005 (132% increase over the last ten years). This expansion related both to the shortfall in red meat supplies and to rising population, increasing incomes and price affordability of poultry meat. The great bulk of this output (>95%) is chicken meat, the rest being mostly turkey meat.

Consumption in 2004 is estimated by BESD-BIR to be around 12.5 kgs/capita. Yet this level is well below that of EU-25 (22,6 kgs/capita). Clearly, continued growth potential exists.

Structure of farms

Paralleling the ‘informal’ production systems in milk and red meat, there is a substantial ‘backyard’ poultry enterprise. These flocks tend to be managed by women, a situation that needs to be acknowledged when measures are being taken to improve flock performance. The informal system of poultry meat and egg production is a major source of protein in rural villages, providing up to

40% of the human protein requirement. However, large numbers of backyard poultry, with free range access, pose problems for disease control. Turkey's geographic position and large areas of wetlands attract migrating wild bird populations to territories where avian influenza and Newcastle disease are prevalent. Nevertheless, significant improvements have been made in bio-security procedures, reporting systems and inspections of farms, hatcheries and slaughtering premises (see national legislative framework in Chapter 2 for the control and inspection of the enterprises). IPARD will complement these implementations especially on hygiene conditions in poultry houses under the IPARD programme.

Considerable focus is still required on bio-security of this sector. Although this has been an area highlighted by recent disease problems, there is still much work to be done to improve the bio-security controls on the majority of farms. Basic steps like the fencing of the farm area and the control of vehicle and people access need to be completed urgently and the disciplines of people movement controls require to be rigidly adhered to. This requires a change in culture on the part of the farmers as it is different to the modus operandi of the past. Often in these situations the ventilation systems are not sufficient to achieve optimum performance and these should be reviewed and support should be given to upgrade where necessary. This should increase the number of poultry houses where the basics of bio-security, insulation and ventilation are respected providing for a better chance of achieving cost competitive performance.

Apart from the backyard component, Turkey's poultry industry is much more concentrated than other sectors of the food industry because of its degree of vertical integration. Five enterprises control 48% of the volume, but there are about 50 major companies involved. This concentration is even more prevalent in the breeding and parent stock business, where a few major players dominate the market.

Besides the major players, a strata of small to medium size producers still exist and develop, as can be seen on the tables below:

Table 23. Breakdown of the broiler farms capacity						
Broiler						
Breakdown	0-4.999	5.000-9.999	10.000-19.999	20.000-29.999	30.000-39.999	>40.000
%	10	29	35	17	4	4

Table 24. Breakdown of the turkey farms capacity					
Turkey					
Breakdown	0-999	1.000-1.999	2.000-4.999	5.000-9.999	>10.000
%	1	8	37	43	11

Source: Estimates MARA-2007 (on the basis of available provincial data)

With regard to feed supplies, in 2005 there were 631 registered compound feed enterprises but one quarter was not operational. The feed milling industry operated at less than 60% capacity. The expansion of poultry production has led to increases in soybean imports, which are expensive because of import duties. These two factors translate into high feed costs¹⁸, and contribute to a higher production cost in Turkey (estimated at 76 Euro cents per kg of live chicken compared to 70 cents or so in the major poultry producing countries of the EU).

¹⁸ about 66% of total live bird production cost

Geographical distribution

Poultry production in Turkey is mainly located in the North-West and West, that is, in close proximity to the concentration of the country's consumers, as well as to port facilities where the raw feed materials arrive. Climatic factors also influence this distribution: some provinces of the more mountainous Eastern part or hotter South-Eastern part of the country are ill-suited for the development of poultry production.

Still, many provinces in Central Turkey could be well-adapted to the production, and have already seen the development of a limited number of broiler farms in the recent years.

Processing and marketing

Turkey's poultry slaughtering and meat processing is dominated by 25 companies which control 90% of the business. Six have facilities certified to Community Standards and a further five have applied for this recognition. All of these big players are concentrated in the West Black Sea and Western part of Turkey¹⁹.

The quality of slaughterhouses and of processing enterprises varies widely, ranging from 'excellent', where EU certification has been obtained, to 'poor', where considerable upgrading is needed to achieve adequate hygiene and product quality.

MARA studies show that there is a strata of small to medium scale players that could develop and come to meet modern quality standards, if properly supported. This development will be most important if the poultry production spreads more equally in the central part of the country.

Producers organisations

Of the estimated 22.000 poultry meat farms, the majority have contractual arrangements with the processing businesses. No other form of organisation of the producers is of significant importance.

1.2.2.4. Fruit and vegetables sector

Production & consumption

The land occupied by fruit and vegetables and vineyards is about 2.9 million ha in 2005 of which 1,6 million ha corresponds to fruits, 806 thousands hectares to vegetables and 516 thousands hectares to vineyards. The output is sufficient for Turkey's relatively high level of domestic consumption, as well as allowing up to 11% for export. The total production in 2005 was 39 million tons.

The fruits & vegetables sector is a critical strategic sector for the country:

- The sector is highly labour intensive and brings about 4 times higher value added per ha than the remaining agricultural sectors. It thus represents a major source of rural employment in Turkey.
- Furthermore fruits & vegetables represent a major export product for Turkey: in 2004, the value of exports for fruits was 1,53 billion Euro while it was 391,13 million Euro for vegetables. 1/3rd of these exports were directed towards EU markets.

¹⁹ See Annex 1.9.8

- In 2005, the value of fruits export was 2,03 billion Euro and the value of vegetables export was 426,85 million Euro.

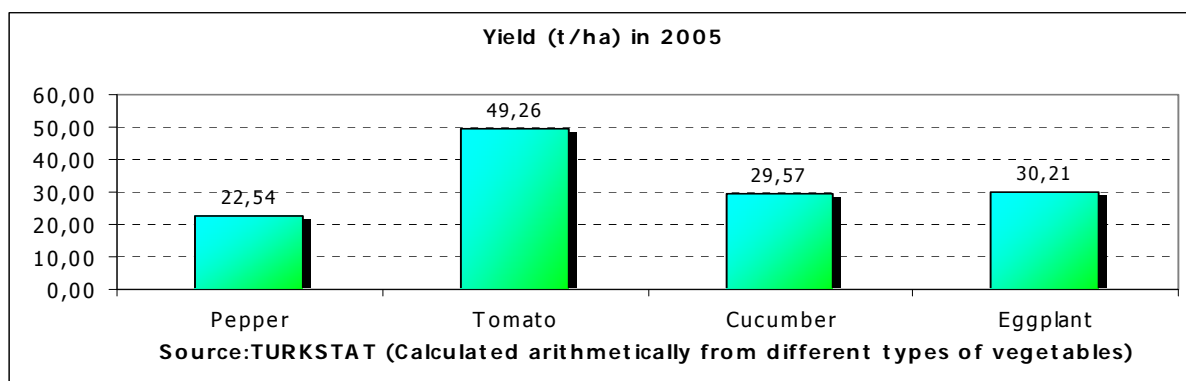
On the consumption market, data for 2003²⁰ show that out of 37 million tons produced, 24 million tons were consumed on the domestic market and close to 4 million tons were exported. No figures for 2005 are available, because these would of course be more relevant for the post harvest losses focus.

The difference of 9 million tons (24% of production) represents a loss through wastage. This problem is most pronounced in the case of vegetables, where post-harvest losses are consistently around 32%. Although lower for fruits (3-14%), and for nuts (5-24%), it is still extremely significant in value.

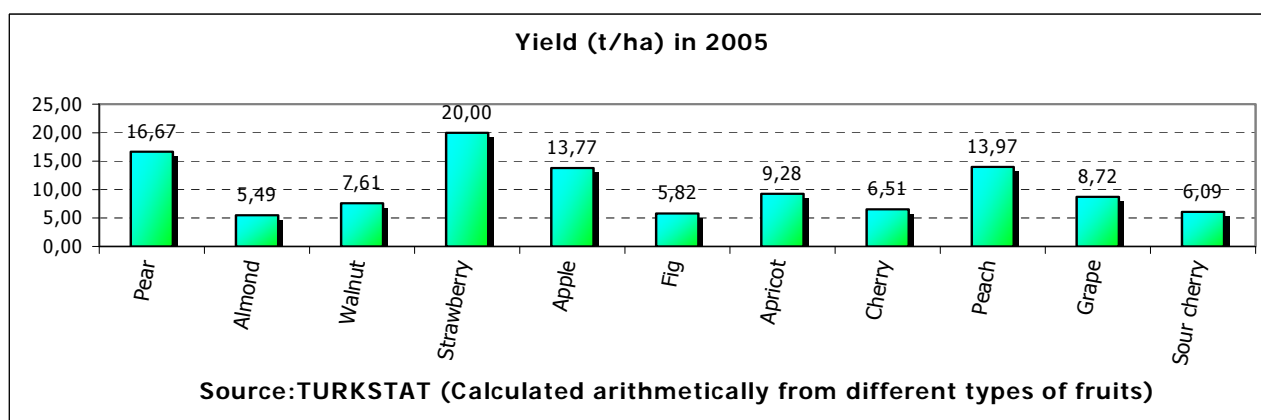
Consumption rates for fresh vegetables are quite high in Turkey, at 210 kgs per capita per annum (2003 data) – as compared with the European figures which range from 150 kg to 50 kg/capita. Fresh fruits consumption is at 125 kg/capita – again more than the European countries, where consumption varies from 91 kg in Spain down to 29 kg in France.

Yields for fresh vegetables and fruits for 2005 are given in the graphs below – but it should be noted that these figures are calculated on the base of double or triple harvests per year and production under cover.

Graphic 3. Yields for fresh vegetables



Graphic 4. Yields for fresh fruits



²⁰ Latest data available

Farm structure

Vegetable farms are small, about 0,3 ha on average whereas the average holding size for the major fruits and nuts is larger, 1,1 ha on average.

Table 25. Breakdown of Fruits & Vegetable farms per size of holding

Province	Breakdown of Fruits farms					Breakdown of Vegetable farms					Greenhouses				
	0-1 ha	1-2 ha	2-5 ha	5-50 ha	> 50 ha	0-0,4 ha	0,4-1 ha	1-2 ha	2-8 ha	> 8 ha	0-0,1 ha	0,1-0,2 ha	0,2-0,3 ha	0,3-3 ha	> 3 ha
ADANA	4 547	1 186	1 260	999	37	2 453	1 002	289	268	110	5		1	9	1
ADIYAMAN	5 314	2 012	2 500	1 028	0	969	240	93	76	3				0	1
AFYONKARAHISAR	3 627	1 274	885	107	0	2 682	904	322	125	0		1	1	3	0
AĞRI	108	15	5	2	0	51	14	11	4	2				0	0
AKSARAY	3 292	146	29	7	0	885	314	219	257	7				0	0
AMASYA	1 119	323	202	23	0	1 172	235	58	22	0	4	2	4	12	0
ANKARA	2 409	230	119	25	0	540	287	322	437	73		1		4	0
ANTALYA	7 170	3 234	2 632	566	3	4 844	3 143	917	359	13	163	1 028	1 208	3 153	40
ARDAHAN	512	86	38	3	0	251	9	0	0	0				0	0
ARTVİN	5 226	1 981	3 025	331	0	4 419	1 436	562	156	0		2	1	0	0
AYDIN	9 920	9 742	14 703	7 789	18	4 181	1 687	638	289	6	5	14	14	71	2
BALIKESİR	6 112	3 077	3 755	1 569	12	8 418	5 087	2 695	1 469	34	1	3	2	6	0
BARTIN	621	408	332	24	0	1 285	157	11	2	0	69	65	46	41	0
BATMAN	258	285	360	27	0	101	60	66	41	6				2	0
BAYBURT	23	4	2	0	0	140	24	3	1	0				0	0
BİLECİK	2 238	1 045	1 251	358	0	1 725	899	421	249	4	4	15	12	17	0
BİNGÖL	1 677	211	71	4	0	783	343	121	38	0				0	0
BİTLİS	864	129	68	9	0	1 394	261	79	39	2				0	0
BOLU	1 753	476	236	9	0	2 804	653	146	31	0	3			0	0
BURDUR	3 295	392	189	26	0	2 834	831	263	106	2	1	5		5	1
BURSA	7 867	4 703	6 018	1 871	0	4 932	2 548	1 564	1 360	94		3	3	3	1
ÇANAKKALE	3 401	2 367	3 494	1 463	4	2 084	1 907	1 394	887	28	1		3	3	0
ÇANKIRI	1 094	52	15	2	0	696	122	26	12	1	1			1	0
ÇORUM	7 992	199	58	7	0	7 714	771	115	28	0			1	4	0
DENİZLİ	9 089	4 718	4 909	1 015	1	5 898	1 559	521	202	2	2	4	3	5	0
DIYARBAKIR	3 900	1 484	1 047	169	1	1 609	575	208	92	8	4	1		2	0
DÜZCE	2 706	5 660	6 926	1 001	0	607	146	44	13	0				4	0
EDİRNE	738	73	40	13	0	549	398	177	56	0	2	3	4	5	0
ELAZIĞ	6 610	2 431	1 720	339	0	966	549	267	130	2	1			2	0
ERZİNCAN	1 162	194	42	5	0	468	183	42	15	0				0	0
ERZURUM	3 300	761	410	37	0	1 404	219	69	12	0	1	1	1	2	0
ESKİŞEHİR	1 356	143	55	13	0	1 216	472	337	272	17	2	5		2	0
GAZİANTEP	4 446	5 161	9 176	6 240	10	453	246	220	223	16	1			4	1
GİRESUN	7 511	15 155	17 313	2 078	0	1 708	541	117	8	0			1	2	1
GÜMÜŞHANE	820	406	168	6	0	1 282	243	39	4	0				0	0
HAKKARİ	1 703	437	555	63	0	1 751	1 143	236	44	0				1	0
HATAY	6 170	4 299	3 831	1 060	4	1 005	643	303	215	22	10	14	9	37	0
İĞDIR	462	122	64	7	0	105	131	84	22	0				1	0
İSPARTA	8 988	2 615	1 746	277	0	3 434	366	64	20	0	4	3	2	0	0
İSTANBUL	78	24	15	7	0	150	114	97	42	2			1	5	0
İZMİR	8 696	6 627	9 147	3 672	9	3 685	4 234	2 924	1 842	109	4	32	77	165	4
KAHRAMANMARAŞ	4 735	1 622	1 437	656	0	700	276	192	115	8				3	1
KARABÜK	531	52	11	0	0	1 238	657	177	16	0				1	0
KARAMAN	6 082	1 995	1 546	250	1	2 723	586	148	143	14				3	0
KARS	231	77	97	8	0	7	2	1	0	0				1	0
KASTAMONU	3 981	2 022	898	34	0	5 967	1 227	170	12	0	2	2	1	1	0
KAYSERİ	5 088	958	598	100	1	1 542	546	399	510	68				3	0
KİLİS	1 853	1 849	2 575	1 257	0	540	245	159	110	4				0	0
KIRIKKALE	2 238	233	51	4	0	530	92	46	43	1			1	1	0
KIRKLARELİ	437	75	35	17	0	398	210	79	19	0			1	3	0
KİRŞEHİR	1 515	57	21	2	0	563	49	9	4	2				0	0
KOCAELİ	1 897	1 595	1 649	168	0	1 548	469	177	60	0	3	4	2	4	0
KONYA	9 456	2 410	1 633	169	1	6 415	1 088	646	795	144		1	3	6	1
KÜTAHYA	3 993	731	476	67	0	6 721	966	153	19	0		1	4	3	0
MALATYA	9 100	6 561	8 777	3 135	2	404	282	136	67	5				1	0
MANİSA	13 802	11 951	13 969	4 653	4	5 599	3 512	2 118	1 359	82	1			5	1
MARDİN	3 272	3 300	4 568	1 545	1	592	560	273	168	6				2	0
MERSİN	7 639	4 730	5 250	1 400	7	1 930	1 026	709	641	73	146	391	258	908	62

MUĞLA	6 956	4 885	6 027	2 204	12	5 323	2 241	640	173	4	46	406	367	719	1
MUŞ	34	6	13	9	0	96	33	18	34	6				0	0
NEVŞEHİR	7 729	2 419	1 992	302	0	2 828	2 132	1 698	1 478	41				4	0
NİĞDE	4 191	1 398	806	93	2	312	329	281	286	19				3	0
ORDU	8 542	21 762	37 435	6 763	1	604	161	31	5	0				2	0
OSMANIYE	681	225	168	35	0	360	67	47	10	4	2			1	0
RİZE	2 465	678	521	36	0	34	3	0	0	0				1	0
SAKARYA	4 862	5 595	6 299	863	1	1 199	564	324	146	2	1			1	0
SAMSUN	3 813	7 058	13 153	2 864	0	2 043	1 020	746	651	40	25	41	27	88	1
ŞANLIURFA	1 218	1 511	2 508	1 516	0	41	69	67	91	20	2	3	3	7	3
SİİRT	761	318	290	86	0	252	104	47	30	0			1	0	0
SİNOP	1 859	592	317	21	0	1 157	234	39	4	0	3			1	0
ŞIRNAK	465	94	100	82	0	262	76	20	9	0		1		0	0
SİVAS	1 208	409	418	45	0	1 807	619	145	30	0	2			2	0
TEKİRDAĞ	1 649	551	450	51	0	292	196	117	58	1	4	2		8	0
TOKAT	3 009	414	222	29	0	4 438	1 175	378	78	1			1	1	0
TRABZON	13 765	9 423	6 257	416	0	1 751	101	15	1	0	1			0	0
TUNCELİ	1 884	381	212	26	0	365	70	27	19	0		1		0	0
UŞAK	3 350	793	334	25	0	1 784	640	201	78	2				0	0
VAN	267	19	20	0	0	49	33	25	13	0	1			2	0
YALOVA	100	129	133	30	0	53	30	8	7	0	6		1	1	0
YOZGAT	7 734	218	39	3	0	4 937	437	91	23	2				2	0
ZONGULDAK	3 265	4 470	3 451	201	0	2 264	304	41	5	0	2	1	1	2	0
Total Turkey	303 831	187 453	223 167	61 416	132	153 315	57 127	26 682	16 778	1 112	535	2 056	2 065	5 361	122

Source: MARA, May 2007

The ex-ante evaluation has shown that farm gate prices achieved in the more intensified farms are similar to those obtained in Italy.

Preliminary studies conducted by MARA estimate that the viability threshold in Turkish conditions can be established as follows:

- 0,4 ha of vegetables
- 1 ha of fruits
- 0,1 ha of greenhouses

Although small, these units might be expected to make a profit and be able to increase progressively their size to meet successfully future external competition.

National support programmes are currently being implemented for the improvement of cultivation practices, introduction of seeds and expansion of orchards. These national support programmes are complementary to IPARD for example the introduction of certified seeds under the national schemes also targets an improvement of the product quality. The national support schemes and their complementarity with IPARD are detailed in Chapter 2. programmeThe main remaining problems relate to the F&V production's impact on the environment notably through high water consumption and depletion of natural resource. Increased energy consumption of the greenhouses poses an additional problem.

Another main issue to tackle is the reduction of the presently huge post-harvest losses²¹. Implementation of proper handling of the produce and cold chain management are thus critical as fruits & vegetable are fragile perishable products.

Geographical distribution

The production sites for fruits in Turkey are mainly along the Mediterranean coastal areas with lower risk of frosts. Some are grown in the interior but late spring frosts can damage crops unless the crop is protected.

Hazelnut and walnut production is located mostly along the Black Sea coast.

²¹ cf final F&V sector analysis prepared by Agrisystems-Led Consortium December 2006 (see <http://sgb.tarim.gov.tr/>).

Vegetable production is more dispersed spatially. The dominant producing regions remain the Aegean region (in the provinces of İzmir and Balıkesir), the Mediterranean region (Adana, Antalya, Gaziantep), Central South (Kayseri, Nevşehir, and Konya), the Black Sea (Samsun) and the Central North (Bursa).

It is worth noting that three regions combined - Marmara, Aegean and Mediterranean - account for almost 90% of the fruit and vegetable processing production²². Strong regional imbalances thus still hurt the sector.

Processing

Market chains differ between fresh and processed products.

Under Turkish law, Fresh F&V should be marketed through a wholesale market. Producers may also sell through a producers' organisation to wholesale markets, but the producers' organisation act only as trade intermediaries, not performing technical functions. Wholesale markets often perform below standards as regards grading and packing of products, as well as storage conditions. The lack of cooling equipment either at producers' level or at wholesale market level is a major drawback for the reduction of the present high level of post-harvest losses.

For the processed products, produce doesn't pass through wholesale markets: cooperatives and unions of cooperatives are the main players. Traders and private companies can also directly collect products from producers.

There are almost 5,000 industries involved with the processing of F&V, of which about 1,400 with an economically significant size. These have a combined capacity of 6,570 million tonnes; capacity utilisation, however, is seasonal and very low at about 34%²³. The achievement of a supply of raw material spread over the year and with a proper quality level is a major problem for the industry, due to the present under-equipment of the provinces with long-term cold storage facilities²⁴.

Another problem lies in the present low level of quality/hygiene and food safety practices in the F&V processing industry: most of the existing enterprises – especially the very small ones - do not meet Community Standards in their present condition.

Finally, drying of fruits, often done traditionally on-farm, can also present potential health problems if not done properly, as it may involve aflatoxin and ochratoxin contamination.

Producers organisations

Eight producer unions, under Law No. 5200 are engaged in the fruit and vegetables sectors, but as the marketing of fresh vegetables was not covered by the unions before 2004, the provision of post-harvest facilities was somewhat neglected.

Within the past two years fresh vegetable producers have organised themselves into 96 'producer organisations', mostly in the Mediterranean coastal region. These structures were up to now prevented to engage into profit-making operations, as well as commercial packing and storage. This situation has just changed, as the Turkish law was modified very recently to allow them to market

²² except for hazelnut and olive oil

²³ the problem is most acute for olive oil and hazelnut, which have a clear over-capacity installed.

products directly, on behalf of their members. Further evolution can be expected to take place in the coming years, and reinforce their role in the marketing channel, besides the agricultural sales cooperatives. (See details with regard to Producer Organisations in Chapter 2)

1.2.2.5. Fish processing and aquaculture

Although Turkey is a peninsula surrounded by the seas on three sides and has a water surface area of 26,2 million ha with its rivers and natural and artificial lakes, the fishery sector accounts for only about 0,40 percent of GNP and 3,5 percent of total agricultural production²⁵.

Production & consumption

In 2005, total production was 544.773, tons, out of which:

- Marine fisheries: 61%
- Inland fisheries: 8%
- Aquaculture: 22%
- Other marine organisms: 9%

Annual *per capita* consumption of fish and fish products in Turkey has averaged around 7,0 Kg over the past decade and is currently calculated at about 8,0 Kg., with yearly variations according to the availability of small pelagic fish from the Black Sea. Compared to consumption levels elsewhere in Mediterranean Europe this is low – for example the *per capita* consumption in Spain is 40,5 kg and in Greece it is 23.1 kg; the average for the EU is 22,7 (data from EU Facts and Figures on the CFP, 2006).

There is a wide discrepancy in regional consumption patterns, with substantially higher consumption along the coast than inland, especially in continental metropolitan areas. For example per capita rates are given as 25 kg in the Black Sea region, 16 kg in the larger cities (Istanbul, Izmir and Ankara) and only 0,5 kg in east and southeast Anatolia.

The Ninth Development Plan postulates an increase to 10,3 kg per person by 2013, and taken with the increase in population this implies an increased supply of 175.000 tons.

Structure of production

Capture fishery continues to be dominant in production, but production is decreasing as a result of increasing pollution of the sea and the depletion of stocks due to lack of effective and sustainable management²⁶. This situation is causing both instability in the production and prices of fishery products and adverse effects on the incomes of households depending on fishing as their livelihood.

Aquaculture, on the other hand, is steadily increasing over the years, led by a high natural potential (rivers, lakes) as well as a growing market demands.

²⁴ The arrival of the bulk of the production on the market at the peak of the harvesting season is also a major drawback for the producers, who are obliged to sell their products at very low prices.

²⁵ Based on total production figure of 587.715 tons, in 2003

²⁶ The marine fish catch in 2002 was 522,744 tons, but only 380,381 tons in 2005. The loss from 2002 to 2005 is 27%.

Table 26. Aquaculture Production In Turkey: 1994-2005

Year	Inland (tons)	Marine (tons)	Total Aquaculture (tons)	Total Fish Production (tons)	% of Aquaculture in Total Fish Production
1986	3.041	35	3,076	582.920	0,5
1988	3.965	105	4,070	676.004	0,6
1990	4.649	1.133	5.782	385.114	1,5
1992	6.677	2.425	9,102	454.346	2,0
1994	7.265	8.733	15.998	601.104	2,66
1995	13.113	8.494	21.607	649.200	3,33
1996	17.960	15.241	33.201	549.646	6,04
1997	27.300	18.150	45.450	500.260	9,09
1998	33.290	23.410	56.700	543.900	10,42
1999	37.770	25.230	63.000	636.824	9,89
2000	43.385	35.646	79.031	582.376	13,57
2001	37.514	29.730	67.244	594.977	11,30
2002	34.297	26.868	61.165	627.847	9,74
2003	40.217	39.726	79.943	587.715	13,60
2004	44.115	49.895	94.010	644.492	14,59
2005	48.604	69.673	118.277	544.773	21,71
2006*	56.684	72.259	128.943	661.991	19,48

* MARA provisional data

Source: TURKSTAT

Aquaculture currently supports a total of 1.570 farms: 1.274 inland freshwater and 296 marine aquaculture farms²⁷. Main problematic areas are the:

- limited species diversity, both in freshwater and marine aquaculture (with an under-representation of crustaceans and molluscs)
- small size of aquaculture farms: 57% of the inland aquaculture farms produced less than 10 tons/year and 73% less than 20 tons/year. 41% of the marine aquaculture farms produced less than 50 tons/year in 2006²⁸. Many of these small farms are small-scale family-operated complementary part-time businesses.
- imbalanced distribution of marketing and processing infrastructures, which is a serious constraint for the further development of aquaculture in the Eastern regions of the country.

Inland aquaculture production is carried out either in land based units extracting water from rivers (for the majority) or in cages set in lakes and hydro-electric or irrigation dams.

Geographical distribution

68,4% of the total marine fish production of Turkey is caught along the Black Sea (51% from East Black Sea and 19% from West Black Sea). Other landings come from Sea of Marmara 13%, Aegean Sea 12% and Mediterranean Sea 5%, respectively.

Marine aquaculture is primarily (92% of sea farms) located on the Aegean where geographical and hydrographic conditions suit the species cultured. The key area for inland fish production is Van region (13.000 tons in 2005). Aquaculture production in the East Anatolia Region is 2% of the total,

²⁷ See Annex 1.10.3

²⁸ source: MARA

and 1% in the South-East Anatolia Region – while the two regions have many untapped natural water resources.

Structure of the marketing & processing sub-sector

There are 165 fishing ports, of which 30 are designated landing ports, 39 shelters and 73 slipways in Turkey, most of them located along the Black Sea.

Auction markets, provided by the municipalities, are the main point of sale for fish. 10 markets are located in Istanbul, Samsun, Izmir, Ankara, Kocaeli, Çanakkale, Bursa, Bandırma, Trabzon and Ordu. The markets are usually located along the coast, and sell both locally landed fish and product transported overland, whilst the main markets also sell imported fish and aquaculture products. Producers auction market are missing in all other provinces, including some of the ones which show a promising development of aquaculture production.

In order to minimize the significant post-catch losses new up-dated facilities, including upgrading of hygiene conditions and cold store facilities are to be established.

Regarding fish processing establishments, they have to be registered according to the national Fishery Law No 1380 and relevant regulations; furthermore, those exporting to the EU have to be approved by MARA (as the Competent Authority).

According to MARA figures, there are 161 licensed and 17 un-licensed establishments, with an additional 5 which are in the process of licencing. Out of these:

- 107 processing establishments have been approved for export to the EU (see Annexes 1.10.1 and 1.10.2). Initial investment in the majority of these factories took place between 1977 and 1997, with more recent work undertaken to comply with Directive 91/493/EC related to hygiene and food safety conditions for the market of fishery products for human consumption
- 28 establishments do not have an EU approval number but are licensed to export to third countries
- 32 are licensed for domestic market only. Many establishments in this group necessitate further investment to improve their fish handling and hygiene standards.

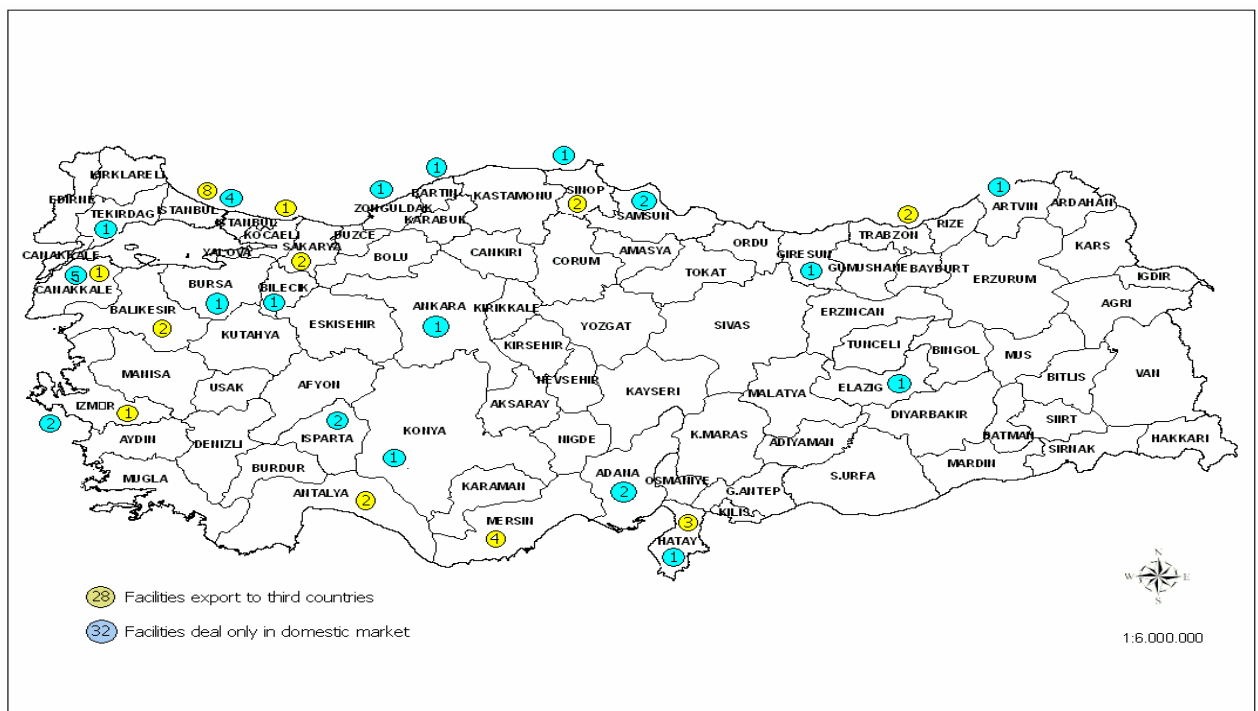
A serious issue of consideration is the uneven distribution of processing enterprises. Fish processing enterprises were originally concentrated in the West Black Sea, Marmara Sea and Aegean regions, near to both main catching areas as well as consumers centres. This is shown on the two maps below:

Map 1. Location of EU-approved fish processing industries:



key: circle = fishery products/ square = fishmeal products

Map 2. Location of other fish processing industries:



This regional imbalance in the location of fish enterprises is impairing the development of aquaculture, while also having an impact on fish consumption level per capita, which remains very low in the Central and Eastern parts of the country.

Due to the growth of the aquaculture sector in recent years, there is a tendency to see more and more creation of packing enterprises to handle fresh aquaculture products, but this tendency needs to be further encouraged and institutionalised.

Producers organisations

There is a wide variety of Non-Governmental Organisations involved in the sector; four of the most important are the Turkish Fisheries and Aquaculture Federation; the Turkish Marine Environment Protection Association (TURMEPA); Turkish Marine Research Foundation (TUDAV), the Turkish Inland and Marine Aquaculture Associations. In addition, fishery co-operatives, fishery cooperative associations, the Central Associations of Fishery Cooperatives (SUR-KOOP) and Central and Regional Fishery Advisory Committees have an important role to play as representative stakeholder organisations.

There are about 490 fisheries cooperatives in existence, as recognised under the Fisheries Cooperative Law 1163, with a total of 24,920 (23% of fishermen) members, as well as 13 regional unions of fisheries cooperatives and one central union in Ankara.

1.2.2.6. Organic farming

Organic farming is “an alternative production method” which is oriented to reestablish natural balance deteriorated as a result of inaccurate applications in ecological systems; includes human and environment-friendly production systems; interdicts the use of synthetic agricultural chemicals, hormones and mineral fertilizers; recommends organic and green fertilization, alternation, soil protection, the utilization of resistant varieties and benefit from natural enemies in a closed system and aims at increasing quality as well as quantity in production.

Emphasis is placed on achieving environmental protection and, for livestock production, on animal welfare. There is a growing market for such orientation of production, both in the domestic as well as in export market.

Turkey has started producing organic products in the ‘80s, under the stimulus of external demand. Since then the regulation of organic products has evolved from nationally defined regulations to regulations which are inspired by the relevant EU legislation (e.g. Council Regulation (EC) No 2092/91). Turkey has adopted the same definition as a means to increase its exports to the EU market as well as to promote organic farming among small producers and in this way to improve their opportunities.

In 2006 with 203 varieties of agricultural products, organic plant production have been realised by 14.256 farmers in an area of 192.789 ha according to MARA (Ministry of Agriculture and Rural Affairs) - General Directorate of Agricultural Production and Development (GDAPD).

While organic production was 292.000 tons in 2003, it increased to 458.095 tons in 2006 (GDAPD 2006 data) and the majority of this production (%95) was exported as processed products, which adds value and reduces transport costs and diversify the market . Most of it is of plant origin. Organic livestock production is very limited.

The destination markets are mainly within the EU. The number of countries to which Turkey exports organic products is 29 in 2006. Apart from the EU countries, USA, Canada, China, Japan and New Zealand are among the countries that Turkey has exported the organic products to. The domestic market has been assessed as being only a small niche, which started later than the export

one, in the 1990s, through healthy food and specialized shops, while only lately supermarkets have been introducing them. In general, Turkish consumers lack awareness of what a certified product is and the great majority of Turkish consumers remain price sensitive.

Weaknesses towards higher domestic consumption of organic products include the fact that organic products can be 70-200% more expensive than conventional ones. Turkish consumers perceive food products as already very healthy, as their country has always been an agrarian country that traditionally produces most of its own food. Therefore the appeal of certified organic products is not immediately apparent to them. Low trust in authenticity of labels is also a barrier and increases the need for effective marketing strategies.

Organic farming has developed so far with little support from government (no specific subsidies) and has had some regulation. It has developed mainly through exporters looking for farmers willing to produce organically who triggered the development of the sector and who also transferred the know-how.

As of 2006, 11 control and certification bodies have existed across the country. 6 of them are the agencies of the European Control and Certification Bodies registered in the EU. The rest of them are the domestic Control and Certification Bodies authorised and accredited by the competent authority in Turkey. These bodies charge high fees, and exporters tend to group themselves in order to lower their cost per farmer. However this prevents the farmers from selling their produce to alternative buyers.

1.2.3. Environment and land management

Environmental issues have been addressed consistently by Turkish policies only since the 90s, especially in relation to agriculture and rural development. The process of pre-accession will further sustain and orient this trend. The adoption of *Acquis Communautaire* emphasizes the integration of environmental concerns and good practices in land management, an orientation that has been reinforced in the 2003 reform of the Common Agricultural Policy, and emerges as one of the key future strategic objectives. Environmental concerns are also linked with rural development and its strategic aim for diversification of the rural economy and improvement in the quality of life: landscape and natural resources are important components not only for promoting rural tourism, but also for maintaining the population in rural areas. The key problems to be addressed according to recent studies are: soil erosion, over consumption of water and excessive application of chemicals. On the other hand, the opportunities and strengths offered by the quality of Turkish environmental assets, substantially unspoiled thanks to a relatively recent industrial development and extensive farming practices, constitute a reservoir of immense potential.

1.2.3.1. Topography

The Republic of Turkey has a surface of 778.997 km² consisting of 767.415 km² (%98.5) of continental land (excluding water surface 11.582 km² as lakes, rivers etc...). 34,13% of land is agricultural land.

It is a mountainous and hilly country, having an average altitude of 1132 m, with the highest 5185 m (mountain Ağrı), surrounded by sea from the North (Black Sea), South (Mediterranean Sea) and the West (Aegean Sea). Numerous mountain ranges run generally parallel to the northern and southern coasts surrounding the central undulating Anatolian Plain that reaches 500 m in the West

and rises over 2000 m in the East. Classification and distribution of land according to the altitude is as follows²⁹:

Plains (0-250 m)	10%
Hills (250-800 m)	23,3%
Mountains (>800 m)	66,7%
800-1000 m	16,7%
>1000 m	50,0%

1.2.3.2. Climate

In general climate is considered to be Mediterranean, which is dominant in the Western part of Turkey.

Although Turkey is in the subtropical belt having a semi-arid climate with extremes in temperatures, seasonal shifting of the frontal depression, the long coastal line, territorial tropical streams coming from the North Africa and Arabian deserts, the diverse nature of the landscape and particularly the existence of mountains parallel to the coasts result in great differences in climatic conditions from region to region. Average rainfall is 646 mm, but it is not always in the right place and the right time to meet the real need, considerably changing by years and regions. Turkey is divided into seven main climatic regions under five major climate types³⁰:

The Mediterranean climate: Dominant in the coastal zones of the Aegean and Mediterranean regions. It is hot and dry in the summer and mild and rainy in the winter.

- The humid Mediterranean climate: Rare snow and frost events in the coastal area, with an average annual precipitation of 1000mm in the winter.
- The semi humid Mediterranean climate: The average annual precipitation is around 600 – 800mm which occurs usually in the winter.

The Black Sea climate: the average annual precipitation is more than 1000 mm occurring mostly in the fall and winter. The eastern part is subtropical with precipitation reaching 2440 mm (Tea cultivation area). The average annual temperature is around 8-12°C.

The Semi-humid Marmara climate: Dominant throughout the Marmara Region except the inner part of Thrace and Black Sea coasts. The temperature is not as high as the Mediterranean climate in the summer and is lower in the winter. The average annual precipitation is around 500-700 mm.

The Semi-arid (steppe) climate: Extends throughout the Central Anatolian Region, including Central-West and the lake district, as well as in the Western part of Eastern and South-Eastern Anatolian Regions. The continental influence leads to large scale differences in temperatures between seasons.

²⁹ Source: Turkey's National Action Programme on combating desertification (NAP-D) 2005.

³⁰ Source: Turkey's National Action Programme on Combating Desertification (NAP-D) 2005

- The semi-arid Central Anatolian climate: Cold in the winter, with decreasing temperatures in the east. The maximum precipitation occurs in the spring and the minimum in the summer at a rate of % 10 in the summer.
- The semi-arid South-eastern Anatolian climate: Hot in the summer with a continental and tropical desert influence affecting the annual temperature regime. The average annual precipitation is less than 500 mm and the rate of evaporation is the highest in Turkey.

The Continental Eastern Anatolian climate: Severe continental conditions prevail as long as cold winters. Precipitation is higher than in the central Anatolian Region and mainly occurs as snowfall in the winter.

1.2.3.3. Soil

The country comprises 32 soil associations, i.e. Soil Mapping Units (SMUs) with two to three Soil Typological Units (STUs) and a few with only one³¹. Leptosols are the dominant soils, followed by Calcisols, Fluvisols, Cambisols, Vertisols, Kastanozems, Regosols, Arenosols and Alfisols.

Given Turkey's topography, particularly high altitudes and steep slopes, soil's effective profile depth is an important factor to evaluate soil capacity. Deep soils with a profile deeper than 90 cm, without any root limitations, add up to 15.2% of the whole land area, except land without soil and water surfaces. The total area covered with soil equals approximately 77,9 million ha (see table 6 "Land use in Turkey" in section 1.1.1.4 above). Shallow and very shallow soils account for 72,1% of the total.

Table 27. Effective profile depth distribution ratios (%)

Distribution ratios	Effective profile depth (cm)				Total
	Deep 90+	Moderately deep 50-90	Shallow 20-50	Very shallow 0-20	
Area (ha)	11.108.114	9.299.614	23.696.973	28.908.455	73.013.156
%	15,2	12,7	32,5	39,6	100

Source: "Turkey's National Action Programme on Combating Desertification" (NAP-D) 2005.

Rock outcropping is another major problem. The total rocky area of Turkey is approximately 51,3 million ha, with derocking being impossible in about 25,5 million ha, almost 50% of the rocky surface.

Under the land use capability classification (L.U.C.C.) land is classified from one to eight, namely class I to class VIII. In Turkey there are three categories according to the LUCC:

- first category is class I to IV, which are suitable for cultivation and animal husbandry;
- second category, class V to VII, is unsuitable for cultivation but suitable for controlled grazing and forestry;
- third category is class VIII which is suitable only for wild life, sports and touristic activities.

³¹ Lambert et al (2002) and Ozden et al (2003).

Soils with high production capacity and with a wide range of agricultural uses (LUCC I) cover about 5 million ha. Moderately productive soils (class II, III) comprising an area of 14,1 million ha with more than one moderate to severe limitations for some uses, require some kind of conservation practices to assure stability and sustainability of production. Permanent limitations as water logged conditions; salinity, alkalinity, low organic matter etc. exist particularly for LUCC III soils. Finally, there are 7.4 million ha of land which is marginally productive (LUCC IV).

Soil degradation problems in Turkey are due to water and wind erosion, salinisation and alkalinisation, soil structure destruction and compaction, water logging, biological degradation and soil pollution. Major land problems in Turkey are as follows:

Table 28. Soil degradation problems in Turkey

Types of problem	Area (ha)
Water erosion	66.576.042
Wind erosion	330.000
Alkalinization / Salinization	1.518.749
Hydromorphic soil	2.775.115
Stony or rocky problem	28.484.331

Source: MARA evaluation

Due to climatic and topographic condition soil erosion is the biggest problem in Turkey. Approximately 86% of land is suffering from some degree of erosion, as follows:

Water and wind erosion

Table 29. Degree of erosion

Degree of erosion	Area (ha)	Ratio (%) ³²	Criterion of degree
Slightly	5,611,892	7.20	25% of top soil eroded
Moderate	15,592,750	20.02	25-75% of top soil eroded
Severe	28,334,938	36.37	Top soil and 25% of sub soil eroded
Very severe ³³	17,366,462	22.29	Top soil and 25-75% of sub soil eroded
Total	66,906,402	85.88	

Source: MARA evaluation

Erosion is a natural phenomenon due to a combination of climatic, topographic, geological and soil conditions. Soils overlying ophiolitic rocks are apt to erosion in East Anatolia. The sedimentary rocks and carbonates of Central Anatolia and the overlying soil are also prone to wind erosion. In the Mediterranean region, where crystallised limestones are dominant, soil is especially shallow and stony and cannot adequately support natural vegetation as a protecting cover against erosion. The high altitude of Turkey, its steep slopes, the uneven and fluctuating precipitation and rain intensity, the shallow soil profile depth, the low content of organic matter in the soil and, finally various natural disasters (forest fires and landslides) are the main reasons for natural erosion in Turkey. This

³² Percentage of the total area of Turkey (77,899,700 ha)

³³ Wind erosion is effective on 330,000 ha of very severe degree erosion

phenomenon is further exacerbated by human bad intervention on the land. The main causes for the occurrence of accelerated erosion in Turkey are the following:

Deforestation: Forest degradation due to forest fires, over harvesting, illegal cutting, misuses for fuel wood or clearing for farm and urban uses.

Overgrazing of rangelands, especially on hillsides.

Misuse of land: Use of land not according to its land use capability classification (LUCC), due to socio-economic pressure and absence of land management and rational utilisation techniques.

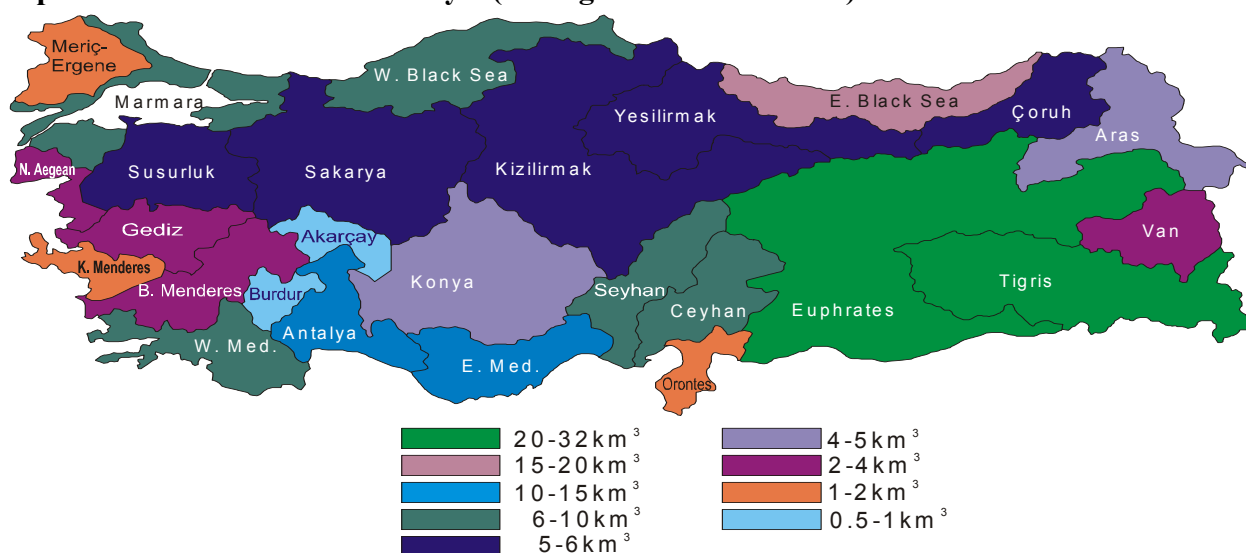
Mismanagement of cultivated land: Inappropriate tillage, stubble burning, abandonment of rural infrastructure, especially terracing and inappropriate or excessive irrigation. As a result of natural and accelerated erosion about one billion tons of soil is transported to the sea annually.

Turkey has ratified the U.N. Convention to combat desertification and drought and has a National Action Programme on combating desertification. There are 11 research institutes and one International Research and Training Center, established on regional basis, which carry out research concerning soil and water conservation. Turkey has completed soil maps on a 1:25.000 scale. Erosion maps have also been prepared, showing erosion degrees.

1.2.3.4. Water

Turkey has 25 river basin catchments areas (watersheds) and sub-basins wise division for sustainable land management (SLM), developed by state Hydraulic Works (D.S.I)

Map 3. The river basins of Turkey³⁴ (average-annual flow-km³)



Source: State Hydraulic Works,2003

Water supply and demand

The precipitation regime of Turkey differs according to seasons and regions. The average annual precipitation rate in Turkey is 646 mm, which means an average of 501 billion m³ water on the

³⁴ Euphrates and Tigris Basins have been combined and renamed as Euphrates-Tigris Basin.

whole country, out of which 274 billion m³ returns to the atmosphere (via evaporation from the soil and water surfaces as well as the transpiration of the vegetation), 69 billion m³ infiltrate in the underground water table, and 158 billion m³ flow to seas and lakes by rivers. Some 28 billion m³ out of the 69 enriching the underground, go to lakes and seas as surface water

Moreover, 7 billion m³ of water enters Turkey from the neighbouring countries. So, the water potential of Turkey is 193 billion m³ in total. If 41 billion m³ additional losses are taken into account, then the renewable water potential of Turkey makes up to 234 billion m³ in grand total.

Table 30. Water potential of Turkey

Above ground water	Annual Average Precipitation (MM)	Water Quantity (billion m ³ /year)	Gross Water Potential (billion m ³ /year)	Technical and Economical Consumable Potential (billion m ³ /year)
Domestic	646	501	186	95
Abroad			7	3
Sub-total			193	98
Underground water			41	12
Total			234	110

Source: National Action Plan for Desertification

Technical and economical consumable quantity of surface and underground water is determined to be 110 billion m³. 95 million m³ out of this is from domestic rivers, 3 million m³ is from abroad and 12 billion m³ is from underground water.

The distribution of water is uneven among the Regions with the Western one relatively poor in water. The Marmara, Aegean and Central Anatolia regions are the most affected by water scarcity.

At present, with a population of about 73 million, water amount per capita is estimated at around 1500 m³ when population reaches 87 million within 20 years, according to TURKSTAT projections, annual water amount per capita will be 1042 m³. This number is close to 1000 m³/capita, which according to international criteria defines the critical amount for water problem occurrence, indicating the scarcity of available water resources and the importance of rational water management in Turkey. An increase around 32.9% in water amount drawn from surface and groundwater resources between the years 1995 and 2005 shows that there will be a pressure on available resources to meet water demands.

Projections are likely to be *relatively* valid, only if the totality of resources is not degraded in 20 years time. However, other important factors should be taken in consideration. The pressure on water resources due to the Global Climate Change, which is difficult to quantify, changes of water consumption habits following the socio-economic development and the increasing pressure of tourism and agriculture. In Turkey there is 8.5 million ha land which is economically irrigable. Since January 2005 irrigation has been expanded to an area of 4,9 million ha, of which 762.273 ha are insufficiently irrigated (see Annex 1.12.2 for 2001 figures in provincial bases).

Accurate data on irrigation water consumption, per crop and in total is not available. A rough estimation based on a realistic average consumption of 5000m³/ha. shows that agriculture is consuming 24.5 billion m³/year, that is approximately 22% of the total water supply. If the whole irrigable area is irrigated, agriculture will consume about 42.5 billion m³, which represent 39% of

the total water supply. This is not much, given the semi-arid climatic conditions of Turkey and compared to other Mediterranean countries, especially Greece, Spain and Italy.

The most important problems with regard to irrigation in Turkey are related to over pumping of ground water, waste of irrigation water, fertilizers and chemicals pollution and soil degradation due to inadequate drainage systems. Irrigation is a threat to groundwater balance, since almost three quarters of the total freshwater extracted is used for agricultural purposes. Agriculture's pressure on groundwater is expected to increase in the future, to meet the expanded needs of the growing population.

Flood system irrigation is used for most of the irrigated land. These systems have very low water use efficiency, of around 40%. This means a vast 60% of irrigation water losses. Moreover, flooding is highly polluting, even with low fertilizers' input rates, through infiltration of fertilizers and plant protection chemicals, as well, due to leakage and run-off of irrigation water.

Over irrigation, lack of drainage or poorly maintained drainage conditions and leakage of fertilizers are the causes of increasing salinity, which in turn decreases soil productivity and increases the levels of sodium in the soil, leading ultimately to aridity.

Though agriculture is not yet the sole source of highest pressure on water resources, utilization of pressurized irrigation techniques (drip irrigation), optimisation of water drained to the fields and careful management of irrigation are critical issues and should be the contribution of agriculture to address one of the major environmental problems in Turkey.

Tourism is another important water consumer. Water consumption per tourist bed is at least 500 litres (0,5 m³) per day for drinking, cooking, toilet and bath facilities, irrigation of hotel gardens, washing tourist equipment etc. A rough estimation for 21,122,798 tourists visited Turkey in 2005, based on an average vacation period of 10 days, shows that water consumption by the Tourist sector is over 100 million m³/year.

However, the largest by far contributor of pressure on water resources, seems to be, in addition to the factors mentioned above, the rapid population growth.

Water quality

According to the implementation plan of the EU Nitrate Directive in Turkey (2007), on a national scale the average nitrates concentrations in surface waters (2.9 mg per L) and ground water (10.4 mg/L) were low. In 92% of the surface water sites the average concentration remained below 5 mg nitrate per L. In a very small fraction (1 station in Adana only) the average value is above 50 mg per L.

Provinces with the highest average surface water concentrations were Adana, Erzurum and Sanliurfa, where over 25% of all sites had nitrate concentrations of 25 mg/L or higher.

The by far highest average groundwater nitrate concentration were found in Eskisehir (96 mg/L) and in Kilis, Adana and Aksaray the average concentrations were above 25 mg/L. In Eskisehir, Aksaray and Kilis more than 25% of the ground-water sites have an average concentration exceeding 40 mg/L.

Soil and water pollution, due to agriculture is not severe in Turkey and does not present an immediate threat. Nevertheless risks exist not only for the above-mentioned areas but potentially for areas, with no high measurements of nitrate concentrations in the water yet, but with high rates of irrigation and fertilization, given the relatively long period needed for nitrates build-up.

A By-law on protection of water against pollution caused by Nitrates from agricultural sources, (Directive 91/676/EEC), came in force in 2004. Definition and designation of the vulnerable areas of the Directive will be completed by the end of 2007. It will take some time, though, to produce management plans for the vulnerable areas.

Agriculture, however, is not the only polluter of water resources. According to the results of the Survey of Municipalities sewage systems in 2004, 1421 of 1911 municipalities are furnished with services of sewage systems. Despite the important progress 25.6% of municipalities discharge untreated wastewater to the environment. 47% of all wastewater was discharged into the rivers, 39.3% to the seas, 4.2% to the dams, 1.9% to the lakes and ponds, 1.3% to the fields and 6.3% to other receiving environment (Ministry of Environment and Forestry, “E.U. Integrated environmental approximation Strategy”, 2006).

Industrial wastewater, that makes up less than 1% of the total wastewater discharged, contains serious contaminants, such as mercury, lead, chromium and zinc. 4030 establishments, within the Manufacturing Industry waste inventory survey of 2004, discharged 1,145 billion m³ of wastewater. 2,112 of those establishments discharged 760 million m³/year waste water (66% of total waste water from the manufacturing industry) without treatment.

1.2.3.5. Biodiversity

Located at the junction of three continents, Asia, Europe and Africa, Turkey shelters a rich biological entity due to its geographical position. The source of this richness results from the climate differences, topographical diversities, geological and geomorphologic diversities and the co-existence of three different biogeographical regions, which are Europe-Siberian, Iranian-Turan and Mediterranean. These regions consist of different type of ecosystems with their transition zones.

The two of the four important bird immigration routes in Palearctic region (between west Palearctic and Africa) pass over Turkey.

Ecosystems

There are various ecosystems in Turkey. The most important are wetlands and steppes. Loss of biodiversity is highest in steppe ecosystems and coastal regions.

Species

A general view of Turkish Flora and Fauna is shown in the table below:

Table 31. A general view of Turkish Flora and Fauna

	Identified species	Endemic species
Plants		
Ferns	90	2
Cymnospermae	23	3
Monocotyledoneae	1.771	300
Bicotyledoneae	7.593	2.589
Invertebrate (animals)	60.000-80.000	
Vertebrate (animals)		
Mammals	161	1
Birds	460	
Amphibians	28	1
Reptiles	105	2
Fish (inland waters)	236	70
Fish (sea)	480	

Source: MoEF, 2007

Turkey's Mediterranean and Aegean coasts provide refuge to endangered species, like *Monachus monachus*, *Caretta caretta* and *Chelonia mydas* species. Anatolia is the original homeland for the fallow deer and pheasant. Mountains and National parks of Turkey are bountiful in wildlife, such as brown bears, wild boar, lynx, wolves and the occasional leopard.

Genetic resources in agriculture

Many cultivated fruit species such as cherries, apricots, almonds and figs originated in Turkey. Turkish flora includes many wild relatives of food crops and genetic diversity of important cultivated species, such as wheat, chickpea, lentil, apple, pear, apricot, chestnut, hazelnut and pistachio. In all there are about 256 different grain types, as 95 wheat, 91 corn, 22 barley, 19 rice, 16 sorghum and 2 rye types. There is no survey on genetic erosion of cultivated species and varieties to define protection priorities.

Turkey is also home to a number of ornamental flowers, the most notable being the tulip.

No nation-wide census has been carried out so far about animal genetic biodiversity. It is estimated that there are 20 indigenous cattle breeds, 17 of sheep and 5 of goat.

Conservation status

Although Turkey is rich in biodiversity, a decrease in population of existing species is observed because of the deterioration of their habitat.

Though data on conservation status are incoherent, the following information is based both on “Earth Trends (2003)” IUCN (2003) and “EU Integrated Environmental Approximation Strategy, 2006”.

Throughout the country, there are 15 mammals, 46 birds, 18 reptiles, 5 frog and 50 fish species under the threat of extinction. There are 104 endangered plant species of which 46 are endemic. Among them the beautiful ornamental plant species being; *Sternbergia candida*, *Saponaria halophilla*, *Glycirrhiza iconica*, *Thermopsis turcica*, *Hellichrysum pershmeni-anum*. There are 388 vulnerable plant species out of which 183 are endemic.

Protected areas

The proportion of protected areas to the country area has increased from 4% to 5.82% since 2001. It is aimed to raise this ratio up to 10%.

Table 32. The number and size of the protected areas

Type of Areas Under protection	Number	Area ha	Type of Areas Protected	Number	Area ha
National Park	38	874.616	Preservation Forests	56	316.125
Nature Park	22	76.937	Gene Conservation Forests	188	25.703
Nature Reserve Area	33	64.353	Seed Stands	337	45.858
Natural monument	104	5.286,46	Specially Protected Areas	14	1.200.247
			Ramsar sites and other protected wetland areas	135 (12 Ramsar)	2.206.835
Wild Fauna Development Fields	123	1.851.317	Natural Protected Sites ³⁵	947	Could not be fully determined
(Wildlife Reserve Areas)			Natural Assets	2.370	Could not be fully determined

Source: MoEF (2007)

Legislation

Law on National Parks No 2873, Law on Terrestrial Hunting No 4915, Law on Fisheries No 1380, Law Related With the Convention on Protection of Birds No 797, Law on Protection of Cultural and Natural Assets No 2863, Law on Promotion of Tourism No 1634 and Decree on the Establishment of Environment Protection Institution No 383 are laws enacted especially for the identification, planning, management and protection of biological diversity as well as natural and cultural assets.

Although the requirements in the Habitats and Birds Directive may be met in general terms by the provisions of the above mentioned regulations, there are still some gaps .

There are some EU funded projects implemented in order to support changes in regulation and increasing the capacity of Turkey on the way to harmonisation with EU legislation on the protection of nature. One of them is the twinning project – TR02EN01 of EC assistance for capacity building

³⁵ Include 200 wetlands of international importance

for Natura 2000 between 2004-2006. One of its sub components, Sub-project 1: Implementation of Birds and Habitats Directives has covered the Natura 2000, concerning preparation of lists of habitats, lists of species, definition and testing pilot areas etc. A map of bird protected areas and a map of Natura 2000 sites however, are not available yet. According to Ministry of Environment and Forestry they will be elaborated in the following years. After that it will take some time to establish management authorities per site and to produce site specific and species-specific management plans.

Although limited in number, buffer zones around some protected areas were established and incentives have been given for activities contributing to the reduction of human pressure on the core zones of these protected areas. Environmentally sound alternative livelihood sources were also supported as much as possible for the inhabitants of the settlements adjacent to protected areas.

1.2.3.6. Forestry

Forest areas³⁶ corresponds to 20,7 million ha area in Turkey (see Annex 1.12.1). However, only about half of all forest areas have a normal and productive forest cover while the other half has a degraded/very degraded and unproductive forest vegetation.

The forest area were degraded as a result of the creation of new settlement areas, illegal cuttings, overgrazing and fires. During the planned period 2001-2005, approximately 9% of the afforested areas were destroyed by fires. Thus, enhancement of the forest areas has been ongoing through afforestation and various measures such as creating social awareness and sensitivity via training and campaigns, as well as carrying out studies for the completion of forest cadastre.

Forest villagers are employed in activities of erosion control and energy forest creation and in forestry activities such as regeneration and maintenance in addition to afforestation activities.

In 20,986 forest villages, which are located in forest areas, approximately 8,02 million people live. With their low per capita national income, these villages constitute the poorest and least developed social section of Turkey in terms of socio-economic development. The limited sources of livelihood and high rates of unemployment of the villages accelerate migration to cities.

Forest villagers do not have sufficient sizes of land to sustain their livelihood. These lands, which are not suitable for agriculture, are used as agricultural land while they should be used as forest and meadows.

In relation to forest areas, 1,5 % of the total forest area is under an environmental protection regime with a size of 316.125 ha (See Table 32 above).

1.2.3.7. Climate Change

Global climate have been in a state of change in all time and location scale. Since the 19th century not only natural change related with the internal and external factors but also the human factors have been affecting the climate change. The climate change caused by human factors can be regarded as the activities raising the greenhouse gas in the atmosphere. In Turkey the main agricultural and livestock production activities causing to the greenhouse gas can be described as follows:

a) Livestock Production (CH₄)

³⁶ Normal forest area having equals and more than 11% forest tree density and spoiled forest area.

- (i) Stomach Fermentation
- (ii) Manure Use and Management
- b) Use of fertilizer (N₂O)
- c) Stubble Burning (CH₄, N₂O)
- d) Rice Production (CH₄)

a) Livestock Production (CH₄)

In livestock production, greenhouse gas emission occurs in two ways. The first one is the emission of CH₄ during the ruminant digestion; the other is the disintegration of animal manure in anoxic conditions.

(i) Stomach Fermentation

The main factor causing the CH₄ emission during stomach fermentation is while digestion of food of farm animals (especially ruminant animal).

(ii) Manure Use and Management

The emissions of CH₄ occurs especially during the degradation of the animal manure when left or kept in anoxic conditions.

b) Use of fertilizer (N₂O)

Agricultural source of the N₂O emission stems especially from the activities of nitrogen application to the soil and intensive grazing. N₂O emissions depend on the direct application of nitrogen to the soil as well as the chemical change of atmospheric nitrogen (NH₃) and nitrogen oxides (NO_x).

c) Stubble Burning (CH₄, N₂O)

In Turkey, the farmers apply stubble burning after harvesting cereal. There are many reasons for this such as: to make the soil ready for seeding again, to combat with the voles as well as with the harmful organizations and weeds etc.

d) Rice Production (CH₄)

Although the emission resulting from the rice production is not so high, the main cause is the continuous irrigation during production and as a result the production area becoming a marshland.

1.2.3.8. Ammonia Emission

Ammonia emission stemming from agricultural activities has adverse effects on the ecosystem. It causes pollution of soil and eutrophication as well as indirectly greenhouse effect on the atmosphere.

Unfortunately the studies regarding the ammonia emission are limited in Turkey. There exist two main regulations one being the Regulation on the control of air pollution caused by the industrial facilities (OJ 22/07/2006 No 26236) and the other being the Regulation on the protection of air quality (OJ 02/11/1986 No 19269).

The Regulation on the control of air pollution caused by the industrial facilities mainly sets the provisions for the control of the air pollution and the emissions as smoke, dust, gas, steam and aerosol that evolve to the atmosphere as a result of the works of the industry and energy production establishments. The Regulation sets the criteria to permit the works of establishments and sets the emission limits. The establishments directly or indirectly related with agricultural activities are also addressed in the Regulation such as establishments dealing with chemical fertilizer, pesticide production, poultry houses, stables and slaughterhouses, establishments dealing with manure handling and rendering and also with processing of red meat and fish by-products. The Regulation puts constraints on the location, ventilation, and stack height of the establishments.

The Regulation on the protection of air quality includes the provisions related with the control of emissions in the form of smoke, dust, gas, fume and aerosol, to protect human, public area and its environment from the adverse effects of pollution. Moreover, it sets limit values for emissions and the criteria for the setting up and operation of establishments, the production, use, storage and transportation of fuels, raw materials and products as well as operation of motor vehicles

Although the legal basis is available, there are currently no measurement for all mentioned criteria described in both Regulations for Turkey. For these reasons there is currently no relevant data or information related with the ammonia emission available.

1.2.3.9. Land management and farming systems

Farming

According to TURKSTAT's annual "Agricultural Structure Surveys (Production, Price and Value)" the total farming land of Turkey decreased from 27.413 to 26.590 thousand ha, for the period 1984-2004 (see Table 6 in Section 1.1.1.4). This represents a decrease by 3%. Since 1995 this trend slowed down, with a decrease of 0,9% for the period 1995-2004.

Different land uses, under total farming land, followed opposite trends. More specifically for the same period, there was an increase of vegetable gardens by 28,2%, of fruit trees by 60%, and of arable land (annual crops) by 3,75%.

On the contrary fallow land decreased by 22,8%, olive trees by 21,1% and vineyards by 16,8%. Turkey's varied ecology allows farmers to grow many crops, yet the greater part of the arable land has been dedicated to producing cereal crops. Wheat, barley, maize and other cereals stand for approximately 75% of the area cultivated by annual crops and supply 70% of Turkey's food consumption in term of calories. In addition to cereals, cotton, sugar beet and sunflower are predominant crops in Turkey. Pulse production is still important, though with falling output, due to declining demand since the 1990s.

Major crop production in Turkey is presented in the table below:

Table 33. Major crop production in Turkey

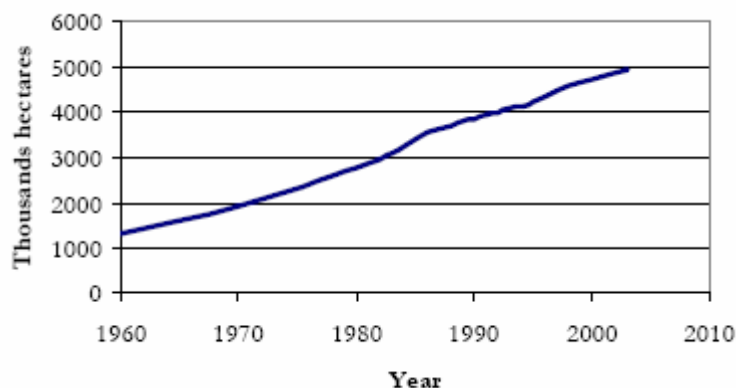
Years	Production(Thousand tons)		
	Wheat	Sugar beet	Cotton
1980	16.500	6.766	500
1990	20.000	13.986	655
2000	21.000	18.821	880
2001	19.000	12.633	914
2002	19.500	16.523	988
2003	19.000	12.623	900
2004	21.000	13.517	928
2005	21.500	15.181	864

2006	20.010	14.452	943
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Source :TURKSTAT

Rainfall in large areas of Turkey is not enough to compensate fully for crop evapotranspiration, mainly during critical periods of their biological cycle (spring, summer). This has a negative impact on crops' yield and makes irrigation necessary. The total area of irrigated land is approximately 5 million ha. Since January 2005 irrigation has been conducted on an area of 4,9 million ha³⁷, of which 762.273 ha, are insufficiently irrigated³⁸. Another 0.5 million ha of irrigated land is foreseen in the near future. The maximum of economically irrigable area of Turkey is 8,5 million ha, of which 7,9 m ha (93%) by surface water and 0,6 m ha (7%) by groundwater³⁹. The graph below shows the almost linear increase of irrigated area, since 1965.

Graphic 5. Quantitv of irrigated area



Source: "Plan for the implementation of the EU Nitrate Directive in Turkey – 2007"

The largest irrigated area⁴⁰ is found in Konya, with more than 400 thousand ha. Adana and Sanliurfa follow with more than 200 thousand ha. Provinces with high ratio of irrigated land, as a percentage of the total farming land, are Bingol (67,29%), Igdır (58,96%), Hatay (53,53%), Osmaniye (51,55%), Hakkari (50,71%), Adana (50,54%), Izmir (41,91%). The lowest ratios (%) of irrigation on Nuts 3 level are in Rize (0,01%), Ordu (0,14%), Trabzon (1,15%), Ardahan (1,82%) and Kars (4,02%).

The total use of fertilizers in Turkey, based on a survey of MARA in 1999 (see Annex 1.12.3) is low. Average consumption of nitrogen (N) is 67.8 kg/ha of farming land, of phosphorous (P2O5) is 28.9 kg/ha and of potassium (K2O) 3.7 kg/ha.

Almost 53% of the nitrogen is applied to wheat and barley, given their large area of cultivation. However in terms of application per ha potatoes consume the highest quantity (238.9 kg of N/ha), followed by tea (214,2 kg of N/ha), citrus (201,00 kg of N/ha), maize (128,7 kg of N/ha), cotton (126,9 kg of N/ha) and sugar beet (109,4 kg of N/ha).

As regards phosphorous, the other polluting element, responsible in many cases for surface water entrophication, again potatoes are the major consumer with 71,6 kg of P2O5/ha, followed by sugar-beet (64,2 kg/ha), citrus (56,0 kg/ha), vegetables (49,9 kg/ha) and tea (39,0 kg/ha).

³⁷ Source: EU Integrated Environmental Approximation Strategy – Ministry of Environment and Forestry – 2006.

³⁸ Source: TURKSTAT, 2004.

³⁹ Source: Turkey's N.A.P-D

⁴⁰ Detailed figure is provided in Annex 1.12.2.

Most of the N and K₂O fertilizers were used in Adana, while Konya was the maximum P₂O₅ user. As shown in the table below, Adana, Konya and Sirnak consume altogether almost 20% of the total N used in Turkey.

Table 34. Annual chemical fertilizer consumption in Turkey in 2005

Province	N	P2O5	K2O	% of N	Province	N	P2O5	K2O	% of N
ADANA	113.5	29.8	9.4	8.3	SAMSUN	30.2	10.2	0.8	2.2
KONYA	92.6	47.8	2.4	6.8	MANİSA	29.8	11.8	4.8	2.2
ŞIRNAK	65.5	28.3	0.3	4.8	AYDIN	27.4	7.2	3.7	2.0
ANKARA	46.8	31.7	1.3	3.4	ANTALYA	25.6	9.5	8.0	1.9
BALIKESİR	42.9	12.9	4.1	3.1	YOZGAT	24.8	18.0	0.4	1.8
K.MARAŞ	41.5	12.7	2.4	3.0	BURSA	23.3	8.8	3.7	1.7
DIYARBAKIR	40.3	18.9	0.1	2.9	KIRKLARELİ	22.4	7.8	1.0	1.6
TEKİRDAĞ	40.2	15.4	2.4	2.9	ÇORUM	22.2	13.6	0.4	1.6
HATAY	35.3	7.3	2.2	2.6	AFYON	21.9	15.7	2.1	1.6
EDİRNE	34.4	13.2	1.8	2.5	NİĞDE	21.1	7.5	2.6	1.5
İZMİR	33.4	9.6	7.2	2.4	ESKİŞEHİR	20.5	18.1	1.0	1.5
MERSİN	33.1	11.0	4.5	2.4	ÇANAKKALE	20.3	7.8	1.5	1.5
SAKARYA	30.6	11.7	2.4	2.2					

Source: TURKSTAT 2004. Provinces using < 20,000 tons are not shown.

The top-10 provinces with the higher consumption of N fertilizers per ha of farmed land are given in the table below:

Table 35. Consumption of N fertilizers per ha of farmed land

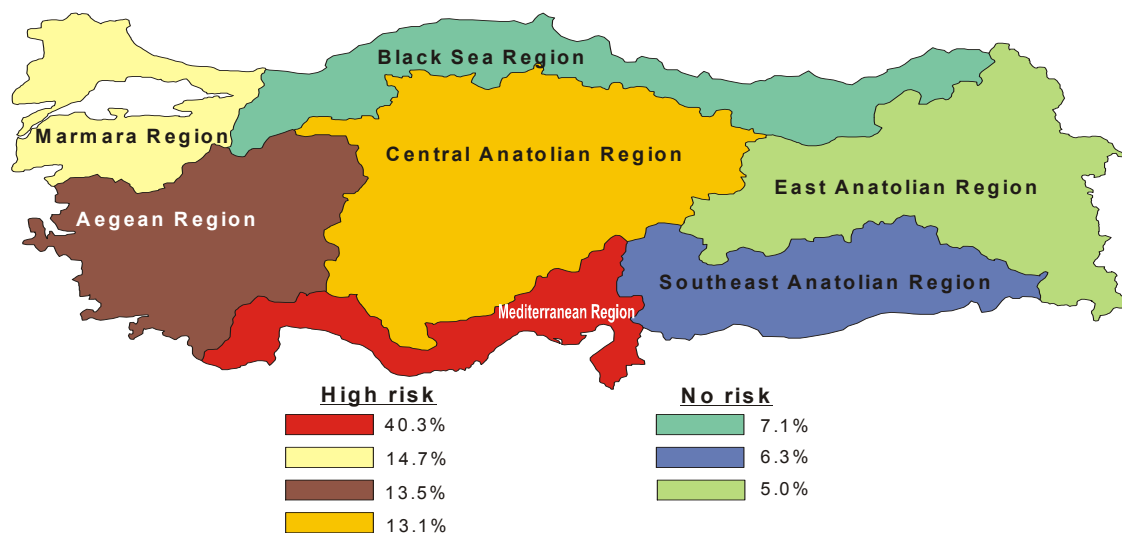
Province	Fertilizer (kg/ha)	Province	Fertilizer (kg/ha)
Adana	239,6	Tekirdag	118,0
Sakarya	184,8	Kahramanmaras	112,9
Hatay	158,4	Edirne	110,6
Osmaniye	151,5	Balikesir	104,3
Nigde	122,2	Izmir	97,6

Source: MARA

Nitrogen fertilizer consumption is high in Adana (almost 240 kg/ha) and in Sakarya (184,8 kg/ha) almost 3,5 and 3 times the National average (67,8 kg/ha) respectively.

The highest pollution risk, due to pesticides, is in the South, which consumes 40% of the total agricultural chemicals, whereas the risk in the East is relatively low, due to the land use, i.e., the natural pastures.

Map 4. Distribution of Pesticides



Irrigation in Mediterranean and semi-arid climatic conditions is important for the crops yield but is also the main criterion for the intensity of farming. Irrigation is always followed by the introduction of crop varieties and hybrids with higher yields and an increase in production inputs, such as fertilizers and pesticides.

Taking irrigation as the main intensity classification criterion, intensive farming is practiced in fully irrigated land that equals to 4.137.727 ha (15,6% apprx. of the farming land). Semi-intensive farming corresponds to insufficient irrigated land of 762.273 ha (2,9%). Extensive farming corresponds to rainfed crops (dry farming) and equals to 21.690.000 ha (81.5%).

Livestock farming

The most important livestock in Turkey is poultry and cattle, followed by sheep and goats. The total number of poultry is 317.497.000 animals and the total number of cattle is 10.526.440 (see Annex 1.9.6).

Poultry production is increasing, whereas production of cattle and sheep is decreasing. The top ten of provinces with respect to the numbers of animals for the major animal groups is shown in table below. The highest cattle number can be found in Erzurum (about 530 thousand) The highest number of sheep is in Van (about 2.4 million). The highest number of goat is in the Mediterranean area (Antalya about 547 thousand, Mersin about 400 thousand) Highest poultry numbers is in Bolu (about 86 million) and in Mersin (about 27 million). Most turkeys are bred in Izmir (about 636 thousand).

The top ten provinces with respect to animal N production on a ha scale are given in the table below:

Table 36. Animal N production in kg N per ha land (cultivated land plus permanent pasture)

Province	Animal N	Province	Animal N
Bolu	396.4	Erzurum	81.5
Duzce	115.5	Izmir	80.3
Kocaeli	89.2	Bartın	76.0
Sakarya	88.7	Tunceli	75.1

Balikesir	85.6	Mersin	70.7
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Source: MARA

Intensive livestock farming can be defined as a system with high production outputs, based in shed building breeding, with less of 50% of the animals nutrient needs covered by grazing of pastures.

On the contrary extensive livestock farming is based on grazing of pasture to cover the maximum of the animals nutrient needs.

On this basis the great majority of Turkish livestock farming is extensive. However extensive livestock farming systems are not always environmentally sound. Their soundness strongly depends on the availability of pastures and the carrying capacity of available pastures. Given the low productivity of Turkish pastureland, due to erosion, the extensive system leads to intensive use of pastureland (overgrazing). So all permanent pastures of approx. 21.5 million Ha, with very minor exceptions, are intensively used.

1.2.3.10. Good agricultural practices in Turkey

Current situation

The implementation of the EUREPGAP Protocol in Turkey began in 2004. The EUREPGAP Protocol directly influences the fresh fruit and vegetable sector exporting to Europe. In 2004, EUREPGAP certificated areas were 2,905 ha in total and the number of producers was 102. But in time, the number of certificated producers have increased gradually and reached to 3,222 by the year 2006. With this progress, from the 31st place among 41 countries in 2004; Turkey occupied the 6th place out of 45 countries in the scope of EUREPGAP in 2006.

However, the majority of the small enterprises and producers are not aware of the importance of Good Agricultural Practices. They are usually interested in the price value of their products when they produce in line with good agricultural practices compared to the conventional methods. For this reason, the training of the producers and consumers as well as the others who are part of the marketing chain is the key point in the widespread implementation of the good agricultural practices. Furthermore, the demand for the agricultural consultancy and acquisition of information as well as the certification costs discourage the small producers from implementing Good Agricultural Practices.

Legislation

There are a lot of legislative arrangements in force defining Good Agricultural Practices in Turkey such as agricultural practices aiming at agricultural production harmless to the environment, animal and public health as well as regarding protection of natural resources, sustainability and traceability in agriculture and providing food safety. But the legislation which is directly involving the provisions on the implementation of good agricultural practices has been recently adopted. Moreover, the regulation on the protection of waters against pollution caused by nitrates from agricultural sources includes the good agricultural practices regarding the nitrate pollution.

- Regulation on Good Agricultural Practices

The Regulation on Good Agricultural Practices was published in the Official Journal No. 25577 on 08/09/2004 (An English version of this Regulation is provided in Annex 1.12.5). Two further amendments were made to this Regulation on 05/05/2005 and 15/05/2006.

The objective of the Regulation is to encourage producers who perform agricultural production without harming the environment, public and animal health, by protecting the natural resources and ensuring the food safety via traceability and sustainability in agriculture. The regulation is based on voluntary practices and the producers not applying the Good Agricultural Practices will not then be outside the legal system since it is a choice as the system is not binding.

The tasks and responsibilities as well as the supervision principles of the Provincial Directorates, producers, producer organizations, entrepreneurs and authorized organizations are in the scope of the Regulation.

The control and certification of the products has been performed by the organizations accredited by the Turkish or international accreditation bodies according to the EN 45011 or ISO/IEC Guide 65, authorized by the MARA. Currently, there are 5 private certification bodies for control and certification and 1 private organization for control authorized by the Ministry. Moreover, a Good Agricultural Practices Committee consisting of representatives from several departments of the MARA is in charge of monitoring and controlling of the implementation of the Regulation.

- Regulation on the protection of waters against pollution caused by nitrates from agricultural sources

On the way to prepare the accession to the European Union, environment is regarded as one of the most important topics in Turkey. In 1991, the Council Directive 91/676/EEC on the protection of waters against pollution caused by nitrates from agricultural sources was entered into force.

In the context of adopting and implementing this Directive, the Regulation on protection of the water against nitrate pollution caused by agricultural resources was put into force on 18th February 2004. In this framework, applying good agricultural practices in the determined sensitive areas to monitor and improve the water and soil quality as well as to prevent water and soil pollution caused by nitrates have been taken into account. Another important strategic element of the Regulation is the establishment of a national monitoring network related with the underground, surface and shoreline waters and providing information to the public with respect to the water pollution in order to monitor the pollution level of the underground, surface and shoreline waters and prevent the further pollution by determining the pollution sensitive areas.

For the implementation of the regarding regulation, 5 basic phases have been identified to be performed while the time frames and the deadlines have not been determined yet..

1. Determination of the water resources which are subject or will be subject to Nitrate pollution,
2. Description/determination of the vulnerable zones,
3. Development of the good agricultural codes and implementation,
4. Development of “Action Plans” for every vulnerable zone,
5. Setting up a National monitoring and reporting system.

Nitrate Project

The MARA is still working on the secondary legislations for the implementation of the Nitrate Directive mentioned above, within the scope of an EU financed project TR070206 aiming to upgrade the equipment of the laboratories to Community Standards.

The nutrient pollution monitoring and evaluation capacity on water and soil should also be extended by strengthening the research and administrative infrastructure of the MARA and its provincial branches. MARA aims to obtain sustainable monitoring and control on the nitrate pollution in water and soil caused by agricultural resources within Turkey. During earlier studies MARA has examined that the nitrate pollution caused by agricultural resources was caused especially in intensive and irrigated agricultural production areas, especially in 20 provinces (Adana, Aksaray, Ankara, Antalya, Aydın, Çorum, Diyarbakır, Edirne, Erzurum, Eskişehir, Hatay, Kahramanmaraş, Kayseri, Konya, Malatya, Manisa, Mardin, Samsun, Şanlıurfa, Van). Thus, these provinces have been selected as preliminary areas to be supported with mobile laboratories.. The mobility of the laboratories is supposed to provide the neighboring provinces with servicing freedom as well.

Some other provinces have been identified as preliminary provinces to strengthen the laboratory infrastructure. The purpose of this project is to reduce nutrient pollution caused by agricultural sources on surface and ground water resources and soil by strengthening the infrastructure of the MARA for implementation of EU Nitrate Directive. The overall budget of the project is 6.765.000 Euro with an EU contribution of 5.823.750 Euro . Project activities will be carried out through twinning, technical assistance and equipment supply components.

1.2.3.11. Animal welfare

General situation

Pursuant to the Law No 5199 on Animal Protection enforced in 2004, the MARA is responsible for the protection of farm animals. Furthermore, by amendment to the Animal Health and Inspection Law No.3285, the MARA has been entitled to carry out certification and inspections of livestock holdings.

I. Farm animals

Pursuant to the Law on Animal Protection, fines are imposed in case of infringement of main principles such as in providing shelters for animals and the ethological needs of animals in accordance with their species as well as in taking care of their health. According to the Circular on the control of animal movements numbered 2007/13:

1. Animal health shall be dealt in line with animal welfare and given special priority,
2. No procedures shall be allowed on animals which cause pain and suffering, wounds, stress and fear.
3. Training and extension services shall be continued and coordinated with relevant organizations in order to provide arrangements to minimize as much as possible the anxiety, fear and pain, as well as on animals to be used for experimental and other scientific purposes.
4. Mandatory culling procedures in order to control and eradicate epidemic and zoonosis diseases shall be carried out taking into account the public's sensitivity.
5. Health and sanitation precautions and protection of the environment during procedures for culling animals shall be observed.

Specific problems are:

- Inadequacy of the relevant provisions of the current legislation (Law on Animal Protection)

- Lack of specific legislation on for example laying hens, pigs and calves
- Need to increase public awareness on animal welfare
- Difficulties in implementation resulting from small and fragmented structure of animal holdings.

II. Transportation of animals

The situation:

Animal transports are carried out in line with the Animal Health Control Law No.3285, the Implementing Regulation on Animal Health Control and the Circular on the Control of Animal Movements No 2007/13. Specially designed transport vehicles are used for the transport of registered sport horses and poultry species. However, horses bred for purposes other than sports, unregistered horses and bovine, ovine and caprine animals are transported by means of freight lorries and vans.

According to the Circular on the Control of Animal Movement:

1. Before the transport, animals shall be checked by a veterinarian who issues veterinary health certificate. These checks shall include health and physical controls. In the case of incompliance, the transport of the animal shall not be permitted.
2. The number of animals shall fit to the intended journey to avoid injury and suffering. For this reason vehicles shall be inspected before transport and the requirements of specific feeding, watering and resting shall be met .
3. For the transports exceeding 8 hours; the animals shall be provided by sufficient water, feed and rest as well as shall be provided by appropriate floor space and height. The transporter and the owner of the animal shall be informed about these issues.

Specific problems are:

- The lack of standards to be met in transport vehicles.
- The lack of professional transport agencies and transport vehicles.
- Difficulties in transports exceeding 8 hours, due to the lack of staging posts.
- The lack of training programmes for transporters, drivers and animal keepers on specific applications during the transport of animals.

III. Slaughtering and killing of animals

The situation:

The implementations are carried out in line with the Implementing Regulations; regulation on working procedures of red meat and meat products establishments (OJ dated 05/01/2005 No 25691) and the regulation on principles of working and inspection of the poultry meat and meat products enterprises (OJ dated 08/01/2005 No 25694). In the framework of these regulations:

- Shelters shall be established for the keeping of the animals until slaughter, in which ante-mortem examination shall also be performed,
- There shall be ramps available in order to facilitate the unloading of animals,
- Animals shall be transferred to the place of slaughter without causing any stress,
- The slaughtering of the animals shall be performed in causing minimum suffer. Stunning is carried out by means of electrocution in poultry slaughtering.

1.2.4. Analysis of the rural economy, diversification, quality of life and the description of the socio-economic situation in rural areas

1.2.4.1. Territorial disparities

The intensely observed diversity of the socio-economic situation of Turkey at regional level (NUTS 2 areas) may be appreciated through the geographical distribution of indicators such as income per capita and migration rates.

The picture emerging from an analysis of territorial disparities in income appears much more articulated than the usual dichotomy between the developed West and the less developed East. The growth of the last two decades has affected a much wider area than the Marmara region and the few enclaves on the Mediterranean, distributing poles of growth and wealth in a more dispersed group of urban centres and localities.

The territorial weaknesses, evident in this socio-economic situation are related to the positive effect of urbanization of incomes, and the fact that this higher average income is hiding much more polarized situations between the rural and the urban parts of each province.

The analysis of GDP gives a dualistic picture of Turkey. Regions with the highest per capita GDP (over the Turkish average) are all located mainly in the most developed provinces of the West part of the Country, including the biggest urban centers (Ankara, İstanbul, İzmir), the region of Adana and Mersin on the Mediterranean, the whole “corridor” between Ankara and İstanbul (Kocaeli, Sakarya, Düzce, Bolu, Yalova, Tekirdağ, Edirne, Kırklareli, Bursa, Eskişehir, Bilecik, Zonguldak, Karabük, Bartın) the region south of İzmir (Aydın and Muğla) and the region next to Antalya (Adana and Mersin). This first group of provinces holds together 46.6% of the population and produce 63.1% of the Turkish GDP. These are the areas that have intensive farming (livestock, milk production, fruits and vegetables). The presence of large urban centers in this group (İstanbul, İzmir, Ankara) indicates that proximity to large urban markets has played an important role in the development of relatively rich, competitive rural areas (see Annex 1.2).

As indicated for the OECD types of areas, rurality is associated with a lower GDP. The poorest provinces (NUTS 3 level, see Map 5), with an income below 50% of the Turkish average (GDP average is 1910 Euro) are found in the Eastern part of the country: this second group of provinces includes all the provinces along and immediately behind the Eastern border (Ağrı, Muş, Bitlis, Kars, Iğdır, Ardahan, Van, Hakkari, Şırnak, Erzurum, Bayburt, Bingöl, Şanlıurfa, Adıyaman, Mardin); then there are isolated provinces such as Ordu and Bartın on the Black Sea; Aksaray and Yozgat in the Central part.

Of these 19 provinces with the lowest incomes in the country, 15 of them had over 90% of their population in districts with a density of population below 150 inhabitants per km² (those with a lower degree of rurality were Adıyaman, Ordu, Şırnak and Van); all of them had a higher than average percentage of their population living in villages (average = 35.1%; this group of provinces shows over 40%); all of them except one (Şırnak) showed negative net migration.

A third group of provinces with a GDP per capita between 50 and 75% of the national average holds 24 provinces (Gümüşhane, Siirt, Çankırı, Düzce, Osmaniye, Erzincan, Batman, Afyon, Diyarbakır, Tokat, Sivas, Malatya, Uşak, Amasya, Giresun, Sinop, Kırşehir, Trabzon, Isparta, Konya, Kahramanmaraş, Tunceli, Karabük, Gaziantep).

This is the largest group of all. It is more dispersed than the two previous groups over the whole territory of Turkey (in the Black Sea, the South East, Central East and Central West, even in the more developed North West); has, just as the second group, a very high degree of rurality (all but 6

wholly and predominantly rural), has a higher than average presence of population living in villages (only 3 provinces with lower percentages –Trabzon, Gaziantep and Karabük-), shows more moderate rates of negative net migration and three cases of positive rates (Gaziantep, Isparta, Konya). It is a more mixed group than the previous ones and contains relatively more dynamic situations.

The fourth group, with GDP per capita between 75.0% and 100% of the national average is composed of 18 provinces (Çorum, Samsun, Elazığ, Hatay, Kastamonu, Niğde, Kütahya, Kayseri, Kilis, Rize, Burdur, Balıkesir, Karaman, Aydın, Sakarya, Nevşehir, Denizli, Artvin). It is also highly dispersed in all parts of the country; it has all but 2 provinces with higher than average rural population and predominantly rural (the exceptions are Hatay and Kayseri); all but 3 have moderate negative net migration (the two with positive net migration are Aydın and Denizli).

The intermediate classes between the top and the bottom levels of income, follow a more dispersed location throughout Turkey and have been the most dynamic development drivers in the ‘90s. The explanation can be found in the emergence of new economic growth poles, which have developed in different provincial city centres and are attracting population and resources from the surrounding rural areas, thus transforming the socio-economic context of provinces that had until recently only agriculture and some traditional services, as economic activities. The case of Denizli in the Southwest and of Gaziantep in the Southeast, where manufacturing activities and SME’s have grown rapidly as a result of endogenous processes rather than spill-over effects of old industrial centres, are good examples of a less concentrated pattern of growth. These new poles start to modify the traditional vision of a polarized East-West development and generate structural change in rural areas

Map 5. GDP per capita at NUTS 3 level, 2001



Source: TURKSTAT data 2001

GDP per capita is well differentiated according to different types of rural areas and increases, as may be expected, in relation to population density. “Predominantly urban” areas, accounting for 17,5% of the population, had an average income in 2001 of 3.002 Euro . This is more than double that of “wholly rural” areas with 18,9% of the population and an average income of 1.372 Euro . “Intermediate areas”, which account for approximately 42% of the population and GDP have also

an intermediate level of income (1.945 Euro). “Wholly rural” areas account for a very modest share of total income (13,7%), with a wide disparity in relation to the one held by “predominantly urban areas” (28,5%).

Table 37. GDP per capita

OECD class	GDP per capita in Euro	Share of population %
Wholly rural	1.372	18,9
Predominantly rural	1.399	20,9
Intermediate	1.945	42,7
Predominantly urban	3.002	17,5
Total Turkey	1.907,12	100,0
		67.803.927

Source: elaborations on Turkstat data

If the indicator used to measure internal disparities is changed, and net migration rates at inter-provincial level are considered, the picture obtained shows, as in the previous case of GDP (see Map 5 above), the co-existence of two situations : (a) traditional flows from the East part (the red areas in Map 6 which have the highest rates of negative net migration) to the West (yellow areas in Map 6 which attract population- Marmara region): these are internal movements from the less developed provinces to the most developed ones (b) rural-urban flows, hidden under moderate and stable out-migration rates for the whole province due to the fact that mobility in this case is mostly intra-provincial and requires village to city flows to be quantified. These intermediate situations are located in a dispersed pattern over the country, involve the majority of provinces and suggest emerging processes of endogenous development, which rely on local rural human resources, since these are still available due to high fertility rates.

The analysis of internal mobility shows, like in the case of GDP per capita, that a dualistic structure is still there but it has been downsized in extension and intensity during the 90s, in relation to the past, by the emergence of intermediate situations, characterized by moderate out-migration rates and relatively balanced and stable internal migration inflows and outflows. These have followed a dispersed territorial pattern, involve the majority of provinces and suggest an ongoing process of diffusion of socio-economic development of an endogenous character.

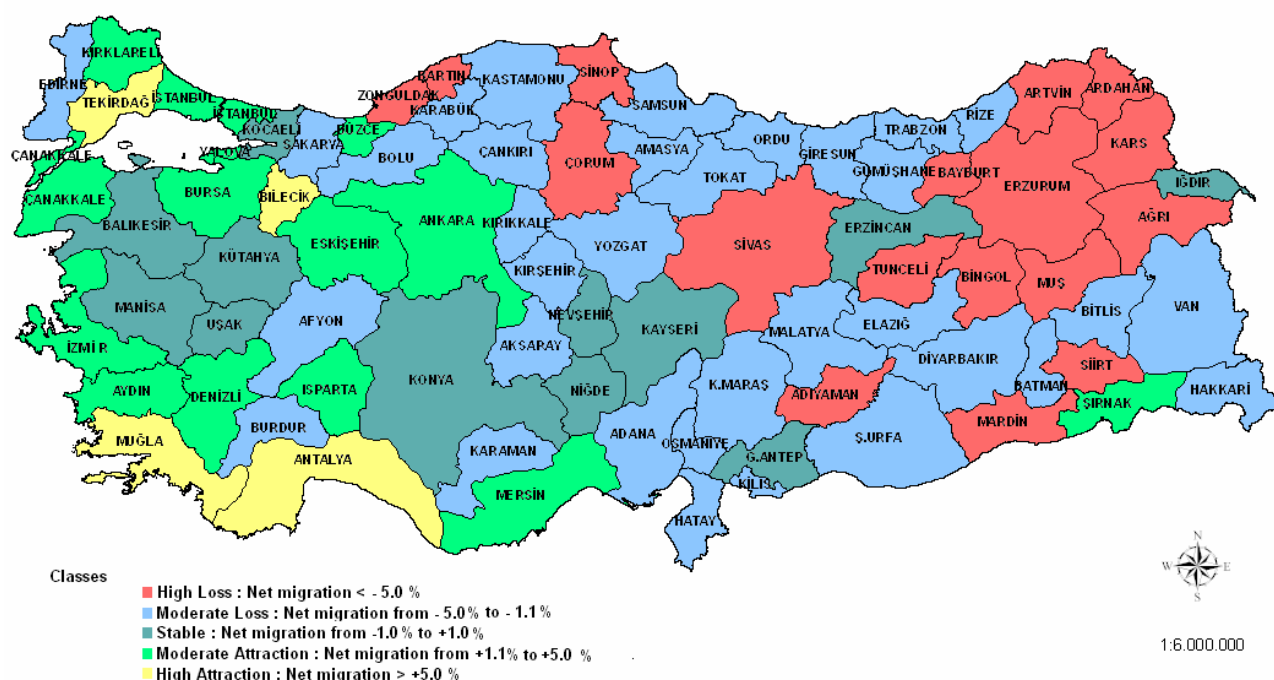
In Map 6, showing net migration rates at NUTS 3 level, it can be seen that the only province with a positive net balance in the other half of Turkey is Sirnak in the South East (see Annex 1.3).

There are 10 provinces, which may be considered as relatively stable with rates between -1 and +1 % net migration, located in the East, West, Center and South, which have a high turnover of incoming and outgoing population which balances out. This suggests processes of change and transformation of the local socio-economic context, which may need support to consolidate and further expand.

A further group of regions, the most numerous one (13 NUTS 2), has had moderate losses of population (between -5 and -1%) and is located geographically in a quite dispersed pattern: in the East (Van, Bitlis, Hakkari and Batman); in the South East (Kilis, Hatay, Diyarbakır, Kahramanmaraş and Osmaniye); in the Center-East (Malatya and Elazığ) in the Center (Yozgat, Kırıkkale, Aksaray and Kırşehir), in the Center-North (Samsun and Amasya); in the Black Sea (Kastamonu, Çankırı, Trabzon, Ordu, Giresun, Rize and Gümüşhane) and in the North-West (Sakarya and Bolu).

The last group has high population losses (over - 5% net migration) and is concentrated in the North-East (Ağrı, Kars, Ardahan and Erzurum) but also, quite significantly in the North West (Zonguldak, Bartın, Sinop, Çorum).

Map 6 Net Migration Rates at NUTS 3 Level



Source: Elaboration on TURKSTAT data. Census 2000

Between 1990 and 2000, almost 8% of the population moved between provinces (almost 5 million people). The rate of net migration increases with rurality, it is negative for “wholly rural“ areas and positive for “predominantly urban“ areas. “Intermediate“ areas have the highest share of incoming and outgoing migrants. About 10% of the population is temporarily absent from their place of residence in all types of areas suggesting an even higher mobility rate than the one measured by official migration.

Table 38. Population movements

OECD class of area	% of permanent resident population	%Incoming migrants from other provinces	%Outgoing migrants to other provinces	Net migration	% net migration on total population	%Absent population	% Absent population
Wholly rural	18,8	17,0	23,3	-302.597	-2,5	19,4	10,3
Predominantly	20,8	17,5	21,1	-173.986	-1,4	22,4	11,1

rural							
Intermediate	42,8	43,2	40,8	112.933	0,3	42,0	10,5
Predominantly urban	17,6	22,3	14,7	363.650	3,1	16,2	9,5
Total Turkey	100,0	100,0	100,0			100,0	10,4
	60.752.995	4.788.193	4.788.193			7.050.932	10,4

Source: Elaborations on TURKSTAT, General Population Census 2000

At intraprovincial level, where the process of urbanization can be best measured, the rate of migration from villages (-2,000 settlements) and district centres (-20,000 settlements) to provincial centres is higher in those provinces with dynamic urban centres. In quantitative terms intraprovincial mobility represents 1.5% of the total population, with almost 1 million persons moving.

If all forms of mobility are considered, absences including, there is almost 20% of the Turkish population which has changed residence or is away (this of course excludes foreign migrants) during the decade 1990-2000⁴¹.

1.2.4.2. Human resources

The demographic situation of rural areas today can be therefore characterized as one where population grows at a slower rate than that of urban areas, due to high migration rates and positive natural balances. This indicates that the demographic situation of rural areas is relatively well balanced in terms of age structure, and represents, in quantitative terms, a sufficient human resource for the future development of rural areas. Rural areas are likely to provide labour force for Turkey's urban areas for quite some time, yet. The challenge for Turkey is more one of keeping some of the human resources in rural areas, for their own development, rather than losing most of them, as happened in early developed countries, only to try to recuperate them with more costly policies later.

From a qualitative point of view, the analysis has shown that the skills and level of education of the rural population are relatively low⁴². For the village population of 6 years and older the level of education attained is shown below:

Table 39. Level of education

	Percent of population > 6 years of age
Primary	43
Secondary	6
Advanced	2

Source: TURKSTAT 2004

The remaining share of village population (49%) has not completed primary school or is illiterate. Among those who did not complete schooling, the proportion of primary school graduates in rural areas is 83%, in comparison to 66% in urban areas. Rural literacy rate is 82% overall and 73% particularly for women. The literacy rate of women is also similar while considering total literacy in Turkey (see Annex 1.4.1). Although rural areas have 28% of primary school students, their share of secondary school students is only 4%. Although there is a relatively high proportion of children of

⁴¹ This kind of detailed data is only given at Census periods, every ten years, and is not available for a more recent year than 2000.

⁴² See Annex 1.4.2 for the educational level by gender and province

schooling age in rural areas, they don't seem to be receiving sufficient basic education and training. This is a severe weakness for development both in agriculture as well as for diversification of the rural economy, which has important implications for the kind of rural activities that can be promoted both on-farm and off-farm.

The characteristics of rural labour markets can only be assessed based on information from the Household Labour Survey, since it is the only source with a territorial rather than a sectorial basis and it refers only to the civilian labour force.

Rural settlements with less than 20,000 inhabitants, in 2003, represented 39.4% of the total population, and a total of 27.4 million people.

A total of 9.8 million (33.9%) were working in rural areas of which 68% (6.7 million) worked in agriculture (55.5% of the males and 89.1% of the females) and the remainder (32%) in non-agricultural sectors, with 7.4% working in industry (9.3% of the males and 4.0% of women); 2.9% in construction (4.5% of males and 0.1% of females); and 21.9% in services (30.7% of males and 6.8% of females).

The status of agricultural workers was mainly made up of self-employed and employees (43.2% of agricultural employment, of which 68.8% males and 15.9% women) and of unpaid family workers (52.3% of agricultural employment, of which 25.1% were males and 81.4% were women). Dependent work, either of a regular or irregular nature, was only 4.5%, over two thirds of which were males. This information gives a good quantitative description of the informal character of the rural labour markets, which is mainly due to the agricultural work within farm households. The non-agricultural labour force in rural areas showed a less informal profile than agricultural employment, with 67% as regular or irregular dependent workers, 28% self-employed and employers, and only 5% unpaid family workers.

1.2.4.3. Diversification and development of rural economic activities

The rural economy in Turkey has largely coincided in the past with agriculture. This situation is however changing fast as economic growth reduces the need for the safety net function that subsistence or semi-subsistence farms have had in the past, and which still represent a large part of present agricultural structures as well as of rural areas. Agriculture alone cannot provide sufficient income and employment for the whole rural population, particularly since further modernization, adaptation to markets and meeting standards are likely to drive more farmers – especially smaller farms and subsistence farmers - out of business. This is particularly severe in the case of Turkey, because rural areas ([settlements with less than 20,000 inhabitants](#)) still hold about 39,4% of the total population (83% with the OECD classification) and when using the OECD definition more than half [of the population](#) which is engaged in farming in wholly and predominantly rural areas (See Table 40). Furthermore 65% of the holdings are less than 5 hectares in size, oriented towards own consumption and have lower than average income (see Annex 1.11.1).

The National Rural Development Strategy states that “the basic resource in strengthening rural economy is the local assets possessed by the rural areas.” Among basic assets of the rural areas can be listed the diversity of products, the purer environment, the diversity of natural resources, the richer landscape, and the unique historical and cultural heritage. The assets have to be converted into innovative local opportunities and promoted to create a diversified rural income and additional employment opportunities.

The analysis of weaknesses in the first section of this chapter has shown that especially in the more Eastern regions, farm employment still accounts for over 60% of total employment. In these areas diversification is very modest and mostly limited to the provision of some services to the population. Agricultural adaptation and rural economic diversification policies therefore have complementary and to some extent overlapping groups of clients. On the one hand (i) medium sized farms, more or less specialized and engaged in market-oriented types of crops and livestock production and on the other (ii) small and very small farms with mixed productions.

The most significant part of out-migration comes from outdated subsistence farms, which have insufficient income and underutilized labour. Farm pluri-activity here takes the form of farm households in which the male is often working off the farm, either in the urban areas of the same province if there is a dynamic center, or in the urban areas of other more distant provinces if he happens to live in a more remote region.

In order to reduce and limit the negative effects of out-migration, on-farm diversification, specifically addressed at these types of farms, needs to be developed. Given the low level of training of the population and the predominance of women in the condition of unpaid family labour, the planning of activities to be developed needs to take into account these conditions, and contain a relatively easy to acquire know-how, exploiting as much as possible the inherent knowledge of the local population about the endogenous resources that may be valorised at local level.

Diversification of rural economy can be measured by two different means. The first can be applied within and between farm family members, when one or more members of the household have either on-farm activities in other sectors that take place on the farm premises, or off-farm activities and revenue that contributes to the farm household income. The second means can be applied when new activities in other sectors are located in a given rural area and develop the wider rural economy, while the entrepreneur is not directly involved in agricultural production. On-farm diversification activities for members of the farm household, both farm and non-farm based will be considered in the following paragraph, while the diversification of the wider rural economy will be considered further in the proceeding paragraphs. Both forms of diversification are positive in generating additional incomes and employment for the farm and non-farm sectors

Considering the population in rural settlements, the number of households engaged in agricultural activities was 66,4% in 2000 while those living in rural areas, but not engaged in agriculture was 33,6%. This further confirms the high level of diffusion of farming activities among farm households. Even in urbanized regions such as Izmir or Ankara, when considering only its rural settlements, the households involved in agriculture represent over 40%. The only exception is Istanbul with only 14,9% of households (which would be in any case still considered high by Community standards). The diffusion of households engaged in agricultural activities in rural areas is therefore extremely high in Turkey and confirms a polarized situation in which members of households in rural areas work predominantly in farming and members of households in urban centers work predominantly in other sectors. The diversification of rural economy still needs to be constructed based on a largely non-diversified starting point. This is relatively less true only in the urban context; however, even in the case of Ankara, over half of the population in rural areas is still engaged in agriculture.

Table 40. Number of settlements, households engaged in agriculture and not engaged in agriculture by NUTS 2 regions (see Annex 1.5 for NUTS 3 regions)

NUTS 2 Regions	Total number of settlements	Total number of households	Engaged in agricultural act.	not engaged in agricultural act.	% engaged	% not engaged
Erzurum, Erzincan, Bayburt	1.794	128.489	2.5	1.2	81,3	18,7
Ağrı, Kars, Iğdır, Ardahan	1.371	126.849	2.6	1.0	83,9	16,1
Malatya, Elazığ, Bingöl, Tunceli	1.727	186.536	3.1	2.8	68,8	31,2
Van, Muş, Bitlis, Hakkari	1.357	166.796	3.0	2.0	75,0	25,0
Gaziantep, Adıyaman, Kilis	1.073	115.842	2.2	1.3	76,9	23,1
Şanlıurfa, Diyarbakır	1.923	157.241	3.3	1.1	85,1	14,9
Mardin, Batman, Şırnak, Siirt	1.108	142.357	2.1	2.6	61,5	38,5
İstanbul	210	166.576	0.6	6.8	14,9	85,1
Tekirdağ, Edirne, Kırklareli	759	176.951	2.6	3.3	60,7	39,3
Balıkesir, Çanakkale	1.551	278.990	4.2	5.1	61,8	38,2
İzmir	702	233.352	2.4	6.5	41,9	58,1
Aydın, Denizli, Muğla	1.460	466.605	7.0	8.7	61,2	38,8
Manisa, Afyon, Kütahya, Uşak	2.236	414.638	7.6	4.9	75,6	24,4
Bursa, Eskişehir, Bilecik	1.401	199.058	3.1	3.4	64,2	35,8
Kocaeli, Sakarya, Düzce, Bolu, Yalova	1.675	348.049	3.9	8.9	46,5	53,5
Ankara	936	126.494	1.8	2.5	58,3	41,7
Konya, Karaman	979	233.096	4.4	2.5	77,3	22,7
Antalya, Isparta, Burdur	1.072	320.940	4.7	6.2	59,6	40,4
Adana, Mersin	1.160	238.799	3.5	4.5	60,4	39,6
Hatay, Kahramanmaraş, Osmaniye	1.127	308.835	4.7	5.5	62,9	37,1
Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	992	211.437	3.8	2.6	74,3	25,7
Kayseri, Sivas, Yozgat	2.412	283.019	4.9	3.9	71,0	29,0
Zonguldak, Karabük, Bartın	955	170.125	2.5	3.2	60,5	39,5
Kastamonu, Çankırı, Sinop	1.964	164.943	2.9	2.1	73,1	26,9
Samsun, Tokat, Çorum, Amasya	2.818	344.232	6.6	3.4	79,2	20,8
Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane	2.703	479.102	9.8	3.7	84,1	15,9
Turkey	37.465	6.189.351	100.0	100.0	66,4	33,6
OECD classes						
Wholly rural	14.304	1.687.357	30.1	21.8	73,1	26,9
Predominantly rural	9.512	1.697.347	29.7	22.9	71,9	28,1
Intermediate	12.755	2.406.957	37.5	41.7	63,9	36,1
Urban	894	397.690	2.8	13.6	28,6	71,4
TOTAL TURKEY %	37.465	6.189.351	100,0	100,0	66,4	33,6
			4,106,983	2,082,368		

Source: Elaboration from TURKSTAT 2000 data

From Table 43, it can be seen that wholly rural areas show a relative concentration of forestry activities in relation to all other areas, followed by hunting, which further characterizes the scarcity of job alternatives in rural villages. Predominantly rural areas, have instead higher concentration in fishery activities, but also have relatively higher incidences of hunting and agricultural services, indicating an agrarian society but with a relatively more diversified area in relation to the wholly rural one. Farmers in intermediate areas are more likely to have activities in the manufacturing and trade sectors, as well as other forms of activities, indicating that these areas are the most diversified economies in rural Turkey.

The territorial differences in the distribution of these activities create certain activity specialisations among certain regions and specific types of off-farm employment. For example, in manufacturing this specialisation is found in Samsun, Tokat, Çorum, Amasya; for fishery in Trabzon, Ordu, Giresun; for forestry in Bursa, Eskişehir and Bilecik and for trade, in Manisa, Afyon, Kutahya and Uşak. This means that diversification of activities depends greatly on other co-existent activities in

the area. As a matter of fact, the more developed the area the more diversified the range of activities in which farmers are engaged.

Table 41. Agricultural holdings whose members engage in other activities by type of activity, as percentage, NUTS 2 and OECD class. 2000 (see Annex 1.6 for NUTS 3 regions)

NUTS 2 Regions	% share of holdings in Total number of holdings including the semi-subsistence farms	Fishery	Forestry	Hunting	Agricultural services	Manufacturing	Trade	Other services
Erzurum, Erzincan, Bayburt	2,7	0.0	2.4	0.0	1.7	1.1	1.1	1.0
Ağrı, Kars, Iğdır, Ardahan	3,0	0.0	1.1	0.0	10.2	0.0	1.8	0.7
Malatya, Elazığ, Bingöl, Tunceli	3,3	2.2	0.6	1.4	5.5	5.0	2.3	3.7
Van, Muş, Bitlis, Hakkari	3,2	1.5	0.8	5.6	2.6	1.9	2.6	10.5
Gaziantep, Adıyaman, Kilis	2,5	9.6	1.3	7.5	6.2	3.2	1.5	2.4
Şanlıurfa, Diyarbakır	3,3	0.4	0.0	0.0	0.4	0.0	0.3	3.9
Mardin, Batman, Şırnak, Siirt	2,7	2.8	0.0	0.0	7.8	0.7	1.9	4.1
İstanbul	0,4	0.5	0.5	0.9	0.1	0.3	1.1	0.4
Tekirdağ, Edirne, Kırklareli	2,8	5.5	4.2	10.3	1.3	2.0	4.0	2.2
Balıkesir, Çanakkale	4,6	7.2	6.6	5.9	3.7	1.6	3.2	2.8
İzmir	2,4	0.0	0.4	2.0	2.6	1.0	3.1	0.7
Aydın, Denizli, Muğla	5,2	6.9	3.3	1.9	5.4	11.3	5.4	5.6
Manisa, Afyon, Kütahya, Uşak	6,8	6.4	2.7	15.0	3.2	2.0	11.5	3.8
Bursa, Eskişehir, Bilecik	3,0	0.3	28.7	10.5	2.4	2.5	3.5	1.9
Kocaeli, Sakarya, Düzce, Bolu, Yalova	4,5	2.9	12.8	7.2	7.1	5.3	5.9	2.2
Ankara	1,4	0.0	0.0	0.2	0.9	0.0	1.4	0.7
Konya, Karaman	3,8	0.0	0.0	0.0	1.9	0.0	1.7	2.0
Antalya, Isparta, Burdur	4,4	4.8	2.8	3.2	4.6	8.3	4.4	2.7
Adana, Mersin	4,1	0.0	2.2	0.7	0.8	1.3	6.2	4.9
Hatay, Kahramanmaraş, Osmaniye	4,1	11.7	1.5	3.2	6.8	4.0	4.6	2.4
Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir	3,2	3.6	0.1	2.5	3.0	0.0	3.1	3.1
Kayseri, Sivas, Yozgat	5,2	1.1	0.0	4.8	5.4	0.4	2.3	2.0
Zonguldak, Karabük, Bartın	2,8	1.2	1.5	0.2	2.1	4.1	5.8	8.3
Kastamonu, Çankırı, Sinop	3,3	1.1	20.9	2.5	0.6	0.1	3.2	2.2
Samsun, Tokat, Çorum, Amasya	7,4	6.2	1.2	11.9	5.1	21.8	4.4	7.3
Trabzon, Ordu,	9,7	24.1	4.4	2.6	8.7	22.1	13.9	18.6

NUTS 2 Regions	% share of holdings in Total number of holdings including the semi-subsistence farms	Fishery	Forestry	Hunting	Agricultural services	Manufacturing	Trade	Other services
Giresun, Rize, Artvin, Gümüşhane								
Turkey	100,0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
OECD class								
Wholly rural	31.5	24.8	52.3	34.6	29.6	16.9	23.9	23.6
Predominantly rural	29.5	40.2	10.1	34.2	33.7	20.8	30.0	31.9
Intermediate	36.3	34.5	36.6	30.0	34.9	58.5	40.9	36.7
Predominantly urban	2.6	0.5	0.9	1.2	1.8	3.9	5.2	7.8
Total Turkey	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Turkey	3.076.649	4.175	26.290	4.980	262.161	11.232	38.789	121.216

Source: Elaborations from TURKSTAT

The main actors of the rural economy are mainly farmers or members of farm households since agricultural activities are prevalent in rural areas, producer organizations and entrepreneurs driven out of agricultural business. In rural areas, the enterprises operated by these actors are mainly micro enterprises. Non- agricultural economic activities cover the production of all types of traditional handicrafts, processing and marketing of some agricultural and food products, selling them in stands located on roadsides, operating pensions in the villages which are close to tourist attraction sides and producing and marketing the local food products in micro size enterprises. Although the mentioned activities are very small and the enterprises are mainly unregistered, they represent an important segment of the sector and their development needs to be further supported.

In preliminary studies conducted by the MARA several sources of possible diversification have been identified and included among others:

- honey production
- medicinal and aromatic plants production
- ornamental plants
- local typical agricultural and food products, as well as traditional handicrafts
- rural tourism

As regards honey production, Turkey has very good conditions for bee-keeping: Turkish people appreciate honey, and the rural labor force can be used in bee-keeping, without requiring high capital for initial investments or excessive sizes of land owned.

In 2005, there were 4.590.013 hives and the honey production was about 82.000 tones. Error! Reference source not found. Table 44 shows the number of hives and production of honey and beewax in each provinces.

Table 42. Production of honey and beewax in provinces (2005)

PROVINCE	NUMBER OF VILLAGES PRACTISING HONEY PRODUCTION	NUMBER OF NEW TYPE HIVES	NUMBER OF OLD TYPE HIVES	HONEY PRODUCTION (TON)	BEEWAX (TON)
ADANA	312	209.147	1.065	4.091	304
ADYAMAN	193	39.960	1.310	472	17
AFYONKARAHISAR	98	24.677	390	416	24
AĞRI	56	5.520	0	141	0
AKSARAY	167	14.136	327	236	1
AMASYA	296	17.546	142	311	5
ANKARA	611	62.593	3.110	658	23
ANTALYA	491	139.775	1.985	2.389	171
ARDAHAN	211	22.300	269	400	17
ARTVİN	316	62.900	7.520	989	60
AYDIN	314	130.613	850	2.858	92
BALIKESİR	456	85.930	3.118	1.819	34
BARTIN	262	24.172	191	290	12
BATMAN	95	13.900	5.270	183	7
BAYBURT	155	23.500	0	264	4
BİLECİK	192	8.598	778	132	4
BİNGÖL	185	52.190	485	1.005	12
BİTLİS	134	40.456	4.000	738	43
BOLU	405	20.738	0	329	9
BURDUR	118	43.187	798	747	25
BURSA	489	41.442	2.065	598	17
ÇANAKKALE	420	43.461	2.625	782	33
ÇANKIRI	354	41.313	1.110	336	15
ÇORUM	626	44.384	722	565	14
DENİZLİ	219	69.020	380	1.372	98
DİYARBAKIR	218	27.628	3.352	285	14
DÜZCE	241	28.333	103	433	9
EDİRNE	247	38.343	8.297	802	18

ELAZIĞ	419	76.065	1.675	1.004	114
ERZİNCAN	443	75.000	300	1.336	61
ERZURUM	570	90.855	760	1.468	52
ESKİŞEHİR	231	10.008	1.127	166	3
GAZİANTEP	207	9.711	7.631	145	12
GİRESUN	460	83.226	217	1.516	147
GÜMÜŞHANE	208	44.600	305	981	42
HAKKARİ	103	47.550	6.955	803	0
HATAY	174	40.451	925	578	35
İĞDIR	62	6.834	13	125	0
ISPARTA	119	22.114	180	262	2
İÇEL	361	143.115	810	2.641	155
İSTANBUL	187	30.154	1.240	523	30
İZMİR	374	145.793	2.923	2.212	100
KAHRAMANMARAŞ	277	59.592	2.398	939	53
KARABÜK	276	20.641	440	232	6
KARAMAN	160	38.568	1.185	743	143
KARS	144	44.298	0	1.069	26
KASTAMONU	961	59.701	315	526	26
KAYSERİ	172	41.801	1.205	775	30
KIRIKKALE	115	9.445	1.080	127	2
KIRKLARELİ	192	26.655	9.382	489	22
KİRŞEHİR	53	4.139	95	71	1
KİLİS	36	2.370	2.030	34	0
KOCAELİ	145	31.866	3.330	628	16
KONYA	438	65.754	5.489	1.060	47
KÜTAHYA	331	15.835	1.134	218	13
MALATYA	338	63.130	8.825	739	37
MANİSA	396	60.085	2.958	1.014	34
MARDİN	140	9.495	2.993	124	7
MUGLA	340	609.861	1.849	14.418	740
MUŞ	95	18.450	37	467	11
NEVŞEHİR	130	9.530	368	123	2
NİĞDE	122	20.655	476	299	6
ORDU	528	323.838	0	8.906	412
OSMANIYE	99	28.399	375	421	26
RİZE	319	68.850	5.015	861	36
SAKARYA	231	34.392	29	508	4
SAMSUN	701	75.193	2.940	1.275	107
SİİRT	94	17.550	9.450	540	0
SİNOP	355	22.106	325	333	16
SİVAS	916	129.125	596	2.689	289
ŞANLIURFA	142	21.697	2.492	476	16
ŞIRNAK	56	7.251	2.293	94	3
TEKİRDAĞ	251	37.282	7.707	627	49
TOKAT	472	35.912	593	730	33
TRABZON	474	95.588	279	1.300	75
TUNCELİ	243	36.920	160	791	13
UŞAK	186	7.949	309	69	4
VAN	94	20.295	2.000	347	26
YALOVA	47	13.016	126	318	1
YOZGAT	340	17.384	838	388	6
ZONGULDAK	342	27.098	620	168	4
TOTAL	22.550	4.432.954	157.059	82.336	4.178

Source: TURKSTAT 2005

Nowadays, the contribution of bee-keeping to the national economy is around 85 million Euro and is described as an “industry without a chimney”. In spite of having favourable natural and climatic conditions however, the honey production yield per colony is 15-17 kg, and representing one third of that of EU countries. This is due to inadequate production techniques, in particular lack of use of quality queen bees. Bee-keeping production potential could be ten times higher than the current levels, if appropriate measures are adopted. Support of this activity should result in a decrease of the

price of honey products, which is high at the moment, and increase both domestic consumption and export.

Per capita honey consumption is about 1 kg and this is very low when compared to EU countries consumption. According to honey demand projections made by the Agricultural Economics Research Institute of the MARA, the demand for honey will be 95,200 tones in 2007, 100,200 tones in 2008 and 105,500 tones in 2009.

Ornamental plants are also quoted in the National Rural Development Strategy as one potential alternative economic activity in rural areas. Turkish conditions are favourable for this production, as the country presents different types of soil and climatic conditions. Anatolia specifically is the main source of many ornamental plants produced by improved conditions.

According to 2004 data, the total land use for the cultivation of ornamental plants was 3,904 ha, out of which 72% is open field cultivation and the rest under greenhouses. 48% of total production is cut flowers, 47% is outdoor ornamental plants, 3% is indoor ornamental plants and 2% is natural bulbs.

Presently, ornamental plant production is done mainly in Marmara, Aegean and Mediterranean regions as well as on inland tablelands, under favourable micro-climatic conditions. Turkey's exports of ornamental plants have been annually increasing, with their value (increased 130% from 1996 to 2006) reaching 31.9 million Euro in 2006. Table 45 below shows the present status in ornamental plant production.

Table 43. Areas under ornamental plant production

PROVINCE	Total Land under Ornamental Plants cult. (ha)	Open Area (ha)	Protected Cultivation (ha)	High Tunnel Production (ha)	Low Tunnel Production (ha)
ADANA	34,5	9,9	24,6	0,0	0,0
ADIYAMAN	2,1	2,1	0,0	0,0	0,0
AFYONKARAHİSAR	70,5	70,5	0,0	0,0	0,0
AMASYA	0,1	0,0	0,1	0,1	0,0
ANKARA	17,1	13,5	3,6	0,0	0,0
ANTALYA	503,3	78,1	425,2	0,0	0,0
AYDIN	14,5	8,3	6,2	0,0	0,0
BALIKESİR	19,9	19,0	0,9	0,0	0,0
BURDUR	404,7	402,0	2,7	0,0	0,0
BURSA	133,6	126,0	7,6	0,1	0,0
ESKİŞEHİR	4,9	2,4	2,5	0,1	0,0
HATAY	1,0	0,0	1,0	0,0	0,0
ISPARTA	1.651,4	1.615,9	35,5	0,0	0,0
MERSİN	26,6	6,3	20,3	1,6	0,1
İSTANBUL	36,3	23,0	13,3	3,3	2,2
İZMİR	486,8	165,4	321,4	3,8	0,0
KOCAELİ	21,9	12,6	9,3	0,0	0,0
KONYA	12,5	12,5	0,0	0,0	0,0
MANİSA	179,4	176,3	3,1	0,2	0,0
MUĞLA	3,7	0,6	3,1	0,0	0,2
ORDU	0,3	0,0	0,3	0,0	0,0
SAMSUN	2,9	1,6	1,3	0,0	0,0
TRABZON	0,3	0,1	0,2	0,0	0,0
ŞANLIURFA	1,0	0,0	1,0	0,0	0,0
YALOVA	274,5	71,7	202,8	68,4	0,0
TÜRKİYE	3.903,8	2.817,8	1.086,0	77,6	2,5

Source: MARA, 2004

Turkey's exports of ornamental plants as well as their value have been increasing year by year.

Medicinal and aromatic plants: Turkey has a good potential for the production of medicinal and aromatic plants, mainly because of the variety of biotopes existing in the country. Although statistics on this type of production are few, according to a recent national study, Turkey ranks 12th among the countries exporting medicinal and aromatic plants, with a market share of 5%.

As can be seen from the table 46 which shows the export of main products from 1999 to 2003, there is a regular increase in the amount of products exported, with a subsequent increase of the producers' income. Turkey is very competitive in some products especially in cumin, savory, carob and bay. More specifically, cumin, savory, fennel, caraway seed, coriander and mint are presently cropped, and the production areas are steadily expanding.

Table 44. Export of main medicinal and aromatic plant products of Turkey

Name of the Product	1999		2000		2001		2002		2003		Average	
	Amount (t)	Value 1000 \$	Amount (t)	Value 1000 \$	Amount (t)	Value 1000 \$	Amount (t)	Value 1000 \$	Amount (t)	Value 1000 \$	Amount (t)	Value 1000 \$
Cumin	7.279	9.218	6.657	12.674	5.668	12.561	23.832	24.843	14.313	13.385	11.550	14.536
Savory	7.644	16.556	7.388	15.366	8.459	15.479	8.331	13.444	8.791	14.068	8.123	14.983
Carob	-	-	4.161	2.685	4.935	2.868	7.228	1.966	4.436	2.731	5.190	2.563
Caper	4.872	8.502	5.809	10.462	4.794	12.019	-	-	-	-	5.158	6.197
Bay	3.783	7.246	4.423	7.964	4.611	7.828	4.903	7.738	5.099	8.233	4.564	7.802
Aniseed	3.072	7.102	3.810	6.384	4.113	6.283	2.968	4.994	3.316	5.122	3.456	5.977
Fennel	2.059	1.808	1.772	1.538	1.966	1.510	1.742	1.225	1.832	1.672	1.874	1.551
Sage	1.115	2.358	1.248	2.760	1.204	2.586	-	-	-	-	1.189	2.568
Fenugreek	425	210	489	228	465	228	984	338	935	410	660	282
Licorice	1.130	760	266	308	357	312	654	372	514	425	584	436
Other Spices	1.048	1.274	744	1.122	-	-	164	275	203	511	540	795
Rosemary	356	481	333	553	265	383	345	552	340	647	328	523
Sumac	212	158	159	166	367	236	818	589	958	751	503	380
Mix. of Spices	175	338	154	326	116	244	244	563	369	1.015	212	497
Mahaleb	123	562	127	504	210	690	73	507	107	1.141	128	681
Linden tree	126	588	80	296	126	349	167	458	-	-	125	423
Caraway seed	-	-	-	-	160	244	102	142	112	149	125	178
Coriander	39	30	74	41	65	34	41	18	68	42	57	33
Mint	-	-	11	10	29	28	-	-	-	-	20	19
Wormwood	1	1	3	11	10	13	-	-	-	-	4	8
Saffron	0.100	0.200	0.025	0.027	1.603	1.602	0.256	1.482	0.658	6.464	0.528	1.955
Hop	0.000	0.000	0.100	0.377	0.070	0.085	-	-	-	-	0.085	0.231
Total	33.458	57.193	37.709	63.398	37.923	63.897	52.599	58.025	41.393	50.311	44.390	60.434

Source: TURKSTAT

Traditional Turkish Handicrafts have combined original and genuine values with the cultural heritage of the different civilizations that flourished through thousand years of history in the region of Anatolia. In Turkey there is no legal definition of handicrafts⁴³ and a list of eligible handicrafts including the definition of them was prepared by the Managing Authority for the purpose of IPARD Programme (see Annex 1.11.2). The list includes wood work, gold work, copper working, glassware, production of ceramics, pottery, tile making, weaving, silverwork, wickerwork, embroidery edging, basket weaving, music instruments making, felt making, rug weaving, carpet weaving, saddle making, stone working, decorative stonework and mother-of-pearl inlay. These

⁴³ Based on the official documentation published by Ministry of Culture and Tourism which is the responsible body for the recognition of handicrafts.

handicrafts need to be further promoted and commercially developed since they are income generating activities in rural areas, especially within the framework of rural tourism envisioned below.

Parallel to changes in consumer preferences, the consumption of local agricultural and food products is increasing in favour of rural areas. The production of local products present additional income and employment opportunities for the rural population especially for women. The list of eligible local agricultural and food products⁴⁴ prepared by the Managing Authority is provided in Annex 1.11.3.

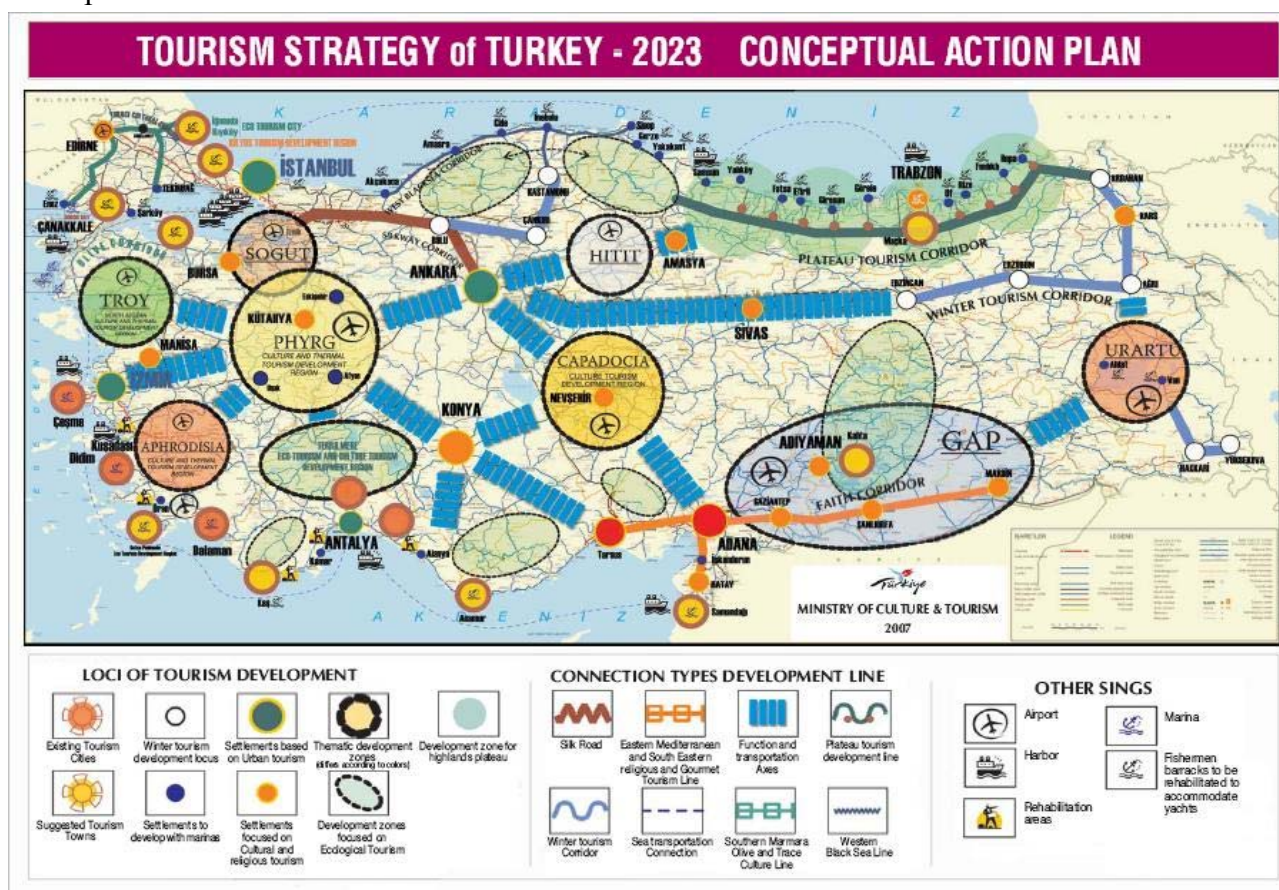
The development of rural tourism and recreational activities is the last sector with a presumed significant impact on diversification opportunities. Indeed, the richness and diversity of natural and cultural assets in the rural areas offer a significant potential for developing inland rural tourism, in addition the more "common" coastal mass tourism.

Tourism, has not yet catered for other potential emerging segments and/or new destinations of tourist market like eco-sports, nature observation, rural leisure, mountain climbing and trekking, to mention just a few alternatives of the industry. These alternative forms of tourism could provide additional sustainable incomes and employment for the rural population, raising the quality of life and integrating the rural areas in the wider economy, as desirable places to live and work. As a consequence, eco and agro tourism, would act as counter-incentive towards out-migration to urban centers. In the past a negative attitude seems to have prevailed in the consideration of the existing opportunities for growth of tourism in rural areas. This would be a serious handicap for the possibility of diversifying rural economy. To address this issue, local capacity building would be needed, with appropriate approaches.

The Ministry of Culture and Tourism recently published the “Turkish Tourism Strategy (2023)” and the “Turkish Tourism Strategy Action Plan (2007-2013)”, which were adopted by the High Planning Council and published in the Official Gazette. These two documents provide a roadmap for the development of the tourism sector. More specifically, the Turkish Tourism Strategy Action Plan (2007-2013) includes diversification of Turkish tourism, spreading tourism activities over the whole year. Moreover the Turkish Tourism Strategy Action defines nine “Culture and Tourism Development Regions”, seven “Tourism Development Corridors” and ten “Tourism Cities”. It also identifies priority communication axis (roads/ railways) that need to be constructed to facilitate access to areas of tourism potential. Map 7 below presents the main features of the Tourism Action Plan:

⁴⁴ Based on the questionnaire prepared and asked to the related departments of the provincial directorates of MARA. The registered local foods of the provinces have been selected.

Map 7. Tourism Action Plan



As can be seen, the Black Sea Coast is defined as “Plateau Tourism Development Corridor”, the East Anatolia Region and Central Black Sea Region as “Winter Tourism Development Corridor”, the South East Anatolia Region as “Gourmet and Religious Tourism Development Region” and there are also “Culture and Thermal Tourism Development Regions” in other parts of Turkey. Those regions are mainly rural and have potential for rural tourism activities.

Many tourism agencies already organise trips for domestic and foreign tourists to the regions mentioned above. When the tourism statistics are analyzed, the influence of these agencies on the number of arrivals, number of beds and the number of touristic establishments at provincial level especially in the provinces located in the Priority Development Regions can be clearly identified. The tables showing the number of beds, arrival and the nights spent are given in Annex 1.11.4.

The Tourism Strategy Action Plan fixes a national target of 1.5 million beds and over 40 million tourist arrivals by 2013. This will require establishing additional tourism facilities in the regions selected in line with the Tourism Strategy Action Plan in order to meet demands. This expected increase in the number of arrivals will in turn bring about a higher demand for local products and an induced development of the rural economy.

This national strategy has been used further in the selection of priority provinces for measure 3.1.3 (Diversification – Tourism development)

1.2.4.4. Local capacity and bottom-up local action/actors

As strategic local partnerships, based on a bottom up approach and formalized local private partnerships are so far not existing in Turkey but only limited experience with a few projects.

However, there are needs to be built up especially for a formalised bottom-up approach and local capacity building at large scale and will take some time in Turkey . There are only very few recent rural development projects which have a partly similar approach but they are not based entirely on the same elements as the EU LEADER approach nor the same philosophy. The recently implemented IFAD funded rural development projects implemented in Ordu-Giresun and Sivas-Erzincan are partly build on the approach. For example, the village development plans of the villages in the province of Ordu and Giresun were completed and projects were subsequently implemented in accordance with these plans. The plans were prepared by the villagers in order to assist them with the prioritisation of their needs. The IFAD project was conceived with a view to developing farmers' physical environment and raising their incomes by creating new and income generating activities as well as making sure that the beneficiaries were strategically involved from the start.

Another similar approach was used in the Village Based Investment Support Programme under the Agricultural Reform Implementation Project (ARIP) by the World Bank implemented from 2005-2008. The experience built-up with ARIP regarding the animation of local actors could prove useful tools for the implementation of the LEADER approach when the implementation starts.

1.2.4.5. Quality of life

Rural social conditions are reflected in, and determined by education attainment levels, provision of basic infrastructure and services, access to basic levels of income and existence of standard facilities. Quality of life indicators for rural Turkey indicate its relatively disadvantaged position in this regard. While almost all rural population is supplied in electricity, the proportion of villages with insufficient fresh water is 11,4 % and without water is 8,3%. The percentage of village dwellers with access to adequate sewerage systems is only 15 %.

The rates of computer and internet usage by household individuals are 8% and 6.1% respectively in rural areas. The corresponding figures for urban areas are 23,2% and 18,6%. Low usage in rural areas is due to lack of access to computers – internet and low levels of competency.

In regard to roadway transportation networks, Turkey's ratio of kilometres of highway per one million inhabitants is 21% of the EU-25 figure.

In the case of health services, data on a number of indicators show that rural areas lag considerably behind the urban situation, e.g., in relation to infant and child mortality, child vaccinations, and prenatal medical care.

Rural social exclusion, characterised by lack of access to basic services, is compounded by low income from self-employment (mainly on farms), from employment in the informal sector and the absence of a legitimate income. These forms of employment, in turn, usually mean exclusion from the public social insurance system. Associated to this, is the effect of social transfers on income distribution, which is limited in Turkey, compared to EU countries. Nonetheless, there has been gradual progress in reducing the country's poverty levels. Yet, by 2005, given the particular circumstances of labour in agricultural economy, Turkey's poverty rate (defined as the percentage of the population with income below 60% of the national average) was 33% for rural areas and 13% in urban areas.

The situation of rural economies has important strengths, such as increasingly sustainable level of human resources, and a well-balanced age structure, which provides a sound potential labour supply. However low levels of education and skills limit prospects in the informal farm family economy and more generally limit employment options to low qualified jobs. The implications of this situation for future policies for rural development are that in the short-term, on-farm diversification should address specifically the needs of semi-subsistence farms for additional income to guarantee their sustainability and further evolution.

1.2.4.6. Rural Finance and Credit

Since the dominant activity in rural areas of Turkey is agriculture, financial aids and services are concentrated on farms and agricultural holdings. Agricultural sectors and rural activities are financed in various ways. Main types of financial assistance are direct payments by government and bank loans. Direct income payments are financed from the central budget and paid annually. Credit services for agriculture have been maintained by Ministries, banks and cooperatives.

Ziraat Bank and Agricultural Credit Cooperatives (ACCs) are still the major supplier of agricultural loans. However, from the beginning of 2000s, private financial institutions (private banks, leasing companies, etc.) have also started to develop credit facilities for agricultural sectors.

Though the developments since 2001 in the performance of state banks have subsequently contributed to the strengthening of the banking sector, the supply of credit directed at, particularly to the agricultural sector. Prior to the reforms, Ziraat Bank and ACCs were large suppliers of budget-funded credit to rural households, and interest rates were heavily subsidized by the Government. Over the past few years, the rise in interest rates (in line with market rates) reduced demand for loans from Ziraat Bank and the ACCs. In turn, the accompanying contraction of Ziraat Bank's extensive branch network has reduced the rural population's access to savings and payment instruments. Owing to the past interest rate subsidies for rural borrowing through these institutions (and frequent debt write-offs and debt restructurings), private lenders had been discouraged from offering credit to the rural sector. As a result, they were poorly positioned to expand lending to the rural sector and offset the decline in lending from state-owned banks.

Turkey's much improved macro-economic performance recently, in terms of the reduction of inflation to single-digit levels in 2004 and the public sector primary surplus reaching 6 percent of GDP, has contributed to a long-awaited reduction in (now market-determined) real interest rates to 10-15 percent. Continued improvement in macro-economic performance and lower real interest rates will be a necessary step for promoting rural finance.

Improvements to the credit registry system should be focused on expanding the scope of credit information in the public credit registry and private bureaus from all credit providers, including leasing companies, business associations, farmers organizations such as ACCs and Agricultural Sales Cooperative Unions (ASCUs), and utility companies.

Recently, while the agricultural sector accounts for about 10 of GDP, it receives only 5 percent of all bank loans. Furthermore, agricultural loans are mainly financed by state-owned banks, which have about 25 percent of their portfolio in financing of agricultural activities. On the other hand, private and foreign financing to this sector is growing gradually. With the exception of Ziraat Bank, which makes loans up to 5 years for investment purposes, the remaining institutions make loans with maturity between 9 to 12 months at the most. Interest rates charged in 2004 range between 30 percent (charged by Ziraat Bank) and 42 percent, it is 17,5 percent in 2007.

In order to foster competition and extend financial outreach by the private sector in rural areas, a number of measures should be taken. First, to assist private banks to increase their rural outreach without increasing their fixed costs in the short-run and also to learn more about potential profit opportunities in rural areas.

Ministry of Agriculture and Rural Affairs (MARA) is generally responsible for distributing agricultural and rural development support payments.. More over, MARA has given support from its own budget to the farmers whose want to use subsidized credit with low interest rate for their on farm irrigation investments in order to use water more efficiently by establishing drip and sprinkling irrigation system.

Ministry of Environment and Forestry (MoEF) executes grants and soft credit facilities for development cooperatives and villagers settled in forest land. Those loans are both for investment and operating costs of activities of beneficiaries.

Undersecretary of Treasury has four financial facilities for agricultural sectors. It finances income loss of the Ziraat Bank for Subsidized Agricultural Loan Scheme of MARA from the central budget. Another loan service from this Undersecretariat is subsidized credit scheme for agricultural sales cooperatives through Support and Price Stabilization Fund (DFIF). Agricultural insurance premium support and export subsidies are the remaining aids of Undersecretariat.

Directorate-General for Support of Social Aid and Solidarity Fund (SYDTF) helps low income people and try to contribute income disparities. Recently, it executes a rural development project, namely, Social Support Project for Rural Areas, through a partnership with MARA. This comprises an interest-free soft micro-credit for rural cooperative members.

Banks; Ziraat Bank, Halkbank, Denizbank, Şekerbank, ACCs (Agricultural Credit Co-operatives) are main creditors in rural ares for agricultural sector.

Ziraat Bank, as a 100% state-owned autonomous enterprise, has been offering financial solutions to agricultural sector for 144 years and it is the biggest bank of Turkey regarding branch network and net profit. It has 1137 branches, 449 of which are without alternatives in their location and 842 of which are serving as agricultural banking branches. The Bank finances all types of natural/legal agricultural entities and activities both through its own sources and governmental funds. Moreover, it carries out all types of public support payments throughout Turkey.

On the other hand, some of the private banks have also developed agricultural and rural lending services since last decade. Most of them are interested to finance agriculture especially in those projects of capital intensive and high profit return. They have assertive targets for agricultural finance. It is expected that more of them will be interested in rural areas during restructuring period and modernization process.

Halkbank can offer services to 73 percent of the Turkish population, but only 43 percent of those individuals in rural areas. Moreover, physical presence in rural areas is significant for Ziraat and ACCs and is considerable for Halkbank. More than two-thirds of the districts where ACCs and Ziraat operates and half of districts where Halkbank operates are rural. On the other the private bank that was surveyed operates in less than 7 percent of the rural districts.

Some of the private banks as Şekerbank (with 230 branches), Denizbank (with 303 branches), İşbank, Garanti Bank, Akbank, Finansbank, Koçbank have also developed agricultural and rural lending services since last decade. It is expected that most of them will interested in rural areas with restructuring period and modernization in rural areas.

Agricultural Credit Cooperatives (ACCs) have a deep history and widespread branch organization in rural areas. The ACC system consists of almost 2000 cooperatives and approximately 1,6 million registered members. The main function of these ACCs is to provide inputs and credits to its member (mostly farmers in rural areas). ACCs supply credits to its members for agricultural inputs (fertilizer, seed, fuel, pesticides, etc.) and investments.

The ACCs can reach approximately 82 percent of the Turkish population and 92 percent of the population in rural areas.

Traditionally, ACCs have relied heavily on funds from Ziraat Bank to extend loans to its members. Prior to 2001, more than 80 percent of ACC loans were financed with sources from Ziraat Bank. Following the 2001 financial crisis and the subsequent restructuring of Ziraat, this bank's support to ACCs declined substantially.

ACCs are well positioned to serve financial needs in rural areas, given their widespread presence in rural areas and their accumulated knowledge of a wide number of rural customers.

Agricultural Sales Cooperatives (ASCs) are also a broad organization ensure purchase guarantee to its members for agricultural products and provide processing and marketing businesses for better income for members.

Development Cooperatives are 7.377 having approximately 791 thousand members and are generally consist of poor rural families dealing with animal breeding, forestry and tea production. They benefit from soft loan facility of MARA.

Contractual Farming has been developing fast in Turkey. Many of the agricultural industry companies supply their inputs with contractual farming. This type of farming is profitable for farmers. Cheap input supply and purchase guarantee of companies can solve marketing problems of farmers. Companies also benefit from the guaranteed production and quality standards.

Micro-Finance Institutions; sustainable micro finance activities are almost non-existent in Turkey. Except for two main NGOs' activities and limited private bank initiatives, the main operations are through state banks and cooperatives driven by government subsidies (with high loan losses and/or inefficient cost structures). The cooperatives TESKOMB and the ACCs (with 1.1 and 1.6 million members, respectively) have potential to play an important role in the development of the micro-finance sector. With their diversified branch network both Ziraat Bank and Halkbank and some others are well positioned to develop in the micro-finance sector, but this will require the development of products specifically tailored to micro-finance.

The co financing requirement of the IPARD support has been discussed with the rural credit financiers (banks, public institutions, agricultural credit cooperatives etc..) in meetings. In order to secure rural credit, the agreements or statements between the Ministry and rural credit financiers will be established when the IPARD starts. Moreover, some options have been raised by the banks like;

- the guarantees may not be asked if the agricultural holding performs contracted production with the larger processing enterprise,
- the projects that are eligible for IPARD support may have easier access to rural credit,
- in order to perform risk management and risk assessment a credit insurance system may be established and
- the government may support the beneficiaries by subsidising the credit interest rates.

1.2.5. In depth SWOT analysis of rural areas and sectors addressed under the Programme

1.2.5.1. General SWOT analysis for rural areas

The general socio-economic analysis of macro-economic trends, key structural features of the economy and the different sectors of the rural economy in Turkey may be summarized in the SWOT table that follows. The SWOT that follows is by no means exhaustive; it rather represents a selection of the key factors that are likely to influence the achievement of the objectives of the IPARD Programme.

The objectives considered in the assessment of relevant strengths, weaknesses (internal), opportunities and threats (external) are those indicated in the MIPD and NRDS for rural areas:

- adaptation of the agricultural sector and adoption of *Acquis Communautaire* including Community standards
- preparation of actions for agro-environmental measures and Leader
- development of rural economy
- increase of job opportunities
- human resources development, organisation level and local development capacity
- rural physical infrastructure improvement and increase of living standards
- protection and rational conservation of rural environment

Table 45. General SWOT analysis for rural areas

Strengths	Weaknesses	Opportunities	Threats
<i>Environment and resources</i>			
- A rich, unspoilt and yet to be valorised heritage of natural and cultural resources - good quality of land resources (dry, wet, irrigable) - water availability - biodiversity - The richness of flora and fauna, low level of environmental pollution and existing organic agriculture potential,	-Soil erosion due to overexploitation of land -Tourism concentration in few urban locations -lack of adequate facilities, services and infrastructure reduce accessibility of rural areas -inefficient use of water resources -Difficulties in the processing and marketing of agricultural and non-agricultural products,	- growth of non farm employment and incomes reduce the need to over-exploit land and creates conditions for better use of resources - expected expansion of external demand for rural environmental amenities (tourism)	-increasing pressures from urbanization for inappropriate uses of rural resources (land, water, amenities, heritage) -negative impact of climate change on agricultural and forest activities, forest fires -Negative effects of global environment problems on the country. -Usage of natural resources unconsciously and environmental pollution.
<i>Socio-economic context</i>			
-a growing economy (manufacturing, services and tourism driving sectors) -a growing domestic demand with higher incomes -an improved financial stability	-relevance of the informal economy, especially in agriculture -persisiting disparities in income between East and West -growing disparities between urban and rural areas (income, migration)	- establish links and exchanges with growth poles to stimulate rural capabilities, new initiatives - expanding supply of goods from rural to urban markets -Non-agricultural sectors'	-abandonment of rural areas as a result of urban growth - inability to meet Community Standards for many producers and processors. -rising competition from other developing

Strengths	Weaknesses	Opportunities	Threats
<p>-new export markets in neighbouring countries</p> <p>- The richness and diversity of natural, cultural and tourism assets in rural areas and their high potential for tourism,</p> <p>- High labor force potential in rural areas,</p> <p>- Diversity of local products that can become brand,</p> <p>- Diverse traditional local products and handicrafts,</p>	<p>-high presence of subsistence or semi-subsistence farms, and fragmented small holdings having low level of specialisation</p> <p>- prevalence of traditional and labour intensive methods of crop and animal husbandry</p> <p>- very poor diversification of economic activities in rural areas</p> <p>-high unemployment, including for youth</p> <p>- fragmented small holdings and dominance of mixed farming having low level of specialisation</p> <p>- prevalence of traditional and labour intensive methods of crop and animal husbandry</p> <p>-Rural employment and income resources are mainly based on agricultural activities,</p>	<p>tendency for development,</p> <p>-Increase in the consumer consciousness and demand for organic, qualified and healthy products,</p> <p>-Increasing demand for rural tourism and its diversity,</p> <p>-Increasing concern for protection and improvement of the environment</p> <p>-Activating local and traditional production potentials</p> <p>-The increase in the private sector's tendency to make investments in rural areas,</p> <p>-Existence of local products that can become brand name,</p> <p>-The period of accession to EU and possibility to use EU funds,</p> <p>- Improvement of production, communication, information technologies</p> <p>-Development of rural economy and improvement in functional relations between urban and rural areas,</p>	<p>countries in international markets</p> <p>-Increase in the socio-economic problems such as unemployment and poverty in the restructuring period of agriculture,</p> <p>-Increase in the pressure of rapid development in rurality and industriality and tourism activities on natural resources</p>
<i>Human resources</i>			
<p>-a growing population, with high fertility rates maintains labour supply and expands domestic market</p> <p>- The increase in the conscious level of the farmers.</p>	<p>-low levels of education especially of the female rural population constrain participation in labour force</p> <p>-high poverty levels</p> <p>-inadequate extension services</p>	<p>-availability of women population to access rural economic activities</p>	<p>-Migration of young and qualified labor force from rural areas, loss in productive factors and the population getting older,</p>
<i>Administration, Governance</i>			
<p>- long term experience on rural development projects,</p> <p>- The increase in the number of non-governmental organizations having activities concerning rural development,</p> <p>-strong and wide spread organisational capacity of public institutions both at the central and local level</p>	<p>-centralized decision-making</p> <p>-poor education provision in rural areas and governance</p> <p>-Lack of data required in the analysis of economic and social structures of rural areas</p> <p>-Insufficient advertisement of the local products and tourism activities in rural areas.</p>	<p>- Accessibility to international resources and funds,</p>	

1.2.5.2. Milk sector

Table 46. SWOT analysis for the milk sector

Strengths	Weaknesses	Opportunities	Threats
<i>Environment and resources</i>			
-On-going improvement of herds through artificial insemination	-Natural pastures depleted and impoverished -Native breeds not very productive -Prevalence of some animal diseases	- increase in interest in environment friendly practices	See general SWOT
<i>Socio-economic context</i>			
-Existence of an emerging modern dairy sector -Existence of a strata of dynamic small-medium farms which could improve their practices -Milk traditionally processed as cheese/ yogurt, less incidence of raw milk quality -Existence of a strata of small-medium milk processing enterprises that could upgrade their practices through investment programmes	-Important strata of very small subsistence dairy farms -Very poor feeding practices, high cost of feed -Low productivity per cow -Uncontrolled collection/ marketing practices (street milk) -Very low hygiene standard of raw milk in informal sector -Very poor hygiene conditions in smaller dairy enterprises - high collection cost of milk raising the processed milk prices	-Modern part of the dairy industry very dynamic for promotion of quality milk and introduction of new milk products in urban areas - The more recent incentives and training activities raising awareness for the importance of quality of milk production. - the traditional type of milk products that have markets in the urban areas and niche markets - Upcoming IPARD supports to upgrade to Community Standards to assist unlocking greater market potential. - IPARD support to contribute to production of higher quality milk corresponding to hygiene requirements and raising of animal welfare standards	- Inability to meet Community Standards for many producers and dairy enterprises -very small farms below the viability level which are to disappear
<i>Human resources</i>			
	-Low skills in modern livestock management -Low skills in industry		
<i>Administration, Governance</i>			
-Increasing implication of producers groups in milk collection, feed equipment, etc.. -Strong and wide spread organisational capacity of public institutions both at the central and local level	-Weakness of extension & advisory services -Weakness of veterinary services - Low efficiencies of producer organisations	- Implementation and enforcement of the Law on food quality - Quality milk incentives - A higher number of contracts for milk delivery to processing enterprises - Contracted milk production supports recently implemented to encourage the control of the production-marketing chain	

1.2.5.3. Red meat sector

Table 47. SWOT analysis for red meat sector

Strengths	Weaknesses	Opportunities	Threats
<i>Environment and resources</i>			
-Large areas well-suited for extensive cattle rearing	-Natural pastures depleted and impoverished -Native breeds not very productive	- Increase in interest in environment friendly practices	- Real unit price of water is expected to increase to meet the economic costs
<i>Socio-economic context</i>			
-Existence of a strata of dynamic small-medium farms which could improve their practices -Existence of a strata of small-medium meat enterprises that could upgrade their practices through investment programmes	-Regional imbalances -Many small farms -High feed cost, lack of forage processing equipment -Poor animal welfare conditions -Low productivity -Insufficient technology -Unregistered slaughtering -Small capacity/ low efficiency of meat enterprises -Poor hygiene standards	- Current low demand for red meat is expected to increase above the potential production in the next 10 years - Compound feed costs will decrease following restructuring of subsidies scheme for grain - Government willingness to support the red meat production in the next 5 years by keeping and improving the current subsidies policy. - Current favourable climate for external investment in large scale feed lots, feed mills and meat processing	-Diminishing consumption partly due to high prices also caused by import restrictions - Changes in subsidies scheme could hamper the development of the red meat sector in the medium term particularly for the small producers - More competitive retail markets is expected to put pressure on processors and producers margins with the effect to reduce drastically the number of small farmers and encourage the large and medium scale production enterprises - Removal of import duties on feed and meat will expose the producers and processors on competition with low cost imports
<i>Human resources</i>			
-Population increase + higher revenue drives demand for red meat	-Out-migration of population in traditional breeding areas -Low skills in modern livestock management		
<i>Administration, Governance</i>			
-Strong and wide spread organisational capacity of public institutions both at the central and local level	-Lack of producers' organisation -Weakness of extension & advisory services -Weakness of veterinary services	Contract farming production (young beef animal for fattening)	

1.2.5.4. Poultry sector

Table 48. SWOT analysis for poultry sector

Strengths	Weaknesses	Opportunities	Threats
<i>Environment and resources</i>			
-Bio-security is satisfactory in large farms	-Bio security issues for backyard poultry and small farms: contamination per migrating birds	- Increase in interest in environment friendly practices	
<i>Socio-economic context</i>			
-Productivity of the industrialized sector -Existence of a strata of dynamic small-medium farms which could invest in poultry production -Diffusion of contract farming -Existence of a strata of small-medium poultry processing enterprises that could upgrade their practices through investment programmes	-Very concentrated sector -Regional imbalances -High imported feed cost -Backyard poultry not suitable for support -Hygiene standards in small slaughterhouses & processing enterprises	-High increase of consumption -Growing domestic demand for poultry meat -Lowering of domestic cereal prices to world prices with a consequent lowering of poultry feed costs.	-Competition of exporting countries
<i>Human resources</i>			
-Population increase + higher revenue drives demand for red meat	-Out-migration of population in traditional breeding areas -Low skills in modern livestock management		
<i>Administration, Governance</i>			
-Strong and wide spread organisational capacity of public institutions both at the central and local level	-Lack of producers organisation -Weakness of extension & advisory services -Weakness of veterinary services		

1.2.5.5. Fruits and vegetables

Table 49. SWOT analysis for fruits and vegetable sector

Strengths	Weaknesses	Opportunities	Threats
<i>Environment and resources</i>			
-Variety of climatic conditions suitable for large range of crops	-Excessive use of water resource -Energy consumption in greenhouses	- Increase in interest in environment friendly practices	-Climate change
<i>Socio-economic context</i>			
- Availability of affordable labour - A part of the sector is affluent and has strong export potential, at competitive prices on international markets -Strong local markets	-Many very small farms -Inadequate varieties -Insufficient modernisation -Traditional part of the sector has low yields -Very high level of post-harvest losses -Lack of cold storage facilities, lack of cold chain implementation -Insufficient markets organisation, lack of transparency -Small medium processing units below quality standards - Obligation to go through the wholesale markets system for the produce intended for fresh consumption	-New crops introduced in crop rotation, potential for diversification - Decline of post-harvest losses - Availability of sufficient cold storage facilities -More processed products for the local market -Stimulation of Producers Organisations with facilities to supply efficiently hypermarkets and export markets -Coordination of farmers in post-harvest facilities and marketing of quality products that meet EU food safety through producer organisations	-Competition on international markets -Small companies unable to comply with Community Standards, at risk of disappearing -Obsolete varieties still cropped - Insufficient modernisation causing loss of share in world market
<i>Human resources</i>			
- Young and better educated farmers	-Less familiarity of elder farmers with modern production techniques -Insufficient organisation of farmers		-Low income and elder farmers unaware of quality production techniques
<i>Administration, Governance</i>			
-Strong and wide spread organisational capacity of public institutions both at the central and local level	-Producer organisation status limiting their functions - Traceability hardly implemented	-Change in PO law	

1.2.5.6. Fish processing and aquaculture

Table 50. SWOT analysis for fish processing and aquaculture sector

Strengths	Weaknesses	Opportunities	Threats
<i>Environment and resources</i>			
-Large inland water resources, untapped	-Depletion of marine fish stocks, lack of sustainable management		-Lack of reliable environmental control on water resources used by aquaculture -Pollution of the seas -Inland water pollution
<i>Socio-economic context</i>			
-Developing trend for aquaculture -Developments in feed manufacture and feeding technology -Existence of a modern competitive export industry	-Large number of small farms -Limited number of species reared -Limited productivity of inland aquaculture -Lack of marketing and processing infrastructures in inland provinces -Poor post-harvest handling standards -Poor hygiene standards of the smaller processing enterprises	-Growing demand for aquaculture products - Dynamic private sector willing to accept change -Increasing demand in the domestic market -IPARD support to contribute to higher quality production corresponding to hygiene requirements	-Quota system for EU exports -Low consumption of fish in Central Eastern parts of the country
<i>Human resources</i>			
Cheap supply of labour	-Lack of familiarity of elder farmers with aquaculture		
<i>Administration, Governance</i>			
-Fisheries cooperatives -Strong and wide spread organisational capacity of public institutions both at the central and local level - Strong NGOs	-Lack of organisation of aquaculture producers		

1.2.5.7. Agri-Environment

Table 51. SWOT analysis for agri-environment sector

Strengths	Weaknesses
<p>Availability of agricultural land for a sustainable development.</p> <p>Approximately 80% of farming is extensive, rainfed with low use of fertilizers and chemicals.</p> <p>Organic farming implemented since 1980s. Increasing domestic demand for organic products.</p> <p>Low pollution of soils, surface water and underground water.</p> <p>Rich biodiversity of ecosystems and species</p> <p>Important Nature Conservation areas. Among them 200 wetlands of international importance.</p> <p>Many local crop varieties and indigenous farm animal breeds.</p> <p>Relatively young farmer population, more capable to understand and adopt environmental issues.</p> <p>Adoption and ratification by the government and the administration of all international conventions on environment and biodiversity.</p> <p>Action plans for combating erosion and protecting biodiversity.</p> <p>Legislation for organic farming similar to Council Regulation (EC) 2092/91</p> <p>Determination and designation of Natura 2000 sites and Nitrate vulnerable zones in progress.</p>	<p>Soil degradation due to different degrees of erosion.</p> <p>Waste of irrigation water.</p> <p>Moderate pollution of water in some areas of intensive farming.</p> <p>Forest degradation.</p> <p>Loss of biodiversity through destruction of ecosystems, illegal hunting, fishing and inappropriate farming management</p> <p>Inefficient protection of prime quality farm land, from urban and tourism pressure.</p> <p>Small farms with split plots</p> <p>Low educational and vocational level of farmers.</p> <p>Weak administrative structures and lack of experience to manage agrienvironmental issues.</p> <p>Ineffective coordination between public, private and civil society institutions.</p> <p>Inadequacy of data needed to analyse environmental situation in rural areas.</p>
Opportunities	Threats
<p>Development of consumer awareness and increased demand for healthy, quality products.</p> <p>Increasing interest in preserving and developing environment.</p> <p>Increasing demand for agri-environmental services from the tourist sector (maintenance of landscapes, ecotourism etc.).</p> <p>EU accession process and implementation of community acquis</p> <p>Access to international resources – funds</p>	<p>Uncontrolled increase of the population.</p> <p>Abandonment of remote mountain areas with negative impact on landscape, biodiversity and land management.</p> <p>Concentration of the population in the lowlands, coastal zones, urban areas with an accompanying pressure on the natural resources of these areas.</p> <p>Severe and irreversible soil erosion.</p> <p>Scarcity of available water resources in the future.</p> <p>Sealing of prime farm land in periurban and tourist zones.</p>

1.3 THE DEFINITION OF RURAL AREAS

1.3.1. OECD classification of rural areas

An adapted version of the OECD classification of rural areas has been selected as the operational definition of rural areas to be used in the analysis and implementation, where relevant. The OECD classification is based on density of population and has been used for describing and comparing

rural and urban areas both across countries and within the same country, aggregating data at district level in the first step and at NUTS 3 level in a second step. Three categories of areas are defined in this way:

- **predominantly rural areas:** rural districts with a density of population below 150 inhabitants/km² representing more than 50% of the total population in the province (NUTS 3);
- **intermediate or significantly rural areas:** rural districts with a density of population below 150 inhabitants/km² representing between 15 and 49.9% of the total population in the province (NUTS 3);
- **predominantly urban areas:** rural districts with a density of population below 150 inhabitants/km² representing less than 15.0% of the total population of the province (NUTS 3).

A very large portion of the Turkish territory and population, applying this methodology, is classified as predominantly and significantly/intermediate rural (83% of the population and 98% of the territory in accordance with the 2000 General Census results. The figures for 1990 General Census results are represented in Table 8).

In this framework, in order to further qualify the predominancy of the rurality especially in predominantly rural areas, further differentiation has been introduced, splitting in two sub-categories the predominantly rural areas, as follows;

“wholly rural⁴⁵”: those in which 100% of the districts in a province have a population density below 150 inhabitants/km²,

“predominantly rural”: those in which between 50 and 99.9% of the districts of a province have a population density below 150 inhabitants/km².

In the case of the OECD classification the problem of availability of quantitative information does not exist because it is the province that is classified according to its degree or rurality; therefore any information available at NUTS 3 level can also be used for the analysis with the OECD approach. This classification has been used by the European Commission, in the framework of the rural development Council Regulation (EC) No 1698/2005, for assessing the impact of rural policy in the different Member States and for establishing common baseline indicators.

⁴⁵ This subdivision of the "predominantly rural" category has been proposed in a FAO published report. New context, new approach, new rural policy for Turkey. Akder A.H. 2007.

Map 8. Classification of rural areas in Turkey according to the OECD criteria



Source: MARA elaboration on TURKSTAT data. (Census 2000).

There is a concentration of the “wholly rural areas” in the disadvantaged provinces of Eastern Turkey, however they are not only present in this part of the country, but spread in the most developed areas of the East and West.

The provinces (NUTS 3) that are eligible for support will be “wholly rural”, “predominantly rural” and “significantly rural” (or “intermediate”) areas as defined above. If this would be the only criterion applied, then all Turkish provinces, except Istanbul, Zonguldak and Kocaeli would be eligible for support. However within the limits of the geographic concentration as laid down for this Programme under Chapter 3 section 3.2.3. it will be implemented in a selected set of provinces during the first (2007 – 2009) and second (2010-2013) Programme implementation phase. A further delimitation of rural areas eligible under this Programme in the limits of the selected provinces has been laid down in Chapter 3 section 3.2.2.

1.4 BASELINE INDICATORS

Table 52. Baseline Economic Indicators

Number	Indicators	Measurement	2006	2000-2006 Average	EU Average
	Population	1.000	72.974 ₄₆	70.216	486.957 EU27(2000-2006)
1	GDP/capita (current prices)	EUR	4.398	3.331	21.971(EU25-2000-2006)
2	Employed persons aged 15-64 as	%	45,9	46,8	62,9 EU 27 (2000-2006)

⁴⁶ Projection

	a percentage of the population of the same age group				
	Share of farmers >65: 41-65: <=40:	%, or ,000	n.a.	n.a.	-
3	Unemployment in the active population	%	9,9	9,5	8,6 EU27 (2000-2006)
6	Labour productivity in agriculture	n.a.	n.a.	n.a.	-
7	Gross fixed capital formation in agriculture	Million YTL	5.185 YTL	n.a.	27.0 Million Euro EU25 (2002-2004)
8	Employment development in the primary sector (agriculture)	(in 1000s persons)	6.088	7.209	1.502,6 EU25(2002)
9	Economic development in primary sector (agriculture)	%	2,9	1,3	2,1 EU25(2002)
10	Labour productivity in food industry	n.a.	n.a.	n.a.	-
11	Gross fixed capital formation in food industry	n.a.	n.a.	n.a.	-
12	Employment development in food industry	n.a.	n.a.	n.a.	-
13	Economic development in food industry	%	6,1	3,2	2,2 EU 25(2003)
27	Sole holders-managers with other gainful activity as a percentage of total number of farm holders	%	n.a.	n.a.	-
28	Employment in secondary and tertiary sector (in 1000s persons unemployed)	1.000	16,242	n.a.	-
31	Total number of bed-places in all forms of tourist accommodation	1.000	Total 1.200	n.a.	-
34	Annual crude rate of net migration (rate per 1000 inhabitants)	%	n.a.	n.a.	-

Source: TURKSTAT, SPO; n.a.=currently not available yet

CHAPTER 2

NATIONAL GOVERNANCE/POLICY CONTEXT IN THE AREA OF AGRICULTURE AND RURAL DEVELOPMENT

In Chapter 1 an analysis of the socio-economic characteristics of Turkish rural areas has been made, concentrating on the most problematic sectors and identifying needs with the help of a SWOT analysis.

The present chapter is organised in 10 sections;

Section 2.1: An introduction to the current objectives for Rural Development in Turkey that are defined in the Ninth Development Plan 2007-2013, Agriculture Strategy 2006-2010 and National Rural Development Strategy (NRDS).

Section 2.2 and 2.3; An analysis of national legislative framework with regard to agriculture and rural development as well as food safety, veterinary and phytosanitary, animal welfare, environmental protection and institutional framework on agriculture and rural development.

Sections 2.4: An analysis of current training programmes and schemes for farmers and rural population as well as the extension services.

Sections 2.5, 2.6 and 2.7: The national support schemes with regard to agriculture and rural development, the internationally funded rural development projects and the lessons learnt from the previously and currently implemented projects.

Section 2.8: An analysis of the complementarity of IPARD financing and national support schemes.

Section 2.9: The progress with regard to accessions negotiations in the area of agriculture including the screening process.

Section 2.10: The current organisation of the Ministry of Agriculture and Rural Affairs's support and control services.

2.1 THE POLICY DOCUMENTS FOR AGRICULTURE AND RURAL DEVELOPMENT

2.1.1. The Ninth Development Plan (2007-2013)

The development plans are being prepared by the State Planning Organisation since 1963 setting the national framework for social and economic development of the country including the priorities and targets for all sectors in the long term. In this framework, they are also represented as the basic policy documents for development activities including agriculture and rural development. The annual programmes and the annual investment programmes are the main means for the implementation of development plans. The public institutions design and implement their policies in line with the development plans' strategies and objectives as well as their budget proposals.

The recent one is the Ninth Development Plan covering the period 2007-2013 as the fundamental policy document that sets forth the transformations of Turkey in economic, social and cultural areas in an integrated approach. Within this context, the vision of the Plan is determined as "Turkey, a country of information society, growing in stability, sharing more equitably, globally competitive and fully completed her coherence with the European Union".

To sustain economic growth and social development in a stable structure during the Ninth Development Plan period and to realize the vision of the Plan, five development axes have been identified:

(1) Increasing competitiveness:

The main objective is to ensure the economy having a high technological capability and a qualified labour force, able to rapidly adapt to changing conditions and which is competitive in domestic and international markets, stable and highly productive. The following objectives are identified;

- Making macroeconomic stability permanent
- Improving the business environment
- Reducing the informal economy
- Improving the financial system
- Improving the energy and transportation infrastructure
- Protecting the environment and improving the urban infrastructure
- Improving R&D and innovativeness
- Disseminating information and communication technologies
- Improving efficiency of the agricultural structure
- Ensuring the shift to high value-added production structure in industry and services

(2) Increasing employment:

In the framework of an employment-focused sustainable growth, the objective is to reduce unemployment and to make the labor market more efficient by creating skilled human resources required by a competitive economy and information society. The axis is based on the following objectives;

- Improving the labour market

- Increasing the sensitivity of developing active labour policies
- Education to labour demand

(3) Strengthening human development and social solidarity:

The main purpose of the policies in the area of human development and social solidarity is to raise the quality of life and welfare of society by ensuring that all segments of the population benefit sufficiently from the basic public services as well as a multi-dimensional social protection network.

The approach is based on the following components;

- Enhancing the educational system
- Making the health system effective
- Improving income distribution, social inclusion and fight against poverty
- Increasing effectiveness of the social security system
- Protecting and improving culture and strengthening social dialogue

(4) Ensuring regional development:

Regional development serves to reduce regional and rural-urban disparities emphasizing the activities towards increasing the consistency and effectiveness of policies at the central level, creating a development environment based on local dynamics and internal potential, increasing institutional capacity at the local level and accelerating rural development. The axis is based on the following components;

- Making regional development policy effective at the central level
- Ensuring development based on local dynamics and internal potential
- Increasing institutional capacity at the local level
- Ensuring development in the rural areas

(5) Increasing quality and effectiveness in public services:

With the aim of increasing quality and effectiveness in public services; transition to strategic management in public institutions and organizations is planned to be completed. The axis is based on the following components;

- Rationalizing powers and responsibilities between institutions
- Increasing policy making and implementation capacity
- Developing human resources in public sector
- Ensuring the dissemination and effectiveness of e-government applications
- Improving the justice system
- Making security services effective

According to the Plan, emphasizing the competitiveness axes includes special efforts towards improving the efficiency of the agricultural structure. Within this framework, achieving food security and safety and sustainable use of natural resources, placing emphasis on animal breeding by giving importance to animal health are mainly determined in creating an agricultural structure that is highly organized and competitive. Moreover, ensuring regional development axis emphasises the importance of ensuring development in the rural areas. Within this context, the plan highlights the creation of the necessary institutional framework for harmonization with the EU rural development policies and the effective use of EU pre-accession funds for rural development

by improved administrative capacity. It also highlights the priority to prepare and implement the National Rural Development Plan (funded by national and international resources) in line with the National Rural Development Strategy.

2.1.2. Agriculture Strategy (2006-2010)

Developments in the sector and the need to accelerate reform initiatives brought about the adoption of an Agriculture Strategy for the period 2006-2010. The strategy was adopted by the High Planning Council on November 20, 2004. In this strategy the framework for the development of the agriculture sector is formulated within the context of national strategies and objectives and in full consideration of EU integration. The strategy serves as the basis for legislative arrangements in the agriculture sector.

The main aim of the agriculture strategy is to constitute an agriculture sector sustainable, highly competitive and organised by taking into account economic, social, environmental and international development dimensions within the principle of the utilization of the resources effectively.

The strategic objectives include the following;

- improvement of product quality and ensuring the food security and safety.
- Increasing the income and competitiveness of the producers through the measures for decreasing production costs and developing technology,
- Improvement of the agricultural marketing infrastructure, increasing the level of the access to the marketing, development of the agriculture-industry integration, assurance of the high quality raw material in order to increase the competitiveness of the processing industry and meeting of the consumers' demands,
- Development of the rural development projects based on the participation and responsibility of producers by providing finance directly to the producers and implementation of the projects in the context to improve the living conditions of the rural areas
- Establishment of agricultural producer unions that serve to the producers in the marketing chain and strengthening of producer organizations.

In the context of the strategic objectives, the agricultural support instruments to be implemented between 2006-2010 were identified. Agricultural Support instruments include the following; Direct Income Support (DIS) Payments, Deficiency Payments, Compensatory Payments (Farmer Transition), Livestock Support, Crop Insurance Support, Rural Development Support, Environment conservation Payments (CATAK) and other supports (such as research and development activities, agricultural extension and training activities, certified seeds support, credit supports etc..). In the strategy paper, direct payments were decreased to 45%, and new agricultural support instruments were introduced, for example, rural development grants corresponding to 10%, environmental conservation grants corresponding to 5% and crop insurance support corresponding to 5% of total agricultural support. The share of agricultural support instruments in the agricultural support budget was identified as follows (2006-2010):

Table 53. Agricultural support Instruments (2006-2010)

Agricultural Support Instruments	Budget Share (%)
DIS Payments	45
Deficiency Payments	13
Livestock Support	12
Rural Development Support	10
Compensatory Payments-Alternative crops	5
Crop Insurance Support	5
Environment Support (ÇATAK)	5
Other Support Payments	5
Total	100

It was noted in the strategy paper that funds allocated for agricultural support would not be lower than 1% of total GDP.

IPARD is complementary with the objectives of the Agriculture Strategy, particularly with the objectives regarding the improvement of product quality and food safety, improvement of the marketing chain, strengthening of the competitiveness of producers, increasing rural incomes and improvement of rural living conditions.

2.1.3. National Rural Development Strategy- NRDS

The National Rural Development Strategy (NRDS) sets a comprehensive policy framework for rural development policies in Turkey. It also establishes the basis for the “National Rural Development Plan” (NRDP), currently under preparation, and provides a framework for relevant stakeholders in preparing and implementing rural development programmes and projects, both financed from national and international resources. The IPARD programme is an important part of this overall strategy, furnishing support to agricultural and rural development within the framework of EU pre-accession assistance.

The process of elaboration of the NRDS has been extensive, dynamic and participatory taking into consideration existing planning and strategy documents, ad hoc studies and reports on specific subjects, including stakeholders' perspectives (economic, social, environmental) from the public and private organisations and local affiliates of the public institutions as well as local administrations. This elaboration process has identified a list of weaknesses and threats that should be addressed through rural development priorities and objectives identified in NRDS.

The NRDS identifies the main aim in rural development as “*to improve and ensure the sustainability of living and job conditions of the rural community in its territory, in harmony with urban areas, based on the utilization of local resources and potential, the protection of the rural environment and cultural assets.*” In this context four strategic objectives have been determined under which the priorities are identified;

Strategic Objective 1: Economic Development and Increasing Job Opportunities

Priority 1.1: Attaining a competitive structure for agriculture and food sectors

In increasing the competitiveness of the sector, the priority intervention areas are as follows:

- Improving organizational and vocational-technical knowledge level of producers,

- Efficient use of land and water resources,
- Improving competitiveness of agriculture and food industry enterprises,
- Strengthening the control structures for consumer protection, food quality and food safety.

Priority 1.2: Diversification of the Rural Economy

Supports for diversification of income generation are directed towards the following objectives:

- Guiding the territories to alternative activities based on local resources, especially forest villages, which could be developed by agriculture,
- Providing new job opportunities in their territories for the laborforce leaving agriculture,
- Diversifying the income sources for agricultural holdings performing subsistence production and agriculture as their single livelihood,
- Creating job opportunities for unemployed youth, and women who are employed as unpaid family workers, and so subjected to hidden unemployment.

Strategic Objective 2: Strengthening Human Resources, Organization Level and Local Development Capacity

Priority 2.1: Strengthening Education and Health Services

Priority 2.2: Combating Against Poverty and Improving Employability of Disadvantaged Groups

Priority 2.3: Strengthening Local Development Capacity

Strategic Objective 3: Improving Rural Physical Infrastructure Services and Life Quality

Priority 3.1: Improvement of Rural Infrastructure

Priority 3.2: Improvement and Protection of Rural Settlements

Strategic Objective 4: Protection and Improvement of Rural Environment

Priority 4.1: Improvement of Environmental Friendly Agricultural Practices

Priority 4.2: Protection Forest Ecosystems and Sustainable Utilization of Forest Resources

Priority 4.3: The Management and Improvement of Protected Areas

The NRDS acknowledges the “Agriculture Strategy” for 2006-2010, which aims to achieve “a competitive and sustainable structure in the agricultural sector in its process of structural transformation”, which is a sectorial objective; while the NRDS aims “to accelerate rural development in order to increase the welfare of rural society”, which is a wider social objective. The harmonization and integration of these two aims is considered important for developing the synergies between the improvement of the agriculture sector and protection and development of natural resources in the framework of the sustainable environment. In addressing the needs of agriculture and wider needs of rural society in a sustainable way, the NRDS establishes an integrated and coherent approach towards rural areas that considers all the relevant dimensions of rural development, sectorial and territorial.

The approach of the Strategy aiming at coherence with the recent approach of the EU for rural areas as stipulated in Council Regulations (EC) No 1698/2005 and 1974/2006. This strategic approach sets priorities for the next programming period to improve the competitiveness of agriculture, forestry and food sector. It aims at improving environmental conditions and the quality of life in rural areas as well as diversifying rural economy and strengthening local capacity building. The issues addressed by the EU and Turkish strategies for rural development have therefore a similar rationale, addressing all the dimensions relevant for rural areas in an integrated and holistic approach.

The NRDS is also coherent with the 9th Development Plan for the period 2007-2013 in terms of objectives (axis 1 “increasing competitiveness and improving the efficiency of agricultural structures”; “increasing employment” and “ensuring regional development”), which also combine the sectorial and territorial aspects of rural development.

The correspondence between the broad strategic objectives of the NRDS and the priority objectives addressed by IPARD is screened in the section below.

2.1.4. The contribution of IPARD to the objectives of the NRDS

The following diagram indicates the broad strategic objectives of the NRDS and the priority objectives addressed by IPARD. This delimits policy areas in which IPARD contributes to the wider objectives of Turkish rural policy and those that are covered by other policy instruments, including the other components of IPA.

Table 54. Objectives of NRDS and IPARD

Strategic objectives of the NRDS	Priority objectives of IPARD in Turkey
Strategic Objective 1: Economic development and increasing job opportunities	
Priority 1.1: Attaining a competitive structure for agriculture and the food sectors	Axis 1: Improving market efficiency and implementation of Community standards -restructuring agricultural holdings and food chains to enhance economic performance, competitiveness, and viability, while at the same time improving performance in relation to environment protection, public health, animal and plant health, animal welfare and occupational safety through the implementation of Community Standards, in the milk, meat, fruits and vegetables and fisheries sectors measures 1.1; 1.2; 1.3
- Efficient use of land and water resources	Axis 2: Preparatory actions for implementation of the agri-environmental measures and local rural development strategies: Priority objectives: i - implementing pilot agro-environmental measures for erosion control , water preservation and bio-diversity measures 2.1.1, 2.1.2 and 2.1.3
- improving competitiveness of agricultural holdings and food manufacturing enterprises	Axis 1: (see description above)
- strengthening the control structures for consumer protection, food quality and food safety	Axis 1: (see description above)
Priority 1.2: Diversification of the rural economy	Axis 3: Development of the rural economy Priority objectives:

	<ul style="list-style-type: none"> - develop and diversify the rural economy - develop alternative sources of income for small farmers and general rural population to reduce out-migration and depopulation
Strategic Objective 2: Strengthening human resources, organization level and local development capacity	Partially, See axis 1 and axis 2 above -producers groups - local rural development strategies as well as Local Action Groups
Priority 2.1: Strengthening education and health services Priority 2.2: Combating against poverty and improving employability of disadvantaged groups	Partially : <ul style="list-style-type: none"> - alternative sources of income - including support for micro farms under axis 3 - job and revenue opportunities creation under axis 3
Priority 2.3: Strengthening local development capacity	Axis 2: preliminary actions to establish local rural development strategies as well as Local Action Groups
Strategic Objective 3: Improving rural physical infrastructure services and life quality	
Priority 3.1: Improvement of rural infrastructure	
Priority 3.2: Improvement and protection of rural settlements	
Strategic Objective 4: Protection and Improvement of rural environment	Axis 2: see above
Priority 4.1: Improvement of environmentally friendly agricultural practices	Axis 2: see above
Priority 4.2: Protecting forest ecosystems and sustainable utilization of forest resources	Axis 2: see above
Priority 4.3: The management and improvement of protected areas	Axis 2: see above

The table denotes that some of the priority objectives are common for both the IPARD programme and the NRDS whilst they have an identical overall approach and identical orientations for rural development.

It is also important to note that NRDS insists, in its introduction⁴⁷, on the crucial importance of "eliminating disparities between the urban-rural areas and among regions by increasing the contribution of rural areas to the national economy and enhancing welfare of rural population", as well as of "providing a stabilised dynamism to migration tendencies and attaining a population structure consistent with balanced and sustainable development goal". This pinpoints the need to pay attention to present regional development disparities and imbalances of the rural areas.

This particular need was taken into account by IPARD not only through the selection of target provinces but also through the breakdown of the different measures and sub-measures to be implemented in each of the provinces, as Chapter 4 shows. Furthermore, whenever building of new complementary infrastructure was foreseen, under-equipped provinces have been targeted as a way to bridge the gaps between them.

However, it is also important to highlight the following specific aims of IPARD assistance;

- it concentrates on four most acquis relevant types sectors (milk, meat–red and poultry-, fish and fruit and vegetable) and relevant food chains thereto, concentrating interventions on the weak links of these chains;
- In relation to environment, IPARD aims at realizing preparatory actions for agri-environment measure of a pilot, demonstrative character because of the complexity of agri-environmental

⁴⁷ In the sub section "Long Term Development Strategy"

measure. Important environmental issues are however also addressed under priority axis one with regard to investments in manure storage, treatment of waste and waste water, energy saving, improved irrigation systems etc.;

- In relation to the building of capacity for local development, it aims at the establishment of local rural development strategies which are the prerequisite for the establishing of Local Action Groups that will be selected based on the quality of the strategy developed and submitted.
- With regard to diversification of the rural economy, it focuses on the uptake or expansion of on farm or off farm activities in the rural areas in the sectors of bee-keeping, medicinal and aromatic plants, ornamental plants, local products and microenterprise development of traditional crafts, rural tourism and aquaculture.

In addition, IPARD does not explicitly address some of the strategic objectives indicated in the NRDS. These are:

- Strengthening of human resources through education, related with formal schooling and the provision of health services,
- Combating against poverty and improving employability of disadvantaged groups through vocational and entrepreneurship training, consulting services, and coverage of rural employees by a social security system, or the provision of social assistance and services.
- Improving rural physical infrastructure services the access of rural population to services (the rest is partly addressed by diversification). In relation to this the Multi-annual Indicative Planning Document of the Commission states that "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.
- 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 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. Operational programmes for the implementation of these components are in the course of preparation. Institutional arrangements have been created to facilitate collaborations between the managing authorities in relation to both achieving strategic complementarities and avoiding duplication in implementation.
- National support for agricultural and rural development is also under review and the National Rural Development Programme which is under preparation will take account of the sectoral and geographical concentration of IPARD as well as the focus of its support under axis 1 to acquis related investments in agricultural holdings and food processing enterprises.
- A number of current rural development projects supported by international donors, which are briefly described in section 2.5, will also complement and support the implementation of the IPARD interventions.

2.2 THE NATIONAL LEGISLATIVE FRAMEWORK FOR AGRICULTURE AND RURAL DEVELOPMENT

2.2.1. Agriculture and rural development

Law on Agriculture No 5488 (OJ dated 25/04/2006, No 26149) determines and regulates the policies for agriculture and rural development in line with the development plans and strategies. The Agriculture Law also defines the aim, scope and subjects of the agricultural policies, the instruments of agriculture and rural development support, the financing and administrative structure and the legal and administrative arrangements for the main research and development programmes to be implemented in the agriculture sector. In the context of the law, the Agricultural Support and Steering Committee has been established having the following responsibilities;

- to determine the principles and instruments of support programmes, the budget needs of these instruments and make the request to the related bodies every year.
- to identify the arrangements in the support programmes in line with the changes in national and international conditions,
- to monitor and evaluate the legislation arrangements regarding the supports
- to enable the coordination with the other public institutions regarding the support programmes

The Committee is headed by the Minister of Agriculture and Rural Affairs and comprises the Ministry of Finance, Ministry of Industry and Trade, Ministry of Environment and Forestry, Undersecretariat of State Planning Organisation, Undersecretariat of Treasury and Undersecretariat of Foreign Trade.

The Decree on Duties and Responsibilities of the Ministry of Agriculture and Rural Affairs No 441 (OJ dated 09/08/1991, No 20955) gives the rights to Ministry of Agriculture and Rural Affairs to make the policy and conduct the activities regarding the agriculture and development of rural areas.

Law on Cooperatives No 1163 (OJ dated 10/05/1969, No : 13195) defines the cooperatives and regulates the rules for the establishment of cooperatives. In accordance with this law Agricultural Development Cooperatives, Irrigation Cooperatives, Fisheries Cooperatives and Sugar Beet Cooperatives have been established.

Law on Agricultural Credit Cooperatives No 1581 (OJ dated 28/04/1972, No : 14172) regulates the rules for the establishment and roles and responsibilities of the Agricultural Credit Cooperatives.

Law on Agricultural Sales Cooperatives and Unions No 4572 (OJ dated 16/06/2000, No 24081) regulates the rules for the establishment and roles and responsibilities of the cooperatives.

Law on Agricultural Producer Unions No 5200 (OJ dated 06 /07/ 2004, No25514) forms the basis for the establishment of Producer Unions.

Law on Agricultural Insurance No 5363 (OJ dated 21/06/2005, No 25852) regulates the rules for the establishment of agricultural insurance in order to compensate the losses of the producers with the agricultural risks.

Law on Licensed Warehouse of Agricultural Products No 5300 (OJ dated 17/2/2005 No : 25730) set out the principles and procedures on licensed warehouse system concerning facilitating the agricultural products trade, establishing a system for storage, providing the safety of producers' products, providing the acceptance of agricultural products by licensed warehouse owners without

making discrimination among persons and allows financing, sale and delivery of products, development of agricultural products trade

Law on Authorization, Certification and Control of Seeds No 308 (OJ dated 29/08/1963, No 11493) aims to keep the seed diversity for all plants, protect physical characteristics of seeds and supply high quality seeds to farmers. The law gives the rights to MARA for the authorization of the organizations to certify the seed cultivated, sold, distributed, imported and exported. The control and audit of the natural or legal persons, municipals and public institutions cultivating, selling, distributing, importing and exporting seed is the responsibility of MARA.

Law on Soil Conservation and Land Utilization No 5403 (OJ dated 09/02/007, No 26429) set out the principles and procedures relating to the protection and improvement of soil quantity by natural or artificial ways, providing planned land use according to environment-based sustainable development principle.

Law on Feed No 1734 (OJ 07/06/1973, No 14557) sets out the principles and procedures concerning preparation of feeds to be presented to the production, market, import and export and identify the rules for feeding animals rationally and for the development of animal production.

Law on Pastures No 4342 (OJ dated 28/02/1998 No 23272) sets the principles for determination of the pasture and grasslands, assignment of these lands, sustainable utilization of grasslands and pastures, improvement and increasing their productivities and control and audit works on the lands

Law on Organic Agricultural Production No 5262 (OJ 3/12/2004 No 25659) sets out the principles concerning protection of ecological balance, execution of organic farming.

2.2.2. Food safety, veterinary and phytosanitary

Law on Food No 5179 (OJ 05/06/2004 No 25483) aims to maintain the food security, the production, processing, storage and marketing of every kind of foodstuffs and stuffs and materials contacting with them in line with technical and hygienic standards and to provide enough food for the public. The law determines the specifications for the food and food products to protect public health, producer and consumer interests. Besides it sets national minimum standards for the technical and hygienic conditions of the enterprises producing and selling food and food products.

The law includes the food safety rules, control procedures, authorization, tasks and responsibilities, risk analysis, implementation of the issues about the production, classification, processing, storage, packaging, transportation, sale, labelling of every kind of foodstuffs, ingredients and stuffs and materials contacting with them.

The production permit, food registry and registration works; Enterprises producing foodstuffs and stuffs and materials contacting with them have to get production permit and register number in line with the minimum technical and hygienic provisions which are determined in the Regulation issued by MARA. A production permit and register number is given for a product after submission of label sample and written declaration about the production of the relevant foodstuff in accordance with Turkish Food Codex.

The permits on the establishment of a laboratory; Public and private laboratories can be established to make analysis for food safety, qualities and hygienic conditions of foodstuffs and stuffs and materials contacting with them with authorization by the MARA.

Law on Animal Health and Inspection No 3285 (OJ 16/05/1986 No 19109) regulates the protection and combat against the diseases infected from animals and animal goods to people.

Law on Industrial Zones No 4562 (OJ dated 15/04/2000, No 24025) sets up the rules and principles related to construction and operation of industrial zones and the permissions for the establishment of enterprises in the industrial zones.

Law on Municipalities No 5393 (13/07/2005 No 25874) sets the rules for the establishment, bodies, tasks, responsibilities, authorities and working principles of municipalities. This law gives authorization to Municipalities to control, inspect and regulate the hygienic and health conditions of the food producing facilities.

Law on Fisheries No 1380 (OJ 04/04/1971, No 13799) includes the principles concerning production, protection and control of fish products.

Law on Plant Protection and Quarantine No 6968 (OJ dated 24/5/1957, No 9615) includes the rules concerning import, export and transport of all plants, combating against pests and diseases, export, import, sale and use of agricultural combat machines and equipments.

Law on Registration Control and Certification of Seeds No 308 (OJ 29/08/1963, No 11493) aims to keep the seed diversity for all plants, protect physical characteristics of seeds and supply high quality seeds to farmers. The law gives the rights to the MARA for the authorization of the organizations to certify the seed cultivated, sold, distributed, imported and exported. The control and audit of the natural or legal persons, municipals and public institutions cultivating, selling, distributing, importing and exporting seed is the responsibility of the MARA.

Law on Protection of Breeder's Rights of New Plant Varieties No 5042 (OJ 08/01/2004, No 25347) aims to diversify the new plant varieties and the protection new varieties and regulates the production rights.

The secondary legislations:

- Regulation about working Permit, food registry and production permit works and employment of responsible manager of enterprises producing foodstuffs and stuffs and materials contacting with them (OJ 27/08/2004 No 25566)

Authorisation Law: 5179

The regulation sets the principles and procedures regarding working permit, food registry and production permit works of enterprises producing, packing, processing, storing, marketing, transporting foodstuffs and stuffs and materials contacting with them and determines the minimum technical and hygienic specifications and employment of responsible manager.

- Regulation about the enterprises' responsibilities for market supervision, control and audit of foodstuffs and stuffs and materials contacting with them (OJ dated 30/03/2005, No 25771)

Authorisation Law: 5179

The objective of this regulation is to determine the principles and procedures of the responsibilities of enterprises with regard to market supervision, control and audit of foodstuffs and stuffs and materials contacting with them.

Regulation about working procedures of red meat and meat products enterprises (OJ dated 05.01.2005 No 25691)

Authorisation Laws: 5179, 3285

The aim of the regulation is to provide slaughtering of bovine and ovine animals in technical and hygienic conditions and to regulate the production, cooling, conservation, cutting, packaging and transportation of meat and meat products in technical and hygienic conditions.

The scope of the regulation includes technical and hygienic provisions required for all industrial complex, cooling facilities, slaughterhouses, cutting facilities, final product production facilities, packaging facilities and/or processing facilities producing red meat and meat products establishments and the responsibilities of the persons employed in these facilities to obey the hygiene and food safety conditions.

Regulation on fish wholesales and retail salesroom (OJ 19.06.2002 No 24790)

Authorization Law: 1380

The regulation has been prepared to present fish products to consumers in free competition conditions in rapid and secure way in line with the to hygiene and quality standards.

The regulation includes principles, procedures, control and audit concerning the minimum technical, physical and infrastructure conditions for fish wholesales and retail salesrooms established by municipalities and/or legal and natural persons. Besides it forms the required conditions for establishment, operation, administration of retail sale of fish products and the quality of persons worked in salesrooms.

Regulation on aquaculture (OJ dated 29.06.2004 No 25507)

Authorization Law: 1380

The aim of the regulation is to use the water resources in an efficient way, provide the sustainability in aquaculture, protect the environment and provide for the construction of the aquaculture holdings producing safely.

Regulation on fisherman shelters (OJ dated 13.12.1996 No 22846)

Authorization Law: 1380

The regulation sets out the principles concerning the place selection for fishermen shelters, renting and operation procedures and principles of fishermen shelters constructed, required transactions and measures for operators, fee amount and payment method for ships using the shelters, maintenance and repair of shelters.

Regulation on Animal Health and Inspection Services (OJ dated 15/03/1989 No 20109)

Authorization Law: 3285

The regulation sets the rules and principles for the protection and combat against the diseases infected from animals and animal goods to people and combating against infectious animal diseases.

The regulation includes: protection of animal health, taking the measures related to combating with infectious diseases, animal movements and transportation of animal goods, procedures concerning inspection, export and import of animal and animal goods.

Regulation on the establishment, operation, working procedures and inspection of livestock breeding holdings (OJ dated 09/08/2006, No 26254)

Authorization Law: 3285

The aim of the regulation is to provide establishment of livestock breeding holdings in line with the minimum health, technical and hygienic conditions and operation of these holdings by respecting the protection of animal health, animal welfare and public health.

The regulation includes establishment, working and inspection principles of livestock breeding holdings belonging to natural or legal persons. The regulation does not include the poultry holdings, aquaculture holdings and test animals.

Regulation on principles of working and inspection of the poultry meat and meat products enterprises (OJ dated 08/01/2005, No 25694)

Authorization Law: 3285

The objective of the regulation is to set up the rules and procedures for slaughtering of poultry in technical and hygienic conditions and the principles for cutting, cooling, packaging, transportation of poultry meat and products in technical and hygienic conditions.

This regulation includes technical and hygienic conditions required for all industrial complex, cooling, cutting and packaging facilities, slaughterhouses, and/or processing facilities producing poultry meat and meat products and the persons employed in these facilities to obey the hygiene and food safety conditions.

Regulation on the operation principles of poultry houses (OJ dated 20/03/2007, No 26468)

Authorization Law: 3285

The aim of the regulation is to set the principles of the establishment of poultry incubators and stud poultry holdings in line with the technical, hygienic and public health standards, prevention of poultry diseases, taking biosecurity measures and sets the rules for the permissions to establish such holdings, certification of disease free incubators and stud poultry holdings.

Regulation on identification, registration and monitoring of the animals of the bovine species (OJ 28/07/2002, No 24829)

Authorization Law: 3285

The regulation sets the principles and procedures relating to the control of animal diseases and movement of animals in an effective way, supporting regional or national eradication programmes, determination of stockbreeding holdings under registry on health, care, statistics and supporting payments, registration and identification of animals in holdings and follow-up of animal movements

The regulation includes the principles concerning, identification of animals of bovine species in every age group, identification methods, type and characteristics, technical qualifications for numbering system, registration of identified animals and their holdings, establishment and operation of computer-aided database, issuing certificate for animals, information and data exchange about animals and their holdings, follow up and control of animal movements in the system, info about herd health, supporting payments, registration of info, control and audit

Regulation on marking of timber pack materials for plant health (OJ dated 21/06/2006, No 26205)

Authorization Law: 6968

The regulation sets the principles concerning the precautions of import, export, transport and distribution of timber pack materials and harmful organisms according to international standards.

2.2.3. Animal welfare

Law on Animal Breeding No 4631 (OJ dated 10/03/ 2001, No 24338) includes the provisions for breeding of animals to increase the productivity, to protect the genetic resources of domestic and wild animals, to enable the registration of animals, to improve the animal races, to enable the breeding of animals in hygienic and healthy conditions.

Law on Animal Protection No 5199 (OJ dated 01/07/2004, No 25509) aims to provide the welfare of animals, to prevent the bad and unjustified treatments to animals. The law includes arrangements, measures, control, audit, responsibilities, restrictions and coordination and penalties for the realization of the objectives.

2.2.4. Environmental protection

Law on Environment No 2872 (OJ 11/8/1983, No 18132) sets the provisions for the protection of environment in line with the sustainable environment and sustainable development principles.

Law on the Organisation and Duties of the Ministry of Environment and Forestry No 4856 (08/05/2003, No 25102) identifies the duties of the Ministry of Environment and Forestry and gives the authorization concerning protection and improvement of environment, the use and protection and improvement of land and natural resources in urban and rural sections effectively, protection of biodiversity and animal existence in the country, protection of environmental pollution, protection, enlargement and improvement of forestry land. In this regard the Ministry has the rights to establish measures to protect the environment and land.

Law on National Parks No 2873 (OJ dated 09/08/1983, No 2873) regulates the principles for the identification of national parks, natural parks, natural monuments and naturally protected areas and the protection, development and management of these areas.

Law on Forestry No 6831 (OJ dated 31/08/1956 No 6831) sets out the definition of forestry areas and the provisions for the protection of forests and forest ecosystems. The law establishes the framework for the management, development and protection of forests.

Law on geothermal resources and naturally mineralised water No 5686 (OJ dated 13/06/2007 No 26551) regulates the principles and procedures to detect, search, protect and improve the geothermal and naturally mineralised water resources and to evaluate these resources economically in line with the environmental protection and to manage the rights for possessing and utilization of them.

Law on Terrestrial Hunting No 4915 (OJ dated 11/07/2003, No 25165) sets the rules and principles for the sustainability of habitats, protection of wild animals and the regulations for the hunting of animals.

Secondary legislations:

Regulation on the implementation of the contract with regard to the trade of the wild animals and plant varieties under the risk of extinction (OJ 27/12/2001, No 24623)

Authorization Laws: 2872, 6831, 2873, 1380, 3285

The aim of this regulation is to manage by providing coordination between the relevant institutions on principles and procedures regarding the international trade of the wild animals and plant varieties under the risk of extinction which are in the scope of Convention on International Trade in Endangered Species (CITES) for sustainable use.

Regulation on protection of waters against agriculture based nitrate pollution (OJ dated 18/02/2004, No 25377)

Authorization Laws: 1380, 2872, 4856

The aim of the regulation is to determine, reduce and prevent the agriculture based nitrate pollution in waters. The regulation includes the technical and administrative procedures on detection and control of nitrate and nitrate constituents in underground and surface waters to prevent the pollution.

Regulation on the control of water pollution (OJ dated 31/12/2004 No 25687)

Authorization Laws: 2872, 4856

The aim of this regulation is to determine the necessary legal and technical principles in line with the objectives of the sustainable development in order to prevent the pollution of water resources, to protect and to use the surface and ground waters effectively.

The regulation includes the quality classification and purposes of the use of the water bodies, the planning principles and prohibitions regarding the protection of the water quality, waste water discharge rules, the principles regarding the infrastructure of waste water establishments as well as the principles and procedures on monitoring and inspection services for the prevention of water pollution.

Regulation on the protection of wetlands (OJ dated 17/05/2005, No 25818)

Authorization Laws: 2872, 4856, 4915

The aim of this regulation is to provide coordination and cooperation between relevant institutions for the implementation of Ramsar Convention and the protection as well as the improvement of the wetlands.

Regulation on the reduction of methyl bromide use in agriculture (OJ dated 23/06/2000, 24088)

Authorization Law : 6968

The aim of the regulation is to set the principles and procedures concerning the reduction of methyl bromide imports and usage in agriculture in a schedule resulted in the abolition of its application gradually according to Montreal protocol.

The regulation includes the principles concerning the certification of the use of methyl bromide in agriculture as well as the import provisions and placing on the market and information activities.

Regulation on the control of air pollution caused by the industrial facilities (OJ dated 22/07/2006, No 26236)

Authorization Laws : 2872, 4856

The regulation sets the provisions for the control of emissions as smoke, dust, gas, steam and aerosol that evolve to the atmosphere as a result of the works of the industry and energy production establishments and for the control of the air pollution. The regulation puts the emission limits for the permitted establishments and regulates the permission for the establishments.

Regulation on the support of the producers using agricultural techniques for the protection of the environment (OJ 15/11/2005 No 25994)

Authorization Laws: 441, 5403

The regulation aims to support the agricultural producers who prefer the use of agricultural production techniques to protect the environment.

Regulation on Good Agricultural Practices (OJ dated 08/09/2004, No 25577)

Authorization Laws: 441, 6968

The regulation aims to ensure food safety through the practice of safe agricultural practices not harming consumer health, natural habitat or the environment. The protection of natural resources and the monitoring of agricultural practices to ensure sustainability are targeted. The regulation sets the basis for inspection and covers the scope of duties and responsibilities of authorized organizations, provincial directorates, producers and producer unions for complying with good agricultural practices.

Regulation on the protection of air quality (OJ 02/11/1986, No 19269)

Authorization Laws: 2872

The aim of this regulation is to control emissions in the form of smoke, dust, gas, fume and aerosol, to protect human, public area and its environment from the adverse effects of pollution.

The regulation includes the principles and procedures on the establishment and operation of institutions, the production, use, storage and transportation of fuels, raw materials and products and the operation of motor vehicles in line with the minimum standards.

Regulation on forestation (OJ dated 09/10/2003, No 25254)

Authorization Law: 6831

This regulation includes the principles and procedures on studies regarding forestation, erosion control, rehabilitation of pastures and grasslands and seed production and establishment of energy forest and forest nursery activities to be done by the public institutions and real and legal persons.

Regulation on Environmental Impact Assessment (OJ dated 16/12/2003, No 25318)

Authorization Law: 2872

The aim of this regulation is to arrange the technical and administrative principles and procedures during the period of environmental impact assessment.

This regulation covers the types of the projects that have to include environmental impact assessment, administrative principles and procedures during the period of environmental impact assessment and the monitoring and inspection of the projects which are in the scope of this regulation.

2.2.5. Diversification of economic activities

Law on Tourism No 2634 (OJ dated 16/03/1982 No 17635) aims to implement the measures for the regulation, development and effective operation of tourism activities.

The law includes the provisions regarding the determination of tourism centres, development of culture and tourism areas, encouragement of tourism businesses and the regulation, control and audit of tourism enterprises.

Regulation on Certification and Qualification of Tourism Facilities (OJ dated 21/06/2005, No 25852)

Authorization Law: 2634

The Regulation aims to help the development of new tourism facility types, to improve the facilities belonging to existing tourism investments and enterprises, to set minimum qualifications of tourism facilities, to ensure unity in the standards of these facilities and to increase the quality.

The Regulation includes the principles concerning the certification of tourism facilities, their management, qualifications of the facilities and the minimum conditions for their staff.

Regulation on production, export and dig up of bulb of natural flowers (OJ dated 11/08/1995, No 22371)

Authorization Law: 441

The regulation sets the conditions on export, storage, growing, production and collection of seed, bulb and other parts of bulb flowers found in the nature without disturbing its generations and depletion from nature.

Regulation on Bee Keeping (OJ dated 25/05/2003 No 25118)

Authorization Laws: 441, 4631, 3285, 5179, 6968

The regulation sets the main conditions for the queen bee production for commercial purposes, stock material export and import, creation of new lines for stock farming and , protection, improvement, detection of genetic resources. It also defines the criteria for the artificial insemination in the enterprises.

The regulation includes the provisions on artificial insemination in bee keeping, production of queen bee and standardization of machines, equipments and tools.

2.3 THE INSTITUTIONAL FRAMEWORK FOR AGRICULTURE AND RURAL DEVELOPMENT

2.3.1. The Public Institutions involved in agriculture and rural development

The Ministry of Agriculture and Rural Affairs (MARA) functions in line with the Decree No 441 (OJ dated 09/08/1991, No 20955) on duties and the responsibilities of the Ministry of Agriculture and Rural Affairs. MARA is primarily responsible for the development and implementation of agricultural and rural development policies and production management related activities. The Ministry serves the rural region through its central and local bodies.

The activities of the Ministry include policy-making to develop rural areas and agriculture, animal husbandry and aquaculture, providing infrastructure facilities for the development of the agriculture sector and rural areas, and carrying out training and extension activities for farmers.

Ministry of Environment and Forestry (MoEF) functions in line with the Law on the Organisation and Duties of the Ministry of Environment and Forestry No 4856 (OJ dated 08/05/2003, No 25102). The Ministry is responsible for developing and enforcing the policy regarding environmental protection and management, environmental assessment and planning. In addition, the Ministry has competencies regarding afforestation and erosion control, village-forest relations, protection of forest areas, and management of national parks and nature protection zones.

Undersecretariat of State Planning Organisation (SPO) functions in line with the Decree on the establishment and duties of the State Planning Organisation No 540 (OJ dated 24/06/1994, No 21970) .SPO is in charge of preparing and coordinating the implementation of development plans at the national level including National Development Plans, annual programmes, annual investment programmes, medium term programmes constituting a framework for economic and social cohesion with the EU. In this context, SPO coordinates the policy-making process towards the problems of the rural sector in the framework of national development plans.

Ministry of Industry and Trade functions in line with the Law on the organisation and duties of the Ministry of Industry and Trade No: 3143 (OJ dated 18/01/1985, No 18639). The responsibilities of the Ministry are; to assist in the determination of the country's industrial policy according to the current conditions and recent technological developments, to promote and help the industry in its development in line with the targets taking place in the development plans and programmes; to aid in the determination of the main targets and policies related with inner trade and arrange, develop and implement activities within this context. It is also responsible for the agricultural sales cooperatives other than those in the scope of MARA, the standardization of the products which are out of the scopes of other Ministries and to identify policies for having a healthy competition media.

Ministry of Culture and Tourism functions in line with Law on the organisation and duties of the Ministry of Culture and Tourism No 4848 (OJ dated 29/04/2003, No 25093). The tasks of the Ministry with regard to rural development are; to research, develop, protect, preserve, value, spread, promote the national, spiritual, historic, cultural and touristic values and ensure that the public adopts these values; to evaluate, develop and publicise the opportunities of tourism in the country, to guide and cooperate with other public agencies and to communicate with NGO's and private sector in cultural and tourism matters, to prevent destruction and loss of historic and cultural heritage and to register and maintain important sites and monuments scheduled under protection through its central and local agencies.

Ministry of Energy and Natural Resources- General Directorate of State Hydraulic Works (DSI) is the main investing agency responsible for the development of water and soil resources in Turkey. Its main activities in this framework are the supply of agricultural irrigation water, drinking water and industrial water, the improvement of water quality, arrangements for recreational purposes, flood control, land improvement, and river regulation and control.

South Eastern Anatolia Project Regional Development Administration (SEP RDA) ensures the availability of services regarding planning, infrastructure, licensing, housing, industry, mining, agricultural, energy, transport as well as rural development activities for the development of the areas within the scope of the South Eastern Anatolia Project and responsible for the proper implementation of the investments and ensuring coordination among the institutions and organisations concerned within this scope.

Undersecretariat of Treasury functions in line with the Law No: 4059 dated 9 December 1994 on the organisation and duties of Undersecretariat of Treasury and Undersecretariat of Foreign Trade.

Ministry of Public Works and Settlement and their affiliates and related institutions are among the public institutions involved in rural development for which the duties and responsibilities defined in Decree No 180/1983. The responsibilities of the Ministry with regard to rural development involve the execution of the preparation or approval of the village settlement plans where are in contiguous area of Municipality, executing the structuring of the areas which are described as rural settlement within the settlement areas and making studies on spatial strategies to provide sustainable and competitive development.

Ministry of Interior Affairs functions in line with the Law No: 3152 dated 14 February 1985 on the organisation and duties of the Ministry of Interior Affairs.

Ministry of Labour and Social Security functions in line with Decree No 184 dated 14/12/1983 on the organisation and duties of the Ministry of Labour and Social Security.

The Directorate-General for Social Aid and Solidarity operates with the aim of supporting the poorer population in Turkey and eliminating the socio-economic problems that arise from uneven income distribution. It assumes an effective role in rural development, and spends a substantial part of its budget for supports to the rural sector.

Ministry of Education functions in line with the Law No: 3797 dated 30 April 1992 on the organisation and duties of the Ministry of Education.

Ministry of Health functions in line with Decree No 181 dated 13/12/1983 on the organisation and duties of the Ministry of Health.

2.3.2. Description of producer organisations, their relevant legal status and activities in relation to the programme

Agricultural producer organizations in Turkey can be classified in 3 broad categories, namely cooperatives, agricultural producer unions and agricultural chambers. The current agricultural organization in Turkey is formed under Ministry of Agriculture and Rural Affairs with the law no 1163 on Cooperatives, Law no 1581 on Agricultural Credit Cooperatives, Law No. 5200 on Agricultural Producers' Unions and under Ministry of Industry and Trade with Law No 4572 on Agricultural Sales Cooperatives and Unions (See Annex 2.3).

Moreover, there are over 700 Agricultural Chambers with approximately 4 million producer members. Their main roles are: to provide vocational services in order to carry out the development of agricultural sector in accordance with targets and objectives of the government, to provide the common needs of farmers, to facilitate the vocational activities and to represent the farmers. Agricultural Chambers are established according to Law No: 5184 on Agricultural Chambers and Union of Agricultural Chambers.

The main tasks and authorities of Agricultural Chambers are to collect news and information about agriculture and farming, to make proposals to public and private institutions about their activities, to establish all kinds of technical, administrative and social foundations related to agriculture and rural development.

The Law No 5200 on Agricultural Producer Unions enacted in 2004 forms the basis for Producer Unions. These organizations are established as specialized in certain products or product groups and on the basis of provinces or districts. As the legal framework for these organizations is recent, the number of unions and the number of their members are rather low, but showing a strong tendency to increase. Besides, applicant agricultural cooperatives, which fulfill the requirements for a producer union, can be registered as Agricultural Producer Unions.

The aims of producer unions are to plan production according to demand, to increase product quality, to supply products at suitable norms and standards to the market without getting product to its own property and to allow agricultural producers to establish producer unions having legal entity in order to take measures to increase marketing power at national or international scale.

The tasks of Producer unions as defined by Law No 5200 are;

- to make or to have made the market survey related to the products that the members are producing,
- to find markets to products of their members, to arrange supply of products to market,
- to give technical assistance to members related to production techniques, harvesting, storage and packaging,
- to help members to get raw materials,
- to have members make production with suitable sorts for national and export markets,
- to give extension and education services, to supply advisory services,
- to take measures to increase product quality and to apply product standards,
- to trace agricultural applications at farm level, register them, and make necessary documentation,
- to ensure application standards related to packaging,
- to make production techniques suitable to environment widespread,
- to help storing of products on behalf of member, if necessary renting of a storehouse,
- to undertake publicity campaigns related to products,
- to register all kind of information related to the product,
- to carry out tasks specific to common market organizations related to products that is accepted by Republic of Turkey,

Agricultural Credit Cooperatives regulated by Law No: 1581 dated 1972 are organized with a central association, 16 associations and have approximately 1.5 million members. They have 3 structures, credit cooperatives, regional unions of credit cooperatives and central union of credit cooperatives.

The credit cooperatives work to supply the short and middle term credit needs of their members, to evaluate products of their members and to try to procure all kinds of machine, equipment and facilities that all members can commonly use. They also supply gross production and essential consumption commodities with production equipments for their members and other producers when necessary. They work to improve the handicrafts and value the products, to increase professional and technical knowledge of their members, undertake activities related to social and cultural issues, open training courses and organize seminars.

Regional unions of credit cooperatives arrange financial issues of cooperatives, carry out activities to assess the products of members, produce or supply gross production, essential consumption and production machines that the cooperatives need when necessary and take necessary measure to ensure activities of the cooperatives are suitable with the general rules and related legislation, to help administratively and technically to cooperatives and to arrange general and professional training activities of members.

The central union of credit cooperatives work ;

- to ensure growing of cooperatives and regional unions according to Law No:1581 dated 1972 and to make vocational training activities,
- to supply financial sources to credit cooperatives and regional unions,
- to produce or supply gross production, essential consumption and production machines that the cooperatives need,
- to inspect credit cooperatives and regional unions,
- to determine staff policies and implement them,
- to decide establishment of credit cooperatives and regional unions and to determine establishment centre and working area
- to issue of bonds to supply financial needs of credit cooperatives and regional unions,

Agricultural Cooperatives that are established according to Law numbered 1163 dated 1969 amended by Law No: 3476 dated 1988 are composed of Agricultural Development Cooperatives,

Irrigation Cooperatives, Fisheries Cooperatives and Sugar Beet Cooperatives. The Agricultural Development Cooperatives undertake activities mainly related to production and marketing including crops, livestock and husbandry. These are commonly multi-purpose organizations and generally are not specialized in a certain product or product group.

The aims of agricultural development cooperatives, the best example of one styled multi purposed cooperative model are: to improve agricultural production of the members, to carry out activities about supply, assurance, administrative, marketing and assessment related to the needs of the members, to help to improve economical and social standards of the members, and to take measures to improve handicrafts, home arts and agricultural industry.

The aim of irrigation cooperatives are; to establish irrigation facilities (like land arraignment, near arable field cannels, inland irrigation, drainage) or manage already established irrigation facilities or to have them managed and maintain or to have them maintained, source of water should/will come from existing government irrigation facility or water should come from arable lands and water must be used for agricultural purposes.

The Fisheries Cooperatives (Fishery Products Cooperatives) serve their members in the scope of procurement, processing, storing and marketing of any kind of fishery products. They arrange and manage fish or other fishery products catching (hunting) activities of their members.

Sugar Beet Cooperatives take the necessary actions related to soil preparation, plantation activities, growing of sugar beet and other agricultural products, protection and increasing productivity per ha and help their members to get sufficient information. They get in contact with central and regional offices of sugar factories and if necessary they make cooperation.

Agricultural Sales Cooperatives and their Associations are established according to Law No: 4572 on Agricultural Sales Cooperatives and Associations. According to article 1 of the Law, “producers, in order to get their needs related to vocational activities through security bonds, solidarity and assistance, to asses their product in better conditions and to prevent their economic viability, can form with limited partnership between themselves Agricultural Sales Cooperatives having changeable capital, number of member and having legal entity.”

Article 3 of the related Law also states that “Agricultural Sales Cooperatives are working to asses its members’ and when necessary other producers’ products in better conditions, to serve the vocational activity needs of the members and to prevent economic viability of the members”.

Agricultural Sales Cooperatives and Associations (ASCAs) are generally specialized in crop products processing and sales. The Agricultural Sales Cooperatives purchase the products of their members. The unions take all the necessary measures for these products to be utilized in best circumstances. Besides, these agencies are operating on the issues of storage, standardization, first processing (processing at unions), transporting, packaging, export and sale in domestic market of the finished and semi finished products, provision of all the requirements that are in the character of the input about agricultural production activities, supporting of shareholders with credits, implementation of the insurance services for the producers.

The cooperatives can construct storage houses in order to store their products more efficiently and to get them to ready for the whole or retail sales, they can construct their packaging facilities with the establishments having the right of the first processing and they can acquire the economic enterprises regarding the other production phases other than this. The cooperatives are needed to operate in line with the principles and bases identified by the union on the construction of these facilities and enterprises and their settlements as well.

The tasks and aims of the Producer organizations described above, show that all producer organizations serve their members' needs from different perspectives. Their common aim is to organise their producers for an improved production and marketing chain.. Therefore, their responsibilities allow them to carry out projects to better evaluate the products, reduce losses and the rate of unregistered economy. Being member of one of these producer organizations also provides an opportunity for producers to be organized in a group and gain more power on marketing chains. The producer organisations have the infrastructure and rights to for involvement in the production and marketing channel by owning agricultural holdings or processing enterprises or cold stores and, sorting and grading facilities for fruit and vegetables.

In this framework, all the Producer Organisations, established under the above mentioned laws and which fulfill the requirements of IPARD Programme support described under Chapter 4 for each measure and sub-measure fiches can potentially benefit from IPARD support, depending on the fulfillment of the IPARD related requirements.

2.4 CURRENT TRAINING PROGRAMMES FOR FARMERS AND RURAL POPULATION

Legal Base: The Decree Law No. 441 on establishment and duties of Ministry of Agriculture and Rural Affairs.

The General Directorate of Organisation and Support is the responsible body to train farmers and their families on different related topics and setting up schools, training centers and courses.

2.4.1. Agricultural Extension and Advisory Services

The MARA distributes publications to extend new technologies and information among farmers and to improve human resources. Agricultural publication services are provided free of charge to all farmers engaged in agricultural production and living in rural areas. The publication services are coordinated by provincial directorates of the MARA in the provinces and districts and also by the Education Centres of Handicrafts.

The MARA extension and advisory services with regard to national schemes includes the training activities of farmers, women and young people in the framework of the below explained sections, farmer days in villages and also there are advisory services of appointed personel in villages.

Under each provincial directorate of MARA, there is a department for farmer training and extension services (see Annex 6-3). They organise the training programmes, seminars and extension services for farmers in the framework of the national support schemes (see also the below sections) whereas there is no scheme of extension services directly aiming at providing the extension services for a special national support scheme implemented by MARA. The farmer training and extension services department of the provincial directorates of MARA have also been supporting the farmers by giving information about the application rules and procedures of the support programmes, on interpretation of the handbooks and leaflets, the principles of the preparation of the business plans and documentation required.

The MARA websites⁴⁸ also provides the information on the application and implementation principles of national support schemes as well as answering the queries under the “frequently asked questions” sections. Moreover, the MARA has been implemented between 2003-2006, a project called “Village Based Agricultural Production Support” in which 1000 Agricultural Counsellors

⁴⁸ www.tarim.gov.tr; www.tedgem.gov.tr; www.tugem.gov.tr

have been appointed in 1000 villages to give the information and extension services in the field. The project is currently under implementation with new name called as “Development of Agricultural Extension (TAR-GEL)” starting as of January 01, 2007. In the framework of the project, 2500 agricultural counsellors carry out the extension services in 2500 villages.

Recently, an Agricultural Investors Guidance Center⁴⁹ has been established under the Ankara headquarters of MARA which provides guidance services on opportunities provided for both national and overseas investors in the agricultural sector and directs potential agricultural investors to the right places for the information they need while making investment plans.

With regard to IPARD, the extension services should be developed to meet the following requirements;

- information on IPARD, conditions to meet in order to submit an application, rules and procedures applying for the use of the financing;
- practical advise on the preparation of adequate business plans and properly documented applications;
- sound management practices to meet the requirements of investment and activities development;
- specific know-how and improved agricultural or food-processing practices related to the investments made – e.g. advise on proper localised irrigation management in link with an investment in drip irrigation system;
- the organisation of close collaboration with other extension projects which are already well established at village level;
- the procurement by tender of specific animation, project development and technical advisory services for a limited period;
- the strengthening and training of existing advisory services to become efficient trainers for farmers and other applicants;

2.4.2. Project of Common Farmers Training Programme on Television (YAYÇEP)

YAYÇEP aims to inform the farmers about agricultural issues. In the YAYÇEP Project; 113.123 farmers were registered to participate in the 337 training programmes prepared on various agricultural subjects, and 800.000 books on the same issues were distributed.

Within the scope of II YAYÇEP Part 1, TRT GAP TV provided the broadcasting of films composed of 15 programmes on stock breeding, sheep and goat farming, poultry farming, 43.065 publications have been distributed to the farmers with a view to support the programmes broadcasted on TV. In the second part, 7 films about apiculture, agricultural mechanization, fish breeding, inland water hunting tools were made and 38.975 books were distributed to the farmers who had registered for participation in the project. In the third part of the project which is about plant production 93.070 books about viniculture, fruit and vegetable growing were distributed to the farmers. In the fourth part of the project, 142.228 farmers had registered to participate in the project on the subjects of plant production, stockbreeding, cooperatives trading system, handicraft and irrigation, and the published books were distributed to the farmers.

⁴⁹ www.taryat.gov.tr

2.4.3. Training and Extension Services for Women Farmers

MARA provides training on the issues (animal care and growth, animal diseases, techniques of milking, hygiene, hygienic milk production, evaluating quality of milk in different ways, barn care and its cleaning, sheep growth, beekeeping, greenhouses and so on.) to women-farmers

Table 55. Data on trainings, demonstrations, seminars and courses

YEARS	DEMONSTRATION		TESTS MADE UNDER FARMER'S CONDITIONS		FARMER MEETINGS		LONG AND SHORT TERM FARMER COURSES		EXHIBITION AND ENCOURAGEMENT COMPETITION		FIELD DAY		INTER TRAINING SEMINARS	
	Nb. of Demonstration	Nb. of Woman Farmer	Nb. of Variety	Nb. of Woman Farmer	Nb. of Meeting	Nb. of Woman Farmer	Nb. of Course	Nb. of Woman Farmer	Nb. of Competition	Nb. of Woman Farmer	Nb. of Field day	Nb. of Woman Farmer	Nb. of Seminar	Nb. of Staff
Total	3717	21009	18	164	9546	128549	3582	40612	174	8893	495	12518	774	3777

Source: MARA

2.4.4. Training and Extension Activities on Food Preservation

Training activities are carried out to improve processing techniques of fruit and vegetables, to increase value added, to promote healthy nutrition and consumption. 522,468 women farmers have been trained by the MARA.

2.4.5. Agricultural Training Project for Women Farmers

The scheme targets women taking part in business holdings and agriculture activities in agricultural topics via enhanced methods of agricultural production, to achieve an increase in agricultural production, to achieve women taking a more active part in sustainable agricultural activities and rural development.

The project started in the year 2000 and has been implemented in 19 provinces. The topics are: fruit production and viticulture, milk production, beekeeping, culture fungus production, undercover vegetable production, organic farming, sheep husbandry, chicken husbandry. 139,695 women farmers have been educated in the scope of the training studies until today.

2.4.6. Home Economy Education and Extension Studies

The aim is to enhance the social wellbeing of the rural households, to provide education of women and young girls in home economy and utilizing their free-times.

2.4.7. Craft Training

The aim is to diversify rural economy, to create additional income and alternative job opportunities for the disadvantaged group in the area and to protect national cultural heritage and to give free vocational training on the field of craft .The trainings are carried out in the provinces of Düzce, Bilecik, Elazığ, Silifke/Mersin Kastamonu and Sivas. The table below shows the number of trained people;

Table 56. Number of trained people

Training centers	Capacity of Student	Number of Graduated students (2007)	Gender	Training topics
Bilecik	80	63	Male	Wood work Stoneworking
Elazığ	50	23	Male	Stone-wood work
	50	11	Female	Carpet-rug weaving
Mersin/Silifke	50	58	Male	Stone-wood work
	50	11	Female	Traditional linen weaving
Kastamonu	70	54	Male	Wood work
	40	24	Female	Carpet-rug making Traditional linen making
Sivas	80	61	Female	Carpet-rug making Confection
Düzce	100	59	Male	woodwork Stone and silver handling
TOTAL	570	364		

Source: MARA

2.4.8. Institutional Reinforcement of Farmers' Organization (IRFO)

The project is funded by World Bank (in ARIP Project) and started in 2005 and will continue in 2007. The aim of the IRFO is to provide a conducive environment for the development of Producer Organizations (POs) through much expanded training and technical assistance.

IRFO will provide comprehensive management and organizational support to about 400 of the POs operating in Turkey in different sub-sectors and training and education services to members, elected officials, managers and staff of another 2,100 village-based POs.

The aim of the scheme is to provide training and educational services to members, elected officials, managers, and staff of village based farmers' organizations in the selected provinces to support capacity building activities. The biggest farmer organizations in Turkey have established the agricultural aimed cooperatives joint ventures (TAKOG) to implement the Programme.

The project is implemented in Antalya, Burdur, Denizli, Isparta, Çanakkale, Balıkesir, Bursa, Tekirdağ, Diyarbakır, Batman, Adıyaman, Malatya, Tokat, Amasya, Samsun, Sivas, Rize, Artvin, Trabzon, Giresun and Ordu. For strengthening the administrative and technical capacity of the Producer Organizations being operated in these provinces, the project targets practical and theoretical training of 67500 members from 1350 Producer Organizations on the project planning and preparation.

2.5 NATIONAL SUPPORT SCHEMES FOR AGRICULTURE AND RURAL DEVELOPMENT

2.5.1. Agricultural support schemes

Legal Basis: The Agricultural Support instruments are legally based on the Agriculture Strategy (2006-2010) and the Agriculture Law No 5488. The implementation rules and procedures for each support instruments and the budget are determined annually or with respect to the implementation phases of the supports by Communiqués or by-laws.

2.5.1.1. Direct income support (DIS)

DIS payments are given to the farmers as area based for their agricultural land. The amount of the payment per ha of the agricultural land is determined by the Council of the Ministers in accordance with the proposal of the Agricultural Support and Steering Committee.

DIS payments are made to the farmers who are registered in the National Farmers Registry System (NFRS). The payments are made for land between 0.1 ha and 50 ha.

The farmer applies for the DIS payment to the district directorates or Provincial Directorates (if they live in central district) of MARA by submitting;

- an application request,
- an updated NFRS registry form,
- a farmer document taken from the Agricultural Chambers

The payment lists are formed by district or provincial directorates of MARA. The cross-checks are made by the declaration of the lists to the public for 10 days and by verifying the information from the NFRS. If no queries happen, the payment confirmations are sent to Ziraat Bank for payment to the farmers.

The farmers can apply to the additional DIS payments scheme for the organic farming activities and the soil analysis of the land.

The farmers who have made contracts for organic farming benefit from additional DIS payments regarding their lands registered with the Organic Farming Database System. The area of the land registered with the Organic Farming Database System is checked also from the NFRS and will not be larger than the land eligible for DIS payments.

The farmers who undertake soil analyses complete a form specifying the parcels and the area covered by the soil analyses. The form is certified by the authorized laboratory or agency performing the soil analysis. The payments for each soil analysis is limited to a maximum area up to 6 ha.

2.5.1.2. Deficiency Payments

The deficiency payments are provided for the products which have domestic supply shortages. The payments are made one time for every production period. The domestic and foreign market prices, costs of the producers and budgetary means have been taken into consideration in determination of the amount of the support. Payments have been made according to the Council of Ministers Decision issued annually and the Communiqués published based on the decision. The last Council of Ministers decision dated 10/4/2006 and numbered 2006/10266 (OJ dated 20/4/2006

and numbered 26145) determined the support for unginced cotton, sunflower seed, soybean, canola, maize and olive oil produced in 2006.

The producers of tea and cereals have also been supported. The payments for tea producers are made per kilogram basis whose fields are licensed (Council of Ministers Decision No. 2007/12516 published in OJ dated 16/08/2007 numbered 26615). The Cereal Premium Payment Scheme's objective is to support cereal producers and registration of production and sales of cereals. The payments are made on per kilogram basis depending upon the approval of sales documents. Farmers (natural and legal persons) who are registered in the NFRS with their identity, crop and land information are eligible for the payments.

2.5.1.3. Compensatory payments

The producers who shift to alternative crops from the products that have excessive supply are encouraged by payments assisting them in their conversion to alternative agricultural crops. The purpose is to avoid structural problems in these crops due to excess supply. The payments have been made to the tobacco producers in Provinces of Adıyaman, Bingöl, Batman, Bitlis, Diyarbakır, Hakkâri, Malatya, Mardin, Muş, Siirt and Van for their transition to alternative crops. The Communiqué for the implementing of the support was issued in OJ dated 05/05/2007 numbered 26513.

In the compensatory payments scheme, the payments are also made to the potato producers. This support is implemented in Giresun, Ordu, Niğde, Nevşehir, Kayseri and Trabzon provinces where potato papilloma and in Balıkesir, Bolu and İzmir where potato diseases are observed, to compensate the transition of farmers to the production of other agricultural products or fallow the land. The farmer should be registered with NFRS to be eligible for the support.

The tea producers are also paid in order to compensate their loss of income due to tea fields subjected to trimming with the objective of increasing the quality of tea and rehabilitating tea fields.

2.5.1.4. Animal husbandry support scheme

The Animal Husbandry Support payments are legally based on Council of Minister Decision dated 21/2/2005 numbered 2005/8503 (OJ dated 24/2/2005 and numbered 25737) for which the implementation rules are determined by yearly issued Communiqués. The latest Communiqué No 2007/20 was published in OJ dated 13.04.2007 and numbered 26492. The aim is to support the development of the animal husbandry and improve the quality in the animal breeding by supporting with various instruments. The scheme includes;

Support for the production of fodder: The multi annual and annual fodder crops production are supported on an area based support. Besides 40 per cent of investment to purchase the machines and equipments (such as silage machinery, motopump, grass cut, rainfed irrigation systems) used for fodder production is paid to the farmers based on the invoice.

Support for the production of certified fodder seed: The farmers using certified seed are supported by additional payments. The support is given to the land registered in NFRS.

Support for the purchase of pregnant heifer: The farmers who purchase the pregnant heifer having stud or pure race (saf ırk) certificate are supported by direct payments per head of animal bought.

Support for the Calves: The calves that were born in consequence of artificial insemination are supported. The cattles should be registered to the pre-pedigree and the pedigree system.

Support for the artificial insemination: The authorized veterinarians, unions, cooperatives, private animal hospitals, animal husbandry holdings and agencies for the artificial insemination benefit from the support with regard to their insemination services. The inseminated cattles should be registered to the pre-pedigree and the pedigree system. The amount of the support is higher in priority development provinces.

Milk Support: The aim of the scheme is to meet high quality milk requirements of the industry and to register the milk production. The farmers who sell their milk to the processing enterprises having working licences and milk incentive code are supported under the scheme. The support is paid on per liter basis at different levels to achieve improvement and structural transformation of this sector, including encouragements by additional payments. The farmers who are registered to the Producer Organisations, who registers the animals to the pedigree system to contribute to the improvement activities of MARA supported by additional payments. Moreover the organized farmers who use advisory services (agriculture engineer or veterinarians) take additional payments.

Support for stable or mobile milking units and cooling tanks: The milk producers having minimum 10 cows registered to the pre-pedigree or pedigree who invest for milking units and cooling tanks are supported with the 40 % of their investment. Besides the producers having minimum 50 sheep and/or goats registered to the Sheep-Goat Breeding Unions can get support under the scheme. For the newly established holdings, the letter of commitment is taken that they will have minimum 10 cows or 50 sheep and /or goats in order to get support. The maximum amount of the support is 200.000 YTL(115.000 Euro).

Support for the fosseptic dip: The aim of the support is to get rid of the manure without damaging the environment and to enable the hygiene standards. Support is provided for the milking cow breeding holdings that establish fosseptic dip of at least 75 m³ capacity in their own or rented land for 10 years. The 40% of the investment is supported and the maximum amount of the support is 100,000 YTL(58.000 Euro). The equipments required for the moving of manure from stable, the transportation and storage of it are included in the scheme.

Support for silkworm : The aim of the scheme is to promote silkworm breeding and increase the cocoon production. The cocoon producers who sell their cocoon to Bursa Agricultural Sales Cooperatives Union for Silk Cocoons (KOZABİRLİK) and/or its cooperatives are supported in this scheme per kg basis.

Support for Mohair (Angora wool) : The producers who sell their products to Angora Wool Agricultural Sales Cooperatives Union and /or its cooperatives get support under this scheme.

Support for the improvement of ovine animal breeding : The sheep-goat breeders who are the members of the Sheep-Goat Breeders Union and the angora goat breeders who are the members of the Angora Wool Agricultural Sales Cooperatives Union are supported by direct payments. The support is given to the animals that made parturition with tagged ears and are registered.

Support for the establishment of the area free of animal diseases: The animal holdings except fattening cattle are supported in order to establish an area free of animal diseases in the provinces Afyonkarahisar, Antalya, Aydın, Balıkesir, Bilecik, Bolu, Burdur, Bursa, Çanakkale, Denizli, Düzce, Edirne, Eskişehir, Isparta, İstanbul, İzmir, Kırklareli, Kocaeli, Kütahya, Manisa, Muğla, Sakarya, Tekirdağ, Uşak and Yalova. The support is given to the holdings per head of the animal free of animal disease.

Support for the animal registry system: The aim of the support is to establish a functioning animal registry system. The support is given to the animals ear-tagged and registered to the TURKVET data system. Each animal benefit one time from the support..

Support for the animal vaccination services: The veterinarians who work privately in accordance with the provisions of the Law on Veterinary Services No 6343 which identifies the services and works of Veterinarians and the Union of Veterinarians and the contracted health technicians are the beneficiaries of this support. They apply the vaccination programmes of MARA.

Support for the protection of animal genetic resources : The animal races determined for protection and improvement purposes are supported under this scheme per head of animal.

Support for Apiculture (Beekeeping): The support is given in three means; the licensed beekeepers (possess holding identity number from MARA) who have bought their queen bees from the holdings possessing the queen bee production permission from MARA are supported per queen bee they purchased. If the beekeepers are registered at the Beekeepers Association, the amount of the support per queen bee is two times higher than the non-registered ones.

The second support is given to the licensed beekeepers who possess at least 50 beehives (registered in district and provincial directorate of MARA) and sell their filtered honey to the licensed enterprises (possessing production permission and licence number). The support is paid per kg basis and is higher for the organized beekeepers.

The third support is paid to the beekeepers who buy and use *Bombus* bees for pollination per colony.

Support for Aquaculture: The producers possessing aquaculture production licence and registered to the NFRS can benefit from the support. The species under the support are seabass and sea bream, trout, bivalve and molluscs and new species (struegon, eel, cray fish, shrimp, turbot, striped bream, common sea bream, dentex, waker, two banded bream, corb, striped sea bream, brown mearge, wels, catfish and sea trout). The support is paid per kg of the fish they sell and on the basis of the invoice. The fish harvested and processed in the own establishments of the producers are also supported. In this case the producer has to own a working licence of the establishment and should apply to the MARA for the recording of the harvested products 5 days prior of the harvest. The organized producers are paid by higher support.

Support for the employment of veterinarians in animal origin enterprises: The objective of the support is to provide the production and treatment of animal origin products in line with hygiene rules to enable animal health, food safety and public health standards. The support is paid to the accredited veterinarians (who have participated in the training programme of the MARA and have received a certificate) who are employed in bovine/ovine, poultry, turkey, ostrich slaughterhouses by contractual agreements with the MARA. The implementation rules of the support are defined in Communiqué No 2005/26 published in OJ dated 25/05/2005 numbered 25825.

Support for Contractual Livestock Breeding: The objective of the support is to increase the income of people living in the East and South-East Anatolia by developing the livestock breeding which is the main income generating activity by encouraging the contractual livestock breeding and by preventing the slaughtering of the animals at unhealthy conditions. The support covers 28 provinces of these regions which are Adıyaman, Ağrı, Ardahan, Artvin, Batman, Bayburt, Bingöl, Bitlis, Diyarbakır, Elazığ, Erzincan, Erzurum, Gaziantep, Gümüşhane, Hakkari, Iğdır, Kars, Kahramanmaraş, Kilis, Malatya, Mardin, Muş, Siirt, Sivas, Şanlıurfa, Şırnak, Tunceli and Van. The support is given to the livestock breeders who are the members of the Agricultural Credit

Cooperatives and having contracts with them for livestock breeding. The animals should be slaughtered in the slaughterhouses of Meat and Fishery Institution of the MARA. The support is given per kg basis to the slaughtered animals in the Meat and Fishery Institution of the MARA. The implementation rules of the support are defined in Communiqué No 2007/20 published in OJ dated 10/02/2007 numbered 26430.

2.5.1.5. Agricultural insurance support scheme

The support is legally based on Agricultural Insurance Law No 2005/5363 dated 14/6/2005 (published in OJ dated 21/06/2005 numbered 25852). The aim of the scheme is to provide insurance for crops, animals, aquaculture and fishery products and constructions against natural disasters. The 50 % of the insurance bill of the farmer is paid by the government.

2.5.1.6. Environment support scheme (ÇATAK)

Donor: Worldbank

Period: 2005-2008

Funding: 7,14 million Euro

The Environmentally Based Agricultural Land Protection Programme (ÇATAK) has been put into effect in 2005 as one of the component of the Worldbank supported Agricultural Reform Implementation Project (ARIP). The legal basis of the programme is Soil Conservation and Land Use Law No 5403. The aim of the scheme is to reduce adverse effects of agricultural practices on environment, to prevent erosion, to sustain renewable natural resources, to protect the natural cover and the quality of soil and water in the vulnerable areas.

The By-law on Environmentally Based Agricultural Land Protection Programme (ÇATAK) was published in 2005 (OJ dated 15/11/2005 numbered 25994). The implementation started in pilot provinces Isparta, Kayseri, Kırşehir and Konya on 5,000 ha area.

Payments to be effected under the By-law are classified into three categories:

Category 1)

Erosion combat (embankment, fencing for protection, application of ideal tillage techniques (contour tillage) and/or leaving the land uncultivated for protection reasons)

Land improvement

Drainage

Stone collection

If the producer prefers to practice two or more of the above mentioned techniques in replacement of their current production practices they will be awarded an annual payment per ha for a total of 3 years.

Category 2)

- Practicing suitable irrigation techniques
- Controlled usage of pesticide, fertilizers and hormones.
- Usage of organic, green and barn fertilizers compost etc.
- Application of organic production and Good Agricultural Practices

If the producer prefers to practice two or more of the above mentioned techniques in addition to their current production practices, or in replacement of their current practices they will be awarded an annual payment per ha for a total of 3 years.

Category 3)

- Establishing permanent plant coverage,

- Improvement of existing or formulation of new grass meadows-pastures.
- Prevention of excessive grazing.
- Production of fodder plants

If the producer prefers to practice two or more of the above mentioned techniques in addition to their current production practices, or in replacement of their current practices they will be awarded an annual payment per ha for a total of 3 years.

The payments started in 2006, the expenditure depends on the ratio of producer applications, the total amount of funds allocated for the ÇATAK Programme is 7,14 million Euro.

In 2006, the implementation area of the programme was 1726 ha which corresponds to 35% of the total target area.

2.5.2. Rural development support schemes

2.5.2.1. Rural Development Investments Support Programme (RDISP)

Rural Development Investments Support Programme is a grant support programme aiming to encourage and support economic activity investments for storage, processing and packaging of agricultural products and investments for infrastructure facilities for the equity-based investment projects accompanied with design of individual or a group of agricultural producers in a rural area within the framework of the 2006-2010 Agricultural Strategy.

The implementation of the Programme was started in 2006 in 65 provinces other than the 16 provinces covered by the Village-Based Participatory Investment Programme and with the experienced gained under ARIP Village Based Participatory Investment Programme – to which it is complementary.

The Rural Development Investment support programme has the following objectives ;

- improvement of income and social standards in rural areas,
- providing the agriculture-industry integration,
- creation of alternative income sources,
- increase the effectiveness of existing rural development activities,
- improvement of infrastructure in rural areas,
- creation of entrepreneurial capacity,
- to build capacity for utilization of international resources particularly the EU funds.

The programme has two components;

One of them is the **economic activities investments** support which includes;

- new constructions for storage, processing and packing of agricultural products
- Investments concerning capacity increase or technology renewal of current facilities conducting activities on storage, processing and packing of agricultural products,
- Investments to complete unfinished investments on storage, processing and packing of agricultural products,
- Individual and group applications are accepted for building of greenhouses using alternative energy sources.
- Modern pressurised irrigation facilities.

The beneficiaries are natural persons who are registered in the National Farmer Registry System and other related registration systems and legal entities who are;

- a) partnerships, joint companies or ventures, unlimited and limited responsibility companies, joint-stock companies as defined in the Turkish Commercial Law No 6762,

b) foundations established in accordance with provisions of the Foundations Law No 2762 or the Turkish Civil Law No 4721

c) agricultural cooperatives and unions established in accordance with related laws and regulations
The legal entity should also be registered in the National Farmer Registry System and other related registration systems.

The total supported project amount is maximum 50.000 YTL for natural persons and 350.000 YTL (206 000 Euro) for legal entities. The public support amount is 50% of the total project.

The other component of the RDISP is **the agricultural infrastructure investment support** in which the improvement and development of the currently irrigation systems to change to pressurised irrigation are supported.

The beneficiaries are irrigation cooperatives, Sub-Governorships and the Unions for Village Services supply. The total project amount supported is maximum 400.000 YTL (235 000 Euro) and the public support is 75% of the total project.

In the current implementation of RDISP (Phase 3), there is also another component which includes support for the purchase of: new agricultural machines, new bailing and silage machines, pressured irrigation system and new cold storage transportation vehicles.

Table 57. Overview of RDISP projects and funding (Phase 1 and 2)

	Projects	Accepted Projects	Total project amount (million YTL)	Grant amount (Public) (million YTL)
PHASE I				
ECONOMIC	348	161	54,6	25,0
INFRASTRUCTURE	40	12	7,1	3,1
TOTAL	388	173	61,7	28,1
PHASE II				
ECONOMIC	646	525	188,3	79,5
INFRASTRUCTURE	493	276	21,6	10,4
TOTAL	1.139	801	209,9	89,9
TOTAL SUM	1.527	974	271,6	118,0

Source: MARA, GDOS

2.5.3. Rural infrastructure support

These projects are implemented by the Ministry of Interior Affairs.

2.5.3.1. Village Infrastructure Support Project (KOYDES)

The aim of the project is to provide healthy and adequate drinking water for villages without water or for villages having inadequate water supply and to raise the infrastructure for village roads. The budget allocations of villages are determined by taking into consideration the needs and socio-economic development level of provinces.

In KOYDES, the projects complying with regional development plans, provincial development plans, strategic plans, annual investment and work programmes are given priority.

Priority is given to settlements having high full time resident population and birth rate ratio, having potential for development and serving neighbour settlements and to the projects for group village roads and drinking water. The settlements which are perceived probably to lose population heavily or completely and the ones having less than 50 persons are not considered as priority areas.

In scope of KOYDES, appropriation is given to projects prepared for the improvement of village roads, village drinking water and to infrastructure projects prepared for the improvement of soil and small water resources.

In 2007, the total budget allocated for KOYDES is 2 billion YTL.

2.5.3.2. Municipality Infrastructure Support Project (BELDES)

The objective of the project is to remedy the lack of infrastructure in municipalities having a population of less than 10.000 and to improve the quality and standards of the municipalities regarding infrastructure services.

The support includes the financing of the municipalities with regard to investments on drinking water, road, improvement of facilities, maintenance, and the supply of the construction materials such as, iron, cement, pipe etc.

The proposed budget for 2007 is 300 million YTL.

2.6 AGRICULTURE AND RURAL DEVELOPMENT PROJECTS FUNDED BY INTERNATIONAL DONORS

2.6.1. ARIP Project : Village Based Participatory Investment Programme (VBPIP)

Donor: World Bank

Period of implementation: The Programme started in 2005 and two phases of call for proposals have been completed and the projects are contracted. The call for proposals of the third phase was in April 2007. The implementation of the programme will be completed by the end of 2008.

Funding amount: 39,7 million Euro

The *aim* of the scheme is to *increase income in rural areas and to raise social standards by conserving natural resources*. Programme activities target private and public agencies and individuals, who agree to fulfill the programme's conditions and improve the socio-economic conditions of disadvantaged regions. The programme targets also the capacity building with regard to project preparation and implementation for the further implementation of IPARD.

The programme has two components;

For ***Economic activities investment support***, the beneficiaries are private individuals who are farmers, who work for agribusiness enterprises or legal entities formed partnerships, joint companies or ventures, unlimited and limited responsibility companies, joint-stock companies as defined in the Turkish Commercial Code and the Civil Code, foundations established in accordance with provisions of the Foundations Law or the Civil Code and agricultural cooperatives and unions in accordance with related laws and regulations.

Beneficiaries should be registered with National Farmer Registry System and/or any other registry system of MARA.

Eligible investments are;

- new constructions for storage, processing and packing of agricultural products
- Investments concerning capacity increase or technology renewal of current facilities conducting activities on storage, processing and packing of agricultural products,

- Investments to complete unfinished investments on storage, processing and packing of agricultural products,
- Individual and group applications are accepted for building of greenhouses using alternative energy sources.

The total project cost for economic investments is max 50,000 YTL for single applicants and 350,000 YTL for group application.

For economic activities investment projects the public sector covers 50% of the total project cost.

The project is operational in the following provinces; Çanakkale, Denizli, Bolu, Konya, Karaman, Burdur, Hatay, Niğde, Tokat, Artvin, Gümüşhane, Rize, Ardahan, Malatya, Adiyaman, Batman.

For **agricultural infrastructure investment support**, the beneficiaries are District governor's offices and Unions for Village Services supply. The Projects include renovation of irrigation systems. This component is implemented in: Ardahan, Artvin, Bolu, Burdur, Çanakkale, Denizli, Gümüşhane, Hatay, Karaman, Konya, Niğde, Rize and Tokat.

For infrastructure investments the total project cost is max 400,000 YTL. For agricultural infrastructure investment projects the public grant covers 75% of the project costs.

In the current implementation of ARIP VBPIP (Phase 3), there is also another component which includes support for the purchase of; new agricultural machines, new bailing and silage machines, pressured irrigation system and new cold storage transportation vehicles.

The project was implemented in two phases and the third phase applications has been started in April 2007. The investment subjects has been changed with regard to developments in each implementation phase.

In phase 1, the following investments have been supported under the economic investment component;

- Storage and drying of maize
- Milk collection, drying and processing
- Storage, processing and packing of fruit and vegetables
- Building of greenhouses using alternative energy sources
- Meat processing (Hatay, Malatya, Bolu), legume processing and packing (Denizli), processing and packing of bee products (other provinces)

The infrastructure component was composed of : village road, village drinking water, sewage systems and irrigation facilities.

In phase 2: the economic investment components were extended to;

- Investments concerning storage, processing, packing of agricultural products
- Building of greenhouse using geothermal, sun, wind etc energy sources.

The infrastructure component was composed of the same investments as the Phase 1.

Table 58. Overview: ARIP projects accepted for funding until Sept 30, 2006

	Projects [number]	Total project costs m YTL	ARIP grant (Public) contribution mYTL
Phase I			
Economic investments	53	16,6	6,5
Infrastructure investments	106	13,4	9,8
Total	159	30,0	16,3
Phase II			
Economic investments	76	23,2	10,3
Infrastructure investments	47	9,3	6,8
Total	123	32,6	17,1
Total Phases I & II			
Economic investments	129	39,8	16,8
Infrastructure investments	153	22,7	16,6
Total	282	62,6	33,4

Source: MARA

2.6.2. Eastern Anatolia Development Programme (EADP-DAKP)

Donor: EU

Period : 2004-2007

Funding: 45 Million Euro (including technical assistance)

The Eastern Anatolia Development Programme is a regional development Programme that aims at capacity building for sustainable development through the implementation of innovative and participatory regional policy and planning approaches. The Programme is implemented in the provinces of Bitlis, Hakkari, Muş and Van. The Programme consists of various targeted interventions, in 4 different grant scheme components with different allocations:

- Agriculture and Rural Development – 15,6 MEuro,
- Small and Medium Sized Enterprises – 8,5 MEuro,
- Tourism and Environment - 7,5 MEuro and
- Social Development – 1,9 MEuro.

The overall objective of the Programme is to assist in the reduction of regional disparities and to develop local skills and capacities, thereby enabling a continuation of activities after its end, and improving income levels. By complementing the regional development plan, EADP is expected to improve the economic and social conditions of the people living in the selected provinces, and stimulate self-help initiatives at local level. The administration of the scheme is the same one for all the components and follows the EU Decentralized Implementation System.

The State Planning Organization (SPO) is the beneficiary of the Programme and is responsible for the technical implementation of the Programme and co-ordinates the monitoring of the grants awarded.

The EADP has four components: Agriculture and rural development, support to small and medium sized enterprises, tourism and environment and social development.

For all components of the EADP totally 716 projects were submitted and the evaluation was completed in August 2006 and the contracts were signed in September 2006. Then, the implementations have started. Among these projects, 148 are for Agriculture and Rural development, 68 for SMEs, 49 for Tourism and Environment and 44 projects are for Social Development components. In the programme, the total grant amount was Euro 33.5 million and 87% (Euro 29 Million) of the total grant amount was contracted.

a) Agriculture and Rural Development Component

The overall objectives of the Agriculture and Rural Development component is to contribute towards improving rural people and organizations capacity (skills and knowledge), and increasing the income of farmers, rural communities, and agricultural/rural organizations in the Programme area. The specific objectives are capacity building, investment projects and activities in the areas of:

- Improving farmer (men and women) agricultural practices, skills and knowledge.
- Increasing agricultural productivity, livestock/crop quality and yields.
- Improving livelihood diversification through new income generation activities.
- Improving livestock and grazing land husbandry and management.
- Increasing environmental awareness, and improved rural natural resources management.

Eligible applicants are: Farmer groups formed by agricultural producers registered with the Ministry of Agriculture and Rural Affairs (MARA), the National Farmers Registry System (NFRS) or registered with Chamber of Agriculture Farm Registration document, non-profit making legal persons (Non-governmental organizations, local authorities and their unions, labour unions, public servants' unions, employer unions and confederations of these unions: chambers of industry, commerce, agriculture and similar professional chambers and associations; foundations, Universities, non-profit training institutions, vocational schools, agricultural cooperatives and rural service unions.

To meet the overall and specific objectives of the component, eight project sectors are identified for project submission;

Table 59. Project sectors

Sector No.	Project Sector
1	Ruminant livestock quality and health, forage production, and grassland pasture use and management improvement projects.
2	Field crops quality and yield improvement projects.
3	Vegetable crops quality and yield improvement projects.
4	Fruit trees quality and yield improvement projects.
5	Soil and water protection and/or conservation projects.
6	Village small scale rural infrastructure projects.
7	Food processing &/or marketing improvement projects at farm or village level.
8	Agricultural diversification/new rural income generation projects at farm or village level.

The overall indicative amount made available under the project is Euro 15,6 million. The minimum and maximum amount brackets are Euro 20.000-250.000 for capacity building projects and Euro 10.000-100.000 for investment projects.

Capacity Building activities include:

- Training (in agriculture and livestock farming practices, marketing of produce, etc.)
- Development of institutional or organisational capacity, strengthening collective working
- Provision of information and consultancy support
- Dissemination of best practice
- Demonstration activities
- Generic marketing of regional produce (i.e. does not include marketing of individual products)

Investment activities include:

- Ruminant livestock
- Equipment, machinery, tools, and furniture
- Building refurbishment or extension
- Greenhouses
- Infrastructure items such as irrigation equipment and water pipes
- Field drainage material
- Seeds, saplings, fertiliser, and other crop items
- Fencing material and gates
- Veterinary products, forage, and other livestock items.

b) Support to Small and Medium Sized Enterprises

The specific objectives envisaged for the SMEs component are to assist existing businesses to modernize and improve their production, the quality of output, and their marketing strategies and to expand employment. Total budget of SME Grant Scheme is Euro 8,5 M. Any grant awarded under this Programme must fall between Euro 10.000-100.000. The beneficiary co-finances at least 50% of the costs.

Eligible actions are those that target investments in production and services, which generate sustainable profits and permanent and viable jobs, or activities related to such investments including:

- Direct investments in production (and any activities related to such investments), in tangible or intangible assets, directly related to the implementation of the project (e.g. purchase and installation of equipment, purchase of patents and licenses);
- Investments for establishing or developing services;
- Investments to support marketing and export promotion;
- Innovation and transfer of new technologies;
- Introduction of quality assurance systems.

c) Tourism and Environment Component (T&E)

The specific objectives of the Tourism and Environment component are to improve environmental quality, cultural and historical heritage and increase tourism income. The priority areas also include the conservation and improvement of bio-diversity, of the treatment of various pollution and health hazards, of management of the environment and of increasing environmental awareness.

Eligible applicants are: Non-Governmental Organizations, Local Authorities and their Unions, Universities, Provincial Directorates, etc. National and international organizations are eligible as long as all project activities are implemented in the Programme region and they are registered in one of the eligible countries/states. Total budget of T&E Grant Scheme is Euro 7,5 M. Any grant awarded under this Programme must fall between Euro 10.000-300.000.

T&E grant scheme is restricted to projects directly related to the Tourism and Environment sectors. However, projects or proposals which are primarily linked to Tourism or Environment and demonstrate cross sectorial activities such as reforestation to alleviate soil erosion, improve handicrafts as an income generating activity etc. should involve compliance with the objectives of other components (Agriculture, SMEs and Social).

The priority areas of the T&E grant scheme are;

Environment: Projects focusing on conserve and increasing bio-diversity, improve treatment of various pollution and health hazards, improve management of the environment, increase environmental awareness.

Tourism: Projects focusing on restoring/conserving various graveyards, monuments, artefacts, mosques, churches and other historical and natural values or scenery and landscape, improving accessibility and surroundings of the same, increasing tourism demand and supply, improving tourism sector analysis and database or supporting regional tourism brand, improve business and other skills in tourism and environment sector.

2.6.3. Southeastern Anatolia Project (GAP)

Donors:, EU, UNDP, World bank, cooperation with International Organisations and other countries

Total Funding: 39,3 Billion YTL (22 Billion Euro)

Period: 1989-2010

Southeastern Anatolia Project (GAP) covers about 10% of surface area and population of Turkey. It is based on the development of land and water resources as well as general socio-economical development and integrated sustainable human resource development.

In 1989 GAP Master Plan was prepared and since then the project has been targeting to complete socio-economical development in the region including investment in the urban, agricultural and rural infrastructure, transportation, industry, education, health, housing, tourism and gender issues.

In 2002, GAP Master Plan was revised as a Regional Development Plan.

Objectives:

- Increase the investment in the region that will allow development of economical conditions,
- Health and education services should be improved,
- New employment opportunities should be developed,
- Improvement of quality of life in urban areas,

- Improvement of rural infrastructure for development of sustainable irrigation,
- Improvement of transportation within and among the regions,
- Providing infrastructure for existing and future industries,
- Protection of water, soil, air and related eco-systems.

Within the GAP project concept, a number of micro study and pilot projects have been undertaken by GAP-Regional Development Administration (RDA). These projects are conducted for the education, organization, and income generation for rural population under the overall co-ordination of GAP-RDA, with the contribution and participation of governorships, municipalities, NGOs, EU and international organizations.

Total expenditure within the context of GAP until the end of 2006 is 23,3 billion YTL(13 billion Euro) which corresponds to 59.3% of the total project cost including all sectors with the project as agriculture, energy, transportation, irrigation, education, health and other public services.

GAP PROJECTS WITH REGARD TO RURAL DEVELOPMENT

- Income Generating Activities in the Non-Irrigated Areas:

2007 BUDGET: 911 000 YTL (510.000 Euro)

The increase of revenue within the irrigated regions of GAP causes a regional revenue imbalance with the other non-irrigated regions of GAP. To eliminate this diversity, it is necessary to provide an equal development through the integration of all the community segments with the development process within the project area, in the means of sustainable development by increasing the rural production and employment opportunities in the non-irrigated area.

The project supported a total number of 3707 farmers with demonstrative mushroom culture, establishment of demonstrative orchards, bee keeping, sericulture, water products, poultry and improvement of pasture.

- Afforestation and Erosion Control

2007 BUDGET : 122 000 YTL (68 000 Euro)

Objectives:

The project consists of four objectives:

- Protection and improvement of forestry resources by increasing productivity and ensuring sustainability
- Endemic plants in the area to be covered under the dam lake shall be collected and transferred to the determined centres.
- Protection and improvement of range land
- Improvement of micro river basins which support Atatürk Dam, to avoid sediment accumulation.

In the framework of the project, 1.157.854 nurseries have been distributed and approximately 958 ha area have been afforested until 2007 in the GAP provinces.

- Multi-Purpose Community Centres (CATOM)

BUDGET : 246.000 YTL (137 000 Euro)

Multi-Purpose Community Centres (CATOM) are centres for women that have been established in squatter settlements of urban areas and centrally located villages of the GAP Region. These centres provide women training services on literacy, home economics and nutrition, health and hygiene, family planning, maternal and child health, income generation activities etc. In addition to training services, CATOMs undertake women entrepreneurship development programmes, organization of social and cultural activities, early-childhood development programmes and humanitarian aids programmes.

The objectives of CATOMs are;

- improve social and economic development of women,
- to increase participation of women into productive employment,
- to develop awareness about gender balance development and education of women,
- to encourage the participation of women into public domain and development process. The ultimate objective of the project is to increase the status of women and to ensure gender balance development.

The project is undertaken in cooperation with governors, civil society organizations and international organizations. The programmes are planned and implemented by the participation of local communities and participant women. The CATOMs at local level are managed by the participation of women. CATOM committees are formed by the elected representatives of participant women.

The project was initiated in 1995 with the establishment of two CATOMs (one in a village and other in a squatter settlement of Sanliurfa province), and currently there are 29 CATOMs in the nine provinces of the GAP Region. Through CATOM programmes, more than 125.000 people have been reached in the region.

- EU-GAP Regional Development Programme (2002-2007)

EU-GAP Regional Development Programs came into force on 7 December 2001 and the financing contract was signed between: Undersecretariat of Treasury, GAP-RDA and EU.

The programme intends to improve economic and social conditions of the people living in the region, to contribute to the steady economic growth, to reduce the regional inequalities and to increase the employment capacity and productivity of the region.

The programme has an implementation period of 5 years from 2002. Total financing is 46,8 Million Euro to be distributed through three grant schemes.

1- Cultural Heritage Development Project (CHD)

The project targets to protect and develop historical-cultural properties without any damage to their original fabric and together with people living in or near-by and to contribute to the economic status of local people.

The total budget of the project is 15 million Euros of which 3 million Euros is allocated for administrative cost.

The CHD project has 3 targets;

Training: 250 persons from different groups in the region are to be trained on project development to the EC standards,

Projects: A total fund of 12 million Euros is allocated to value-added and employment-creating projects developed in the fields of cultural heritage and culture tourism,

Integrated Strategic Action Plan: Participatory preparation and adoption of an "Integrated Strategic Action Plan for Cultural Heritage" to provide a framework for all future policies, plans, programmes and budgets related to the development of cultural heritage and culture tourism in the region.

Implementation: In the region 281 persons have been trained in order to develop projects in conformity with the relevant Community Standards. The Integrated Strategic Action Plan for Cultural Heritage has been prepared and approved in December 2006. Regarding the projects, the call for application was launched in March 2004 and totally 121 projects have applied and 32 of them have been contracted in July 2005.

2- SME Development in GAP Region (GAP-GIDEM Project)

The overall objective of the project is to contribute to the economic development in the GAP Region by increasing the competitiveness of the SMEs operating in the Region. More specifically, the project aims at improving entrepreneurial, operational and managerial capacities of SMEs in the GAP Region. Moreover, an increase in sales and export performances as well as an increase in employment and efficiency are among the main priorities of the project.

Total project budget is 7.6 million Euros.

GIDEM services are provided by GIDEM Offices located in Adıyaman, Diyarbakır, Mardin and Şanlıurfa. Requests from Batman, Siirt and Şırnak are treated via these offices. SMEs and NGOs in GAP Region especially in Adıyaman, Diyarbakır, Mardin and Şanlıurfa are the beneficiaries.

GIDEM offices provide information, training and consultancy services. Together with the business development services, all GIDEM offices are involved with the local economic development activities which are called "opportunity windows".

3- Rural Development Project

The aim of the project is to improve living conditions of the local population in the rural environment of Southeastern region of Turkey. There are two main objectives of the project:

- Promote and support the Grant Scheme projects for them to run successful and sustainable activities
- Develop capacity in the region.

Total budget is 24,2 million Euro of which 4,2 million Euro is allocated for the monitoring and evaluation of the projects. The project supports the following activities:

- Improving the income of beneficiary farmers and rural SMEs
- Improving the quality of farm and agro-industry products through improved processing and marketing
- Diversification of non-farm activities
- Creating/maintaining employment
- Improved usage of production factors
- Reorientation of farming and rural SME activities
- Promoting handicraft activities
- Facilitating environmentally friendly farming and agro-industrial activities, maintaining/enhancing biodiversity
- Improving infrastructure connected with the development of agriculture, etc.

Profit and non-profit organization and establishment such as small and medium scale enterprises, non-governmental organizations, public agencies and universities can benefit from the project.

The call for applications and the evaluation of the projects have been completed and the implementation of the projects will continue until November 2007. Totally 84 projects have been implemented and 17 of them is on diary farming, 1 on livestock farming, 2 on artificial insemination, 12 on sheep and goat breeding, 8 on beekeeping, 29 for plant production, 10 on food processing and equipment supply, 3 on sericulture and carpet production and 2 for rural development multipurpose projects.

The projects are classified according to the grant amount as follow;

Small scale projects 20.000-50.000 Euro

Medium Scale Projects 51.000-150.000 Euro

Large scale projects 151.000-250.000 Euro

2.6.4. Anatolia Watershed rehabilitation project

Donor: Worldbank

Total project cost: 36,5 million Euro

Period: 2004 -2012

The aim of the project is to provide the management of natural resources and participatory planning by adoption of environment-friendly agricultural and forestry activities and by increasing institutional capacity and public awareness. The objectives of the project are:

- Improving the management of pastures, rehabilitation of pasture and forest areas,
- enhancing the vegetation of those areas,
- increasing the production of fodder crops,
- reducing fallowed lands
- adopting environment-friendly and
- reduction of the pollution caused by agricultural techniques.

The project targets totally 28 micro water- basins areas of the rivers Yeşilirmak and Kızılırmak including the provinces Samsun, Amasya, Tokat, Çorum, Sivas and Kayseri.

Local people have been assisted for some family income increasing activities including expanding the scope of small-scale irrigation, terracing dry lands, horticulture and apiculture and improving local husbandry. Besides this, necessary measures will be taken to evaluate and prevent the water pollution in water flowing to the Black Sea.

The activities includes; fallow reduction, pasture rehabilitation, demonstration, production of foddercrops in irrigated land, beekeeping and orchards in dry area, correct use of marginal agricultural area, afforestation.

The project activities were started in 2005 in 5 micro water basins and continued in 2006 in the same area.

2.6.5. The IFAD projects

2.6.5.1. Already completed IFAD projects

- Erzurum Rural Development Project (1982-1989)

Total Budget; 110 million Euro

The objective was to improve the productive capacity and living conditions of the area's with the poorest population, mainly small-scale, mixed-crop and livestock farmers and their families. With the implementation of the project, an intensive programme of agricultural extension and field demonstrations were presented to farmers to familiarise them with improved rural technology.

Project activities included plant protection, veterinary and irrigation services, a pilot high-altitude pasture demonstration, field tests and crop adaptation trials. The project reinforced the capacity of the provincial agency for plant disease control, and it equipped the regional agricultural research institute for production of original seed.

Activities promoted a shift in the strategy of animal health and breeding services from control to prevention of disease. The project supported credit for small-scale farmers to enable them to utilize new technical packages and initiate activities such as apiculture and milk collecting. It supported improvements in irrigation schemes, roads and water supply systems, and it included support for improved training.

Elsewhere, an effective extension service was established. This has led to an increase between 8% and 62% in the yield of different plants. This can most likely not directly and exclusively linked to the project, please delete The project was implemented in 1046 villages of Erzurum addressing totally 76,000 families engaged in agriculture.

- Bingöl-Muş Rural Development Project (1990-1999)

Total budget; 42 million Euro

The project had the aim of improving the production capacity and living standards of the poorest rural population in these two provinces. The objectives were to:

- increase agricultural production and reduce poverty in the least-developed areas,

- improve the rural employment opportunities and encourage individual and group initiatives among small-scale farmers and their households,
- improve the living standards of farmers and their families especially women.

Activities included support for the establishment of small-scale irrigation schemes and improved rural water supply and village roads. The project reorganized agricultural extension services and built village group centres. It promoted technical packages and improved livestock husbandry practices by intensive sheep production.

Activities supported livestock development, rehabilitation of forestland and agricultural credit. The project also supported income-generating activities, especially for women including apiculture and traditional carpet production, (180 carpet production and 580 apiculture units were established). Moreover, sheep breeding farms in mountainous areas were converted into intensive farming. The project has addressed to 35,000 households in the region.

- Yozgat Rural Development Project (1991-2001)

Total Budget; 32,80 million Euro

The aim of the project was to increase the income and the living standards of farmers through enhancing rural infrastructure and increasing productivity on animal and plant production. Its objective was to enable the poorest rural population to use available natural resources to produce sustainable improvements in their living conditions. The project targeted the poorest rural people in the area. The project installed/upgraded rural water supplies, improved roads, developed irrigation and supported the creation of water users' groups. To increase production of rain-fed crops it provided support for applied research, extension and technical assistance. It also supported improvements in the livestock and forestry sectors.

Women were the focus of support for initiatives to develop income-generating activities such as bee-keeping, sericulture and weaving. The project was implemented in the 640 villages of the Province addressing 30,000 households.

Between the years 1990-97, the population decrease of the rural areas of the province was below the country's average level which was 0.14% and 0, 69% respectively. The province's added value to GDP rose between 1990 and 1999 from level 52 to 57. Moreover the GDP ranking of the province rose from 65 to 67.

- Ordu-Giresun Rural Development Project (2000-2006):

Total Budget; 41.5 million Euro

It was aimed to increase the incomes and the life standards of those living in the provinces of Ordu and Giresun through utilization of natural resources in a sustainable manner. For this purpose, activities relevant to improving agricultural and income-providing activities, forestry, rural infrastructure, agricultural credit and institutional structures were to be implemented.

The programming of the activities began at the village level with the preparations of Village Development Plans. A participatory rural development approach was used because farmers' participation was considered essential for the success of the project. The objectives are:

- to enhance the fodder crop production and utilization which would be supported by the extension activities including advance technical and management applications in order to increase the productivity in agricultural production, animal husbandry and plant production, (cattle and sheep keeping, milk production, apiculture)
- to take the steps of supporting the forestry by afforestation and the communities in forestry areas by way of erosion control and meadow management.
- water systems of villages were to be improved by constructing village roads, installing small-sized irrigation systems and training villagers on water management.

The village development plans of the 140 villages in the province of Ordu and 140 villages in the province of Giresun were completed and the projects were implemented.

The project was conceived with a view to developing farmers' physical environment and raising their incomes by creating new and income generating activities. To this end, activities such as improving the infrastructure, trainings relevant to animal husbandry, forestry and plant diversification were implemented.

There have been marked improvements in infrastructure, in the afforestation and in credit use in the area. Within this framework, credits with low interest rates (for plant, livestock or fruit productions) have been used by the farmers. In Ordu 688 families benefited from credits totalling 1,62 million Euro thus creating employment for approximately 3200 people.

Another important activity that has been carried out in Ordu was the development of kiwi production. The farmers were trained in protection methods. The storage facilities were established and kiwi production became an alternative to traditional hazelnut growing since the income it generated was higher.

Animal breeding activities were improved by artificial insemination. In the framework of the project, the Farmer Training Centre in Ordu has been constructed and farmers have been trained relevant to new farming methods and technologies.

The special characteristics of the project is that for the first time the activities were programmed after the preparation of Village Development Plans hence farmers were able to follow the activities through the committees of village development.

The programme was implemented through participatory methods and farmers' participation has been essential. In all agricultural activities, the participation of farmers has been 20-40% relevant to shaping decisions and implementation, which improved the sustainability of the project.

2.6.5.2. Ongoing IFAD Projects

- Sivas-Erzincan Development Project (2005-2012)

Total Budget: 24 million Euro

The projects aims at supporting small family enterprises and improving social and agricultural infrastructure and rural living standards for the increase of agricultural productivity and income level in the less developed areas in Sivas and Erzincan.

The project will be implemented in the poorest 200 villages according to the designated criteria in the application stage and about 2000 people will be included in the project. The objectives of the project are:

- Increasing the agricultural productivity and income level of the poor in the less developed regions of Sivas and Erzincan,
- Extension of rural employment opportunities and supporting individual/group initiatives in small family enterprises,
- Improvement of the social and productive infrastructure,
- Empowerment of the poor,
- Improvement of the living standards of the poor
- Institution building.

The project components are :

- Community and Cooperative Development which includes; improvement of institutional capacity, development of cooperatives and training of village cooperatives' managers and establishment of community and cooperative enterprise fund
- Agricultural Development which includes; improvement of crop production and agricultural forestry and livestock production
- Project Management and Support

The project activities have been implemented within the framework of village development plans prepared in 200 poor villages 120 of which are from Sivas and 80 from Erzincan.

- Diyarbakir- Siirt- Batman Development Project (2006-2011)

Total cost: 30 million Euro

The aim of the project is to improve the economic and social status of poor rural population in the provinces of Diyarbakir, Batman and Siirt in line with Turkey's national strategy for poverty reduction. Specific objectives are to:

- improve economic efficiencies and the quality of life in poor rural villages in the programme area based on current production and employment patterns;
- diversify income sources and increase employment through the establishment of new and expansion of existing profitable rural businesses, both on- and off-farm; and
- optimise the employability of members of the Programme's target groups through support to the enhancement of individual and organisational skills necessary to achieve objectives stated above.

To achieve its objectives the programme would be organised under three components, namely: (i) Village Improvement Programme; (ii) Rural Economic Growth; and (iii) Individual and Institutional Capacity Building for Rural Poverty Reduction.

The project is approved by the IFAD Executive Board but not effective yet.

2.7 LESSONS LEARNED FROM PREVIOUS AND CURRENT PROGRAMMES AND PROJECTS IN THE AREA OF AGRICULTURAL AND RURAL DEVELOPMENT

In this section the main results of previous programmes undertaken with Community funding and other bilateral and multilateral assistance are reviewed.

Until recently the rural development issue has been treated within the context of overall development policy. Development plans prepared under the coordination of the State Planning Organization (SPO) have hitherto been the principal reference for rural development initiatives. The three-year rolling Medium-Term Programme (first prepared for the years 2006-2008), annual programmes and annual investment programmes are up until now the main means for the implementation of the development plans.

The main activities towards rural development have been the implementation of integrated rural development projects, regional development plans together with sectorial implementations which mainly aimed at improving rural and agricultural infrastructure, increasing agricultural production, rendering health and education services more performing and consequently boosting the income and welfare of the rural community.

After the introduction of the planning process in 1960's with the first National Development Plan, the implementation of "rural development projects" was launched in various provinces and regions of the Country. These projects/programmes were mostly targeting better utilization of natural resources (such as water with irrigation projects) and eliminating regional socio-economic disparities. Actions conducted were overhauling the infrastructure, improving the crop and animal production, increasing the income of the population, protecting environment and rural heritage and organising various local activities to contribute to rural development. It is only recently that diversification of economic activities in rural areas has also been introduced in the scope of Rural Development through EU funded projects.

Various international donors have contributed in the past to these projects: World Bank (WB), Organisation of the Petroleum Exporting Countries (OPEC), United Nations Food and Agriculture Organisation (FAO), International Fund for Agricultural Development (IFAD), United Nations Development Programme (UNDP), Islamic Development Bank (IDB), Japan International Cooperation Agency (JICA), European Union (EU), etc. The first rural development project was "Çorum-Çankırı Rural Development Project" supported by World Bank and IFAD and started in 1972. After this project, various rural development projects supported by IFAD were implemented, followed by other donors.

The practice of evaluating programmes has been introduced quite recently in Turkey and is neither systematic nor done with the same criteria, since each evaluations, especially those which include international funding, follow the internal rules of the donor organization. This implies that it is quite difficult to have an overall picture that integrates the experience obtained from past programmes in a straightforward set of indications.

The most often indicated lessons are either of a bureaucratic nature (slow flow of funds, delays) or of a governance nature (too much centralisation, little ownership of projects by beneficiaries).

The most obvious differences between the IPARD approach and these projects are:

- rural development projects are mostly sectorial and focused on increasing income of the poor with small farms through higher levels of productivity in farming and by employing improved technologies; there is little or no emphasis on food safety issues and there is no acknowledgement of the fact that the diversification of the rural economy could provide complementary solutions to the objective of alleviating poverty;
- the focus, from a territorial point of view, is regional and regions are selected on the basis of extreme poverty criteria. The problem of rural-urban disparities in the context of present out-migration of agricultural labour and its consequences on farming practices is not taken into consideration.

2.7.1. ARIP Project : Village Based Participatory Investment Programme (VBPIP)

The most important lesson learned through ARIP relates to administration and management. For example between the first and second phase of applications for support in the Village Based Participatory Investment Programme there was a substantial improvement in the quality of applications. This was attributed to the fact that, prior to the issuing the second invitation for proposals, a user friendly version of the Application Book (including Guidelines, Grant Agreement, Grant Protocol and application forms) was prepared and printed in 8,500 copies distributed to the Provincial Directorates of MARA.

For the implementation of the 3rd phase it was decided to:

- improve local information and advisory activities for potential VBPIP beneficiaries and more training activities to be organized.
- do a further simplification of VBPIP application forms and procedures.

ARIP has also seen the necessity to enlarge its range of financed actions, including the theme of economic investments in its second phase, while earlier limited to five investment subjects in the first phase of the programme.

Finally, experience accumulated with ARIP in the animation of local actors could prove extremely useful for the implementation of the LEADER approach, especially in the areas selected for the preparatory actions which coincide with those selected for the ARIP implementation. In the National Rural Development Programme under preparation, the ARIP project is part of the implementation of the priority objective for capacity building in local development strategies.

The ARIP project has objectives of capacity building that are related to those of Axis 2, aiming at the promotion of local development strategies. However, the method and the practice for achieving the capacity building are quite different. Preparatory actions to be implemented with IPARD by using the Leader approach have different characteristics from ARIP, the main one being the establishment of a public-private partnership (as Local Action Groups), which defines a strategy not for individual actions in a specific sector but for multi-sectorial and integrated actions, to be implemented over a period of time.

Networking activities and the possibility of allocating funding according to local priorities are also not present in ARIP.

Nevertheless, the experience accumulated by ARIP will prove very precious for IPARD, and has been used during the preparation of the programme.

2.7.2. Eastern Anatolia Development Programme (EADP-DAKP)

Experience accumulated through EADP and other currently executing projects point out toward:

- the importance of providing adequate assistance at the preparation stage not only with the formalities, but also in developing project concepts and monitoring support during implementation
- the complicated application procedures' limiting effect on the accessibility of the EU funded grant schemes
- the regrettable amount of time lost from the signature of the Financial Memorandum to the preparation and endorsement of the Guidelines for Applicants. Given the finite time period for contracting, the effect has often been to reduce the available time for implementation.
- the difficulties of coordination and synergy between the programmes, and between implementing agencies involved in multi-component, 'integrated' rural development, pushing for future simplification of implementation design
- finally, the sustainability of projects financed should also be a key to their selection.

2.7.3. Southeastern Anatolia Project (GAP)

After the preparation of the GAP Master Plan, it becomes a multi-sectoral project targeting the complete socio-economical development in the region including investment in the urban, agricultural and rural infrastructure, transportation, industry, education, health, housing, tourism and gender issues. In 2002, GAP Master Plan was revised as a Regional Development Plan.

During the IPARD programming process, the Managing Authority has used the wide-range of experience accumulated through the GAP project for the design of its diversification measure, notably:

- Income Generating Activities in the Non-Irrigated Areas, including demonstrative mushroom culture, establishment of demonstrative orchards, bee keeping, sericulture, water products, poultry and improvement of pasture
- Afforestation and Erosion Control, engaged into nursery plants delivery and afforestation activities
- Multi-Purpose Community Centres (CATOM), to improve social and economic of women and their participation in productive employment

EU-GAP Regional Development Programme (2002-2007), implementing assistance to regional development through 3 grant schemes:

- Cultural Heritage Development Project (CHD)
- SME Development in GAP Region (GAP-GIDEM Project)
- Rural Development Project, targeting income improvement, quality of farm and agro-industry products improvement through improved processing and marketing, diversification of non-farm activities, promotion of handicrafts activities, environment protection and infrastructure upgrade

2.7.4. The IFAD Projects

Various rural development projects supported by IFAD have been implemented as mentioned in section 2.6.5.

The objective of these projects is to improve the productive capacity and living conditions of the area's poorest people, mainly subsistence farmers and their families, through:

- increasing agricultural production in the least-developed areas,
- improving of the rural employment opportunities and encouraging individual and group initiatives among small-scale farmers and their households,
- improving the living standards of farmers and their families especially women.
- IFAD project experience has highlighted the difficulties the poor face in accessing formal rural financial services. The high cost of commercial credit has greatly diminished the willingness and ability of farmers, especially small and poor farmers, to borrow from commercial sources. The result is that agriculture is further deprived of investment resources⁵⁰.

They have also pointed out the counter effects of lengthy and complex bureaucratic procedures acting as a constraint on the smooth and successful implementation of projects. Specific difficulties, experienced not only by IFAD but by other donors such as the World Bank, include:

- unacceptably long delays in declaring projects effective;
- slow rates of disbursement;
- difficulties in maintaining the flow of funds – including counterpart funds.

In some cases portfolio restructuring, partial loan cancellation or resource reallocation has been necessary, resulting in adjustments to loan agreements and project administration arrangements during the course of project implementation (Source: Country Strategic Opportunities Paper).

Future project designs should be explicit in specifying effective arrangements for the timely flow of funds for implementation as well as procedures for the procurement of goods and services⁵¹.

Finally, they have confirmed the need to avoid over-complexity in project design in order to minimise the need for inter-agency co-ordination, as IFAD integrated, area-based approach has proved difficult to implement in the Turkish context.

Furthermore, innovative solutions need to be found to encourage greater involvement of non-governmental organizations (NGOs) and community-based organizations (CBOs) not just as providers of project support services but also as proactive agents of social mobilization and change management.

⁵⁰ To compensate for the unwillingness of the country's major rural finance institution, the T.C. Ziraat Bankası A.Ş., to serve rural poor clients, the Government has established a number of subsidized lending instruments, including agricultural credit cooperatives and a forest village fund (known as the Orkoy Fund).

⁵¹ The national budget process continues to preclude access to development funds in the first quarter of a calendar year – a feature that has had substantial adverse repercussions to date on disbursements.

To facilitate the timely flow of funds and accelerate procurement activities a pilot initiative was initiated in 2005 under which UNDP acts under contract as a third party to facilitate administration of the IFAD-sponsored Sivas-Erzincan Rural Development Project. The appropriateness and effectiveness of this approach should become clear within the next year as the Project becomes operational.

2.8 COMPLEMENTARITY OF IPARD FINANCING AND OTHER FINANCING SCHEMES

2.8.1. The budgets of nation-wide agriculture and rural development schemes

The agriculture and rural development budget is allocated each year within the framework of the instruments defined in Agriculture Law and Agriculture Strategy (2006-2010) and the budget is proposed to the Ministry of Finance. In this framework the proposed budget for 2007 regarding the agriculture and rural development is totally 5, 233 billion YTL. The allocation of the funds for each instrument is shown in Table 62.

Table 60. Agricultural and rural development support budget for the year 2007⁵²

SUPPORT SCHEME	ALLOCATION Million YTL
DIRECT INCOME SUPPORT	2.565,0
DEFFICIENCY PAYMENTS	
SUPPORT FOR COTTON	700,9
SUPPORT FOR SUNFLOWER	185,8
SOYBEAN SUPPORT	4,9
CANOLA SUPPORT	5,4
MAIZE SUPPORT	239,5
OLIVE OIL SUPPORT	13,1
WHEAT SUPPORT	410,0
TEA SUPPORT	94,0
COMPENSATORY PAYMENTS	
SUPPORT FOR POTATO PAPILLOMA	20,0
ALTERNATIVE CROP SUPPORT (TOBACCO)	0,1
TEA TRIMMING COMPENSATION	56,0
ANIMAL HUSBANDRY SUPPORTS	
SUPPORT FOR PRODUCTION OF FODDER	245,9
EQUIPMENT AND MACHINE SUPPORT FOR FODDER PRODUCTION	9,5
SUPPORT FOR THE PRODUCTION OF CERTIFIED FODDER SEED	1,4
SUPPORT FOR THE PURCHASE OF PREGNANT HEIFER	4,2
SUPPORT FOR THE PURCHASE OF CALVES	74,5
SUPPORT FOR THE ARTIFICIAL INSEMINATION	36,3
MILK SUPPORT	161,8
SUPPORT FOR STABLE OR MOBILE MILKING UNITS AND COOLING TANKS + SUPPORT FOR THE FOSSEPTIC DIP	52,3
SUPPORT FOR SILKWORM	1,2
SUPPORT FOR MOHAIR (ANGORA WOOL)	1,3
SUPPORT FOR THE IMPROVEMENT OF OVINE ANIMAL BREEDING	31,8
SUPPORT FOR THE ESTABLISHMENT OF THE AREA FREE OF ANIMAL DISEASES	17,1
SUPPORT FOR THE ANIMAL REGISTRY SYSTEM	2,0
SUPPORT FOR THE ANIMAL VACCINATION SERVICES	2,1

⁵² The proposed budget for 2007

SUPPORT FOR THE PROTECTION OF ANIMAL GENETIC RESOURCES	2,3
SUPPORT FOR APICULTURE (BEEKEEPING)	27,5
SUPPORT FOR AQUACULTURE	23,4
SUPPORT FOR THE EMPLOYMENT OF VETERINARIAN IN ANIMAL ORIGIN ENTERPRISES	2,7
MEAT SUPPORT	12,7
AGRICULTURAL INSURANCE SUPPORT	
SUPPORT FOR VEGETABLE PRODUCT INSURANCE	17,0
SUPPORT FOR MILK COW INSURANCE	22,7
SUPPORT FOR HOTHOUSE INSURANCE	5,1
SUPPORT FOR POULTRY INSURANCE	0,8
SURPLUS DAMAGE SUPPORT	0,003
SUPPORT FOR OTHER AGRICULTURAL INSURANCES	4,4
ENVIRONMENT SUPPORT SCHEME (ÇATAK) (ARIP)	2,5
RURAL DEVELOPMENT SUPPORTS	
VILLAGE BASED PARTICIPATORY INVESTMENT PROGRAMME (ARIP)	25,9
RURAL DEVELOPMENT INVESTMENTS SUPPORT PROGRAMMEME	90,0
SUPPORT FOR THE USE OF CERTIFIED SEED	30,0
SUPPORT FOR THE USE OF CERTIFIED SAPLING	20,0
INSTITUTIONAL CAPACITY DEVELOPMENT SUPPORT (IRFO) (ARIP)	4,5
RESEARCH-DEVELOPMENT (R&D) SUPPORTS	5,0
	5.233,0

Source: MARA

The realisation figures (expenditure) for the agriculture and rural development budget is given in Table 63 below;

Table 61. Agricultural Support Payments(1) (Current Prices, Million YTL)

Agricultural Support Payments (1)		(Current Prices, Million YTL)			
	2002	2003	2004	2005	2006(2)
Direct Income Support	1877	2530	2480	2352	2670
Livestock Payments	75	126	209	345	660
Agricultural Reform Application Project (3)	84	51	31	3	30
Premium Support Payments (4)	200	269	294	650	950
Premium on Tea and Trimming Support	0	39	70	113	150
Agricultural Crops Insurance	0	0	0	0	20
Certificated Seed/Milk Support	0	0	0	0	15
Alternative Crop Support (Potatoes)	0	0	0	8	15
Grants for Rural Development	0	0	0	0	50
Fertilizer Support	0	0	0	0	0
Wheat Support	0	0	0	209	315
TOTAL	2276	3015	3084	3680	4875

(1) Payments made from the budget of Ministry of Agriculture and Rural Affairs

(2) Estimated expenditure

(3) All payments in 2002 were for tobacco, in 2004 payments 4 million YTL was for sugar beet.

(4) Payments are made for cotton, olive oil, sunflower, soybeans, canola and corn.

Source: SPO

2.8.2. Budget for nation-wide rural development schemes similar to IPARD

Among the currently active rural development financing schemes described in details in the above sections, the ARIP VBPIP and RDISP can be considered to have a magnitude both in scope and in geographical extension similar to IPARD.

The following budget figures are given to address the issue of additionality of IPARD financing over pre-existing financing lines:

The total public contribution for these two programmes is totally 152.4 million YLT (87 million Euro), for the totally 1256 contracted projects (See Table 64 and Table 65). When the investments types of the project are considered, the IPARD similar investments which are processing and marketing of animal products and aquaculture products, their share corresponds to 20.3% of the total projects.

Table 62. The budget figures of the VBPIP and RDISP by provincial bases to address the issue of additionality of IPARD financing in Turkey

	Type of Support Program	Number of Projects Having Grant Support	Total Project Cost	Public Contribution (YTL)	Public Contribution (euro)
ADANA	RDISP	6	1 602 836	752 121	429 783
ADIYAMAN	VBPIP	12	2 187 898	949 062	542 321
AFYON KARAHISAR	RDISP	11	3 600 501	1 768 678	1 010 673
AGRI	RDISP	5	1 724 400	851 700	486 686
AKSARAY	RDISP	2	699 642	349 821	199 898
AMASYA	RDISP	10	2 652 396	1 433 133	818 933
ANKARA	RDISP	11	4 221 161	1 701 785	972 449
ANTALYA	RDISP	47	15 213 811	7 145 980	4 083 417
ARDAHAN	VBPIP	8	2 224 794	1 143 178	653 245
ARTVIN	VBPIP	9	2 221 403	1 524 352	871 058
AYDIN	RDISP	17	9 234 435	3 024 903	1 728 516
BALIKESİR	RDISP	20	14 364 382	3 124 286	1 785 306
BARTIN	RDISP	0	0	0	0
BATMAN	VBPIP	22	4 901 593	2 580 962	1 474 835
BAYBURT	RDISP	3	990 359	495 180	282 960
BİLECİK	RDISP	1	348 033	174 017	99 438
BİNGÖL	RDISP	4	1 306 892	653 446	373 398
BİTLİS	RDISP	8	2 379 857	1 104 983	631 419
BOLU	VBPIP	15	3 007 152	1 465 789	837 594
BURDUR	VBPIP	24	5 705 835	2 973 009	1 698 862
BURSA	RDISP	22	10 301 993	3 789 312	2 165 321
ÇANAKKALE	VBPIP	18	5 798 865	2 752 979	1 573 131
ÇANKIRI	RDISP	2	704 729	349 865	199 923
ÇORUM	RDISP	5	1 747 817	794 378	453 930
DENİZLİ	VBPIP	18	5 089 276	2 879 451	1 645 401
DİYARBAKIR	RDISP	219	16 333 226	7 583 264	4 333 294
DÜZCE	RDISP	2	443 096	221 548	126 599
EDİRNE	RDISP	0	0	0	0
ELAZIĞ	RDISP	13	4 545 005	2 228 977	1 273 701
ERZİNCAN	RDISP	12	4 546 111	1 893 355	1 081 917
ERZURUM	RDISP	21	6 526 387	3 153 164	1 801 808
ESKİŞEHİR	RDISP	21	5 081 017	2 535 642	1 448 938
GAZİANTEP	RDISP	8	2 852 362	1 391 681	795 246
GİRESUN	RDISP	3	1 508 000	494 500	282 571
GÜMÜŞHANE	VBPIP	23	2 359 954	1 277 021	729 726
HAKKARİ	RDISP	8	2 518 467	1 242 579	710 045
HATAY	VBPIP	13	3 838 705	1 714 579	979 759
İĞDIR	RDISP	2	671 485	335 742	191 853
ISPARTA	RDISP	29	16 446 717	5 939 556	3 394 032
İSTANBUL	RDISP	2	676 761	338 381	193 361
İZMİR	RDISP	21	10 429 866	3 658 361	2 090 492
KAHRAMANMARAŞ	RDISP	42	11 639 514	5 769 518	3 296 867
KARABÜK	RDISP	2	795 552	345 620	197 497
KARAMAN	VBPIP	13	2 188 619	1 287 301	735 601
KARS	RDISP	7	2 593 765	1 074 517	614 010
KASTAMONU	RDISP	6	1 281 181	587 167	335 524

	Type of Support Program	Number of Projects Having Grant Support	Total Project Cost	Public Contribution (YTL)	Public Contribution (euro)
KAYSERİ	RDISP	8	2 873 543	1 498 769	856 439
KIRIKKALE	RDISP	0	0	0	0
KIRKLARELİ	RDISP	8	1 443 909	660 533	377 447
KIRŞEHİR	RDISP	8	2 750 370	1 246 706	712 403
KİLİS	RDISP	4	1 982 876	695 938	397 679
KOCAELİ	RDISP	2	686 948	343 474	196 271
KONYA	VBPIP	16	4 135 721	2 123 811	1 213 606
KÜTAHYA	RDISP	14	2 669 748	1 243 624	710 642
MALATYA	VBPIP	25	3 566 026	1 914 074	1 093 757
MANİSA	RDISP	42	14 012 365	6 586 240	3 763 566
MARDİN	RDISP	22	7 597 755	3 738 452	2 136 258
MERSİN	RDISP	32	11 852 702	5 402 919	3 087 382
MUGLA	RDISP	44	6 648 435	2 950 870	1 686 211
MUŞ	RDISP	2	698 095	349 048	199 456
NEVŞEHİR	RDISP	3	1 016 900	508 450	290 543
NİĞDE	VBPIP	18	4 274 541	3 123 811	1 785 035
ORDU	RDISP	10	3 276 332	1 507 816	861 609
OSMANIYE	RDISP	13	5 212 063	2 171 063	1 240 607
RİZE	VBPIP	20	4 840 657	3 184 113	1 819 493
SAKARYA	RDISP	1	502 151	175 000	100 000
SAMSUN	RDISP	26	8 448 395	3 435 614	1 963 208
SANLIURFA	RDISP	4	1 401 847	653 224	373 271
SİİRT	RDISP	10	3 169 581	1 584 791	905 595
SİNOP	RDISP	23	6 985 492	3 478 371	1 987 641
SİVAS	RDISP	48	10 394 227	5 105 783	2 917 590
ŞIRNAK	RDISP	1	661 341	330 670	188 954
TEKİRDAĞ	RDISP	16	2 559 968	1 219 955	697 117
TOKAT	VBPIP	28	6 197 045	3 506 455	2 003 689
TRABZON	RDISP	4	1 390 480	695 240	397 280
TUNCELİ	RDISP	1	325 116	162 558	92 890
UŞAK	RDISP	7	2 660 271	1 207 330	689 903
VAN	RDISP	16	6 048 550	2 635 921	1 506 241
YALOVA	RDISP	8	2 847 383	1 378 428	787 673
YOZGAT	RDISP	5	1 640 699	780 495	445 997
ZONGULDAK	RDISP	0	0	0	0
Total Turkey					87 116 794

Source: MARA

Table 63. Distribution of projects by investment types in the VBPIP and RDISP (Phase 1 + 2)

ECONOMIC INVESTMENTS	NUMBER	RATE %
Gerenhouse	91	8,4
Processing and packaging of vegetable products	328	30,4
Processing and packaging of animal products	217	20,0
Storage	143	13,0
Processing and packaging of aquaculture products	4	0,3
Maize drying	32	2,9
individual irrigation	261	25,0
TOTAL	1076	100,0
INFRASTRUCTURE INVESTMENTS	NUMBER	RATE %
village road	40	22,2
Village drinking water	24	13,3
village sewage system	52	29,0
group irrigation	64	35,5
TOTAL	180	100,0
TOTAL SUM	1256	

Source: MARA

2.8.3. Complementarity of IPARD with existing National schemes

The principle of complementarity is laid down in Article 3 of the IPA Implementing Commission regulation (EC) No 718/2007 for IPA/IPARD funds. Regarding the complementarity of IPARD and national support schemes, the additionality as well as the complementarity between national and IPARD schemes and what exactly is the added value of the IPARD investments for the sector planned will be the main issues for the efficient use of the funds for the implementation of the IPARD programme. This also implies that overlaps between the IPARD and national schemes must be prevented.

Another aspect is that the national budget for IPARD should not substitute already existing national rural development support but should be additional. In the implementation period of IPARD, Community funds will not be replaced with national funding. The national budget in the year the implementation starts will be equal to the national budget 2007 and the IPARD funds will be additional.

The national support schemes, the implementation procedures and content of the support have been changing yearly (or every implementation phases) according to the upcoming needs and developments by the issued secondary legislations. In this perspective, when the implementation of the IPARD Programme starts, Turkey will ensure that the national schemes and the IPARD support will be complementary and duplication shall be prevented.

In relation to this, the detailed descriptions of both the VBPIP and RDISP scheme show that their implementation periods are limited with respect to time – until 2008 and until 2010, respectively.

The main target of these two schemes is the capacity building for project based implementations and to establish the infrastructure for the local actors. Under the VBPIP and RDISP IPARD type investments are supported under the economic investment project scheme. In the economic investment projects, the similar type of investments of IPARD processing and marketing measure such as the construction and renovation of processing enterprises, storage, or packing structures for agricultural products are supported with ARIP VBPIP and RDISP.

The difference between ARIP VBPIP and IPARD is that the conditions of applicants in ARIP are focused to more broad beneficiaries. The objective of VBPIP and RDISP is to improve the infrastructure investments in rural areas, to improve the living conditions of rural areas, to increase employment and to increase the product quality similar to IPARD objectives. Besides these objectives of VBPIP and RDISP, the main IPARD objective is to contribute to the upgrading of the enterprises to the Community standards. In this context, the investments under the IPARD Programme should comply with the Community standards at the end of the project. The VBPIP and RDISP has contributed to IPARD with regard to capacity building and supporting Axis 1 measures; the agricultural holdings related actions and the processing and marketing actions. The VBPIP will end in 2008 and the IPARD support will start profiting from the experience gained under the VBPIP.

The Agriculture and Rural Development component of the EADP has links with the IPARD type investments with regard to project support types. The EADP is only being implemented until 2007 so there is no risk of overlap. This component aims to improve the agricultural practices, skills and knowledge and to increase the agricultural productivity and yield and also to diversify the income generating activities. In this framework, this component is directly related to the Axis 3 measure the diversification of rural economic activities. On the other hand, the component is related to the IPARD Axis 1 measures with regard to the upgrading of the agricultural holdings and processing establishments, however, there is no condition on this component like IPARD to comply with the Community Standards at the end of the project. In this context, this component serves

mostly for the improving and development of the conditions of the agricultural holdings and processing establishments.

In general, the EADP's and other type of project based programmes' main objective is to improve the capacity of beneficiaries with regard to the preparation of the project in line with the EU rules and principles. Moreover, this type of grant scheme mechanisms are efficient ways of delivering relatively small amounts of finance at the local level and to develop local capacity to with regard to project management with the EU funding mechanism. With the experience gained in the programmes like this, it can be concluded that it is important for the success of grant schemes to provide adequate assistance at the preparation stage not only with the formalities, but also in developing project concepts and mentoring support during implementation. In this context, under the EADP agriculture and rural development component, in order to build the capacity of the farmers to implement projects successfully, training activities have been carried out in general but also for the technical personnel of the Ministry of Agriculture and Rural Affairs.

The Agriculture and Rural Development Component of EADP will be complementary for the IPARD objectives in the way to support the Vocational Training. Because this component has capacity building part in which the training, development of institutional or organisational capacity type projects have been supported.

Complementarity of IPARD with national support schemes will be duly considered in the National Rural Development Programme under preparation and shall be put into effect in Turkey, once the IPARD implementation will start. The National Rural Development Programme implementation period has been aligned with the IPARD programme implementation time frame (2007-2013), to ensure a better respect of the complementarity of the investment supports provided under IPARD and the future actions to be planned under the National Rural Development Programme.

The complementarity of the IPARD Programme with national support schemes will be fully ensured by Turkey and is detailed in the table below:

Table 64. Complementarity between national schemes and IPARD

SUPPORT SCHEME	LINK WITH IPARD
DIRECT INCOME SUPPORT	Complementary with IPARD regarding the contribution to the rural areas with regard to improving the income of the farmers and assisting the development of the rural economy.
DEFFICIENCY PAYMENTS	No direct link with IPARD but could be considered complementary with regard to improving the income of the farmers and assisting the development of rural economy.
COMPENSATORY PAYMENTS	No link with IPARD
ANIMAL HUSBANDRY SUPPORTS	
SUPPORT FOR PRODUCTION OF FODDER	Additional to IPARD objectives raising the productivity of agricultural holdings. When the implementation of the IPARD Programme starts, the implementation of this scheme will be complementary The scheme implementation rules will be arranged to ensure complementarity.
SUPPORT FOR THE PRODUCTION OF CERTIFIED FODDER SEED	Additional to IPARD objectives with regard to the increase in quality.

SUPPORT FOR THE PURCHASE OF PREGNANT HEIFER	Additional to IPARD with regard to the improvement of the structure of agricultural holdings.
SUPPORT FOR THE PURCHASE OF CALVES	Additional to IPARD with regard to the improvement of the structure of agricultural holdings.
SUPPORT FOR THE ARTIFICIAL INSEMINATION	Additional to IPARD with regard to the improvement of productivity of animals and as a result the efficiency of agricultural holdings.
MILK SUPPORT	Complementary with IPARD with regard to its objective to meet the high quality milk requirements of the industry and to register the milk production. No overlap possible as the support under the national scheme is not based on investments.
SUPPORT FOR STABLE OR MOBILE MILKING UNITS AND COOLING TANKS + SUPPORT FOR THE FOSSEPTIC DIP	When the IPARD Programme starts, the implementation will be complementary with the national support scheme. The scheme implementation rules will be arranged to ensure complementarity.
SUPPORT FOR SILKWORM	No link with IPARD
SUPPORT FOR MOHAIR (ANGORA WOOL)	No link with IPARD
SUPPORT FOR THE IMPROVEMENT OF OVINE ANIMAL BREEDING	No link with IPARD
SUPPORT FOR THE ESTABLISHMENT OF THE AREA FREE OF ANIMAL DISEASES	Additional to IPARD regarding the support of animals free of diseases
SUPPORT FOR THE ANIMAL REGISTRY SYSTEM	Additional to IPARD by supporting the registry of animals
SUPPORT FOR THE ANIMAL VACCINATION SERVICES	Additional to IPARD
SUPPORT FOR THE PROTECTION OF ANIMAL GENETIC RESOURCES	Additional to IPARD with regard to animal health
SUPPORT FOR APICULTURE (BEEKEEPING)	Complementary with IPARD objectives with regard to income generation activity characteristics
SUPPORT FOR AQUACULTURE	Complementary with IPARD objectives with regard to income generation activity characteristics
SUPPORT FOR THE EMPLOYMENT OF VETERINARIAN IN ANIMAL ORIGIN ENTERPRISES	Complementary with IPARD providing animal health standards.
MEAT SUPPORT	Complementary with IPARD to provide for hygienic conditions and to foster animal health, food safety and public health standards
AGRICULTURAL INSURANCE SUPPORT	No link with IPARD
ENVIRONMENT SUPPORT SCHEME (ÇATAK) (ARIP)	Complementary with IPARD Axis 2 measures. IPARD agri-environment will start with institutional capacity and the experience that have already build. The scheme will have been completed when IPARD implementation starts.
RURAL DEVELOPMENT SUPPORT	
VILLAGE BASED PARTICIPATORY INVESTMENT PROGRAMME (ARIP)	Additional to IPARD. The implementation will end till IPARD starts. The institutional capacity and the experience gained will be used.
RURAL DEVELOPMENT INVESTMENTS SUPPORT PROGRAMME	When the IPARD Programme starts, complementarity with this national support scheme will be ensured. The scheme implementation rules will be arranged to enable complementarity. No duplication of the support will occur. The complementarity will be ensured through the clear demarcation lines – e.g. geographical dividing lines (provinces) as for ARIP VBPIP or with the type of investment support: e.g. other sectors, other investments.
INSTITUTIONAL CAPACITY DEVELOPMENT	Complementary with the setting up of producer groups

SUPPORT (IRFO) (ARIP)	measure under IPARD
IFAD Projects	Additional to IPARD with regard to rural infrastructure and training of rural people and improving of the living conditions in rural areas.
KÖYDES - BELDES Project	Complementary with IPARD with regard to its objective to increase the quality of life. The rural infrastructure measure will not be implemented under IPARD. Thus complementary between IPARD and the implementation of the KÖYDES-BELDES project will be ensured.
Eastern Anatolia Development Programme (EADP-DAKP)	Partly overlapping and partly additional to IPARD. However, the implementation of EADP will end before the IPARD implementation starts. IPARD will thus profit from the capacity building under EADP.

2.9 PROGRESS WITH REGARD TO ACCESSION NEGOTIATIONS IN THE AREA OF AGRICULTURE INCLUDING THE SCREENING PROCESS

Accession negotiations between Turkey and the EU started in October 2005. In this context, the analytical examination of the *acquis* (screening) in 35 chapters was completed during bilateral meetings in October 2006. The agriculture-related chapters, most relevant for IPARD interventions are:

- Chapter 11 : Agriculture and Rural Development,
- Chapter 12 : Food safety veterinary and phyto-sanitary policy
- Chapter 18 : Statistics

In the following two sections the nature of gaps existing between Turkey and the EU in different spheres is briefly visited in terms of contents and actions that must be taken by Turkey to bridge those gaps. In the first section (2.9.1) agriculture and rural development will be considered, in the second section (2.9.1) the food safety, veterinary and phyto-sanitary policy issues are reviewed.

2.9.1. Gaps with the *acquis communautaire* in agriculture and rural development

Turkey 2005 Accession Partnership Document identifies the *short-term* priorities for Agriculture and Rural Development as:

- to adopt the necessary legislative measures and to set up suitable administrative structures to operate EU instruments related to rural development;

In the *medium term* the priorities are:

- Continue work on setting up of an integrated administration and control system, in particular with regard to a land parcel identification system.

Further important issues with regard to achieving progress for the opening of the negotiations of chapter 11 (agriculture) identified during the screening phase were:

- Turkey establishes an IPARD Agency accredited in compliance with EU requirements.
- Turkey presents to the Commission a strategy to reverse the practice of direct support payments and price support measures and adopt in its stead direct support schemes in line with the current trend of the Common Agricultural Policy.

- This strategy should also include steps towards the alignment of public support for State Economic Enterprises with EU state aid rules, as well as the respect by such enterprises of the EU rules on transparency.
- Turkey presents to the Commission a detailed strategy referring to sensitive products such as cereals, sugar, milk, livestock, fruit and vegetables, (including targets, deadlines, responsible authority and cost estimates) to ensure sound and reliable statistical information about agriculture and rural development in order to reach a satisfactory basis to start the negotiations
- Turkey presents to the Commission a strategy on how it intends to further develop the system of land identification and the National Farmer Registration System to prepare for controls on agricultural land.
- Turkey lifts restrictions on trade in beef meat, live bovine animals and derivative products.

Some of the issues addressed are more closely related to the market support policy (First Pillar of the CAP) and trade issues but 3 of the issues mentioned above (IPARD Agency, detailed sector strategies including statistics, further work on the National Farmer Registration System) are directly or indirectly related to rural development policy relevant issues (Second Pillar of the CAP) in particular in what concerns a successful implementation of IPARD. Issues dealing with the overall implementation capacity and control structures are considered in chapter 6.

The issues related to meeting standards in view of pre-accession and relevant for IPARD, particularly for the sectors chosen for intervention (milk, meat, fisheries and fruits and vegetables) are:

- *A National plan* should be prepared for upgrading establishments in processing and marketing. In the meantime, Turkey should prepare a classification of all food establishments by category based on the EU acquis in view of a future national Programme for the upgrading of food establishments. When this classification is prepared investments for processing and marketing under IPARD priority axis 1 will be provided in accordance to this classification addressing the identified deficiencies with regard the relevant Community Standards..
- *Veterinary information system (TURKVET)*. The Ministry of Agriculture and Rural Affairs has established a computerized national database within body of the Directorate General of Protection and Control in order to identify and register the bovine animals in Turkey. The previous animal registry system (Vetbis) has been improved and changed to more developed system. Within this context, 78% of the bovine animals in Turkey have been tagged and registered.
- *Pedigree system* for cattle. In order to register the animals to the pedigree system, to determine the cattle insemination and to control the artificial insemination, a pre-pedigree system has been established in cooperation with the Turkish Cattle Breeders' Central Association. The animals have been registered in 81 provinces of Turkey. The pedigree system is active in 71 provinces of Turkey.

The pedigree system includes the following activities:

- Identification
- Milk Yield Measurement

- Herd Records
 - Classification
 - Certification
 - Programme
 - Herd Management Consultancy
 - Breeder Value Estimation
- *Controlled greenhouse system.* Controlled Greenhouse Database has been conceived in order to develop the controlled production system in the phases of planning, developing, and marketing as well as forwarding the quality production to the consumer within the food security chain. Registrations are made for producers having a total of 500 m² or more greenhouse area(s). Registrations are provided by the Provincial and District Directorates of the Ministry of Agriculture and Rural Affairs. Producers are obliged to fill in and sign a certificate of origin and have it endorsed by the provincial/district directorate . They will then submit it to the receiving individual, institution, agency or the company.
 - *Organic farming information system.* The Ministry of Agriculture and Rural Affairs aims at ensuring the following, controlling, monitoring and accessing information in a fast, easy and reliable way, by formulating a strategy, policy and support for organic farming activities through establishing an Organic Farming Information System. A network is envisaged among the Control and Certification Bodies, MARA and Provincial Directorates for organic production as a first step towards setting up database for organic farming. Data entry between the Control and Certification Bodies and the Ministry is now operational for the agencies as of 21.03.2005. Farmers who have signed contracts for organic farming will benefit from additional DIS (Direct Income Support) payments when they register their lands with the Organic Farming Database System. The surface of their lands registered with the Organic Farming Database System cannot be larger than their lands eligible for DIS payments, which are registered with the National Farm Registration System (NFRS).

2.9.2. Gaps with the *acquis communautaire* in food safety, veterinary and phytosanitary policy

Turkey's 2005 Accession Partnership Document identifies the *short-term* priorities for Food Safety, Veterinary and Phyto-sanitary Policy as;

- Further align the system of animal identification and registration for bovines on EU requirements and start action with a view to the identification of sheep and goats and registration of their movements.
- Adopt a strategy to eradicate the main animal diseases.
- Prepare a programme for modernising food-processing establishments to meet EU hygiene and public health standards.
- Implement residues and zoonosis control programmes.

In the medium term:

- Align the veterinary, food safety, and phyto-sanitary legislation.

- Build up the necessary administrative capacity to implement the veterinary, phytosanitary and food legislation.
- Establish animal identification and registration system for sheep and goats in line with the EU requirements.
- Upgrade agro-food processing establishments so that they are in a position to respect EU food safety standards and legislation. Modernise dairy farms.
- Implement food safety control systems.
- Set up a system of collections of cadavers and treatment of animal by-products.
- Implement eradication plans for the main diseases.
- Align the system of plant variety registration with EU requirements.
- Further align the requirements on pesticide residues with EU provisions.

The implementation of the IPA Rural Development Programme requires well functioning services in the field of hygiene, food safety, environmental protection, animal and plant health, animal welfare, public health and occupational safety.

The future assessment and categorization of food-processing establishments with respect to their capacity to meet Community's hygiene and public health standards based on the EU acquis is necessary for the IPARD support allocation – especially under Axis 1 measures. For this reason, the national plan should be ready, classification of all food establishments by category should be finished and the services have to be operational when the implementation of the IPA Rural Development Programme starts.

Support concerning institution-building for implementation and control will be addressed under Component I.

2.10 PRESENT ORGANISATION OF THE MINISTRY OF AGRICULTURAL SUPPORT SERVICES AND CONTROL

Ministry of Agriculture and Rural Affairs currently streamlines its responsibilities as defined in various laws, through 5 Main Service Units, 4 Support Services Units and 3 Consulting-Auditing Units, which provide services from the Headquarters, and 81 Directorates on Provincial Level, totalling to 39.897 staff, out of which 6230 are engineers, 2900 are veterinaries and 5400 are food controllers within Provincial and District Level Directorates.

Directorates on Provincial Level are organised in 7 departments:

- Department of Project Statistics,
- Department of Plant Protection,
- Department of Animal Health,
- Department of Control,
- Department of Farmer Training and Extension,
- Department of Agricultural Support,
- Department of Administration and Financial Management.

Farmer training and extension services are planned by the General Directorate of Organisation and Support, and implemented through the Departments of Farmer Training and Extension within Directorates on Provincial Level.

Veterinary services and food establishments control services are planned by the General Directorate of Protection and Control (GDPC) , and implemented through the Head Departments of this General Directorate. The GDPC has totally 11 head departments and the most important ones regarding the veterinary services and food establishment control services are Animal Health Department, Feed and Food Registration Department, Food Control Department, Fisheries Department and Animal Movements and Quarantine Department. The GDPC makes the inspection of food processing enterprises and gives the production licence to the manufacturers that comply with the national standards. The related departments also make routine controls to assess the manufacturers with regard to the compliance of the technical and hygiene conditions to the national standards. The GDPC has also related control services in 81 provincial directorates making on spot controls.

The IPARD investments will be evaluated with regard to the assessment and categorisation of the enterprises with regard to their needs to fulfill Community standards. In this context, as soon as the services are ready with the assessment and categorization of the enterprises with regard to the fulfilment of Community Standards, the IPARD investments will be linked with this assessment.

Both the Departments of Farmer Training and Extension and private extension and consulting companies will undertake the dissemination of information to the farmers and rural investors regarding the IPARD Programme within the selected provinces.

The Provincial Coordinating Units of the Agriculture and Rural Development Support Institute (IPARD Agency) will ensure the publicity and dissemination activities, as and when there is a requirement to do so. The detailed tasks of Provincial Coordinating Units will be defined by a regulation according to Article 20 of the IPARD Agency Law No 5648.

Veterinary control is required for especially milk and meat projects, to ensure meeting Community Standards. These activities will take place;

- Before the investment,
- During the investment, and
- After the investment.

To conduct these controls in a proper manner, a number of veterinarians from the Provincial Directorates should;

- receive training on Community Standards,
- be assigned to the monitoring of projects and investments on the ground

CHAPTER 3

OBJECTIVES AND STRATEGY OF THE IPARD PROGRAMME

Chapter 1 has identified the internal strengths and weaknesses and the external opportunities and threats for the development of rural areas in Turkey. From the identification of key weaknesses and strengths a list of needs emerges which, together with the indications emerging from the national policy context and framework analysed in chapter 2, have helped to define the strategy and the priorities for the IPARD Programme.

The present chapter is organised in five sections:

Section 3.1: A comprehensive analysis of the The Multi-annual Indicative Planning Document (MIPD), in the context of the legal framework provided by the IPA Council Regulation (EC) No 1085/2006.

Section 3.2: The strategy and objectives of the IPARD programme, the geographic scope and related the selection of areas for implementation of the Programme as well as the operational definition of the mountain areas..

Section 3.3 and 3.4: The ex-ante evaluation results and how the recommendations of the ex-ante evaluators have been incorporated in to the Programme.

Section 3.5: The objective hierarchy of the IPARD programme.

3.1 THE LEGAL BASIS OF IPARD AND THE PRIORITIES LAID DOWN IN THE MULTI-ANNUAL INDICATIVE PLANNING DOCUMENT (MIPD)

3.1.1. The legal basis

The IPA Council Regulation (EC) No 1085/2006 has replaced the PHARE, ISPA, SAPARD, Turkey pre-accession instrument and the CARDS programme. The new Regulation lays down the main objectives and principles for pre-accession assistance and defines the IPA components. The five components laid down in this new framework are:

- I. Transition assistance and institution building
- II. Cross-border cooperation
- III. Regional development
- IV. Human resources development
- V. Rural development

The aim of the Rural Development Component is to assist in policy development as well as preparation for the implementation and management of the Community's Common Agricultural Policy. It shall in particular contribute to the sustainable adaptation of the agricultural sector and rural areas to the candidate countries' preparation for the implementation of the *acquis communautaire* concerning the Common Agricultural Policy and related policies.

It may in particular contribute towards the financing of actions similar in nature⁵³ to the ones implemented in EU Member States as provided for under Council Regulation (EC) No. 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) for the period 2007-2013.

3.1.2. The Multi-annual Indicative Planning Document(MIPD)

Taking into consideration the *dual purpose* of preparing the Turkish agri-food sectors to meet EU requirements as well as helping Turkey to get ready for the implementation of EU rural development programme with adequate administrative structures upon accession, the MIPD defines the following main policy objectives for Component V:

- to contribute to the sustainable modernisation of the agricultural sector (including processing) through targeted investments whilst encouraging the improvement of EU *acquis* related to food safety, veterinary, phyto-sanitary, environmental or other standards as specified in the Enlargement Package,
- to contribute to the sustainable development of rural areas.

The MIPD also defines the following priorities for IPARD;

Priority Axis 1: Interventions that contribute to the sustainable adaptation of the agricultural sector and the implementation of Community standards concerning the CAP and related areas like food safety, veterinary and phyto-sanitary matters.

Priority Axis 2: Interventions that take the form of preparatory actions for the implementation of agri-environmental measures and LEADER approach.

⁵³ Although different with regard to the focus on *acquis communautaire* and Community standards' implementation as more limited in range and focus of available measures

Priority Axis 3: Interventions that contribute to the sustainable development of rural areas, while supporting the development of rural economy.

In compliance with the indications and conclusions on enlargement ('the Enlargement Package'), and taking Turkey's rural and agricultural situation and strategies into account, the MIPD highlights that 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, on the restructuring and the modernization of the agricultural sector 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).

With regard to priority axis 1 measures the MIPD calls upon Turkey that it should "in the short to medium term focus on the modernisation of the farm, food processing and marketing sectors in its IPA Rural Development 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".

To that end the MIPD calls for a concentration of the support "mainly 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."

Furthermore, by taking up the provisions of the IPA Implementing Commission Regulation (EC) No 718/2007 with regard to priority for small and medium enterprises under priority axis 1, the MIPD further delimits the eligible beneficiaries and character of interventions by indicating that "investments should as a general rule focus on the weakest links in the production, processing and marketing of each sector chosen according to acquis relevance. In preparation for accession, Turkey should also set-up a national plan for upgrading of establishments. Once finalized and adopted, investments under priority axis 1 of Component V should be directly linked to this plan. Establishments already certified for EU markets should not be eligible for support under the IPA Rural Development Programme."

In relation to axis 3 interventions, the MIPD indicates that Turkey should "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 in its IPA Rural Development Programme. 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 infrastructures is also qualified as a priority for Turkey, the MIPD recommends their financing through national and international resources to concentrate the limited IPARD resource in order to ensure an effect in the other areas.

In relation to axis 2 interventions, the MIPD states that "the preparation of rural communities to conceive and implement rural development strategies through local private-public partnerships under priority axis 2 could in the medium term greatly contribute to the development of rural areas by means of reinforcing the participation of the local population through a bottom-up approach. As the capacity building for the preparation of the implementation 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. Whereas a financial allocation to preparatory actions should as a consequence only be envisaged at a later stage, capacity building for these two areas e.g. under Technical Assistance support of IPARD and under component I should start as soon as possible.”

Another effect that the MIPD has had on the elaboration of the Turkish IPARD is in relation to the priority given to the scope of meeting standards, and more specifically, when addressing the veterinary, phyto-sanitary and food sectors with regard to technical and hygienic conditions in the food chains. Although these interventions are also supported with other more technical interventions, the priority that the MIPD establishes for the linkage between productive investments and meeting these specific types of standards for IPARD in practice imposes a well-defined rationale for all forms of support in axis 1.

The IPARD programme has complied with the priorities indicated by the regulative framework and the MIPD in the following ways:

- IPARD interventions under priority axis 1 have concentrated on the modernization of the agricultural sector, and more particularly in the dairy, meat and fisheries sectors. Another priority, although less acquis 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. In this framework, the fruit and vegetable sector, which is less acquis relevant but has important problems in socio economic terms will also be addressed with regard to post-harvest losses for producer organisations in the fruit and vegetable sector who can market their produce directly.
- The majority of investments foreseen under priority axis 1 comply with the double purpose of contributing to the restructuring of farms and enterprises, as well as upgrading them to Community standards. In the case of investments in agricultural holdings, the compliance with Community Standards will be limited to the scope of investment, while in the case of processing and marketing investments the compliance as required by the IPA Implementing Commission Regulation (EC) No 718/2007 will extend to the totality of establishments' operation – at least for the larger beneficiaries.
- The weakest points in the production, processing and marketing of the different sector food chains have been addressed in the milk, meat, fisheries sectors. In the fruit and vegetable sector, only producer organizations that can market their products directly to the retail level have been included only for interventions regarding post-harvest losses.
- Establishments already certified for EU markets are not eligible for support under IPARD.
- Small and medium size enterprises have been targeted as beneficiaries, (see the eligible beneficiaries for the different measures in chapter 4).
- Interventions in axis 3 have concentrated only on the diversification and development of the rural economy, targeting on farm and off farm activities that are most adapted to the specific conditions of semi-subsistence farms as well as micro-enterprises and crafts and aiming at developing new sources of income and more diversified labour markets. This complies with the MIPD which indicates that the overall aim in axis 3 should be the sustainable development of rural areas with special attention to the creation of alternative employment in order to facilitate the modernisation of the agricultural sector and curbing out-migration.

- Axis 2 interventions will be implemented after a necessary preparatory phase. The capacity building, acquisition of skills for such preparation of LEADER will start immediately in the first phase of IPARD by funding from the technical assistance measure since it takes two to three years to develop the Leader approach at local level. The implementation of preliminary actions for the implementation phase of environmental measures also require a preparatory period for capacity building and development. For this reason the implementation is foreseen for the second implementation phase of the Programme (2010 – 2013).
- The budget allocated to different axis and sectors in IPARD complies with the requirements of MIPD that allocation for axis 1 should not be less than 50% of the overall budget, 0% for axis 2 (a first financial allocation will be fixed in the MIPD 2008-2010) and for axis 3 no less than 20%. The allocation between axis and measures for IPARD are as follows:

Table 65. Allocation of axis and measures in IPARD

	EU Contribution	
	Phase I	Overall Programme
	%	%
Axis 1	73,0%	70,1%
1.1. Investments in Agricultural Holding	40,0%	40,0%
1.2. Processing and marketing	28,0%	24,3%
1.3. Setting Up Producers Groups	5,0%	5,8%
Axis 2	0,0%	5,4%
2.1. Agri-environment	0,0%	2,1%
2.2. Leader	0,0%	3,3%
Axis 3	25,0%	22,5%
3.1. Diversification	25,0%	22,5%
4. Technical Assistance	2,0%	2,0%
TOTAL	100,0%	100%

*The capacity building for LEADER will be financed from TA in the first phase of IPARD (2007-2009).

Broadly speaking, while complying with the specific technical and hygienic conditions for the majority of interventions supported by IPARD in axis 1 as required by the IPA legal framework, additionally a particular emphasis was placed on the economic potential and the specific needs of agriculture and food sector in terms of rural development. This was done in order to maintain its external coherence with the NRDP objectives as well as with Council Regulation (EC) No. 1698/2005 and Commission Regulation (EC) No. 1974/2006, which are part of the acquis and are indicated in the IPA regulation as the reference for the final aim for implementing Member State type rural development programmes upon accession..

The focusing of IPARD support under priority axis 1 towards placing more emphasis on the technical and hygienic conditions of food production and processing establishments and the diversification of economic activities implies that the NRDP now under preparation will address a comprehensive set of tasks in order to achieve the wider strategic objectives of rural development.

3.1.3. The cross-cutting themes of the MIPD

In line with MIPD, a number of cross cutting themes will be integrated into all components of the IPA programme in Turkey.

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 groups, and (6) good governance.

- Equal opportunities for men and women: The MIPD addresses the 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. In this context IPARD, will give a particular priority in the ranking criteria to women projects in the area of modernization of farms/enterprises as well as in the diversification of economic activities. Thus women are beneficiaries to be particularly targeted and promoted under IPARD.
- Environmental protection: The MIPD states that: "*Meeting environmental norms will constitute one of the most expensive aspects of Turkey's EU integration effort.*". In relation to environment, IPARD aims at realizing preparatory actions for agri-environment measure of a pilot, demonstrative character (because no more can be managed due to complexity of agri-environmental measure). Important environmental issues are however also addressed under priority axis one with regard to investments in manure storage, treatment of waste and waste water, energy saving, improved irrigation systems etc". The MIPD also addresses the involvement of environmental authorities and NGOs in programme development and monitoring. In this context, in all stages of programme development the environmental authorities and NGO's. The detailed list of NGO's consulted is given in Annex 9.5. The related environmental partners that have been consulted are Ministry of Environment and Forestry, Ministry of Energy and Natural Resources, the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats (TEMA), Natural Life Protection Foundation (WWF of Turkey), Organic Product Producers and Industrialists Association, the Research Association of Rural Environment and Forestry. Moreover, the environmental stakeholders will be represented in the Monitoring Committee (Composition of Monitoring Committee is given in Annex 6.1.2).
- Civil Society involvement: the MIPD addresses the promotion of the principle of partnership under V and an active involvement of Civil Society (chambers of commerce, NGOs, etc), notably at the stage of programme design. In this context the Civil Society (see detailed list in Annex 9.5) has been involved during the initial phases of the IPARD programme design. Moreover, the media has been informed in various stages of programming about the IPARD Programme context like objectives, measures selected, priority sectors and eligible investments.
- Geographic and sectoral concentration: MIPD addresses the ensurance of appropriate geographic and sectoral concentration allowing the impact of IPA to be maximised. In this context the IPARD programme has been concentrated on a selected number of agricultural sectors like milk, meat, fish and fruit and vegetables as well as on a number of diversification related priorities. Geographically, the implementation of the Programme will concentrate on a selected number of priority target regions (in total 42 provinces) which show specific weaknesses e.g. in terms of GDP and rural-out migration but which at the same time dispose of a specific potential for the development and restructuring of selected agricultural sectors with regard to Community standards.

- Concerns of minority and vulnerable groups: MIPD stipulates that the concerns of minority and vulnerable groups will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development. In this context, the IPARD programme has been designed to ensure non-discrimination of minority and vulnerable groups. Special emphasis has been given to youth by giving priority to the projects submitted by young people.
- Good governance: MIPD addresses the specific actions promoting good governance, with particular attention to the fight against corruption, will be incorporated on a horizontal basis. In this context, IPARD programme will be implemented with special attention to the fight against corruption.

3.2 STRATEGY AND OBJECTIVES

3.2.1. Justification of the strategy and the strategic priorities

The strategic objectives to be pursued by IPARD are:

- to contribute to the modernisation of the agriculture sector (including processing) through targeted investments while at the same time
- encouraging the improvement of EU acquis related food safety, veterinary, phyto-sanitary, environmental or other standards as specified in the Enlargement Package
- to contribute to the sustainable development of rural areas."
- as well as "preparatory action for implementation of the agri-environmental measures and local rural development strategies."

The following arguments which were developed in the preceding sections are the justification of these strategic objectives;

For **axis 1** interventions:

- The results of the socio-economic analysis have identified agriculture as a sector of cardinal importance for Turkey, still employing one third of the labour force. Broadly speaking its production performance is satisfactory (although labour productivity remains inferior to EU average) and the modernized fringe of the sector has a considerable export capacity. However, even if it is accepted that purely subsistence farms will never be part of a competitive commercial farming sector, there is also a large segment of semi-subsistence farms where products are not adapted to modern market requirements, productivity is low and incomes are insufficient but where a certain potential to become competitive exists.
- The process of rapid urbanization and economic growth underway since the '80s is acting as an external shock to the agricultural sector and rural economy not only draining the labour force from rural areas but also threatening the sustainability of traditional labour intensive farming systems in many areas. This culminates in widening rural-urban disparities significantly across the country on the one hand and compounds perennial regional East-West disparities in development on the other.
- The pre-accession process occurs at a time when the need for modernization of agriculture and the food industry is considerable. At present, although a certain number of farms have already

adapted to the EU market requirements others are still in a transitory stage trying to adapt whilst some others are still operating in pre-industrial forms of organization

- The food sector reflects this mixed structural situation, with enterprises already integrated in modern food-chains and providing goods to the domestic and international markets and on the other hand a multiplicity of small enterprises, operating in a complementary way to the semi-subsistence farm system, in proximity to markets of a largely informal nature, not economically efficient, and unable to make the step towards modernization.
- The requirement of adapting to Community Standards for this type of complex and mixed structure is expected to be relatively easy for the already modernized sector, but it is expected to be a great challenge for most of the middle segment of farms in the process of transition, the support of which is still strategic in the present phase of Turkish development. It is out of reach for the subsistence segment. For this reason, a strong emphasis on the diversification of economic activities in rural areas is also expected to play an important role in providing alternative sources of jobs and income and thus reduce the need to migrate to a certain degree.
- These broad needs have guided the selection of priorities in terms of sectors to be supported and areas in which to concentrate the support.
- The existing national strategic policy framework, represented by the NRDS, and the specific guidance of the MIPD in relation to the implementation of the IPA regulation and implementing rules draws the contours for the priorities chosen for intervention. The rationale for choosing the priority sectors and the priority areas in which to concentrate support are justified in detail in the next section.
- In relation to agricultural production, Turkey is a major cereal producer. Although there are problems of high subsidies from the point of view of pre-accession negotiations, there are no major problems from the food safety point of view.
- On the other hand, the milk and the cattle sector, and, to a certain degree the fisheries and aquaculture sectors, have been identified as having major weaknesses in their production chains, with important implications in terms of meeting standards and the sector studies have identified the point of the chain where weaknesses are located.
- For the milk sector, the problem lies both in the modernisation and restructuring of the food chain, as well as in the extremely fragmented character of production, with very small dairy herds and in food safety related to fresh milk and dairies' conditions; the sector has been singled out for intervention in the MIPD. The main weakness in the food chain lies at farm level, in the handling of milk and the conditions of milking parlours on the farm, as well as in the insufficient hygiene standards of the smaller dairy enterprises.
- For the meat sector, the main problem from the point of view of production is caused by the affect that urbanization and out-migration from the traditional low-productivity extensive livestock breeding regions are having on labour supply. Market potential is nevertheless high. The sector is also a source of worry from a veterinary point of view and has been singled out as a priority sector by the MIPD. The weak points are found in the processing phase, in the slaughterhouses conditions as well as in the absence of sufficiently efficient rendering enterprises. The hygiene standards of the smaller processing enterprises are also of concern. Within this sector, red meat is the part most in need for support, while there is also a modest intervention planned in favour of the poultry sector, which also has weak points in the food chain with food safety implications.

- For the fisheries sector (only processing and marketing) the main problem lies in the lack of processing capacities in some major landing places, in a context where inland aquaculture is developing and the consumption of fish is increasing significantly.
- For the fruits and vegetable sector, although not mentioned in the MIPD as a sector with particular difficulties regarding the Acquis, its selection is justified by the structural adjustments that the sector is undergoing as a result of economic growth. On the one hand, F&V is an intensive labour activity facing challenging competition in the labour markets, and on the other hand having to address changes in the location of demand, due to the rapid concentration of markets in the large urban centres, in a food chain context characterized by a very low bargaining power of small producers and few and powerful intermediaries through which producers are legally obliged to market. The weak point in the fruit and vegetable chain is in the post-harvest phase, where the producer is without appropriate cooling and storage equipment and also at the wholesale markets through which in most cases he/she is obliged to market. In this regard only the post harvest losses are targeted within IPARD for the producer organizations that can market their products directly to retail level.
- The allocation of funding reflects the concentration and comprehensiveness of acquis related issues and need for restructuring in the different sectors. The milk and red meat sectors are considered the most important priorities. The financial allocation for axis 1 complies with the indication given in the MIPD that a minimum of 50% of the overall allocation for Turkey under the IPA rural development component should be allocated to the sustainable adaptation of the agricultural sector and the related implementation of the acquis communautaire.

For **axis 3** interventions, the justification for targeting the wider rural population living in rural areas, is based on:

- The results of the overall socio-economic analysis, based on quantitative information regarding the structural situation as well as the major trends affecting Turkish rural areas which indicate that in the post-war period the share of the population living in rural areas went from 75% of the total to less than 40%, and that the trend is expected to continue. Negative net migration and income per capita show very wide disparities both between western and eastern regions but also among them, as well as by degree of rurality measured with the OECD methodology. Further weaknesses are the low level of education and skills of the rural populations, ineffective institutional organization, scattered settlement patterns, low employment and productivity, high youth unemployment, very low level of diversification of economic activities, both in terms of part-time on farm activities as well as off farm activities.
- These weaknesses in the socio-economic structure of rural areas are recognized in the policy framework, explicitly in the NRDS as well as in the IPA Implementing Commission Regulation (EC) No 718/2007 and in the MIPD.
- Interventions both addressing the issue of on farm and off farm diversification are indicated as strategic priorities. Furthermore, the overall allocation for this strategic objective complies with the indication of the MIPD that a minimum 20% of the overall allocation should be allocated to the sustainable development of rural areas. The territorial disparities are addressed in the selection of areas for the application of this measure and have complied with the need to concentrate interventions in order to maximize impact. Furthermore, criteria like the level of rural and/or agricultural unemployment, existence of visible traditional activities, potential for economic development of each region, level of subsistence farming as indicated in the

Commission measure guidance have been taken into account for the selection of regions for the application of this measure.

For **axis 2** interventions, in the case of selecting preparatory actions for the implementation of **agri-environmental measures**, the justification for the choice of priorities as well as for planning the intervention only during the second phase of IPARD implementation (2010 – 2013) is the following:

- The analysis of the environmental situation in Turkey has shown that among the 4 natural resources connected with agriculture - soil, water, air, biodiversity - three are facing particular problems related with agricultural activities and the use of land: soil erosion, pressure on water resources and biodiversity.

The selection of soil erosion and pressure on water resources as priorities is due to the fact that the analysis has shown that these are Turkey's major environmental problems. The policy framework existing for the environment may be found in Turkey's National Action Programme on Combating Desertification (NAP-D, 2006) and in EU Integrated Environmental Approximation Strategy 2007-2023 (IEAS-Ministry of Environment and Forestry, 2006), showing the relevance of erosion and water control in Turkey.

As regards water quality management, especially the application of Nitrates Directive 91/676/EEC, the by-law came in force in 2004, but designation of vulnerable areas is planned for 2007. Designation is followed by management plans for each vulnerable area, indicating fertilizers quantity/crop/ha, application methods, animal manure management etc. The management plans are compulsory for the farmers and should have a legal basis (another by-law). Agri-environmental measures are voluntary engagements that go beyond the compulsory ones e.g. those obligatory ones of the management plans. So making water quality a priority would not be justified at this stage.

Biodiversity is very important for Turkey and is included as priority under Axis 2 interventions because of the need for capacity building. As biodiversity measures are rather difficult and require the lengthy development of experience, some actions are included in the Programme in order to stimulate the collaboration between biodiversity experts inside and outside the administration which is an essential pre-requisite for a successful biodiversity protection approach in the accession phase.

From the point of view of the policy framework, the general justification for planning the implementation of a pilot agri environmental measure only for phase 2 (2010 – 2013) is the time required to have the necessary legal and procedural framework as well as the calculations in place and the needed administrative capacity building.

In the case of the strategic priority for implementation of **local rural development strategies**, the justification is the following:

- The socio-economic analysis has identified a strong weakness at the local level, first in terms of capabilities and governance, but also regarding the need for additional sources of income for subsistence and semi-subsistence farmers and in the poor level of diversification of economic activities in rural areas and the need to develop small scale activities adapted to the particular conditions of villages in different parts of the country.
- The European experience has shown that local rural development strategies can be very successful in addressing these problems, since local development strategies offer an appropriate model for the delivery of a range of measures in more sparsely populated rural areas, where it is more difficult to operate on the basis of economies of scale and apply pre-defined measures not

adapted to the specific local needs. Furthermore, the implementation of local development strategies can reinforce territorial coherence and synergies between measures intended for the broader rural economy and population.

- Local development approaches, due to their integrated character and local participation in decision making could prove extremely useful in the Turkish context, since they focus on local capacity building actively involving the local population on the ground, establishing linkages between different development agencies, creating self-sustaining forms of growth and part-time employment, contributing to the empowerment of local areas.
- However, due to the lack of experience in this approach as well as the relatively long time that it requires in order to be understood and become operational, it is necessary to foresee an initial period of skills acquisition and training of devising local rural development strategies. For this reason, during the first phase of the IPARD programme (2007-2009) the capacity building will be done with regard to skills acquisition, and the development of local development strategies will be financed under the Technical Assistance measure until the LEADER measure is accredited. Encouraging the dialogue and the cooperation among various local actors involved with rural development is an important step in strengthening the civil society and building working partnerships at local level. In Turkey, the institutional set-up is not yet prepared to provide adequate guidelines in the short term to guide the implementation and monitor this innovative approach and needs to build up related capacity first.
- Because of the medium term capacity building and preparation necessary for the carrying out of actions under this axis, implementation can only take place during the second implementation phase of IPARD (2010-2013).

3.2.2. Key areas targeted (selection of areas)

In Chapter 1, section 1.3, the definition of rural areas that will be used for analytical and policy-making purposes has been indicated. The OECD classification of rural areas on the basis of demographic density, adapted to reflect more accurately the varying intensities of rurality in Turkey, defines 3 categories of rural areas: “wholly rural”, “predominantly rural” and “intermediate or significantly rural”. Each category has been defined and used in the socio-economic analysis of the first chapter.

The justification for choosing this definition over the others is that the OECD classification allows for comparisons between Turkey and other countries at international level, and in the second place it covers all types of rural areas allowing an understanding of how the intensity of rurality is correlated with other relevant variables such as income or migration, without prejudging their disadvantage; in the third place it is the one that provides the best information on the basis of current statistics.

The decision to use this definition for the selection of areas to be targeted by IPARD interventions is made more accurate by the fact that within each rural area at provincial level, interventions will only take place in settlements below 20.000 residents⁵⁴, thus distinguishing further the urban and rural parts of the same province.

⁵⁴ The only exception will be in the case of the "Processing and marketing" measure, which will also accept interventions in settlements over 20.000 residents

The table below indicates the percentage of population and territory for the wholly, predominantly and significantly rural areas applying below 20.000 inhabitants among the selected 42 provinces for IPARD Programme.

Table 66. Percentage of population and territory for the selected 42 provinces

	Population %	Territory ⁵⁵ %
Wholly rural+20.000 inhab.	14,24	-
Predominantly rural+20.000 inhab.	20,11	-
Significantly rural+20.000 inhab.	15,75	-
Total for 42 provinces	50,10	

Source: MARA elaboration on TURKSTAT data. (Census 2000).

The OECD classification allows to focus more precisely on the horizontal character of rural areas, present in every region of Turkey with its own specific characteristics, and allows a reading of rural-urban disparities that better reflects ongoing changes⁵⁶: it is well-known that the process of rapid urbanization that has taken place since the '80s has affected rural communities in both underdeveloped and developed regions, and indeed that the impoverishment of rural areas created by economic development and industrialization has often had a much more devastating impact and was of a more definitive nature in more developed regions than in the less developed ones⁵⁷ since the average losses of these areas were greater as a result of the economic developments and industrialization.

If the use of this definition describes the rural situation of Turkey (see Map 8 in section 1.3), it does not address as such another key requirement of the MIPD⁵⁸, which is to maximize the impact of the financial resources available through a further geographical concentration of resources, besides the concentration on a few sectors and weaknesses as well as potential.

3.2.3. Further delimitation of eligible OECD areas for IPARD implementation

A further selection of these rural provinces has therefore been realized, in order to concentrate interventions in a few priority areas, thus achieving maximum impact for public expenditure.

In order to do so: some criteria have been established as the basis for the selection of the provinces. These will be namely GDP (75% average), out- migration, (comparison between the provinces) as well as the potential of the agricultural sectors and rural areas while taking into account their strengths and weaknesses.

⁵⁵ The statistics are at the moment being calculated and the detailed list of the eligible areas to be applied for selection by the IPARD Agency is being prepared. They will be ready and instrumental at the latest when IPARD implementation starts.

⁵⁶ This classification is better suited for that purpose than bigger regional aggregates such as NUTS II regions, which tend to average out important rural urban differences

⁵⁷ as the EU experience has also shown in the past, where some rural areas were completely abandoned at the time of industrialisation

⁵⁸ "MIPD, cross cutting theme to be integrated in all IPA components including component V) p. 51, : IPA as a whole will seek to concentrate resources on a limited number of the Turkish regions and sectors, where programme impact and contribution to IPA objectives will be highest. Ensuring appropriate geographic and sectoral concentration will allow the impact of IPA to be maximised"),

- In the first stage, the least developed provinces of Turkey were identified and scrutinized.

In this framework, the provinces were grouped according to the criteria of having GDP/capita less than 75% (1.432 Euro) of average national per capita GDP⁵⁹ (1.910 Euro). The 43 provinces with a GDP below 75% of average were listed and then these provinces were ranked according to their increase in out-migration rates⁶⁰. This gave them a compound priority ranking⁶¹ for disadvantaged situation.

- In the second stage, 43 provinces were assessed for their agricultural economic development potential.

These 43 provinces were assessed with regard to production potential in the IPARD priority intervention sectors which are meat, milk, fisheries and fruit and vegetable sectors, the viability levels of holdings/enterprises defined in the IPARD Programme as potential beneficiaries, the weaknesses and needs for restructuring agricultural holdings & agro-firms to enhance economic performance, competitiveness and needs to upgrade them to Community Standards at both production and processing stages, as well as their capacity for prescribed economic activities under the diversification measure. Out of the 43 provinces, 23 having high agricultural potential when compared with the others in line with the above criteria were identified.

- In the third stage, additional 20 provinces were selected.

Since in regard to concentration of IPARD Programming, agricultural potential of provinces was also regarded as a significant parameter besides their disadvantaged situation, additional 20 provinces, having GDP/capita above 75% of the average and high economic development potential in IPARD priority sectors, were identified to be covered by interventions under IPARD.

During the Programme finalisation, certain provinces were decided to be excluded due to their higher development level compared to other 20 provinces. Instead of them, alternative provinces having GDP/capita below 75% of average and with an agricultural development potential, were included in the Programme.

The result of the selection process is shown on the table next page (the details are provided in Annex 3.1)

⁵⁹ Official data, TURKSTAT 2001 See Annex 1-2

⁶⁰ TURKSTAT 2000 See Annex 1-3

⁶¹ potentially from 86 down to 2

Table 67. Selection of Areas

Province	GDP /capita US\$	Rank <75% GDP	Total Population 2000	Total net outmigration rate (‰)	Rank >75% Depop.	Priority selection 1	Priority selection 2: Agricultural potential	Selected IPARD Phase
Türkiye			60 752 995					
Adana	2 339		1 669 361	-24‰		-	1	
Adıyaman	918	33	559 772	-73‰	40	73		
Afyon	1 263	18	728 613	-23‰	15	33	1	1
Ağrı	568	44	451 287	-58‰	34	78	1	2
Aksaray	966	32	353 155	-14‰	11	43		2
Amasya	1 439	12	334 884	-27‰	18	30	1	1
Ankara	2 752		3 597 662	25‰		-	1	2
Antalya	2 193		1 451 771	62‰		-	1	
Ardahan	842	38	119 982	-113‰	44	82	1	2
Artvin	2 137		176 083	-66‰		-		
Aydın	2 017		857 507	25‰		-	1	2
Balıkesir	2 005		992 564	5‰		-	1	1
Bartın	1 061	28	172 597	-91‰	43	71		
Batman	1 216	19	390 289	-46‰	29	48		
Bayburt	1 017	29	87 386	-61‰	36	65		
Bilecik	2 584		179 562	56‰		-		
Bingöl	795	40	222 139	-51‰	31	71		
Bitlis	646	41	331 728	-21‰	13	54		
Bolu	4 216		246 417	-42‰		-		
Burdur	1 951		234 021	-23‰		-	1	2
Bursa	2 507		1 933 732	44‰		-	1	2
Çanakkale	2 335		425 212	27‰		-	1	2
Çankırı	1 136	23	242 287	-18‰	12	35		2
Çorum	1 654	1	549 321	-60‰	35	36	1	1
Denizli	2 133		773 169	20‰		-	1	2
Diyarbakır	1 313	17	1 176 390	-41‰	23	40	1	1
Düzce	1 142	22	281 797	8‰	3	25		
Edirne	2 403		361 227	-14‰		-		
Elazığ	1 704		513 839	-24‰		-	1	2
Erzincan	1 158	20	282 662	-5‰	6	26	1	2
Erzurum	1 061	27	825 427	-56‰	33	60	1	1
Eskişehir	2 513		650 265	15‰		-		
Gaziantep	1 593	2	1 119 535	3‰	4	6		
Giresun	1 443	11	481 779	-12‰	10	21	1	2
Gümüşhane	1 075	25	168 573	-24‰	16	41		
Hakkari	836	39	186 976	-13‰	20	59		
Hatay	1 757		1 110 055	-34‰		-	1	1
Iğdır	855	36	145 602	-9‰	8	44		
Isparta	1 510	7	458 365	30‰	1	8	1	1
İstanbul	3 063		9 044 859	45‰		-		
İzmir	3 215		3 078 981	39‰		-	1	
Kahramanmaraş	1 584	4	890 448	-29‰	19	23	1	1
Karabük	1 587	3	208 057	-42‰	24	27		
Karaman	2 012		219 055	-13‰		-	1	2
Kars	886	34	290 611	-63‰	38	72	1	1
Kastamonu	1 781		350 200	-33‰		-	1	2
Kayseri	1 806		954 397	-3‰		-		
Kilis	1 817		102 002	-40‰		-		
Kırıkkale	2 725		349 476	-33‰		-		
Kırklareli	3 590		294 998	18‰		-		

Kırşehir	1 488	9	233 028	-46‰	28	37	+		
Kocaeli	6 165		1 079 603	0‰		-			
Konya	1 554	6	1 958 640	1‰	5	11		1	1
Kütahya	1 805		603 765	-2‰		-	●	1	2
Malatya	1 417	14	773 959	-22‰	14	28		1	1
Manisa	2 459		1 149 708	3‰		-	●	1	2
Mardin	983	31	601 621	-70‰	39	70		1	2
Mersin	2 452		1 497 575	12‰		-	●	1	2
Muğla	3 308		632 850	68‰		-			
Muş	578	43	390 308	-62‰	37	80		1	2
Nevşehir	2 117		273 293	-7‰		-	●	1	2
Niğde	1 781		312 784	-2‰		-			
Ordu	1 064	26	809 013	-46‰	27	53		1	1
Osmaniye	1 157	21	415 089	-25‰	17	38	+		
Rize	1 897		337 609	-22‰		-			
Sakarya	2 108		681 577	-23‰		-			
Samsun	1 680		1 108 182	-47‰		-	●	1	1
Şanlıurfa	1 008	30	1 243 058	-40‰	22	52		1	1
Siirt	1 111	24	218 773	-78‰	41	65	+		
Sinop	1 459	10	208 376	-79‰	42	52	+		
Şırnak	638	42	276 300	22‰	2	44	+		
Sivas	1 399	15	680 536	-52‰	32	47		1	1
Tekirdağ	2 498		555 916	92‰		-			
Tokat	1 370	16	748 680	-50‰	30	46		1	1
Trabzon	1 506	8	893 179	-11‰	9	17		1	1
Tunceli	1 584	5	83 642	-37‰	21	26	+		
Uşak	1 436	13	297 112	-7‰	7	20		1	2
Van	859	35	726 202	-45‰	26	61		1	1
Yalova	3 463		148 182	3‰		-			
Yozgat	852	37	614 176	-43‰	25	62		1	1
Zonguldak	2 969		574 182	-77‰		-			

Out of the selected provinces, only 20 will be targeted for support during the first phase 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), all 42 selected provinces will be supported.

Provinces selected for IPARD support starting in phase I are shown in blue, provinces supported from Phase II onward are shown in green⁶².

3.2.4. Definition of mountain areas for the Programme

In the IPARD Programme the definition of the mountainous areas to be used is defined as follows: The mountain areas are defined as the areas having altitude higher than 1000 meters or areas having altitudes between 500-1000 meters and slope more than 17%. The maps⁶³ showing the mountainous areas are given in Annex 3.2.

⁶² as they will be consistently throughout the rest of the Plan

⁶³ The list of districts defined as mountainous regions will be ready for accreditation.

3.2.5. Measures selected and rationale

3.2.5.1. In the first phase (2007-2009) of IPARD implementation

The following measures are selected for implementation in the first phase (2007-2009):

Under Axis 1:

- **Measure 1.1. Investments in Agricultural Holdings** to restructure and to upgrade to Community Standards comprises 2 sub-measures:
 - 1-1-1 Milk Sector
 - 1-1-2 Meat Sector
- **Measure 1.2. Investments in processing and marketing of agricultural and fishery products to restructure those activities and upgrade them to Community standards** comprises sub-measures:
 - 1-2-1 Milk Sector
 - 1-2-2 Meat Sector
 - 1-2-3 Fruit and vegetable
 - 1-2-4 Fish
- **Measure 1.3. Support for the setting-up of producers groups**

Under Axis 3:

- **Measure 3.1. Diversification and Development of Rural Economic Activities**, comprises 4 sub-measures:
 - 3-1-1 On-farm diversification
 - 3-1-2 Development of Local products & micro-enterprise development
 - 3-1-3 Rural tourism
 - 3-1-4 Aquaculture

Measure 4 : Technical Assistance

The rationale for the selected measures is the following:

- **Axis 1, Measure 1.1. Investments in Agricultural Holdings** to restructure and to upgrade to Community Standards

Two sectors have been defined in MIPD as priority for IPARD intervention as regards investments in Agricultural holdings to restructure and upgrade to Community standards:

- Milk and ,
- Meat including poultry

In these sectors, there is currently a coexistence of various very dissimilar types of farms in Turkey:

- Intensified modern farms, already largely competitive and partly applying Community standards:⁶⁴

Some of these farms are the result of capital investment by private groups in the agricultural sector. They are wholly self-sufficient to pursue their own development by tapping the commercial financial sector if needed.

- A large number of subsistence farms, many of them too small to be viable in the future – and thus unsuitable for public support – to but nevertheless used by the rural population as a subsistence basis, combined or not with other ancillary sources of secondary revenue.
- An intermediate fringe of semi-improved small to medium sized agricultural holdings, that try to make their living principally on agricultural revenue. This fringe of small to medium sized agricultural holdings has the potential to improve their techniques and become economically viable in the future. They are the ones operationally defined to be addressed under IPARD Programme and are targeted for the priority support of IPARD.

IPARD will thus assist these small and medium sized agricultural holdings to improve their production tools and processes in order to achieve more economic efficiency and guarantee their viability and long-term sustainability in the context of a future opening of Turkish agriculture to the EU Common Market. It will also make them upgrade their practices to come up to the level of the various Community Standards relative to quality and quality management of agricultural and food products, hygiene and food safety, animal welfare, control and limitation of the environmental impacts (water use, manure and nitrate pollutants management) and occupational safety.

Furthermore, given the specific context of prevalence of subsistence and semi-subsistence farming in Turkey, IPARD will, in addition, further assist a limited number of semi-subsistence farms in the milk sector situated just below the viability line to improve and cross the viability threshold and thus join the group of small and medium viable farms. These targeted complementary actions will help to enlarge the expected impact of IPARD, as well as fighting against depopulation of rural areas and contributing to correct regional imbalances.

IPARD will address the problems of the sector by fostering the development of an intermediate model of small (30 to 49 heads) to medium sized (50 to 250 heads) specialised cattle farms and an intermediate model of small (100 to 149 heads) to medium sized (150 to 300 heads) specialised sheep and goat farms both in the Central and Eastern⁶⁵ parts of the country. These modernized specialised farms will be encouraged to develop good animal rearing practices more compatible with both animal welfare and environmental concerns as well as economic productivity.

- **Axis 1, Measure 1.2. Investments in processing and marketing of agricultural and fishery products to restructure those activities and upgrade them to Community standards**

Four sectors have been defined as priority for IPARD intervention. They are:

- Milk and milk products processing sector,

⁶⁴ Some of these modern farms still suffer from the constraints and limits of their sector – e.g. competitiveness of the modern dairy farms is still impaired by the absence of a structured animal feed sector, translating into the obligation to resort to imported feed components, at the expense of competitiveness with other EU countries

⁶⁵ Eastern farms will be encouraged to practice a mixed rearing model combining breeding and fattening. Western farms will choose either to specialise or to combine both activities.

- Meat and meat products processing sector including poultry
- Fish processing sector
- Fruits & Vegetable processing sector

The priorities for IPARD intervention in the processing sector are the assistance to the implementation of EU Acquis - notably related to quality, hygiene and food safety and veterinary controls, animal welfare, environmental impact and occupational safety – by the processing industry, as well as the improvement of the efficiency of the processes.

IPARD does not, as a rule, target an increase in the processing capacities – apart from the creation of some supported enterprises in a limited number of provinces where the deficiency of the installed processing capacities can be demonstrated. The primary aim of these enterprise creations is then to correct regional imbalances, not to increase the national processing capacity.

The priority target of IPARD are the small and medium sized enterprises which are operationally defined for IPARD Programme.

Further priorities of IPARD actions differ significantly from sector to sector, as they target the most urgent needs for public support in these sectors. They are:

- In the milk and milk products processing sector: to help a significant number of small and medium dairy enterprises to cross the long term viability threshold, as well as implement a strict quality and hygiene control all along the processing lines. The development of a systematic cold chain management throughout the milk collection, processing and marketing chain is also a significant issue, that IPARD will assist in as much as possible.
- In the meat and meat products processing sector, the improvement of the quality and hygiene conditions (as well as compliance with animal welfare rules) of the registered slaughterhouses has been defined as the top priority for IPARD action. To fight against the practice of slaughtering animals in unregistered installations or outside of slaughterhouses – a potential serious hazard for public health – IPARD will further foster the creation of an appropriate number of new up-to- Community Standards slaughterhouses in the provinces where these facilities are presently missing or present in insufficient number.

Besides the slaughtering facilities, a limited number of small and medium meat processing enterprises will also be supported for upgrading to Community Standards.

Given the fact that the poultry meat sector is usually much more capitalized than the red meat sector, the bulk of IPARD intervention will be targeted toward the last one.

- In the Fruits & Vegetable sector, the priority of IPARD will be to address the issue of the post-harvest losses in the first stages of the processing chain. No intervention has been planned directly toward the processing sector itself.

Fresh fruit and vegetable trade in Turkey is currently regulated by Decree No 552 dated 1995. Article 5 of Decree No 552 states that Cooperatives and their upper unions established by minimum 50 farmers who are registered to Agricultural Chamber are defined as Producer Organizations and they are not obliged to pass through wholesale markets. They can directly market their products to retailers. They have to register only their prices, amount and type of the products to the closest wholesale market. Another provision regarding the direct marketing of the fruit and vegetable

products is that the products going to processing, are not obliged to pass through the whole sale markets.

Only Producer Organizations which are allowed to market directly without passing through wholesale market in fruit and vegetable sector, as defined in Decree No 552, will benefit from IPARD. This will help producers to organised themselves, position themselves better on the market and to develop stronger marketing capacities

All types of installations financed will be compliant with the Community Standards, notably through the implementation of HACCP and enforcement of Good Practices for the handling of the fresh Fruits & Vegetables.

- In the fish sector, the first priority of IPARD will be to assist the existing small and medium sized fish processing enterprises not yet up-to-standards (non exporting fisheries) to upgrade to Community Standards.

The second priority will be to create new fish processing enterprises in the presently under-equipped provinces, in order to counteract the present strong regional imbalances of the sector – and allow for the future development of inland aquaculture throughout the country.

- **Axis 1, Measure 1.2. Support for the setting-up of producers groups**

This measure aims at supporting the development of modern producer groups, able to play a significant role on the markets as well as for the restructuring and modernisation of their farmer members.

IPARD intervention will be concentrated in the following sectors, which have been identified for IPARD intervention as well as are targeted in Law No 5200, on Agricultural Producer Unions:

- Fruits
- Vegetables including Mushrooms
- Flowers
- Medicinal crops
- Milk
- Red and white meat
- Eggs
- Honey
- Fish

- **Axis 3, Measure 3.1. Diversification and development of the rural economy**

The review of the Turkish agricultural sector has pointed out the high incidence of subsistence and semi-subsistence farms (over 65% of the agricultural holdings) with very low levels of income, and the almost inexistent presence of any diversification of activities in rural areas to bring about revenue complements to the agricultural holdings. There is also an urgent need to address women's lack of revenues, while they could be a determinant element in raising the household income.

IPARD will address this need for the diversification of rural revenue sources with four actions:

- Support to the on-farm diversification of agricultural activities, targeting 3 ancillary productions identified as having the best potential for the creation of job opportunities and income generation: bee-keeping, aromatic and medicinal plants, and ornamental plants production
- Support to the development of local typical products, both agricultural and food products as well as traditional/heritage handicrafts (the actions related to quality policy should be prepared and financed in the context of Component I of IPA – IB)
- Support to the development of micro-businesses
- Support to the development of rural tourism
- Support to the development of aquaculture

The first action will target both individual farmers engaged in diversification activities, as well as producer organisations establishing support infrastructures needed for the development and marketing of the new productions.

The second action will offer actions for the development of local products and rural micro-enterprises demonstrating a positive impact on job opportunities.

The third action will address the relevant aspects of rural tourism development: development of micro scale boarding & lodging infrastructures, development of recreational activities – notably linked with the natural milieu: outdoor recreational and sportive activities, horse riding, discovery of nature and environment, along with the discovery of the local heritage and promotion of the local tourism.

While the process of elaboration of local development strategies is still relatively new in Turkey, IPARD will align its financing of diversification activities in as much as possible on these provincial or regional strategies, as soon as these become readily available and to encourage their development.

Finally, the last action planned under the diversification measure will support the development of inland freshwater aquaculture to contribute to the development of a promising source of alternative rural revenues.

In the diversification actions, a priority will be given to projects initiated by women, and to projects initiated in difficult mountainous rural areas. (See Section 3.2.4 for the definition of mountainous areas)

3.2.5.2. In the second phase (2010-2013) of IPARD implementation

In addition to the measures implemented in Phase 1, the following measure will be implemented in Phase 2:

Under Axis 2:

• Measure 2.1: Actions to improve the environment and the countryside

In parallel with the recent developments in the agricultural technologies in Turkey, agricultural production is aiming more yield per area of land by using more chemical fertilizers and pesticides as well as higher technology. Consequently, problems arising from agricultural activities and agriculture-environment interactions are faced and become more pressing.

The implementation of actions relating to environment and countryside is planned to get started in the second phase of the programme (2010 – 2013) subsequent to an intensive prior capacity-building process. For this reason the measure currently represents only the basic approach and a broad description of the concept which is to be followed with regard to the measure without details.

Pilot project areas and details of the actions will be designed, once the capacity-building process for this measure has taken place and the details of the measure have been elaborated.

- **Measure 2.2: Preparation and implementation of local rural development strategies**

Capacity building with regard to skills acquisition and the development of local development strategies will start under technical assistance during the first phase (2007-2009) of IPARD implementation.

In this way sufficient time is allowed for building capacity regarding the LEADER approach and preparing local development strategies in the first phase (2007-2009) to be implemented in the second phase (2010-2013). Therefore the measure/sub-measure fiches only represent an outline to be updated for accreditation subsequent to the related capacity-building process.

3.3 EX ANTE EVALUATION

3.3.1. The initial findings and their incorporation in the preliminary draft IPARD Programme

The ex ante evaluation began on 12th March 2007 with an appraisal of the preliminary draft and a review of supporting documents. At the end of the first mission to Ankara, the following initial findings were presented to the IPARD team.

- There is no Swot Analysis.
- There were significant gaps in the analysis of the current social, economic and environmental situation; e.g. economic performance of farm and food processing businesses, environmental appraisal.
- No overall or axis level objectives defined.
- No rationale for the selection of priority needs and targeting of specific sectors.
- The investment models prepared for different sizes of business in targeted sectors would suggest that the minimum eligible business size after investment is too small.
- The targeted absorption rates for most measures are very ambitious.
- There would appear to be no support for upstream / downstream activities that are crucial to the successful development of targeted activities- e.g. the improvement of feed and fodder production for livestock farming and the development of marketing systems for handicrafts and other products of targeted diversification activities.
- The lack of capacity among targeted beneficiaries is recognised but there is support proposed for project pipeline, or extension activities

These comments were taken into account in the preparation of the 3rd draft of IPARD Programme which was received by the evaluators on 30th May 2007. The ex ante evaluation report presents the outcome of the evaluators appraisal of that draft of the Programme.

3.3.2. Main conclusions and recommendations

The ex ante evaluation should be seen as a complementary document to the IPARD Programme – presenting an account of the targeted needs, the intervention logic and an evaluation framework for assessing the extent to which the needs are addressed at the mid term and ex post stage. In this summary the evaluators present the following recommendations for further development of the IPARD Programme. Also in Table 69 under the Section 3.4, the ex-ante evaluators' recommendations and actions taken by MARA are included.

- In the absence of a FADN type system it has proved to be very difficult to calculate the baseline position on key indicators such gross fixed capital formation, annual work units or gross value added, in typical farms or food processing businesses that are targeted by the Programme. As a consequence although models of the post investment performance of a range of business types have been prepared, it is not possible to calculate the improvement or changes from the pre investment position and therefore the expected effect of Programme on improving competitiveness. ***The evaluators recommend that MARA launch a project to fill these critical information gaps.***
- There are several gaps in the information needed to quantify the contextual baseline situation and the baseline position in relation to needs that are targeted by the programme. Turkstat have been consulted and would confirm that there are gaps in the information needed for the preparation of EU funded development programmes. For example it is not possible to extract information on the Gross Value Added of the food processing sector. The sectoral studies which they previously commissioned have made an enormous contribution to their understanding of the development needs of those sectors.
- The rationale for the choice of priority needs and sectors is now clearly developed. The evaluators observe that the IPARD objectives are largely driven by the priorities and progress of the Turkey's accession to the EU. It gives priority to the need for the adaptation of food production and processing to the food safety and hygiene standards set by the Acquis Communautaire. This is reflected in the selection of specific sectors, links in the production chain and investments that should be assisted. The result is a plan which will make a partial contribution to part of the needs prioritised in the National Rural Development Strategy. Some of those gaps may be filled by complementary interventions under other components of the MIPD framework. Further clarification is needed on this issue but even in the best scenario it is certain that the achievement of the objectives of the national Rural Development Strategy will still require substantial contributions under the National Rural Development Programme which the evaluators understand is in the course of preparation.
- The objective structure of the plan is sufficiently developed for the evaluators to conclude that the actions proposed for the measures are coherent with the objectives of the priorities and that these in turn are coherent with the overall objectives of the programme. However, they recommend that the number of specific objectives could be reduced and in some cases the operational objectives could be modified to provide a clearer, more logical and more simple statement of the proposed actions and the expected effects on targeted needs.
- The indicators proposed for the measurement of output are simple, easily quantified and compatible with those proposed in the Common Monitoring and Evaluation Framework.

(CMEF). The evaluators think that the verification and management of the large number of result indicators proposed will place too heavy a burden on an administration system with little experience of managing monitoring and evaluation systems. The evaluators recommend that they are reduced to those indicators (at most 4) that are common to all the measures in an axis and therefore allow a simple set of measurements of the combined contribution of those measures to meeting the objectives of the axis and the programme as a whole. The evaluators hope that their presentation of at least part of this set of key result indicators in the ex ante evaluation report will provide some useful guidance. They also recommend the guidance provided by the CMEF on this topic.

- The improved structure and content of the measure technical fiches greatly facilitates an analysis of their intervention logic and will facilitate the preparation of operational manuals for their implementation. However, the structure of the proposed interventions has become much more complicated and the evaluators think that this could be simplified to make it into a more transparent and more easily managed package. There are now 7 measures, 19 sub measures and 28 financial lines. In some cases the definition of separate financial lines is very useful but in others the evaluators believe it is not necessary.
- In relation to the conditions of eligibility, the evaluators find that their confinement, in the main, to modernising of buildings and equipment, is consistent with the objectives. The evaluators appreciate the role of a maximum limit on the size of eligible businesses and investments in concentrating scarce resources on those who most need them. In some cases however it would appear that the limit would include businesses with up to 250 employees and they wonder if this is too high. They also appreciate that the setting of a lower limit of eligible enterprise size could encourage more specialisation in a predominantly mixed farming situation. However, if the reason is to exclude those that are not economically viable, then surely that is covered by the condition that a business plan must demonstrate the viability of the enterprise. In the constant search for a simple and easily understood and managed programme, unnecessary eligibility conditions should not be included.
- The evaluators appreciate that the restriction of eligibility to some provinces is politically sensitive. For this reason they would suggest that the reasons for the selection and the criteria used for each measure should be more transparent.
- The programme refers frequently to the importance of ensuring that women and young people are able to benefit. The evaluators experience is that the mechanism used (inclusion in the project selection criteria) will operate when the value of applications exceeds the budget. Consideration could be given to other more effective mechanisms.
- The evaluators note that the formation and building the capacity of producer groups to manage projects will be an important component of the proposed development. In this regard they find the low level of development of this measure to be worrying. Partly because this measure needs to be implemented at the earliest possible stage but also because one of the constant comments in the Programme and reports of previous projects is that there has been a strong tradition of top down administration and that the understanding of, and capacity for, stakeholder participation is very limited at all levels. MARA should launch a project, similar in purpose to the sectoral studies, which would define the development needs and the mechanisms that could be used to meet them – in other words support the preparation of an effective measure.

- Finally the targeting of those in need will only be effective if the target groups have the finance, knowledge and confidence to participate. It was an across the board experience in SAPARD that small businesses and semi subsistence farm businesses did not have this capacity. MARA should give priority to the further development of their proposals to provide project pipeline support under the measure " setting-up of management relief and advisory services " measure 1.4.

3.4 INCORPORATION OF THE EX-ANTE EVALUATOR RECOMMENDATIONS IN THE IPARD PROGRAMME

The conclusions/recommendations formulated by the ex-ante evaluators were taken into consideration in preparing the present final version of the draft IPARD Programme. The ex-ante evaluators prepared the list of the recommendations to be taken into account to improve the quality of the Programme as well as the above mentioned recommendations. The great majority of the recommendations of the ex-ante evaluators have been accepted. The comments of MARA are provided in Table 69.

Table 68. Ex Ante Recommendations

No	Subject	Recommendation	The MARA's Comments
1	<i>Analysis</i>	MARA launch a project to fill critical information gaps, in relation to context and objective related baseline indicators. More could be extracted for example by making the connections between the diverse set of existing information sources.	The MARA has started to implement a FADN Project under EU 2006 Programming. The component of Twinning started in August 2007 and will be completed at the end of the 2008 (18 months). The other Investment component will start in January 2008 and will be completed in July 2008.
	<i>SWOT</i>	The inclusion of a "long list" of development needs after the SWOT may help to further clarify the link between the analysis and the proposed interventions. The evaluators have proposed a list in chapter 2 of the evaluation report.	Has been included .
2	<i>Objective structure</i>	The number of specific objectives could be reduced. For example we recommend the type simple objective hierarchies proposed by the CMEF in their guidance on the measure fiches.	Specific objectives have been reduced and simplified.
3		Operational (measure level) objectives for axis 3 measures should be reworded to provide a more accurate description of the actions that are proposed for support and their	Measure objectives of Axis 3 reworded in line with the comments.

		coherence with the specific and overall objectives of this axis. Again we recommend the CMEF guidance on the objectives of these measures.	
4	<i>Quantification of outputs, results and impact.</i>	Targets must be provided for all result and impact indicators. An essential first step is to carry out an analysis of the existing structure and economic performance of existing farm, food processing, diversification businesses that are being targeted for support. This work can parallel the early implementation of the programme and will improve the understanding of the current situation of target groups and enterprises.	There are several gaps in the information needed to quantify the contextual baseline situation and the baseline position to needs targeted to be addressed by the Programme.
5		The predictions of post investment economic performance of assisted farms and food processing businesses should be reviewed because the evaluators believe the predictions are too optimistic.	More realistic figures have been included in the Final Draft of the Programme.
6		The evaluators recommend that in this first attempt to quantify the expected results of the interventions, it would be better to focus on a small number of result indicators that are common to all the measures in an axis and therefore allow a simple set of measurements of the combined contribution of those measures to meeting the objectives of the axis and the programme as a whole. We recommend the guidance of the CMEF We have also proposed these result indicators in chapter 4.	The small number of result indicators that are common to all the measures in an axis has been taken into account as complete as possible but as the sector objectives are different in some cases, different indicators have also been used
7		The number of people trained is consistently proposed as a result indicator. At the moment no support for training is proposed and no direct results should be expected. If support for training is included the definition of the indicator should be reviewed in the light of the guidance provided by the CMEF	The number of people trained has been taken out of the indicators.
8	<i>The proposed measures - General</i>	The evaluators recommend that the complex architecture of the package of interventions (19 sub measures and 28 financial lines) should be reviewed to eliminate unnecessary	This recommendation has been taken into consideration seriously. The measure fiches and sub-measure fiches have

		differentiation in the proposed interventions. In some cases the definition of separate financial lines is very useful but in others the evaluators believe it is not necessary. The proposed interventions could be defined in a much simpler package of 6 or 7 measures.	been reviewed and the Financial Lines have been significantly reduced.
		The selection of the regions that will be eligible for support under the different sub measures should be better explained to improve transparency on this sensitive issue.	The better explanation has been included.
		The consistency of approach to the definition of maximum eligible business size should also be reviewed. For example, the only restriction on eligibility for support under the Rural Tourism sub measure is that the enterprise will have fewer than 250 employees and an annual turnover of 50 million Euro. This would appear to be somewhat at odds with the principle that assistance should only be provided to those in need of support under other measures.	The definition of maximum eligible business size in Rural Tourism has been reduced to micro size.
		The elaboration of a detailed measure to support the formation and operation of producer groups must be given urgent attention. It is recommended that MARA launch a project, similar in purpose to the sectoral studies, which would define the development needs and the mechanisms that could be used to meet them.	The producer group measure fiche has been redrafted by considering the recommendations. The MARA, strongly supports the preparation of an effective measure on producer groups which corresponds to the real needs of the sector.
		The elaboration of a detailed measure to provide project pipeline support to potential applicants must be given urgent attention. The evaluators have suggested a number of options in chapter 5 of the evaluation report.	The measure " setting-up of management relief and advisory services " is questionable. No eligible measure under IPARD. This type of services will however be supported under the national schemes and will also contribute to information and training of future IPARD beneficiaries.

	<i>Specific measures</i>		
	Sub measure 1.2.1 Milk processing	The projected average cost of investments in small enterprises is 150.000 Euro. The investment model for small enterprises suggests a cost of approximately 79.000 Euro per ton. Either the later figure is too high or the projected average cost is too low.	taken into account.
	Sub measure 1.1.2 Meat producing holdings	The rationale proposes encouragement of integrated birth to beef systems but it is not clear how this encouragement would be given	Taken out of the context of the measure.
	Submeasure 1.2.3 Fruit and Vegetable processing	Financial line 3 proposes to support larger producer groups but there does not appear to be a definition of a larger producer group.	Financial Lines has been revised and the producer group definition has been included.
	Measure 3.1 Diversification and development of on farm activities.	It is not clear how assistance will be targeted on “subsistence farms plagued by low incomes” as suggested in the rationale.	Taken out of the context of the measure.
	<i>Implementation</i>	The lines of demarcation between the proposed IPARD and Human Resources Operational Programme require further clarification.	The complementarity chapter has been included in the Final Draft Programme.
		Consideration should be given to the introduction of a less demanding application process for small investments. (eg those less than 20.000 Euro) This could be applied across all the measures.	This comment is not linked to Community standards but to a less bureaucratic application procedure. The respect of Community standards for investments is also requested for small holdings/enterprises, only not for the whole holding/enterprise.
		As part of the terms of reference for the preparation of an information management system for the implementation of IPARD, a list of monitoring indicators should be prepared. This list should reflect the importance of a regular flow of information to the monitoring committee on features such as the distribution of benefit to women, young people, mountain areas, small	The preparation of the list of the monitoring indicators has been started. MARA will implement the necessary studies.

		and medium sized businesses, parts of the production chain where there is the greatest need to upgrade standards.	
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In addition to the above mentioned recommendations, the ex-ante evaluators have highlighted some of the issues described below;

The recommendation that there are several gaps in the information needed to quantify the contextual baseline situation and the baseline position to needs targeted to be addressed by IPARD Programme, was taken into consideration; during the IPARD Programme implementation. The MARA will implement the necessary studies towards the establishment of this information, especially on Gross Value added of the food processing sector; meetings already have been started with relevant institutions like Turkstat, SPO and MoEF.

The recommendation, on the need that the achievement of the objectives of the National Rural Development Strategy by means of the substantial contributions under the National Rural Development Programme (NRDP) which is in the course of preparation has been also considered. A targeted collaboration between IPARD and NRDP teams will be established, so that the ex-ante evaluators recommendation can be implemented.

The recommendation that, the large number of result indicators proposed, may be reduced to at most 4 common indicators to all the measures of each Axis, so as to allow a simple set of measurement of the combined contribution, is difficult to be applied to all subsectors due to the nature and the specific subject of each one. An effort has been made to this effect also during the incorporation of the final EC comments to simplify the specific objectives.

The recommendation that, unnecessary eligibility conditions should not be considered, and that, the Business Plan is crucial for the documentation of the economic viability of the project to be supported, is well noted; the structure and/the evaluation of the Business Plan will be well designed; some unnecessary eligibility conditions in measures were eliminated; for the regions eligibility, the reasons for the selection and the criteria used for each measure, will be transparent. Concerning the definition of the enterprises “small” and “medium”, the Turkish definition of SMEs will be used. In the diversification measure priority has been given to micro sized holdings and enterprises.

The recommendation, on the women and young people participation, was seriously considered and priority was given in the ranking criteria to women and young people.

The recommendation that, the measures on producer groups is at a low level of development in the context of draft IPARD Programme, vis-à-vis the needs, and that, the MARA should launch a project which would define the development needs and the mechanisms that could be used to meet them, was taken into consideration; the MARA, will strongly support the preparation of an effective measure on producer groups of which the size will corresponds to the real needs of the sector. At the same time the MARA intends to launch a project targeted to the identification of the needs for producer groups development in the Country, taking also into consideration the upcoming new EU Regulation on fruit and vegetables.

3.5 EXTENSIVE OBJECTIVE HIERARCHY OF IPARD PROGRAMME

IPARD Objective Hierarchy

The policy documents regarding agriculture and rural development priorities and IPARD strategy of Turkey are explained in detail above. They are closely linked to each other and establish the policy in an order starting from the general and going to more specific issues.

The relationship between their objectives and the objectives set up for IPARD are clarified as follows:

As said above, the Ninth Development Plan for the period 2007-2013 is the national policy and planning document including the priorities for the social and economic development of the country as a whole, built on a vision of Turkey as an information society growing stably, sharing more equitably, becoming globally competitive and fully integrated with the European Union.

The Increasing Competitiveness strategic objective of the Plan includes the component “Improving Efficiency of Agriculture”. The priorities for improving the efficiency of agriculture are linked with the context of the Agricultural Strategy, Agricultural Law and the alignment process to EU acquis. Since agriculture still plays an important role in rural areas of Turkey economically and socially, the agricultural policies have a major impact on the rural development policies.

The National Development Plan also includes priorities for Rural Development under the Strategic Objective “Ensuring Regional Development”. The implementation of the priorities of National Rural Development Strategy and the establishment of necessary institutional framework for harmonization with EU rural development policies and the management and use of rural development funds effectively are included as priorities for this objective.

The National Development Plan refers to the Agricultural Strategy, the Agriculture Law and the National Rural Development Strategy (which are all detailed in Chapter 2) in order to specify the agriculture and rural development priorities and objectives.

The Agriculture Strategy formulates the framework for the development of the agriculture sector within the context of national strategies and objectives and in full consideration of EU integration. The strategy serves as the basis for legislative arrangements in the agriculture sector. With the Agricultural Strategy, a component for Rural Development, support has been introduced corresponding to 10% of the total Agricultural Supports (details are provided in Section 2.1.2).

The Agriculture Law No 5488, adopted on 18/4/2006 is the practical tool for the implementation of the above policies in order to develop and support the agriculture sector and rural areas in accordance with the national plans and strategies. An Agricultural Support and Guidance Committee has been established through this law, headed by the Minister of Agriculture and Rural Affairs and comprising members from related institutions with the duties to determine the allocation of agricultural support instruments and to coordinate the implementation of the policies.

The Agriculture Strategy basically aims to achieve a competitive and sustainable agricultural sector structure, by accompanying it in its structural transformation. In complement, the National Rural Development Strategy aims to support and accelerate the rural development in order to increase the welfare of rural society, lower the regional development disparities and fight poverty and

depopulation of less favoured areas, while at the same time promoting more sustainable agriculture-environment relations.

The National Rural Development Strategy was prepared in 2004-2005 in order to:

- Constitute a comprehensive policy framework for rural development activities,
- Establish a basis for the Rural Development Plan ,
- Provide a perspective for relevant stakeholders in preparing and implementing rural development programmes and projects both financed from national and international resources.

Details on the content of the National Rural Development Strategy have been exposed in section 2.1.3.

In the context of pre-accession, the IPARD Programme will support the preparation for the accession with regard integration of Acquis Communautaire, agriculture modernisation and upgrading to Community Standards, and will contribute to the sustainable development of rural areas as well as building capacity for the implementation of agri-environmental measures and LEADER-type actions.

Its objectives lie within the framework of the Multi-annual Indicative Planning Document (MIPD). As stated above in section 3.1.2, MIPD sets out three priority axes for the IPA Rural Development component:

- adaptation of the agricultural sector and the implementation of Community standards,
- preparatory actions for the implementation of agri-environment measures and the Leader approach, and
- sustainable development of rural areas while supporting the development of the rural economy.

In line with the above mentioned National Plans and Strategies and EU accessions issues, the IPARD general objectives are identified as:

- to contribute to the sustainable modernisation of the agriculture and food sector through targeted investments while at the same time encouraging the improvement of EU acquis related food safety, veterinary, phytosanitary, environmental or other standards as specified in the Enlargement Package and MIPD
- to promote the sustainable development of rural areas

The specific objectives of IPARD are set as ;

- Axis 1: improving market efficiency and implementation of Community Standards.
- Axis 2: preparatory actions for the implementation of the agri-environmental measures and local rural development strategies.
- Axis 3: Development of the rural economy

These objectives will be detailed per measure in Chapter 4. During the first phase of IPARD implementation (2007 – 2009) the following measures will be implemented;

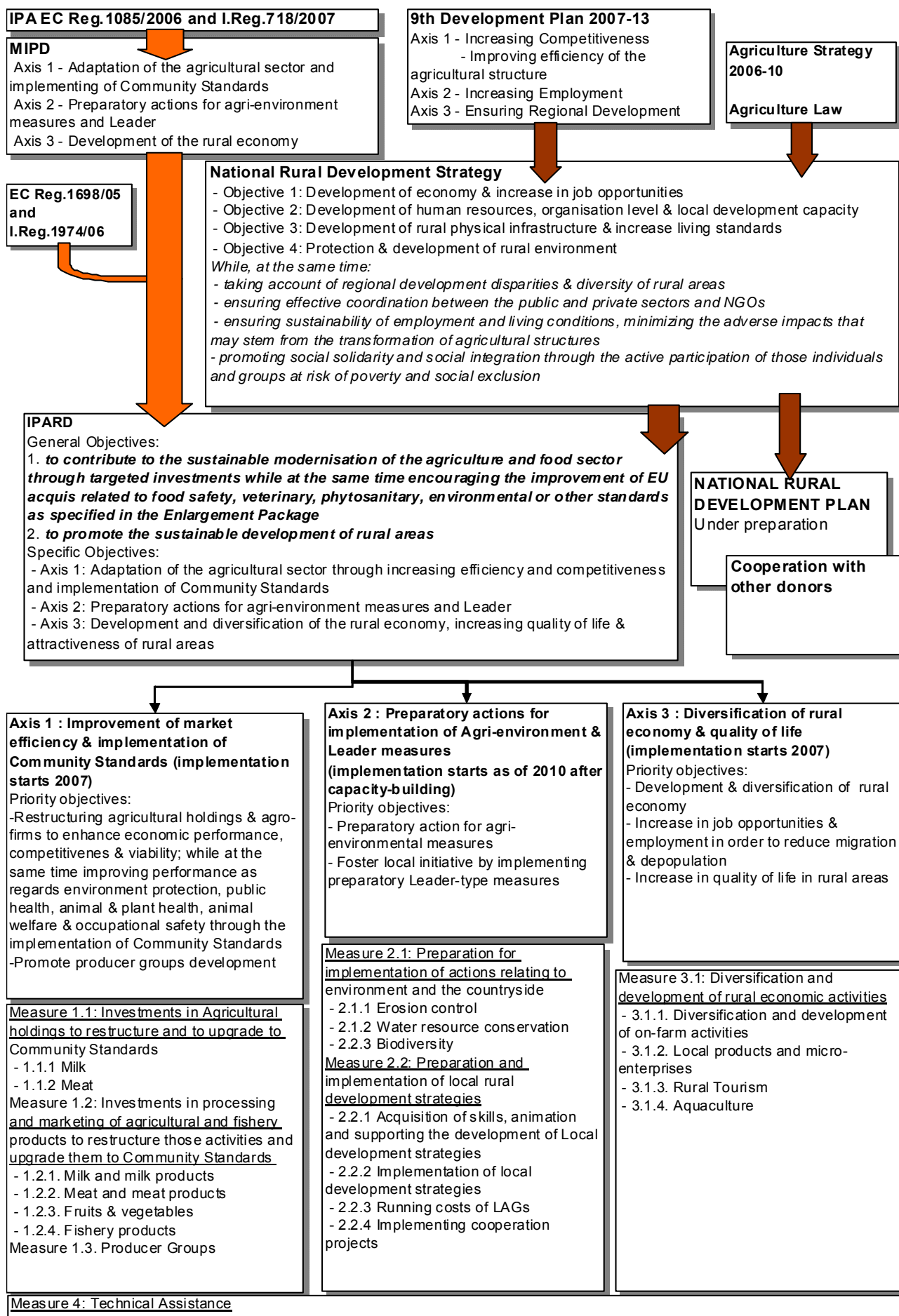
- Investments in agricultural holdings to restructure and to upgrade to Community Standards

- Investments in processing and marketing of agricultural and fishery products to restructure those activities and upgrade them to Community Standards.
- Support for the setting up of producer groups
- Diversification and development of rural economic activities and
- Technical assistance

During the second phase of IPARD implementation (2010-2013), the following measures will be implemented;

- Preparation for implementation of actions relating to environment and the countryside
- Preparation and implementation of local rural development strategies

IPARD hierarchy of objectives is summarized on the figure below:



CHAPTER 4

DESCRIPTION OF MEASURES

Measure Technical Fiches

MEASURE TECHNICAL FICHE NO: 1.1
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MEASURE 1.1: INVESTMENTS IN AGRICULTURAL HOLDINGS TO RESTRUCTURE AND TO UPGRADE TO COMMUNITY STANDARDS

(1) Legal basis

- Article 12 (2) of IPA Council Regulation (EC) No 1085/2006.
- Article 174 of IPA Implementing Commission Regulation (EC) No 718/2007
- Related provisions of the Sectoral Agreement for IPARD

The following general provisions addressed in this measure-fiche apply to all sub-measure fiches under this measure.

(2) Rationale

Following the provisions of the MIPD and the priority sectors identified, two sectors have been identified as priority for IPARD intervention as regards investment in agricultural holdings to restructure and to upgrade to Community standards: (i) Milk and (ii) Meat (both red meat and poultry).

In the two sectors selected, there is currently a coexistence of various very dissimilar types of agricultural holdings:

- Intensified modern agricultural holdings, already largely competitive and largely up to Community standards⁶⁶. Some of these agricultural holdings are the result of investment of private groups in the agricultural sector. They are wholly self-sufficient to pursue their own development by tapping the commercial financial sector, if needed.
- A large number of subsistence agricultural holdings, many of them too small to be viable in the future, used by the rural population on a subsistence basis, combined or not with other ancillary sources of secondary revenue.
- An intermediate fringe of semi-improved small to medium sized agricultural holdings, that try to make their living principally on agricultural revenue. This fringe of small to medium sized agricultural holdings has the potential to improve their techniques and become economically viable in the future. They are the ones that are targeted for the priority support of IPARD.

IPARD will thus assist these small to medium sized agricultural holdings to improve their production tools and processes, in order to both achieve more economic efficiency and guarantee their viability and long-term sustainability in the context of a future opening of Turkey's agriculture to the EU Common Market. It will also assist them with the upgrading of their practices to attain Community standards relative to quality and quality management of agricultural products, hygiene

⁶⁶ Some of these modern farms still suffer from the constraints and limits of their sector – e.g. competitiveness of the modern dairy farms is still impaired by the absence of a structured animal feed sector, translating into the obligation to resort to imported feed components, at the expense of competitiveness with other EU countries

and food safety, animal welfare, control and limitation of the environmental impact (water use, manure and nitrate pollutants management) and occupational safety.

Furthermore, given the specific context of high prevalence of subsistence and semi-subsistence farming in Turkey, IPARD has the objective to further assist a limited number of semi-subsistence agricultural holdings situated *just below the viability line* to improve and cross the viability threshold and, thus, join the group of small and medium viable agricultural holdings in milk sector. These targeted complementary actions should help enlarge the expected impact of IPARD, as regards fighting against depopulation of rural areas and contributing to correct regional imbalances.

(3) General objectives

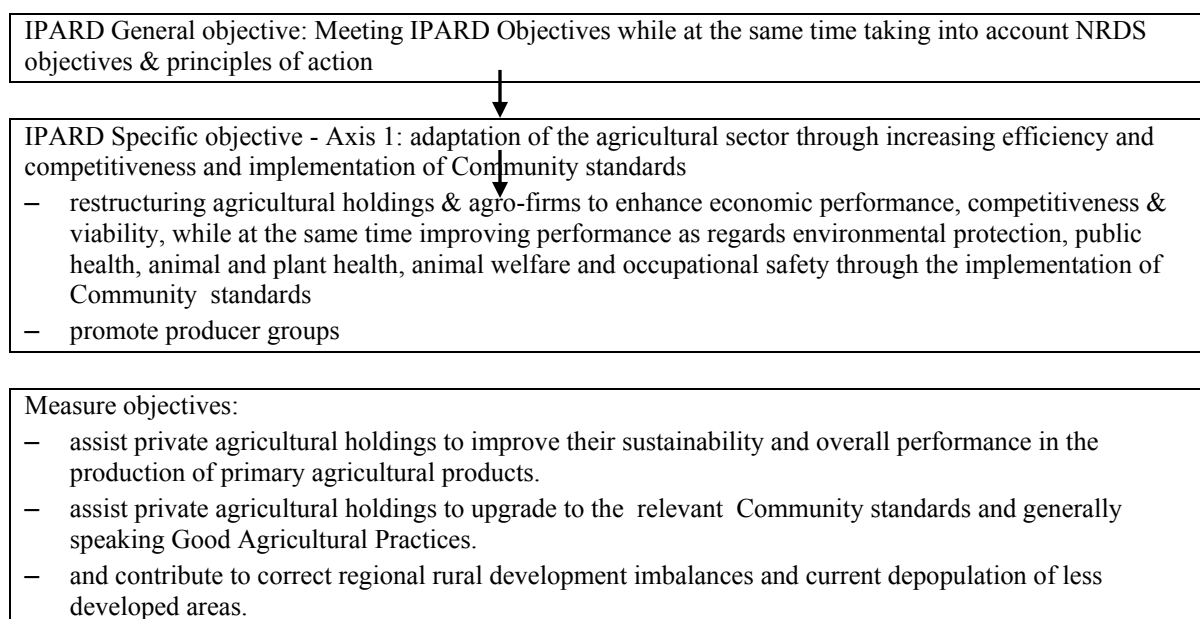
The objectives of this measure are to:

- contribute to the sustainable adaptation of the agricultural sector and rural areas and to improve market efficiency.
- contribute to Turkey's preparation for the implementation of the *acquis communautaire* concerning the Common Agricultural Policy and related policies for its accession to the EU.

By assisting the agricultural holdings to;

- improve their sustainability and overall performance in the production of primary agricultural products.
- while at the same time upgrading to the relevant Community standards and generally speaking Good Agricultural Practices.
- contribute to correct regional rural development imbalances and current depopulation of less developed areas

The hierarchy of IPARD objectives linked with this measure is recalled below:



The measure comprises two sub-measures:

- support to milk producing agricultural holdings
- support to meat producing agricultural holdings

(4) Linkage to the other IPARD measures included in the Programme

This measure is linked with measure 1.2 for upgrading the processing industry of the milk and meat sectors, as well as to measure 1.3. for the promotion of producer groups resulting in the strong organisation of the producers in the process to upgrade the agricultural holdings to the Community standards as well as the quality of the production. This measure is also linked with measure 2.1. (agri-environment), to be implemented in the second phase of IPARD, for preventing excessive grazing and promoting restoration of collective pastures and erosion control activities as well as the conservation of the biodiversity.

(5) Definition of beneficiaries

Beneficiaries of the measure are those natural persons and legal entities, with the exception of public legal entities, recognised by the national law, who;

- are agricultural holdings registered at:
 - the National Farm Registry System and
 - the Animal Registration System and
 - the national tax system,
- are not over the age of 65 years when the decision to grant support is taken,
- prove adequate occupational skills and competence, either an agricultural high school or university degree on agriculture, veterinary or food, or professional service records of working experience in an agriculture or related speciality for at least three years.
- in the case of the legal entities, at least one permanent employee at the level of top management, prove adequate occupational skills and competence, either an agricultural high school or university degree on agriculture, veterinary or food, or professional service records of working experience in an agriculture or related speciality for at least three years.

(6) Common eligibility criteria

Common eligibility criteria for this measure are:

- The agricultural holding/legal entity should:
 - comply with national minimum standards (see Chapter 2 and Annex 2.2) regarding environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when the decision to grant support is taken. Where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standards on the condition that the holding shall meet the new standards by the end of the realisation of the investment.

- provide as obligatory part of the application a certificate from the national veterinary and environmental authorities confirming that all mandatory national minimum standards are respected on the holding of the potential beneficiary and the relevant Community standards are respected at the end of the investment for the investment or the holding as specified under the sub-measure conditions.
- should submit a business plan in accordance with the requested format by the IPARD Agency.
- should demonstrate in the business plan the economic viability of the holding at the end of the realisation of the project. The general criteria for evaluation of the economic viability of the beneficiary that is compatible with the current practice of banking system is provided in Annex 4.1. The business plan should include the necessary documents listed in the Annex 4.1. The economic viability should be demonstrated that the equity capital of the holding and its stocks in terms of liquid and assets meet the operational costs.
- prove that it has no tax and social security debts to the government at the moment of submitting an application.

And, as concerns its investment shall:

- be related to the production of agricultural products covered by Annex I to the Treaty establishing the European Community.
- comply with the relevant Community standards at the end of its realisation.
- ensure that it is maintained and does not undergo a substantial modification five years after the final payment by the operating structure.
- In case the applicant is not the owner of the holding where the investment is carried out, a contract which includes provisions allowing for the structural effects of the project during at least 5 years after its conclusion should be concluded between the parties concerned,

(7) Eligible expenditure

Eligible expenditure in accordance with Article 172(2) of Regulation (EC) 718/2007, is limited to:

- the construction or improvement (but not acquisition) of immovable property;
- the purchase or lease-purchase of new machinery and equipment including computer software up to the market value of the asset, the purchase or lease-purchase of new machinery and equipment is only eligible if it results in ownership being transferred to the lessee at the end of the contract;
- general costs linked to expenditure referred to under the previous points, such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licenses up to a ceiling of 12% of the costs referred to under the previous points, with an allocation for business plan preparation at maximum 4% of the project value, not exceeding 6,000 Euro.

The following expenditure is not eligible in addition to the expenditure mentioned in Article 34(3) of Regulation (EC) 718/2007:

- costs connected with the lease-purchase, such as lessor's margin, interest refinancing costs, overheads and insurance charges;

- the acquisition of second hand/used equipment;
- the purchase of agricultural production rights, animals, annual plants and their planting;
- maintenance, operating, depreciation and rental costs as well as cost incurred by public administration in managing and implementing assistance;
- expenditure occurred prior to the selection and contracting of the project by the IPARD Agency (with the exception of general costs as defined above).

The detailed provisions of the Sectoral Agreement shall apply.

(8) Aid intensity

Public expenditure shall be 50 % of the total eligible cost of the investment, except:

(a) 55 % for investments in agricultural holdings made by young farmers under the age of 40 at the time when the decision to grant support is taken,

(b) 60 % for investments in agricultural holdings in mountain areas (as defined under Section 3.2.4.)

(c) 65 % for investments in agricultural holdings in mountain areas made by young farmers under the age of 40 at the time when the decision to grant support is taken.

The Community contribution shall not exceed a ceiling of 75 % of the eligible expenditure.

The maximum total value of eligible investments per beneficiary is limited to 1,000,000 Euro within the timeframe of IPARD.

A maximum of four eligible investments per beneficiary are allowed within the timeframe of IPARD. The beneficiary can only submit a new application for IPARD support, when the previous investment has been finalised (final payment).

The payments for the investments shall be received in one instalment according to the details agreed in the contract signed between the beneficiary and the IPARD Agency (ARDSI).

Only for investments which include construction/reconstruction and equipment, payments can be received in two instalments: the first instalment shall be paid after the finalisation of the construction or reconstruction and the second instalment after the installation of the equipment, i.e. at the end of the investment. In the business plan, the beneficiary shall indicate the two phases of the investment triggering the two instalments.

(9) Coherence and compatibility

This measure will be complementary to the processing and marketing of agricultural and fishery products measure by increasing the supply of raw products at the high quality and hygiene standards especially managed according to Community standards.

This measure addresses the promotion of viable and sustainable agricultural holdings in the two priority sectors defined. It has thus a strong link with IPA Component III - Regional Development Component, in as much as the existence of a strong and sustainable agricultural sector is the basis for the general economic development of regions with a strong rural character, where other

employment opportunities outside of the agricultural/or agriculture service sector might be more difficult to create.

Adaptation of agricultural holdings to modern farming practices is also closely related to improved training of the farmers. It is thus linked to IPA Component IV - Human Resources Development Component.

Investment supported under this measure are not supported by other IPA components:

- Neither Component III, regional competitiveness operational programme nor the environmental operational programme finance the same kind of investment.
- Actions financed under the Human Resources Development Operational Programme of IPA Component IV will be complementary to and coherent with actions financed under the IPARD programme.

(10) Financing

Measure 1.1. Investments in agricultural holdings

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		Euro	%
		Euro	%	Euro	%	Euro	%		
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2007	22.080.000,0	11.040.000,0	50%	8.280.000,0	75%	2.760.000,0	25%	11.040.000,0	50%
2008	56.533.333,3	28.266.666,7	50%	21.200.000,0	75%	7.066.666,7	25%	28.266.666,7	50%
2009	91.200.000,0	45.600.000,0	50%	34.200.000,0	75%	11.400.000,0	25%	45.600.000,0	50%
2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2012	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2013	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total 2007-09	169.813.333,3	84.906.666,7	50%	63.680.000,0	75%	21.226.666,7	25%	84.906.666,7	50%

Figures in Euro

(10.1) Allocation of funds per sector

Sector	2007		2008		2009		2010		2011		2012		2013	
	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro
Milk	55	12.144.000,0	55	31.093.333,3	55	50.160.000,0	55	n.a.	55	n.a.	55	n.a.	55	n.a.
Meat	45	9.936.000,0	45	25.440.000,0	45	41.040.000,0	45	n.a.	45	n.a.	45	n.a.	45	n.a.
Fine Line 1	95	9.439.200,0	95	24.168.000,0	95	38.988.000,0	95	n.a.	95	n.a.	95	n.a.	95	n.a.
Fine Line 2	5	496.800,0	5	1.272.000,0	5	2.052.000,0	5	n.a.	5	n.a.	5	n.a.	5	n.a.
Total	100	22.080.000,0	100	56.533.333,3	100	91.200.000,0	100	n.a.	100	n.a.	100	n.a.	100	n.a.

MEASURE TECHNICAL FICHE No 1.1.1

MEASURE 1.1: Investments in Agricultural Holdings to Restructure and to Upgrade To Community Standards

Sub-measure 1: Milk producing agricultural holdings
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(1) Legal basis

See measure 1.1 general framework.

(2) Sub-measure rationale

The cattle milk production corresponds to 90% of the total milk production in Turkey. The milk sector review has described the current status of the milk sector in Turkey. As said, the sector can be considered three-fold:

- A limited number of intensive agricultural holdings of a sizeable dimension (>100 cows), delivering cooled and quality tested milk compliant with the Community's quality, hygiene and food safety standards to modern processing dairies also compliant with Community standards.
- A large number of non-specialized subsistence and semi-subsistence agricultural holdings, producing milk either wholly for auto-consumption (1-3 cows) or for some sales to the market (4 to 9 cows).

The ones who market their milk deliver it to small traditional dairies (mandiras), but with many breaches of quality and hygiene along the production and processing chain, translating into very poor quality product, only saved by the fact that it is processed as yogurt or cheese before being sold at a low price to the consumers.

- And finally, a growing number of small to medium sized and specialized agricultural holdings (10 to 100 milking cows) producing milk with a market orientation.

Although these ones are willing to invest to increase their quality level and competitiveness, they tend to be neglected by the commercial banking sector, and find it difficult to follow the same progress path as the bigger operators toward integration of Community-level quality standards.

This last group is the IPARD primary target in the milk sector. It is also expected that a limited number of the smaller traditional agricultural holdings might be able to take the jump toward dairy specialisation for market, and thus join this group through a reasoned investment programme.

Key issues that IPARD Programme will target are:

- Improvement of competitiveness and adaptation to market through improvement of the feeding practices and encouragement to the adoption of improved breed herds⁶⁷; and

⁶⁷ Although IPARD will not finance the direct purchase of dairy cows, it will give a clear ranking priority to farms rearing cross-bred or pure dairy bred, thus encouraging farmers to resort to the national artificial insemination scheme implemented.

- Most of all, a substantial upgrade of milking room equipment, cooling and storage equipment and quality practices in order to raise the milk quality level of these agricultural holdings up to Community standards regarding quality, hygiene and food safety.

It will also be crucial for the improvement of milk quality that more delivery contracts should be arranged between the modernised agricultural holdings and up-to-standards milk processing enterprises. Turkey intends to promote an integrated approach of quality, hygiene and risk management along the production – collection – processing chain.

To encourage this movement, farmers applying for IPARD financing that can prove that they are in partnership and delivery contracts with a milk processing enterprise also concurrently engaged into improvement of quality practices and hygiene and risk management upgrade will be given a strong priority.

Localisation of the agricultural holdings in IPARD selected provinces is indicated in the table below, which breaks down statistics in order to identify IPARD potential beneficiaries:

- Column C: the sector study and MARA economic calculations have clarified that the strata of small to medium sized producers, working with 10 milk-cows and upwards, have the potential to become commercially viable and Community standards compliant.
- Column B: besides them, a second group of farmers, presently just below the viability line (7-9 cows), might be able to cross the viability threshold while also upgrading dramatically their quality level.
- Column D: IPARD will not target the agricultural holdings having more than 100 cows as they have the potential to upgrade to Community standards by themselves.

When it comes to sheep and goat breeding agricultural holdings, the share of milk production by the agricultural holdings breeding sheep and goat is only 10% of the total milk production. The organization in collection and processing of sheep and goat milk is weak and the milk usually goes to family consumption or cheese and yoghurt making. It is very important to strengthen the milk collection organisation in order to revitalize the sector as well as promote the achievement of Community standards particularly in milk hygiene and quality like cattle milk production.

The situation of the sheep and goat agricultural holdings is as follows:

- 69% of sheep and goat agricultural holdings have less than 50 heads of animal, they are semi-subsistence and non specialized holdings and below the viability level. Milking is traditionally done by hands resulting in a weak condition with respect to hygiene and food safety.
- 30% of the agricultural holdings which have 50 and 300 heads of animal, are considered to be viable in the future. They produce milk for processing industry and are willing to engage in specialization to produce good quality milk and to comply with Community standards. However they need encouragement during their adaptation to Community standards.
- The other ones are large and competitive agricultural holdings having more than 300 heads of animal corresponding to 1% of the agricultural holdings, having the potential to upgrade to Community standards without IPARD support.

The small and medium sized agricultural holdings having sheep/goats between 50 and 300 are the target of IPARD regarding the same interventions foreseen for the milk cattle agricultural holdings.

There are totally 1.102.141 holdings engaged in milk cattle breeding in Turkey. 829.643 of these are micro scale (1-6 milk cattle) , 268.029 are small scale (7-49 milk cattle), 4.017 are medium scale (50-99 milk cattle) and 452 are large scale (> 100 cattle) (see Annex 1.8.1.). In the IPARD selected provinces, there are 182.331 potential beneficiaries.

There are a total of 530.151 agricultural holdings dealing with sheep/goat milk production in Turkey, 272.085 of them are in the selected provinces (see Annex 1.8.2.). In IPARD selected provinces there are 89.726 holdings who could be potential beneficiaries.

PROVINCE	A Non-Eligible (micro) 1-6 cows	Eligible		D Non-eligible (big farms) >100 cows	Total	Percent		
		B 7-9 cows	C 10-100 cows			B (%)	C (%)	A+D (%)
AFYONKARAHİSAR	502	423	846	8	1 779	24	48	29
AMASYA	2 677	1 258	2 065	0	6 000	21	34	45
BALIKESİR	254	105	324	8	691	15	47	38
ÇORUM	21 800	5 200	1 851	6	28 857	18	6	76
ERZURUM	11 106	3 903	3 000	2	18 011	22	17	62
ISPARTA	11 433	2 792	419	0	14 644	19	3	78
KAHRAMANMARAŞ	34 740	2 457	1 957	15	39 169	6	5	89
KARS	3 778	4 128	6 531	23	14 459	29	45	26
KONYA	57 400	5 600	7 083	12	70 095	8	10	82
MALATYA	5 345	2 405	6 250	15	14 015	17	45	38
SAMSUN	44 457	4 118	4 271	1	52 847	8	8	84
SİVAS	26 375	4 480	7 888	16	38 759	12	20	68
ŞANLIURFA	19 131	889	514	6	20 540	4	3	93
TOKAT	19 116	3 770	9 919	3	32 808	11	30	58
YOZGAT	25 399	3 806	6 561	29	35 795	11	18	71
AGRI	6 100	3 900	7 150	10	17 160	23	42	36
AKSARAY	13 481	1 843	2 650	13	17 987	10	15	75
ANKARA	4 580	1 203	2 505	30	8 317	14	30	55
ARDAHAN	5 780	5 460	9 760	0	21 000	26	46	28
AYDIN	10 303	657	472	28	11 459	6	4	90
BURDUR	15 729	3 118	3 468	2	22 317	14	16	70
BURSA	2 184	298	158	14	2 654	11	6	83
ÇANAKKALE	22 422	3 199	5 259	13	30 893	10	17	73
DENİZLİ	3 302	861	714	0	4 877	18	15	68
ELAZIĞ	14 195	956	967	3	16 120	6	6	88
KARAMAN	1 295	1 483	2 181	2	4 961	30	44	26
KÜTAHYA	44 941	5 367	5 329	1	55 638	10	10	81
MANİSA	9 009	995	867	7	10 877	9	8	83
MERSİN	1 676	234	350	5	2 265	10	15	74
MUŞ	9 273	2 683	1 568	0	13 524	20	12	69
UŞAK	5 357	1 053	812	1	7 223	15	11	74
Total target provinces	453 137	78 642	103 689	273	635 741	12,4	16,3	71,3
Total TURKEY	829 643	131 808	140 238	452	1 102 141	12,0	12,7	75,3

Afyonkarahisar= Afyon

(3) Specific objectives

By reference to objectives of Measure 1.1, the specific objectives of sub-measure 1.1.1 are:

- to support small and medium sized milk cattle agricultural holdings and/or sheep and goat agricultural holdings that sell the main part of their milk production to milk processing

enterprises to modernize and upgrade to relevant Community standards and Good Agricultural/Animal rearing practices.

- to help the milk cattle agricultural holdings situated just below the viability threshold of 10 milking cows to cross this threshold by raising their herd size to 10 milking agricultural holdings at the end of the project, while at the same time to modernize and upgrade them to Community standards and Good Agricultural/Animal rearing Practices, thus contributing to enlarge Turkey's milk production potential.

(4) Geographic scope:

Eligible provinces

Eligible provinces are shown on the map below.

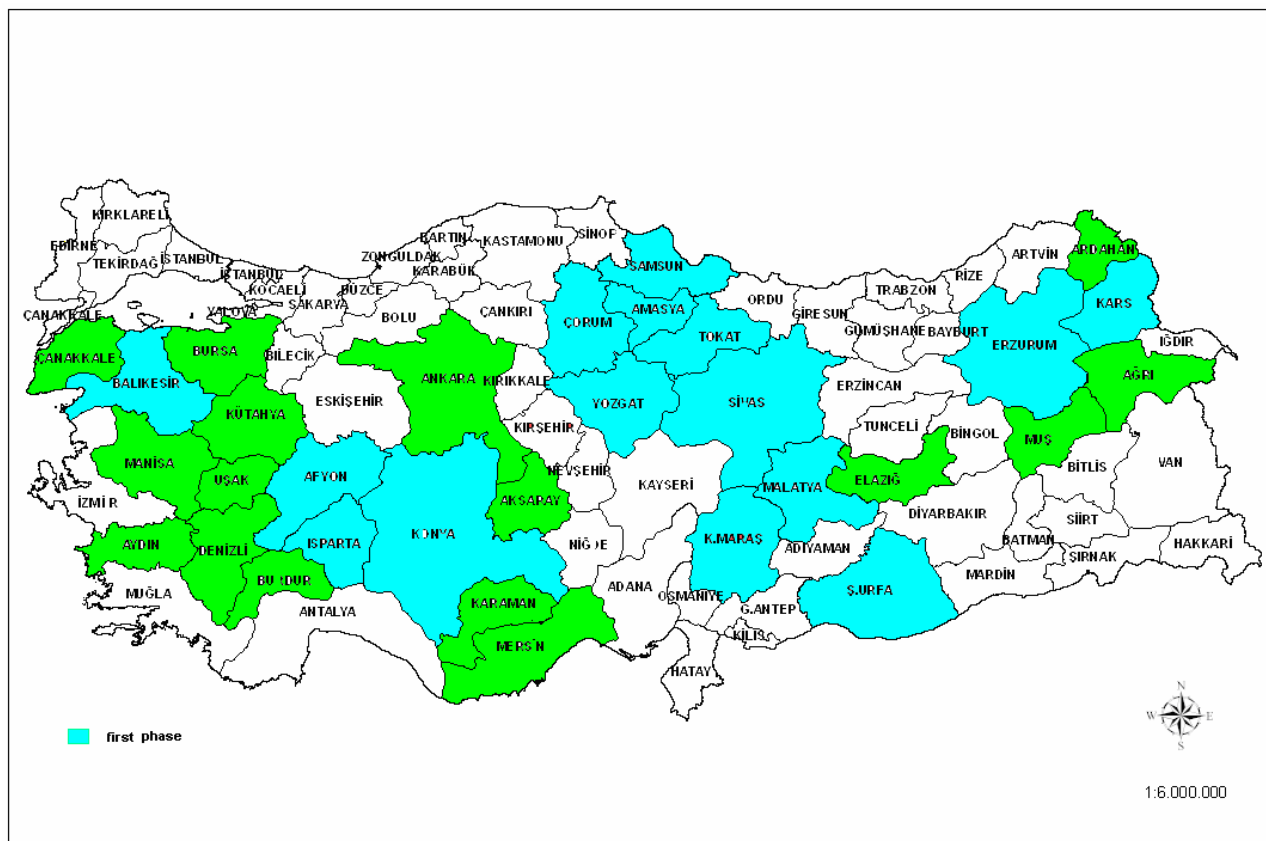
The provinces have been selected by reference to both the potential for milk production development and the number of milk cattle, sheep and goat agricultural holdings as well as the number of beneficiaries operating as milk processing enterprises within the target range of IPARD. Moreover, the selected provinces have weaknesses and needs with regard to upgrading to Community standards.

Eligible provinces are: Afyonkarahisar, Ağrı, Aksaray, Amasya, Ankara, Ardahan, Aydın, Balıkesir, Burdur, Bursa, Çanakkale, Çorum, Denizli, Elazığ, Erzurum, Isparta, Kahramanmaraş, Karaman, Kars, Konya, Kütahya, Malatya, Manisa, Mersin, Muş, Samsun, Sivas, Şanlıurfa, Tokat, Uşak, Yozgat.

Out of these, provinces selected for the first phase (2007-2009) are: Afyonkarahisar, Amasya, Balıkesir, Çorum, Erzurum, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Samsun, Sivas, Şanlıurfa, Tokat, Yozgat.

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

Map 9: Eligible provinces under Sub-Measure 1.1.1



Afyon=Afyonkarahisar

(5) Specific eligibility criteria

In addition to the common eligibility criteria defined in part (6) of the measure fiche 1.1,

- The agricultural holding should:
 - be located in one of the rural areas of the selected provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3.
 - possess:
 - minimum 10, maximum 100 milking cows, and/or
 - minimum 50, maximum 300 sheep producing milk; and/or
 - minimum 50, maximum 300 goats producing milk.
 - minimum 7-9 milking cows, where the business plan proves that the holding will have a minimum of 10 milking cows after realization of the investment,
- All projects must as a rule include an investment/investments targeting the respect of Community standards regarding milk hygiene and in particular those specified in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, Raw milk – primary production. However, the criteria stated in Regulation (EC) No 853/2004, Annex III, Section IX Chapter I, part III, point 3 (plate count and somatic cells), shall be considered as an aim to be reached and not as a precondition.

- If the agricultural holding has more than 50 cows or more than 150 sheep and/or goats, prove that the manure is stored and managed in compliance with the Community standards at the end of the project.

(6) Eligible investment:

- construction/extension/modernisation of open and semi-open stables, or modernisation of existing closed stables,
- construction and/or renovation of other agricultural buildings, limited to storage buildings, machine sheds, milking room, milk storage room,
- silage handling equipment and machinery, on-farm animal feed preparation, handling, distribution systems and storage,
- milking rooms facilities, milk cooling and storage as well as on-farm milk transportation equipment,
- investments made for manure handling, storage and treatment facilities,
- animal handling equipment and facilities (e.g. weighing, disinfection,),
- watering systems,
- purchase of specialized technological equipment including IT and software (herd management, milk registry, general farm management)

(7) Size of eligible investments:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 15.000 Euro
- Maximum 1.000.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfilment of the eligibility conditions and
- assessment of the submitted business plan,

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Criteria	Points
If the agricultural holding sells its milk to a milk processing enterprise benefited from IPARD under measure 1.2.1 for establishment of a “pilot integrated milk collection and processing network”	30 ⁶⁸
If at least 50% of the agricultural holding’s milk cattle are pure breed or cross breed	20
If a minimum of 60% of the products are marketed to processing enterprises through a delivery contract	20
If the farmer is member of a producer organisation relevant to farmers’ activity	10
If the agricultural holding is engaged in organic farming	10
If the applicant is below 40 years of age when the decision to grant support is taken	10
TOTAL	100

⁶⁸ Will be applicable by the second year of the implementation of the IPARD Programme

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output on sub-measure level</i>	Number of agricultural holdings supported	7.184
<i>Result on sub-measure level</i>	Increase in GVA in supported agricultural holdings	15%
	Number of holdings upgrading to Community standards	2.394
<i>Impact on Programme level,</i>	Net additional value added	5%
	Net additional FTE jobs created	1%
	Change in GVA/FTE	15%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Increase in milk herd in supported agricultural holdings	10%
	Number of young farmers supported	2.873
	Number of farmers with pure/cross bred cows supported	50%
	Number of farmers with delivery contracts with processing enterprises supported	359

MEASURE TECHNICAL FICHE 1.1.2

MEASURE 1.1: Investments in Agricultural Holdings to Restructure and to Upgrade To Community Standards

Sub-measure 2: Meat producing agricultural holdings
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(1) Legal basis

See measure 1.1 general framework.

(2) Sub-measure rationale**(2.1) Red Meat**

The meat sector analysis has pointed out the problems leading to a decreasing consumption of red meat over the last decade, despite the trend toward household revenue increase in Turkey: the poor efficiency of meat production in Turkey, high feed costs, high tariffs and import restrictions for beef, live bovines and derivate products, translating into high consumers prices.

The production sector can be broken down as follows:

- A very small number of specialized fattening agricultural holdings (dealing with over 250 heads of cattle or over 300 heads of sheep and goats rearing, capital intensive)
- And a large traditional sector, combining semi-subsistence and extensive cattle, sheep and goats rearing⁶⁹. There is no data available on the % of meat in the market resulting from dairy agricultural holdings. However, the estimation of the figures by considering the total number of the milking cows and the estimated slaughtering ratio of them as 10% shows that from the total 16.310.872 milking cows, approximately 1.631.087 of them is going to slaughtering annually. As a result, out of the total number of the slaughtered cattle which is 5.202.215, 31 % comes from dairy agricultural holdings⁷⁰.

This traditional sector is confronted with very low productivity translating in low carcass weight and low value of animals sold, almost no fodder plantation and very poor management of pastures. It is also responsible for a serious environmental problem linked with the degradation of State pasturelands through uncoordinated private use. Finally, animals are in poor welfare as sanitary conditions are primitive and unhealthy in traditional barns.

On the other hand, the decline of the traditional animal rearing model in the Eastern part of the country (extensive animal breeding, then fattened in the West), where traditional meat production is a main source of rural income, is strongly interlinked with the outmigration rates in these regions.

IPARD will address the whole range of these problems by fostering the development of an intermediate model of small (30 to 49 heads) to medium sized (50 to 250 heads) agricultural holdings specialised on cattle breeding and an intermediate model of small (100 to 149 heads) to medium sized (150 to 300 heads) specialised sheep and goat agricultural holdings both in the

⁶⁹ 70% of Turkish farms are mixed farms (crops + animal rearing), 50% of the farms with cattle only own 1 to 4 animals

⁷⁰ This is only estimated figure made by Strategy Development Board of MARA.

Central and Eastern⁷¹ parts of the country. These modernized specialised agricultural holdings will be encouraged to develop good animal rearing practices compatible with both animal welfare and environmental concerns as well as economic productivity.

IPARD gives high priority (as ranking criteria) to the mountain areas for cattle meat production since extensive meat production is well suited for these areas particularly in the east of Turkey.

There are totally 1.746.927 holdings engaged in cattle breeding of which 1.726.120 are micro scale (<30), 15.771 are small scale (30-49 meat cattle), 5.009 are medium scale (50-250) and 27 are large scale (250<) in Turkey. The breakdown of holdings having cattle between 30-250 per provinces is given in Annex 1.9.1.

There are totally 530.151 holdings engaged in sheep&goat breeding and 471.515 of them are micro scale (<100), 25.100 are small scale (100-149), 27.250 are medium scale (150-300) and 6.286 are large scale (300<) in Turkey. The breakdown of holdings having sheep&goat between 100-300 per provinces is given in Annex 1.9.2.

In the IPARD target provinces, there are totally 672.960 agricultural holdings engaged in cattle breeding. 660.356 of them are micro scale (<30), 10.194 are small scale (30-49 meat cattle), 2.396 are medium scale (50-250) and 14 are large scale (250<). In line with this figure, in IPARD target provinces, there are totally 12.590 holdings which could be potential beneficiaries.

In IPARD target provinces, there are totally 215.156 agricultural holdings engaged in sheep&goat breeding, 186.503 of them are micro scale (<100), 12.011 are small scale (100-149), 13.684 are medium scale (150-300) and 2.958 are large scale (300<). In line with this figure, in IPARD target provinces there are 24.695 holdings which could be potential beneficiaries.

The amount of meat production and the number of agricultural holdings dealing with meat production (cattle, sheep and goat) in the selected provinces is shown in the table below:

⁷¹ Eastern farms will be encouraged to practice a mixed rearing model combining breeding and fattening. Western farms will choose either to specialise or to combine both activities.

Target Provinces	Meat production (2004) TURKSTAT (ton/year)	Potential Beneficiaries Cattle rearing					Potential Beneficiaries Sheep & Goat rearing										
		A <30	B (30-49)	C (50-250)	D >250	Total	B %	C %	A+D %	A <100	B (100-149)	C (150-300)	D >300	Total	B %	C %	A+D %
1 Amasya	21.206	17.379	239	0	1	17.619	1,4	0,0	98,6	1.405	0	0	1	1.406	0,0	0,0	100
1 Afyonkarahisar	20.755	26.352	177	0	2	26.531	0,7	0,0	99,3	5.154	916	574	38	6.682	13,7	8,6	77,7
1 Çorum	5.656	33.897	206	185	0	34.288	0,6	0,5	98,9	1.703	654	53	0	2.410	27,1	2,2	70,7
1 Diyarbakır	10.781	28.714	209	157	0	29.080	0,7	0,5	98,7	15.047	761	637	124	16.569	4,6	3,8	91,6
1 Erzurum	10.993	38.338	1.368	149	0	39.855	3,4	0,4	96,2	14.450	230	43	0	14.723	1,6	0,3	98,1
1 Kahramanmaraş	6.551	30.529	19	287	0	30.835	0,1	0,9	99,0	6.545	440	453	0	7.438	5,9	6,1	88,0
1 Kars	1.749	23.673	1.678	135	1	25.487	6,6	0,5	92,9	6.929	205	143	49	7.326	2,8	2,0	95,2
1 Konya	37.675	43.788	199	122	2	44.111	0,5	0,3	99,3	12.979	800	2.056	1.268	17.103	4,7	12,0	83,3
1 Samsun	7.656	65.770	236	24	2	66.032	0,4	0,0	99,6	4.590	81	175	0	4.846	1,7	3,6	94,7
1 Şanlıurfa	9.096	16.296	110	138	1	16.545	0,7	0,8	98,5	18.288	1.150	405	95	19.938	5,8	2,0	92,2
1 Sivas	2.632	48.037	432	70	1	48.540	0,9	0,1	99,0	3.959	691	2.721	119	7.490	9,2	36,3	54,4
1 Van	2.504	21.827	164	19	0	22.010	0,7	0,1	99,2	17.178	871	789	0	18.838	4,6	4,2	91,2
1 Yozgat	2.874	29.557	352	0	0	29.909	1,2	0,0	98,8	3.624	210	154	0	3.988	5,3	3,9	90,9
1 Tokat	6.705	44.512	735	0	0	45.247	1,6	0,0	98,4	5.857	376	353	94	6.680	5,6	5,3	89,1
2 Ağrı	853	14.347	360	0	0	14.707	2,4	0,0	97,6	16.637	482	593	1	17.713	2,7	3,3	93,9
2 Aksaray	7.171	16.008	32	0	1	16.041	0,2	0,0	99,8	5.503	793	73	480	6.849	11,6	1,1	87,4
2 Ankara	17.527	25.375	677	68	2	26.122	2,6	0,3	97,1	3.991	1.480	1.691	84	7.246	20,4	23,3	56,2
2 Ardahan	3.793	15.770	1.032	0	0	16.802	6,1	0,0	93,9	0	44	0	83	127	34,6	0,0	65,4
2 Çankırı	3.420	11.905	206	514	0	12.625	1,6	4,1	94,3	618	196	283	75	1.172	16,7	24,1	59,1
2 Elazığ	4.586	20.442	111	0	0	20.553	0,5	0,0	99,5	4.894	0	191	8	5.093	0,0	3,8	96,2
2 Kastamonu	2.139	37.650	600	70	0	38.320	1,6	0,2	98,3	2.202	151	0	70	2.423	6,2	0,0	93,8
2 Erzincan	1.879	11.029	229	26	0	11.284	2,0	0,2	97,7	1.855	54	326	169	2.404	2,2	13,6	84,2
2 Karaman	1.227	5.055	25	53	0	5.133	0,5	1,0	98,5	5.232	464	760	32	6.488	7,2	11,7	81,1
2 Mardin	28	16.539	58	0	0	16.597	0,3	0,0	99,7	15.526	58	433	40	16.057	0,4	2,7	96,9
2 Muş	80	17.567	740	379	1	18.687	4,0	2,0	94,0	12.337	904	778	128	14.147	6,4	5,5	88,1
Total IPARD		660.356	10.194	2.396	14	672.960	1,5	0,4	98,1	186.503	12.011	13.684	2.958	215.156	5,6	6,4	88,1
Total Turkey		1.726.120	15.771	5.009	27	1.746.927	0,9	0,3	0,0	471.515	25.100	27.250	6.286	530.151	0,9	0,3	0,0

A: non-elig. C: higher elig.
B: lower elig. D: non-elig.

(2.2) Poultry Meat

While the consumption of red meat has declined, the consumption of poultry meat has multiplied and consumption trends show that the demand for poultry meat will remain high.

Poultry production has two faces in Turkey:

- A very limited number of highly integrated agricultural holdings, usually located near ports, as they depend heavily on imported feed,
- and on the other hand a traditional production of poultry on the entire territory destined mainly for domestic consumption.

Against the background that backyard poultry will not be supported under IPARD, a number of the smaller and medium sized production units, which have started their modernisation process by building poultry houses, would need to be supported in order to improve competitiveness and at the same time to meet bio-security conditions and Community standards.

This development should be particularly fostered in a selected number of provinces, which currently are under equipped for poultry meat production.

Another priority target should be the small and medium sized production units owned by women, usually under contract with slaughterhouses and processing enterprises. These units have a strong positive impact on agricultural holdings' revenue improvement and jobs opportunities creation and should be supported under IPARD.

The amount of poultry meat production and the number of agricultural holdings in the selected provinces are shown in the table below⁷²:

⁷² Data taken from Provincial Directorates of MARA

Target	meat production (ton/year)	Potential beneficiaries for Broiler Breeding									Potential Beneficiaries turkey Breeding							
		A	B	C	D	Total	B	C	A+D	A	B	C	D	Total	B	C	A+D	
Provinces		<5.000	(5.000-9.999)	(10.000-19.999)	>20.000		%	%	%		<1.000	(1.000-4.999)	(5.000-8.000)	>8.000		%	%	%
1 Afyonkarahisar	811	0	3	13	2	18	88	12	0		0	0	0	0	0	0	0	0
1 Çorum	2358	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
1 Erzurum	5488	6	22	12	3	43	51	28	21		0	0	0	0	0	0	0	0
1 Konya	n.a.	0	48	29	12	89	54	33	13		0	0	0	0	0	0	0	0
1 Malatya	2082	1	12	10	24	47	26	21	53		0	0	0	0	0	0	0	0
2 Çankırı	n.a.	0	2	20	16	38	5	53	42		0	0	0	0	0	0	0	0
2 Elazığ	6639	35	74	44	7	160	46	28	26		0	0	0	0	0	0	0	0
2 Erzincan	248	0	3	16	9	28	11	57	32		0	0	0	0	0	0	0	0
2 Kütahya	n.a.	2	28	21	4	55	51	38	11		0	0	0	0	0	0	0	0
2 Manisa	74696	7	139	338	145	629	22	54	24		1	48	32	4	85	56	38	6
2 Nevşehir	n.a.	1	2	21	8	32	6	66	28		0	0	0	0	0	0	0	0
2 Uşak	12800	6	47	46	31	130	36	35	28		0	0	0	0	0	0	0	0
Total		58	380	570	261	1,269	29.9	44.9	25.1		1	48	32	4	85	56.5	37.6	5.9
Total Turkey		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

A: non-elig. C: higher elig.
B: lower elig. D: non-elig.

In the IPARD target provinces, there are 1.269 holdings engaged in broiler breeding in Turkey. 58 of them are micro scale (<5.000), 380 are small scale (5.000-9.999), 570 are medium scale (10.000-20.000) and 261 are large scale (>20.000)

In the selected provinces, Manisa is the only province which has turkey breeding holdings In this province, there are 85 holdings engaged in turkey breeding, 1 of these is micro scale (<1.000 heads), 48 of them are small scale (1.000-4.999 heads), 32 are medium scale (5.000-8.000 heads) and 4 of them are large scale (>8.000 heads).

(3) Specific objectives

By reference to the objectives of measure 1.1, the specific objectives of sub-measure 1.1.2 are:

- Financing line 1: to support viable small and medium sized cattle, sheep and goat breeding agricultural holdings to modernize and upgrade them to Community standards and Good Agricultural/ Animal rearing Practices
- Financing line 2: to support viable small and medium sized broiler or turkey breeding agricultural holdings to modernize and upgrade them to Community standards and Good Agricultural/ Animal rearing Practices

(4) Geographic scope

Eligible provinces

Eligible provinces are shown on the map below for financing line 1 (red meat):

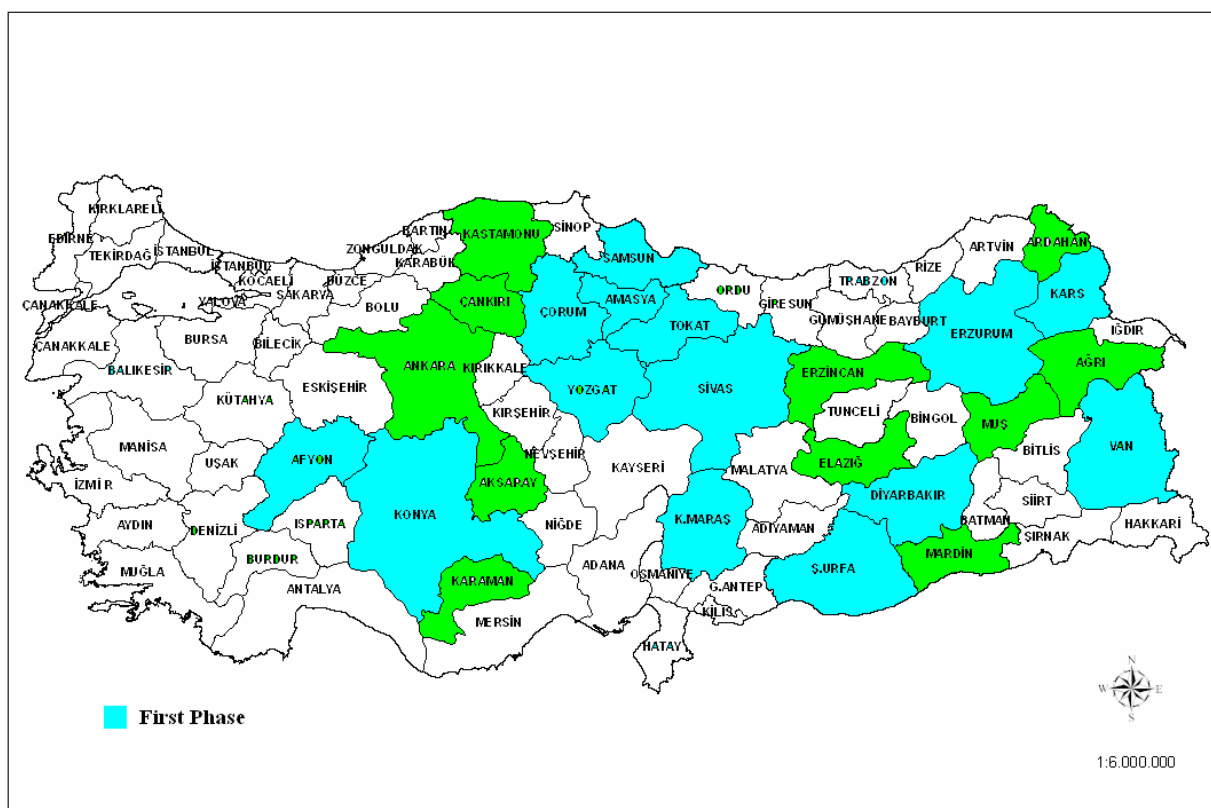
These provinces have been selected by reference to both the potential for meat production development and the number of potential beneficiaries for IPARD as well as taking into account the weaknesses and needs with regard to upgrading to Community standards.

Eligible provinces are: Afyonkarahisar, Ağrı, Aksaray, Amasya, Ankara, Ardahan, Çankırı, Çorum, Diyarbakır, Elazığ, Erzincan, Erzurum, Kahramanmaraş, Karaman, Kars, Kastamonu, Konya, Mardin, Muş, Samsun, Sivas, Şanlıurfa, Tokat, Van, Yozgat.

Out of these, provinces selected for the first phase (2007-2009) are: Afyonkarahisar, Amasya, Çorum, Diyarbakır, Erzurum, Kahramanmaraş, Kars, Konya, Samsun, Sivas, Şanlıurfa, Tokat, Van, Yozgat.

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

Map 10: Eligible provinces under Sub-Measure 1.1.2-Red meat



Afyon=Afyonkarahisar

Eligible provinces are shown on the map below for financing line 2 (poultry):

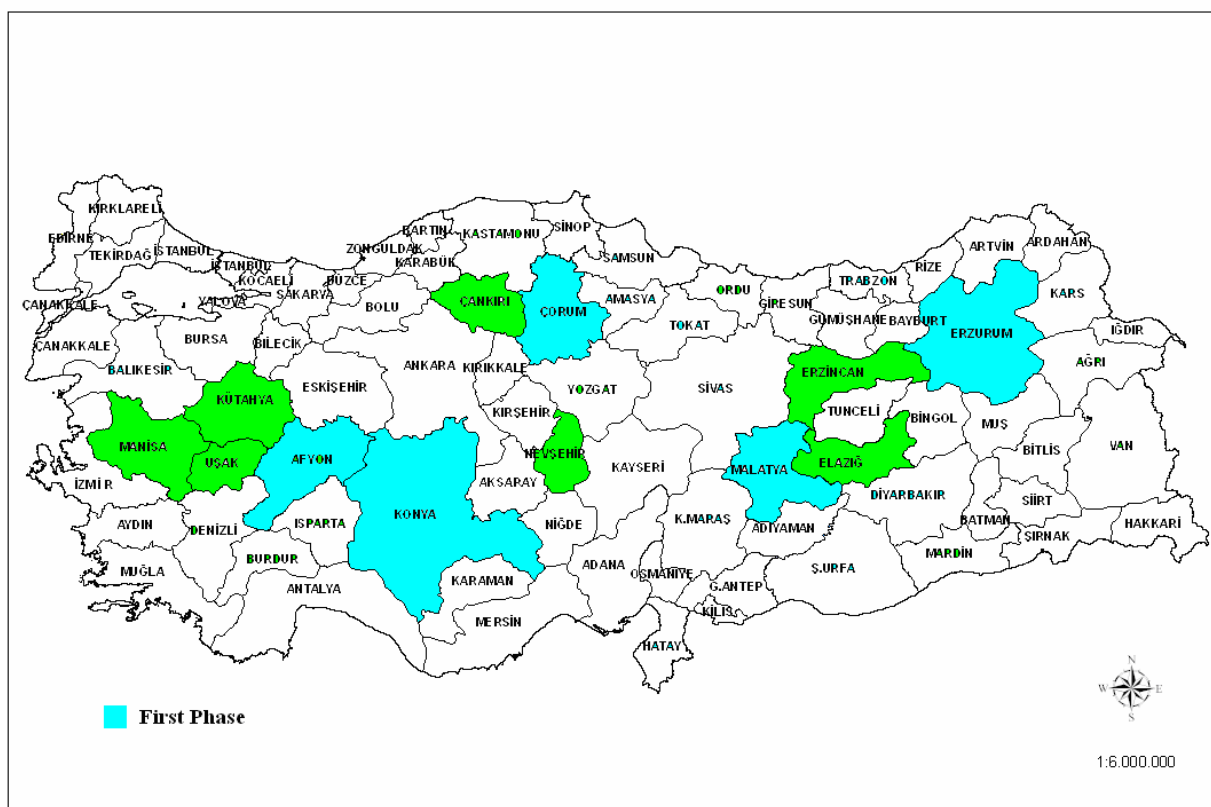
These provinces have been selected by reference to both the potential for poultry production development and the number of potential beneficiaries for IPARD as well as taking into account the weaknesses and needs with regard to upgrading to Community standards.

They are: Afyonkarahisar, Çankırı, Çorum, Elazığ, Erzincan, Erzurum, Konya, Kütahya, Malatya, Manisa, Nevşehir, Uşak

Out of these, provinces selected for first phase (2007–2009) are: Afyonkarahisar, Çorum, Erzurum, Konya, Malatya

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

Map 11: Eligible provinces under Sub-Measure 1.1.2-Poultry



Afyon=Afyonkarahisar

(5) Specific eligibility criteria

In addition to the common eligibility criteria in part (6) of the measure fiche 1.1,

the specific eligibility criteria for Financing line 1, are that:

- The agricultural holding should:
 - be located in one of the selected provinces and in rural areas of these provinces defined in Chapter 3, sections 3.2.2 and 3.2.3.
 - possess:
 - minimum 30, maximum 250 cattle
 - minimum 100, maximum 300 sheep or goat
- If the agricultural holding has more than 50 cattle or more than 150 sheep and/or goats should prove that the manure is stored and managed according to Community standards at the end of the project.

the specific eligibility criteria for Financing line 2, are that :

- The agricultural holding should;

- be located in one of the selected provinces and in rural areas of these provinces defined in Chapter 3, sections 3.2.2 and 3.2.3.
- possess:
 - minimum 5.000, maximum 20.000 broilers/band broiler house capacity or
 - minimum 1.000, maximum 8.000 turkey/band turkey house capacity
- If the agricultural holding has more than 10.000 broiler band or 5.000 turkey/band, prove that the manure is stored and managed according to Community standards at the end of the project.
- If the agricultural holding has more than 10.000 broilers/band or 5.000 turkey bands, prove that waste is treated according to Community standards at the end of the project.

(6) Eligible investment:

For Financing line 1:

- construction/extension/modernisation of animal shelters, with priority for open and semi-open stables,
- construction and/or renovation of storage buildings and machine sheds,
- silage handling equipment and machinery, on-farm animal feed preparation, handling, distribution systems and storage,
- investments for manure handling, storage and treatment facilities,
- animal handling equipment and facilities (e.g. weighing, disinfection),
- transportation equipment compatible with Community animal welfare standards,
- watering systems,
- fences & gates for pasture management only,
- biogas facilities,
- purchase of specialized technological equipment including IT and software (herd management, animal registry, general farm management).

For Financing Line 2:

- construction/extension/modernisation of poultry houses (broiler and turkey) and animal shelters,
- construction and/or renovation of storage buildings and machine sheds,
- fences & gates for physical bio-security of birds (avian flue control),
- automatic feeding & drinking equipment, watering, heating and ventilation, automating environmental control systems including energy-saving equipments authorised and defined under Directive 2007/43/EC.
- investments for manure and waste handling, storage and treatment facilities,
- special equipment for weighing, health control,
- transportation equipment compatible with Community's animal welfare standards

- purchase of specialized technological equipment including IT and software (herd management, animal registry, general farm management)

(7) Size of eligible investments:

For Financing Line 1:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 20.000 Euro
- Maximum 1.000.000 Euro

For Financing Line 2:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 15.000 Euro
- Maximum 500.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfilment of the eligibility conditions and
- assessment of the submitted business plan,

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

• **Financing Line 1:**

Criteria	Points
If the applicant is using/or plans to build semi-open and open stables through his project	30
If the applicant's holding is located in a mountain areas as defined in Chapter 3, Section 3.2.4.	30
If the applicant is below 40 years of age when the decision to grant support is taken	20
If the agricultural holding is engaged in organic farming	20
TOTAL	100

• **Financing Line 2:**

Criteria	Points
If applicant is below 40 years of age when the decision to grant support is taken	30
If the owner of the holding is a woman	30
If the applicant's holding is located in a mountain areas as defined in Chapter 3, Section 3.2.4.	30
Pro-environmental methods of farming management including integrated farming based on habitat-adapted livestock holdings that contribute to outdoor management	10
TOTAL	100

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output on sub-measure level</i>	Number of agricultural holdings supported	8.949
<i>Result on sub-measure level</i>	Increase in GVA in supported agricultural holdings	15%
	Number of holdings introducing Community standards (including Nitrates directive)	583
	Number of cattle holdings introducing: Semi-open and open stables	287 of cattle rearers
	silage	894
	manure storage	479
	Number of poultry holdings introducing: modernized fencing & gates	33
	Number of holdings introducing waste/manure management according to Community standards	104
	Increase in quantity of meat marketed	20%
	Increase in the number of organic producers	2 %
<i>Impact on programme level</i>	Net additional value added	5%
	Net additional FTE jobs created	1%
	Change in GVA/FTE	15%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Increase in herd in supported agricultural holdings	30%
	Increase in average weight of animals	20%
	Increase in stable size	80%
	Number of cattle holdings producing biogas	2%
	Increase in poultry agricultural holdings capacity	5%

MEASURE TECHNICAL FICHE NO: 1.2
--

MEASURE 1.2: INVESTMENTS IN PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS TO RESTRUCTURE THOSE ACTIVITIES AND UPGRADE THEM TO COMMUNITY STANDARDS
--

(1) Legal basis

- Article 12 (2) of IPA Council Regulation (EC) No 1085/2006.
- Article 176 of IPA Implementing Commission Regulation (EC) No 718/2007
- Related provisions of the Sectoral Agreement for IPARD

The following general provisions addressed in this measure-fiche apply to all sub-measure fiches under this measure.

(2) Rationale

Three sectors have been defined in the MIPD as priority sectors for IPARD intervention as regards investment in the processing and marketing of agricultural and fishery products:

- Milk and milk products processing sector,
- Meat and meat products processing sector
- Fish processing sector

In addition to these sectors, another priority, although less acquis 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. In this regard, only the producer organisations that can market their product directly to retail level will be supported under this measure.

The priorities for IPARD intervention in the processing sector are the assistance to the implementation of the Community standards - notably related to quality, hygiene and food safety and veterinary controls, animal welfare, environmental impact and occupational safety – by the processing industry, as well as the improvement of the efficiency of the processes and the diminishing of the losses and wastes.

IPARD does not, as a rule, target a significant increase in the processing capacities – apart from some supported enterprise creations in a limited number of provinces where the deficiency of the installed processing capacities as well as sufficient existing production can be demonstrated. The primary aim of these enterprise creations is then to correct regional imbalances, not to increase the national processing capacity.

Further priorities of IPARD actions differ significantly from sector to sector, as they target the most urgent needs for public support in these sectors. They are:

In the milk and milk products processing sector: to help a significant number of small and medium sized milk processing establishments to cross the long term viability threshold, as well as

implement a strict quality and hygiene control along all the processing lines. The development of a systematic cold chain management throughout the milk collection, processing and marketing chain is also a significant issue, that IPARD will assist in as much as possible.

In the meat and meat products processing sector, the improvement of the quality and hygiene conditions (as well as compliance with animal welfare rules) of the registered slaughterhouses has been defined as a top priority for IPARD support. To counteract the practice of slaughtering animals in unregistered installations or outside of slaughterhouses – a potential serious hazard for public health – IPARD will further foster the creation of a reasoned number of new up-to-standards slaughterhouses in the provinces where this equipment is presently missing or present in insufficient number.

Rendering enterprises creation will also be financed at a later stage subsequent to the carrying out a detailed study to process the wastes of the slaughterhouses as well as dispose of dead animals. After the finalisation of the study, a measure sheet will be elaborated based on the information and recommendations obtained.

Besides the slaughtering related investments, a limited number of small and medium meat processing enterprises will also be supported for upgrading to Community standards.

Given the fact that the poultry meat sector is usually much more capitalized than the red meat sector, the bulk of IPARD intervention will be targeted towards the red meat sector. Some targeted investments in a very limited number of provinces are nevertheless planned, to promote the correction of regional imbalances regarding the state of the industry.

In the fruits & vegetable sector, the priority of IPARD will be to address the issue of the post-harvest losses in the first stages of the processing chain. No intervention has been planned for the processing sector itself. In the fruit and vegetable sector, IPARD targets only the producer organisations that can market fresh produce directly in accordance with the Decree No 552 which regulates the fresh fruit and vegetable trade and whole sale markets.

All types of installations financed will be Community standards-compliant, notably through the implementation of HACCP and enforcement of Good Practices for the handling of the fresh fruits and vegetables.

In the fish sector, the first priority of IPARD will be to assist the existing small and medium sized fish processing establishments not yet up-to-standards (non-exporting fisheries exclusively) to upgrade to Community standards.

The second priority will be to support the creation of new small and medium sized fish processing establishments in the provinces which have an existing sufficient production capacity but are under-equipped with regard to processing facilities, in order to lessen the present strong regional imbalances of the sector – and allow for the future development of inland aquaculture throughout the country.

(3) General objectives

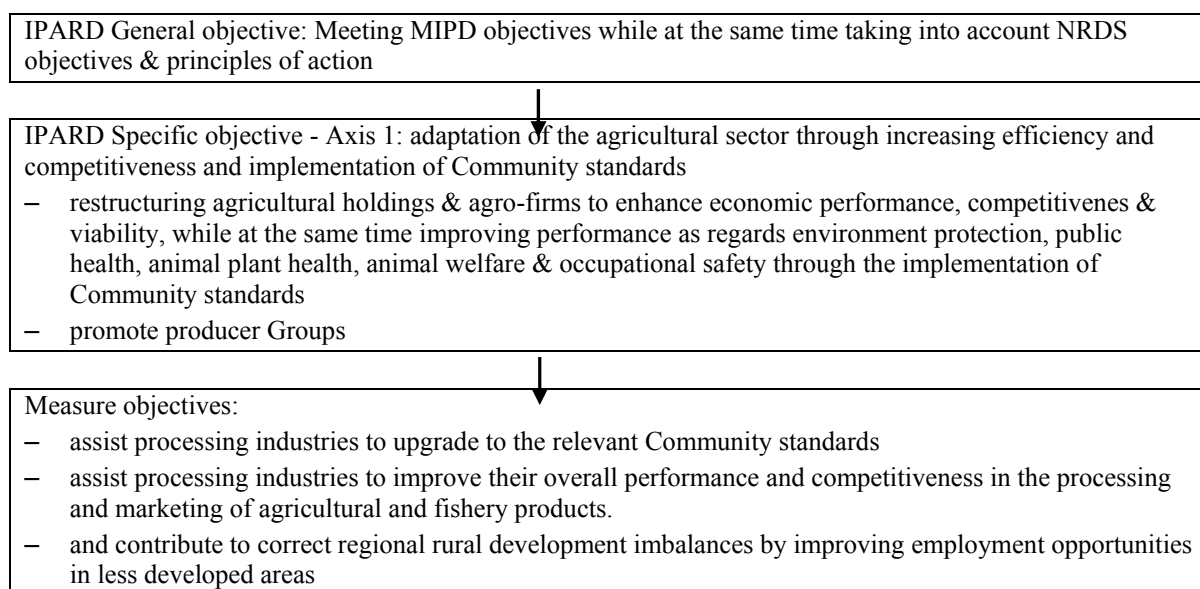
The objectives of this measure are:

- to contribute to Turkey's preparation for the implementation of the *acquis communautaire* concerning the Common Agricultural Policy and related policies for its accession to the EU.
- to contribute to the sustainable adaptation of the food processing sector and facilitate the competition in the internal market opening new market opportunities for agricultural products by the introduction of new technologies and innovation and by putting emphasis on the alignment to the Community standards

By assisting the food processing industry

- to upgrade to the relevant Community standards,
- to improve their overall performance and competitiveness in the processing and marketing of agricultural and fishery products;
- While at the same time contributing to correct regional rural development imbalances and providing employment opportunities in less developed areas.

The hierarchy of IPARD objectives linked with this measure is recalled below:



Measure comprises four sub-measures:

- support to processing and marketing of milk and milk products
- support to processing and marketing of meat and meat products
- support to processing and marketing of fruits and vegetables
- support to processing and marketing of fishery products

(4) Linkage to the other IPARD measures included in the Programme

This measure is closely linked to Measure 1.1 "Investments in agricultural holdings to restructure and upgrade to Community standards" and Measure 1.3 "Support for the setting-up of producer groups".

The upgraded and improved processing industry encourages the integration of the production-marketing chain, the quality management of the sectors and the upgrading to Community standards starting from the production to marketing.

(5) Definition of beneficiaries

- Beneficiaries of the measure are those natural persons and legal entities, with the exception of public legal entities, recognised by the national law, who:
 - are enterprises holding the necessary production and registration certificates in accordance with the provisions of :
 - Food Law No 5179 (not applicable for Financial Line 2 of sub-measure fiche 1.2.1- milk collection centers) and/or,
 - Municipality Law No 5393,
 - Fisheries Law No 1380 (only for sub-measure 1.2.4)

except in the case of new constructions where they must hold the above certificates at the end of the realization of the project.

- are registered at the national tax system,
- prove adequate occupational skills and competence, either an agricultural high school or university degree on agriculture, veterinary or food, or professional service records of working experience in an agriculture or related speciality for at least three years.
- in the case of the legal entities, at least one permanent employee at the level of top management, prove adequate occupational skills and competence, either an agricultural high school or university degree on agriculture, veterinary or food, or professional service records of working experience in an agriculture or related speciality for at least three years.
- Where the owner is not over 65 years old when the decision to grant support is taken.
- The establishments with an EU export number are not eligible for support.
- The beneficiaries for fruit and vegetable sector (sub-measure fiche 1.2.3), are only Producer Organisations that comply with the above definition, the below common eligibility criteria and who are allowed for direct marketing without passing through wholesale market as defined in Decree No:552/1995.

(6) Common eligibility criteria

- The enterprise⁷³/ legal entity should;
 - comply with national minimum standards (see Chapter 2 and Annex 2.2) regarding environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when the decision to grant support is taken. Where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standards on the condition that the enterprise shall meet the new standards by the end of the realisation of the investment.

⁷³ Enterprises can consist of one or more establishments

- provide as obligatory part of the application a certificate from the national veterinary and environmental authorities confirming that all mandatory national minimum standards are respected by the enterprise of the potential beneficiary and and the relevant Community standards are respected at the end of the investment for the investment or the establishment as specified under the sub-measure conditions.
- obtain the list of necessary investments to upgrade to Community standards from the veterinary services subsequent to their assessment and include it in the business plan proving the targeting of investments.
- as soon as the assessment of all food establishments in Turkey has been carried out and a classification of all food establishments by category based on the EU acquis as referred to under Chapter 2 has been prepared, (should) obtain the list of investments necessary established during this assessment and submit it with the business plan. In order to ensure traceability the registration number given to an establishment during the assessment process should be kept and referred to during the IPARD project phase.
- should submit a business plan in accordance with the requested format by the IPARD Agency.
- should demonstrate in the business plan the economic viability of the enterprise at the end of the realisation of the project. The general criteria for evaluation of the economic viability of the beneficiary that is compatible with the current practice of banking system is provided in Annex 4.1. The business plan should include the necessary documents listed in the Annex 4.1. The economic viability should be demonstrated that the equity capital of the enterprise and its stocks in terms of liquid and assets meet the operational costs.
- prove that it has no tax and social security debts to the government at the moment of submitting an application.
- employ fewer than 250 persons and have an annual turnover or annual balance sheet not exceeding 25 million YTL ⁷⁴ (14 million Euro) in its enterprise.
- Investments at retail level shall be excluded from the support.
- If the investment/project concerns the construction of a new establishment in replacement of an older “non EU compliant” establishment, then the final payment for the newly constructed establishment will only be made once the old one has completely given up its function.
- The construction of a new processing enterprise/establishment will only be eligible for support if there is no overcapacity in the province.

And, as concerns its investment shall:

- ensure that it is related to the processing and marketing of agricultural and fishery products covered by Annex I of the Treaty establishing the European Community.
- comply with the relevant Community standards at the end of its/their realisation.
- ensure that that it is maintained and does not undergo a substantial modification five years from the final payment by the operating structure.

⁷⁴ By-law on Definition, Qualifications and Classification of Small and Medium Size Enterprises (OJ dated , 18.11.2005 No 25997)

(7) Eligible expenditure

Eligible expenditure in accordance with Article 172(2) of Regulation (EC) 718/2007, is limited to:

- the construction or improvement (but not acquisition) of immovable property;
- the purchase or lease-purchase of new machinery and equipment including computer software up to the market value of the asset; the purchase or lease-purchase of new machinery and equipment is only eligible if it results in ownership being transferred to the lessee at the end of the contract;
- general costs linked to expenditure referred to under the previous points, such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licenses up to a ceiling of 12% of the costs referred to under the previous points, with an allocation for business plan preparation at maximum 4% of the project value, not exceeding 6,000 Euro.

The following expenditure is not eligible in addition to the expenditure mentioned in Article 34(3) of Regulation (EC) 718/2007:

- costs connected with the lease-purchase, such as lessor's margin, interest refinancing costs, overheads and insurance charges;
- the acquisition of second hand/used equipment;
- the purchase of agricultural production rights, animals, annual plants and their planting;
- maintenance, operating, depreciation and rental costs as well as cost incurred by public administration in managing and implementing assistance;
- expenditure occurred prior to the selection and contracting of the project by the IPARD Agency (with the exception of general costs as defined above).

The detailed provisions of the Sectoral Agreement shall apply.

(8) Aid intensity

Public expenditure shall be 50 % of the total eligible cost of the investment. The Community contribution shall not exceed a ceiling of 75 % of the eligible expenditure

The maximum total value of eligible investments per beneficiary is limited to 3.000.000 Euro within the timeframe of IPARD.

A maximum of four eligible investments per beneficiary are allowed within the timeframe of IPARD. The beneficiary can only submit a new application for IPARD support, when the previous investment has been finalised (final payment).

The payments for the investments shall be received in one instalment according to the details agreed in the contract signed between the beneficiary and the ARDSI.

Only for investments which include construction/reconstruction and equipment, payments can be received in two instalments: the first instalment shall be paid after the finalisation of the construction or reconstruction and the second instalment after the installation of the equipment, i.e.

at the end of the investment. In the business plan beneficiary shall indicate the two phases of the investment triggering the two instalments.

(9) Coherence and compatibility

Operations supported under this measure are not also supported by other IPA components:

- neither IPA Component III, regional competitiveness operational programme nor the environmental operational programme finance the same kind of investment.
- Actions financed under the Human Resources Development operational programme of IPA Component IV will be complementary to and coherent with actions financed under the IPARD Programme.

(10) Financing

Measure 1.2. Investments in the processing and marketing of agriculture and fishery products

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		Euro	%
		Euro	%	Euro	%	Euro	%		
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2007	15.456.000,0	7.728.000,0	50%	5.796.000,0	75%	1.932.000,0	25%	7.728.000,0	50%
2008	39.573.333,3	19.786.666,7	50%	14.840.000,0	75%	4.946.666,7	25%	19.786.666,7	50%
2009	63.840.000,0	31.920.000,0	50%	23.940.000,0	75%	7.980.000,0	25%	31.920.000,0	50%
2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2012	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2013	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total 2007-09	118.869.333,3	59.434.666,7	50%	44.576.000,0	75%	14.858.666,7	25%	59.434.666,7	50%

Figures in Euro

(10.1) Allocation of funds per sector

Sector	2007		2008		2009		2010		2011		2012		2013	
	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro
Milk	46	7.109.760,0	46	18.203.733,3	46	29.366.400,0	46	n.a.	46	n.a.	46	n.a.	46	n.a.
Meat	30	4.636.800,0	30	11.872.000,0	30	19.152.000,0	30	n.a.	30	n.a.	30	n.a.	30	n.a.
Fine Line 1+3	95	4.404.960,0	95	11.278.400,0	95	18.194.400,0	95	n.a.	95	n.a.	95	n.a.	95	n.a.
<i>Fine Line 1</i>	90	3.964.464,0	90	10.150.560,0	90	16.374.960,0	90	n.a.	90	n.a.	90	n.a.	90	n.a.
<i>Fine Line 3</i>	10	440.496,0	10	1.127.840,0	10	1.819.440,0	10	n.a.	10	n.a.	10	n.a.	10	n.a.
Fine Line 2+4	5	231.840,0	5	593.600,0	5	957.600,0	5	n.a.	5	n.a.	5	n.a.	5	n.a.
<i>Fine Line 2</i>	90	208.656,0	90	534.240,0	90	861.840,0	90	n.a.	90	n.a.	90	n.a.	90	n.a.
<i>Fine Line 4</i>	10	23.184,0	10	59.360,0	10	95.760,0	10	n.a.	10	n.a.	10	n.a.	10	n.a.
Fruit&Vegetables	11	1.700.160,0	11	4.353.066,7	11	7.022.400,0	11	n.a.	11	n.a.	11	n.a.	11	n.a.
Fisheries	13	2.009.280,0	13	5.144.533,3	13	8.299.200,0	13	n.a.	13	n.a.	13	n.a.	13	n.a.
Total	100	15.456.000,0	100	39.573.333,3	100	63.840.000,0	100	n.a.	100	n.a.	100	n.a.	100	n.a.

MEASURE TECHNICAL FICHE No 1.2.1

MEASURE 1.2: Investments in Processing and Marketing of Agricultural and Fishery Products
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Sub-measure 1: Processing and marketing of milk and milk products
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(1) Legal basis

See measure 1.2 general framework.

(2) Sub-measure rationale

The sector analysis has shown that two types of enterprises coexist in the milk processing sector:

- Modern dairy enterprises, processing milk and milk products with a quality level up to Community standards⁷⁵
- A large number of small or very small enterprises, processing rather poor quality raw milk with outdated technology.

There is an urgent need to modernise the most viable of the smaller scale units, in order to raise the average quality of milk and milk products. IPARD will target their full upgrading up to Community standards.

Along with equipment of the smaller industry, the poor quality of the raw milk is a major problem. This is mainly due to weaknesses of the primary collection of milk: the illegal, traditional type of milk collecting, processing and selling activity of thousands of unregistered actors is of major concern, because of the sub-standard handling involved and its implications for public health. By the time the milk reaches the processing establishments, it is usually hugely contaminated. The sector analysis thus quotes contamination levels of more than 1 million bacteria count for 95% of the milk, along with antibiotic residues and brucellosis incidences⁷⁶.

IPARD will thus also try to upgrade the first stages of the collection of milk, by financing P.O. initiated projects for the organisation of up-to-standards milk collection centres.

Finally, IPARD will also attempt to partially address the correction of regional imbalances: out of the 1.904 registered milk processing enterprises, most have been established in the Aegean and Marmara regions, while growth of the production is expected in parts of the East and Southeast Anatolia regions. IPARD support should accompany the redevelopment of the milk primary production in these regions. The selection of the provinces by IPARD for the implementation of this measure thus closely follows the priority provinces defined for milk producing agricultural holdings' development in measure 1.1.1.

A point is worth noting regarding eligibility criteria for the dairy industries that will be financed under measure 1.2.1.: the viability threshold for dairy industries in Turkey has been estimated to be

⁷⁵ There are 5 large-scale enterprises processing over 1000 tons of milk per day, in the provinces of Bursa, İzmir, Sakarya and Balıkesir, and about 30 enterprises that process 100-300 tons per day. All these units are in fairly good condition and already up to Community standards.

⁷⁶ The only factor preventing the appearing of major public health issues is that only about 18% of the milk produced is consumed in liquid form. Traditionally, the remainder is processed into yoghurt and cheese. The adaptation of the industry will have to respect this specificity, while improving quality and food safety at all steps of the processing chain.

around 10 tons/day. However, considering the limited number of potential beneficiaries within this range, IPARD has decided to accept the smaller ones for financing if they can prove that they will reach 10 tons/day build-in capacity at the end of the investment period. This will both increase the overall impact of the financing of IPARD, and maximize the effectiveness of the improvement in the public health and food safety situation in the sector.

Distribution of potential beneficiaries and targets set for IPARD financing in the target provinces are detailed below. Of the 1.111 milk processing enterprises present in the IPARD target provinces, 994 are micro scale (<10 ton/day capacity), 77 are small scale (10-25 ton/day capacity), 40 are medium scale (25-70 ton/day capacity) and 30 are large scale (more than 70 ton/day capacity).

Distribution of the milk processing enterprises in the selected provinces is shown in the table below:

PROVINCE	Eligible		C Non-eligible (big plants) over 70 tons/day	Total	Percent		
	A small (<10 tons/day)	B small to med.(10-70 tons/day)			A (%)	B (%)	C (%)
AFYONKARAHISAR	17	10	0	27	63	37	0
AMASYA	14	2	0	16	88	13	0
BALIKESIR	141	6	3	150	94	4	2
ÇORUM	13	2	0	15	87	13	0
ERZURUM	57	4	0	61	93	7	0
ISPARTA	2	4	0	6	33	67	0
KAHRAMANMARAŞ	57	3	0	60	95	5	0
KARS	70	0	1	71	99	0	1
KONYA	69	10	6	85	81	12	7
MALATYA	30	1	0	31	97	3	0
SAMSUN	17	7	0	24	71	29	0
SIVAS	9	3	0	12	75	25	0
ŞANLIURFA	10	2	0	12	83	17	0
TOKAT	8	4	2	14	57	29	14
YOZGAT	6	1	1	8	75	13	13
AĞRI	1	0	0	1	100	0	0
AKSARAY	11	2	0	13	85	15	0
ANKARA	7	9	0	16	44	56	0
ARDAHAN	16	1	1	18	89	6	6
AYDIN	24	4	0	28	86	14	0
BURDUR	2	8	3	13	15	62	23
BURSA	132	4	4	140	94	3	3
ÇANAKKALE	75	2	3	80	94	3	4
DENİZLİ	18	3	2	23	78	13	9
ELAZIĞ	41	0	0	41	100	0	0
KARAMAN	11	3	0	14	79	21	0
KÜTAHYA	28	0	1	29	97	0	3
MANISA	73	0	0	73	100	0	0
MERSİN	23	18	1	42	55	43	2
MUŞ	7	1	0	8	88	13	0
UŞAK	5	3	2	10	50	30	20
Total target provinces	994	117	30	1 141	87,12	10,25	2,63
Total TURKEY	1 609	241	54	1 904	84,51	12,66	2,84

(3) Specific objectives

By reference to objectives of measure 1.2, the objectives of sub-measure 1.2.2 are:

- **Financing Line 1:**

- to support small and medium sized milk processing enterprises with capacity 10 to 70 tons/days to upgrade to Community standards as well as to introduce new technologies and innovation and improve overall performance and competitiveness.

Part of this line will be used to promote the establishment of integrated milk collection and processing networks through projects introduced by milk establishments having established supply contracts with a network of improved farmers/or producers organisations modernizing their milking room and using cooling tanks. The milk processing enterprise will have to demonstrate that it is implementing a full upgrade of quality standards to Community levels and HACCP analysis throughout the milk production/ collection/ processing chain. All milk agricultural holdings related to the applying milk processing enterprise will be given a top priority to upgrade their milking room under measure 1.1.1.

- to support a limited number of smaller enterprises to upgrade to Community standards and at the same time increase capacity up to the minimum threshold of 10 tons nominal capacity per day thus reaching the viability threshold.
- **Financial Line 2:**
 - to support Producer Organisations. for the establishment of milk collection centers

(4) Geographic scope

Eligible provinces

Eligible provinces are shown on the map below.

These provinces have been selected by reference to their potential for milk production development, as well as the presence of milk processing enterprises and milk cattle holdings taking into account weaknesses and needs also with regard to upgrading to Community standards.

Eligible provinces are: Afyonkarahisar, Ağrı, Aksaray, Amasya, Ankara, Ardahan, Aydın, Balıkesir, Burdur, Bursa, Çanakkale, Çorum, Denizli, Elazığ, Erzurum, Isparta, Kahramanmaraş, Karaman, Kars, Konya, Kütahya, Malatya, Manisa, Mersin, Muş, Samsun, Sivas, Şanlıurfa, Tokat, Uşak, Yozgat.

Out of these, provinces selected for the first phase (2007-2009) are: Afyonkarahisar, Amasya, Balıkesir, Çorum, Erzurum, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Samsun, Sivas, Şanlıurfa, Tokat, Yozgat.

Map 12: Eligible provinces under Sub-Measure 1.2.1



Afyon= Afyonkarahisar

(5) Specific eligibility criteria

In addition to the common eligibility criteria in part (6) of the measure fiche 1.2;

Specific eligibility criteria for Financing Line 1 are:

- The enterprise should;
 - be located in one of the selected provinces
 - have minimum 10 tons, maximum 70 tons of built-in daily processing capacity,
- The enterprise that has built-in daily capacity below 10 tons, but proves that it will have at least 10 tons of built-in daily capacity after the realization of the investment shall be eligible.
- The enterprise having more than 25 tons/day build-in capacity in its establishment, should prove that its whole establishment meets all relevant Community standards and in particular those related to Community hygiene and milk quality at the end of the project.

Specific eligibility criteria for Financing Line 2 are:

- The Producers Organisations should:
 - be located in one of the selected provinces
 - have minimum 10 tons/day, maximum 70 tons/day collection capacity,
 - be recognised by the Cooperative Law No 1163, Agricultural Credit Cooperatives Law No 1581, Agricultural Producer Unions No 5200
 - exist and be functional more than one year

- The entire milk collection centre must meet Community hygiene and milk quality standards at the end of the project.

(6) Eligible investment:

For Financing Line 1:

- Modernization and/or extension of milk processing enterprises
- construction of new milk processing enterprises
- investments for homogenisation, pasteurisation, packaging, cooling, and storing of milk and milk products,
- equipment and technology for improvement and control of quality, hygiene,
- investments for establishment of food safety systems (HACCP, GMP and GHP),
- investment for environmental protection, equipment and facilities for reprocessing of intermediate products and processable wastes; treatment and elimination of wastes,
- acquisition of equipment for packaging,
- simple test equipment to distinguish between poor and good quality milk,
- IT hardware and software for product and process management, (milk registry, general enterprise management)

For Financial Line 2:

- Construction of milk collection centre,
- equipment and technology for improvement and control of quality, hygiene, including simple test equipment to distinguish between poor and good quality milk,
- investments for establishment of food safety systems (HACCP, GMP and GHP),
- milk storage and cooling equipment,
- milk transportation equipment,
- IT hardware and software for milk registry and monitoring, control and management.

(7) Size of eligible investments:

For Financing Line 1:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 50.000 Euro,
- Maximum 3.000.000 Euro

For Financing Line 2:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 25.000 Euro,

- Maximum 1.000.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfilment of the eligibility conditions and
- assessment of the submitted business plan, and

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

• For Financing Line 1:

Criteria	Score
If the investment is for processing of by-products	25
If at least 30% of the raw material originates from contracted producers or producer groups	35
If the milk processing enterprise has delivery contracts with milk farms benefiting from measure 1.1.1 and/or applying for measure 1.1.1 with a technical plan for the implementation of a "pilot integrated milk collection and processing network" representing at least 25% of the raw material of the enterprise from the farm.	40 ⁷⁷
TOTAL	100

• For Financing Line 2:

Criteria	Point
If more than 500 members are served by the milk collection center	50

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target
<i>Output on sub-measure level</i>	Number of enterprises/P.O. supported	1.365
<i>Result on sub-measure level</i>	Increase in GVA in supported establishments	15%
	Number of establishments introducing Community standards for the whole establishment	1.023
	Number of establishments participating in the establishment of pilot integrated HACCP milk collection networks	273
	Value of production under quality labels	10%
	Increase in milk supply on the national market	30%
<i>Impact on programme level</i>	Net additional value added	7,8%
	Net additional FTE jobs created	3%
	Change in GVA/FTE	5%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Number of P.O. supported for	341

⁷⁷ Will be applicable by the second year of the implementation of the IPARD Programme

	– Establishing or modernising milk collection centres in conformity with Community standards	
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MEASURE TECHNICAL FICHE No 1.2.2

MEASURE 1.2: Investments in Processing and Marketing of Agricultural and Fishery Products

Sub-measure 2: Processing and marketing of meat and meat products

(1) Legal basis

See measure 1.2 general framework.

(2) Sub-measure rationale**(2.1) Red Meat**

The meat sector review has emphasized that:

- Red meat consumption is on the decline in Turkey, due to high prices and inadequate quality of products⁷⁸ ; while
- Hygiene and food safety practices in the industry are far from the desirable standards, due to outdated equipment and practices and
- Unregistered slaughtering is estimated to account for as much as 40 % of the red meat production

It is thus clear that upgrading of facilities and the implementation of EU Veterinary Acquis related to hygiene and food safety regulations as well as animal welfare in the meat sector will be a crucial part of the pre-accession process for agriculture and rural development. IPARD will support this process.

Regarding slaughterhouses, out of the 201 registered class 1 and class 2 slaughterhouses⁷⁹ considered for investments under IPARD, many enterprises although private-owned are still under-equipped to meet Community hygiene and food safety or animal welfare standards. It is foreseen that IPARD will help to bring the majority of these enterprises in full compliance with Community standards.

This process will take place based on a full assesment and subsequent categorization of each establishment by the Veterinary Services⁸⁰. As soon as the assessment and categorization of the establishments is finalised, investments under IPARD will only be provided in accordance with this classification and assessment addressing the identified deficiencies with regard to Community standards. (See Chapter 2).

Moreover, under IPARD it will be attempted to counteract the present regional imbalances regarding the geographic distribution of the slaughterhouses. If traditionally the Eastern, Central and Black Sea parts of Turkey were considered as the breeding base supplying the cattle fattening industry in the West – which explains that the majority of slaughterhouse capacities is also concentrated in the West – the situation causes the transfer of the animals from East to the West for

⁷⁸ inducing a partial protein deficiency in some areas, only partially compensated by white meat consumption

⁷⁹ not counting the 440 class 3 (< 20 animals a day) small slaughterhouses – mostly owned and managed by Municipalities, which are considered too obsolete and unviable economically to be worth financing

⁸⁰ the assesment is referred in Chapter 2.

slaughtering and processing. The breeding areas need to develop their own added-value production of fattened meat, and to be able to slaughter the animals close to the production area rather than transfer the animals to the West. This will be more compatible with animal welfare concerns, and could also contribute to the creation of additional jobs opportunities in these provinces. Presently under-equipped meat producing provinces will therefore be supported with the building up of processing capacity.

Although only given a secondary priority under IPARD, the meat processing sector is also in need of support with regard to upgrading to Community standards: facilities & practices at many meat processing enterprises need to be upgraded to comply with Community food hygiene and safety requirements, particularly in many small enterprises producing meat sausages and other cooked meat products.

The current infrastructure and number of the meat processing units in the selected provinces are shown in the table below:

Intervention Provinces for Red Meat	First & second-class Slaughterhouses			Meat Integrated Enterprises			Meat Cut up Enterprises		Cut up and Manufactured Food		Cooling Storage	
	Number of registered Enterprises		Build-in capacity (Nbr heads/day)	Number of registered Enterprises		Build-in capacity (Nbr heads/day)	Number of registered Enterprises	Build-in capacity (kg/day)	Number of registered Enterprises	Build-in capacity (kg/day)	Number of registered Enterprises	Build-in capacity- Unit/m2
	Municipality (not supported)	Private owned (registered)		State (S) Municipality (M) (not supported)	Private owned- (Registered)							
1 Kars	-	-	-	-	1	250-1200	-	-	1	n.a.	-	-
1 Amasya	1	-	100-200	-	1	300-2000	1	<500	2	500<Q<5000	-	-
	1	-	20-0	-	-	-	-	2	500<Q<5000	1	n.a.	-
1 Çorum	-	-	-	-	-	-	1	5000<Q<10000	1	10000<	-	-
	1	-	50-80	-	1	200-200	4	n.a.	8	n.a.	-	-
	-	1	100-200	-	-	-	-	-	-	-	-	-
	1	-	10-60*	-	-	-	-	-	-	-	-	-
1 Erzurum	-	1	200-1000	1(S)	-	300-2500	-	-	4	n.a.	-	-
	-	-	-	-	1	150-1333	-	-	1	<500	-	-
	-	-	-	-	1	140-1152	-	-	-	-	-	-
	-	-	-	-	1	288-2208	-	-	-	-	-	-
	-	-	-	-	1*	170-800	-	-	-	-	-	-
1 Kahramanmaraş	1	-	200-50	-	-	-	-	-	-	-	-	-
1 Sivas	-	-	-	-	1	300-2000	-	-	2	500<Q<5000	-	-
	-	-	-	-	1	8-10	-	-	1	n.a.	-	-
	-	-	-	-	1	20-0	-	-	-	-	-	-
1 Diyarbakır	-	1	250-1500	1(S)	-	200-2000	-	-	-	-	-	-
	-	1	350-3000	-	1	280-2800	-	-	-	-	-	-
	-	-	-	-	1	200-2000	-	-	-	-	-	-
1 Afyonkarahisar	-	3	50-0	-	1	40-0	1	500<Q<5000	24	<500	1	4/160
	-	-	-	-	6	50-0	-	-	22	500<Q<5000	-	-
	-	-	-	-	1	50-100	-	-	0	5000<Q<10000	-	-
	-	-	-	-	1	50-200	-	-	1	10000<	-	-
	-	-	-	-	-	-	-	-	1	n.a.	-	-
1 Konya	1	-	30	1(M)	-	200-1500	2	<500	7	<500	1	7/1660
	-	2	50-300	-	1	50-400	2	n.a.	2	500<Q<5000	1	3/270
	-	-	-	-	1	400-2000	2	500<Q<5000	-	10000<	1	3/48
	-	-	-	-	1	30-0	-	-	3	n.a.	1	1/110
	-	-	-	-	1	60-150	-	-	-	-	1	1/56
	-	-	-	-	1	200-800	-	-	-	-	1	1/48
	-	-	-	-	1	25-20	-	-	-	-	-	-
1 Samsun	-	1	70-80	-	1	80-160	1	<500	1	500<Q<5000	1	2/21
	-	-	-	-	-	-	1	500<Q<5000	-	-	-	-
	-	-	-	-	-	-	2	10000<	-	-	-	-
1 Şanlıurfa	-	1	300-500	-	-	-	1	n.a.	-	-	1	4/60
	-	-	-	-	-	-	2	<500	-	-	1	n.a.
	-	-	-	-	-	-	1	500<Q<5000	-	-	-	-
1 Van	-	-	-	1(S)	-	200-2000	-	-	-	-	-	-
	-	-	-	-	1	240-1250	-	-	-	-	-	-
1 Yozgat	-	-	-	-	1	25-65	1	500<Q<5000	-	-	-	-
1 Tokat	-	1	30-150	-	1	12-18	2	<500	2	n.a.	-	-
	-	-	-	-	1	5-30	2	n.a.	-	-	-	-
	-	-	-	-	-	-	6	500<Q<5000	-	-	-	-
	-	-	-	-	-	-	3	10000<Q<10000	-	-	-	-
	-	-	-	-	-	-	1	10000<	-	-	-	-
2 Kastamonu	1	-	10-15	-	-	-	-	-	-	-	-	-
2 Ağrı	-	-	-	-	1	80-500	-	-	-	-	-	-
2 Aksaray	-	1	100-200	1(M)	-	25-100	1	<500	5	<500	-	-
	-	1	20-0	-	-	-	-	-	6	500<Q<5000	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
2 Ardahan	-	-	-	-	1*	100-400	-	-	-	-	-	-
2 Çankırı	1(M)	-	100-400	-	1	725-2000	-	-	-	-	-	-
2 Elazığ	-	1	300-700	-	1	300-1200	-	-	-	-	-	-
	-	1	63-158	-	1	100-400	-	-	-	-	-	-
2 Erzincan	1	-	25-150	-	1	50-250	-	-	-	-	-	-
	-	-	-	-	1	100-200	-	-	-	-	-	-
2 Karaman	-	1	60-50	-	-	-	2	<500	-	-	-	-
	-	1	20-40	-	-	-	-	-	-	-	-	-
2 Mardin	-	-	-	-	-	-	1	500<Q<5000	-	-	-	-
2 Muş	-	-	-	-	-	-	-	-	-	-	-	-
Total IPARD Prov.	8	18		4	37		42		95		10	

* key: closed

A breakdown of meat processing facilities per size is shown below:

Red Meat Processing Enterprises

PROVINCE	Size of Enterprise (Daily Build-in Processing Capacity in tons)					Total Beneficiary
	Micro (<0,5)	Small (0,5 - 5)	Medium (5 - 10)	Large (>10)	<i>n.a.</i>	
AFYONKARAHISAR	24	17	6	10	-	17
AMASYA	1	3	1	2	1	4
ÇORUM	-	-	-	1	12	12
DIYARBAKIR	-	-	-	3	3	3
ERZURUM	1	-	-	5	4	4
KAHRAMANMARAŞ	-	-	-	-	-	-
KARS	-	-	-	1	1	1
KONYA	9	3	1	11	5	8
SAMSUN	2	1	-	3	-	1
ŞANLIURFA	2	-	-	-	1	1
SIVAS	-	3	1	1	1	4
TOKAT	2	3	3	3	4	7
VAN	-	-	-	2	-	-
YOZGAT	-	1	-	1	-	1
AĞRI	-	-	-	1	-	-
AKSARAY	6	5	1	1	-	5
ARDAHAN	-	-	-	1	-	-
ÇANKIRI	-	-	-	1	-	-
ELAZIĞ	-	-	-	2	-	-
ERZİNCAN	-	-	-	2	-	-
KARAMAN	2	-	-	-	-	-
KASTAMONU	-	-	-	-	-	-
MARDIN	-	-	1	-	-	-
MUŞ	-	-	-	-	-	-
TOTAL IPARD	49	36	14	51	32	68

Unit: Build-in processing capacity expressed in ton meat/day

(2.2) Poultry Meat

As regards poultry meat production, Turkey can be divided in two parts: East and West. The modern poultry slaughtering and meat processing industry is located in the North West and Western areas of the country, while the rest of the country is largely under-equipped. This reflects both the localisation of the most industrialized broiler production⁸¹, as well as consumers distribution.

IPARD will target both the upgrading of quality and hygiene standards of small to medium sized slaughterhouses and small sized processing enterprises located in the under-equipped provinces, as well as allow for the construction of new infrastructures in the provinces selected for a concurrent development of poultry production under measure 1.1.2.

⁸¹ linked in turn with the presence of ports for feed imports as well as well-suited climatic conditions

* closed

The current infrastructure and number of the poultry meat processing units in the selected provinces are shown in the table below:

Intervention Provinces for Poultry Meat	Slaughterhouses			Meat Integrated Enterprises			Meat Cut up Enterprises		Cut up and Manufactured Food		Cooling Storage	
	Number of registered Enterprises		Build-in capacity (nbr heads/hr)	Number of registered Enterprises		Build-in capacity (nbr heads/hr)	Number of registered Enterprises	Build-in capacity (kg/day)	Number of registered Enterprises	Build-in capacity (kg/day)	Number of registered Enterprises	Build-in capacity Unit/m ²
	Municipality (not supported)	Private owned (registered)		State (S) Municipality (M) (not supported)	Private owned (Registered)							
1 Corum	-	-	-	-	-	-	5	n.a.	-	-	-	-
1 Afyonkarahisar	-	1	4000	-	1	500	-	-	-	-	-	-
1 Erzurum	-	-	-	-	1*	2000	-	-	-	-	-	-
1 Konya	-	-	-	-	1	1800	7	<500	-	-	-	-
	-	-	-	-	1	800	3	500<Q<5000	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
1 Malatya	-	-	-	-	1	1900	-	-	-	-	-	-
	-	-	-	-	1	1185	-	-	-	-	-	-
2 Nevşehir	-	-	-	-	-	-	1	<500	-	-	-	-
2 Kütahya	-	-	-	-	-	-	-	-	-	-	-	-
2 Manisa	-	1*	n.a.	1	-	n.a.	-	-	-	-	-	-
	-	-	-	1	-	6000	-	-	-	-	-	-
	-	-	-	1	-	1500	-	-	-	-	-	-
2 Elazığ	-	-	-	-	1	3000	-	-	-	-	-	-
	-	-	-	-	1	2000	-	-	-	-	-	-
2 Erzincan	-	-	-	-	1*	600	-	-	-	-	-	-
	-	-	-	-	1	4000	-	-	-	-	-	-
2 Uşak	-	-	-	-	1	6000	-	-	-	-	-	-
Total IPARD Prov.	0	1	-	3	9	-	16	-	0	-	0	-

* key: closed

Breakdown of poultry meat processing facilities per size is shown below:

Poultry Meat Processing Enterprises

PROVINCE	Size of Enterprise (Daily Build-in Processing Capacity in tons)					Total Beneficiary
	Micro (<0,5)	Small (0,5 - 5)	Medium (5 - 10)	Large (>10)	n.a.	
AFYONKARAHISAR	1	1	1	-	-	1
ÇORUM	-	-	-	-	5	5
ERZURUM	-	-	1	-	-	-
KONYA	7	5	-	-	-	5
MALATYA	3	5	-	-	-	5
ELAZIG	-	2	-	-	-	2
ERZİNCAN	-	2	-	-	-	2
KÜTAHYA	-	1	-	-	-	1
MANİSA	-	10	1	-	1	11
NEVŞEHİR	1	-	-	-	-	-
UŞAK	-	-	1	-	-	-
TOTAL IPARD	12	26	4	0	6	32

Unit: Build-in processing capacity expressed in ton meat/day

(3) Specific objectives

By reference to the objectives of measure 1.2, the objectives of sub-measure 1.2.2 are:

- **Financing Line 1:** to support Class 1 and 2 red meat (cattle/goat/sheep) slaughterhouse infrastructures except for third Class ones (including slaughterhouses which are part of combination establishments) to upgrade to Community standards as well as to introduce new technologies and to improve overall performance and competitiveness.
- **Financing Line 2:** to support small sized red meat processing enterprises to upgrade to Community standards as well as to introduce new technologies and to improve overall performance and competitiveness.

- **Financial Line 3:** to support small and medium poultry meat slaughterhouse infrastructures (including slaughterhouses which are part of combination enterprises) to upgrade to Community standards as well as to introduce new and to improve overall performance and competitiveness.
- **Financial Line 4:** to support small sized poultry meat processing enterprises to upgrade to Community standards as well as to introduce new technologies and to improve overall performance and competitiveness.

(4) Geographic scope

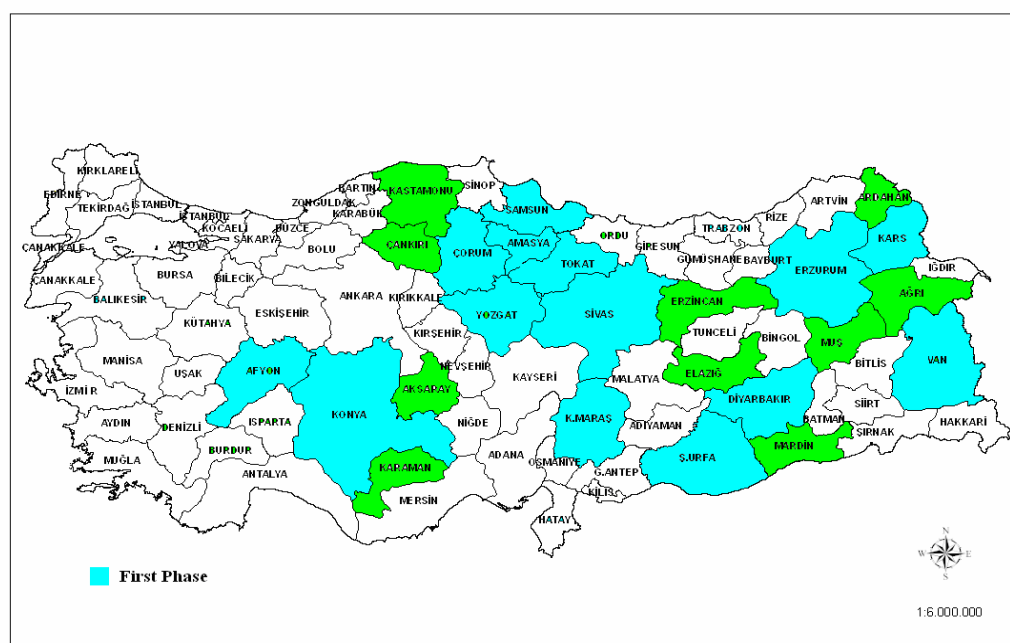
Eligible provinces

Eligible provinces are shown on the map below, both for financing line 1&2 (red meat) and 3&4 (poultry meat). These provinces have been selected to maximize the synergy with the measure 1.1.2 promoting development of meat production in agricultural holdings taking into account weaknesses and needs also with regard to upgrading to Community standards.

Eligible provinces for red meat processing & marketing are: Afyonkarahisar , Ağrı, Aksaray, Amasya, Ardahan, Çankırı, Çorum, Diyarbakır, Elazığ, Erzincan, Erzurum, Kahramanmaraş, Karaman, Kars, Kastamonu, Konya, Mardin, Muş, Samsun, Sivas, Şanlıurfa, Tokat, Van, Yozgat

Out of which, provinces selected for the first phase (2007-2009) are: Afyonkarahisar, Amasya, Çorum, Diyarbakır, Erzurum, Kahramanmaraş, Kars, Konya, Samsun, Sivas, Şanlıurfa, Tokat, Van, Yozgat

Map 13: Eligible provinces under Sub-Measure 1.2.2-Red meat

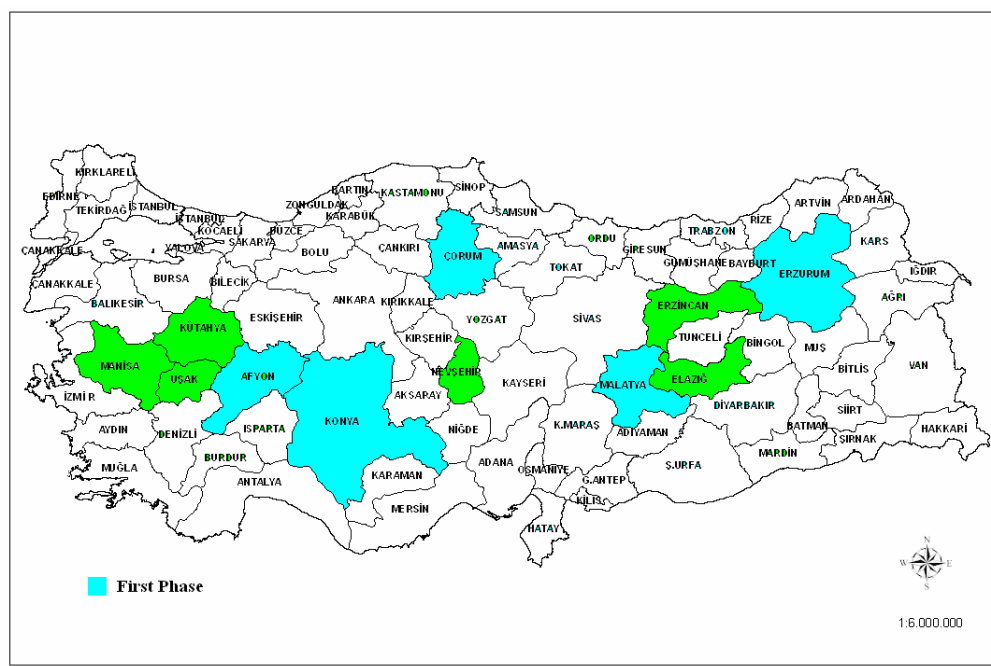


Afyon= Afyonkarahisar

Eligible provinces for poultry meat processing & marketing are: Afyonkarahisar , Çorum, Elazığ, Erzincan, Erzurum, Konya, Kütahya, Malatya, Manisa, Nevşehir, Uşak

Out of which, provinces selected for the first phase (2007-2009) are: Afyonkarahisar, Çorum, Erzurum, Konya, Malatya

Map 14 : Eligible provinces under Sub-Measure 1.2.2-Poultry



Afyon= Afyonkarahisar

To further link support to agricultural holdings dealing with meat products, both measures 1.1.2 and this measure have focused on the same provinces, except for Ankara, as Ankara already has developed facilities with regard to the targets of this measure.

(5) Specific eligibility criteria

In addition to the common eligibility criteria in part (6) of the measure fiche 1.2,

Specific eligibility criteria for Financing Line 1&2 are:

- The enterprise should:
 - be located in one of the selected provinces
 - perform either bovine, ovine or caprine animal slaughtering and/or processing as defined in Art. 2 m Regulation (EC) 852/2004) and marketing,
 - have, in case of slaughterhouses:
 - a capacity of minimum 30 bovine + 50 ovine/caprine heads per day, and maximum 250 bovine + 2000 ovine/caprine heads per day,
 - or, if only slaughtering cattle, a minimum of 36 and maximum 500 heads per day,
 - or, if only slaughtering sheep & goat, a minimum of 290 and maximum 4000 heads per day,
 - have, in case of meat processing:
 - minimum 0,5 tons, maximum 5 tons of build-in daily processing capacity

- If a slaughterhouse is concerned, the whole establishment must meet Community standards at the end of the project.

Specific eligibility criteria for financing line 3 & 4 are:

- The enterprise should:
 - be located in one of the selected provinces
 - perform poultry slaughtering and/or processing (as defined in Art. 2 m Regulation (EC) 852/2004) and marketing,
 - have, in case of slaughterhouses:
 - a capacity of minimum 1000 chickens and maximum 5000 chickens per hour
 - or a capacity of minimum 100 turkeys and maximum 1000 turkeys per hour
 - have in case of meat processing enterprises:
 - minimum 0.5 tons, maximum 5 tons of build-in daily processing capacity
- If a slaughterhouse is concerned, the whole establishment must meet Community standards at the end of the project.

(6) Eligible investments

- construction or renovation of slaughterhouses,
- renovation of meat processing enterprises,
- equipment for improvement of hygiene and product quality, in full compliance with Community standards
- laboratories and equipment to improve the control of the product quality and hygiene
- investments for establishment of food safety systems (HACCP, GMP and GHP),
- improvement of environmental protection; equipment and facilities for reprocessing of intermediate products and processable wastes; treatment and elimination of wastes: waste water works in slaughterhouses and fat catcher facilities for meat processing establishments,
- investment for slaughtering animals in conditions compatible with animal welfare,
- purchase of equipment for packaging,
- cold storage equipment, purchasing refrigerated transport means of carcass and meat products,
- IT hardware and software for product and process management,
- Software & tracking system to implement traceability of carcass and meat inside the processing establishment

(7) Size of eligible investments

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 30.000 Euro
- Maximum 3.000.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfilment of the eligibility conditions and
- assessment of the submitted business plan

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Financial Line 1&2:

Criteria	Score
If the investment aims at processing of by-products,	20
If the meat enterprises or the slaughterhouses has a contractual arrangement with a rendering enterprise for waste disposal	20
If the enterprise or slaughterhouse targets organic meat	10
Slaughterhouses which perform carcass classification,	20
If the whole meat processing establishment meets the related Community standards at the end of the project	30
TOTAL	100

Financial Line 3&4:

Criteria	Score
If the investment aims at processing of by-products	20
If the meat enterprises or the slaughterhouses has a contractual arrangement with a rendering enterprise for waste disposal	40
If the enterprise or slaughterhouse target organic meat	10
If the whole poultry processing establishment meets the related Community standards at the end of the project	30
TOTAL	100

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target
<i>Output on sub-measure level</i>	Number of slaughterhouses supported	104
	Number of processing enterprises supported	17
<i>Result on sub-measure level</i>	Increase in GVA in supported establishments	15%
	Number of establishments introducing Community standards	108
	Value of production under quality labels	5%
<i>Impact on Programme level</i>	Net additional value added	7,8%
	Net additional FTE jobs created	3%
	Change in GVA/FTE	5%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Share of enterprises improving animal welfare standards	40%

MEASURE TECHNICAL FICHE No 1.2.3

MEASURE 1.2: Investments in Processing and Marketing of Agricultural and Fishery Products

Sub-measure 3: Processing and marketing of fruits and vegetables

(1) Legal basis

See measure 1.2 general framework.

(2) Sub-measure rationale

Income generation in the fruit and vegetable (F&V) sector can potentially be at least fourfold that of other agricultural productions. The sector is labour intensive and represents a very important employment source in rural areas, particularly for rural women. It is also generating secondary employment in the handling and processing sector. It is thus a critical asset in the regions where the climate allows it to develop.

Nevertheless, the sector analysis has pointed out that fresh F&V, being perishable products, are presently extremely sensible to the poor practices of post harvest handling and conservation: about 22% of global harvest might be lost currently (32% for vegetables, around 10% for fruits). The thus occurring loss will therefore be counteracted by adequate action under the fruit and vegetable measure, along with the introduction of hygiene and food safety practices in the sector.

IPARD interventions will target primarily the post harvest losses of the products. The investments are envisaged in the following way:

- Support of the operation of basic sorting, grading and shipping stations of the Producer Organisations (POs) before sending the products to the processing establishments or to the markets. F&V will be cleaned, sorted according to grade using primarily manual sorting and grading techniques, then placed in reusable cleanable plastic crates before being shipped to the usual commercial partners of the producers. The whole process should be labelled as HACCP compliant. The cold stores to be used before shipping or the refrigerated vans as a pre-cooling device are to be encouraged.
- Upgrading of the facilities in bigger SGP stations owned by the POs with a priority given to quality practices (HACCP implementation, traceability of products) in compliance with Community standards, and cold chain management.
- The creation of large carry-forward cold stores at provincial level owned by POs, in order to be able to spread the volume of production over the harvesting time. This meets another crucial need identified in the sector analysis, as farmers who can not store their products are obliged to sell them in the peak of the harvest season when prices are lowest, thus diminishing their potential income

Distribution of the number of producers organisations and cold store installations in the target provinces of IPARD is shown below⁸²

⁸² The number of existing potential only reflects the POs that are registered by the law numbered 5200.

		Producers organisations			Cold stores			
Phase	Province	Fruits	Veg	Total	A Nbr Cold Stores	B Capacity (Tons)	Percentage	
							B (%)	C (%)
1	AMASYA	4	3	7				
1	BALIKESIR	1	0	1				
1	ÇORUM	3	0	3				
1	DIYARBAKIR	2	0	2				
1	HATAY	2	0	2				
1	ISPARTA	2	0	2				
1	KONYA	3	3	6				
1	MALATYA	0	0	0				
1	SAMSUN	6	2	8				
1	TOKAT	0	4	4				
2	AYDIN	0	0	0				
2	BURDUR	1	1	2				
2	BURSA	6	1	7				
2	ÇANAKKALE	2	2	4				
2	DENİZLİ	2	0	2				
2	KAHRAMANMARAŞ	2	0	2				
2	KARAMAN	4	0	4				
2	KÜTAHYA	1	0	1				
2	MANISA	1	0	1				
2	MARDIN	0	0	0				
2	NEVŞEHİR	1	1	2				
2	MERSİN	16	3	19				
2	ŞANLIURFA	0	0	0				
TOTAL IPARD		59	20	79	135	1.928.871	100,0	100,0
Total Turkey					331	3152453		

Source: P.O.: MARA May 2007

Cold stores: TOBB

Improvement of the quality practices in the F&V industry, on the other hand, will be left to be addressed by private initiative and the influence of general market trends, as a sizeable part of this industry is already engaged into commercial relations with foreign clients (including EU clients) demanding this quality upgrade.

Only Producer Organizations which are allowed to market directly without passing through wholesale market in fruit and vegetable sector, as defined in Decree No 552, will benefit from support under this IPARD measure. This will also contribute to the strengthening or the organisation of producers.

Fresh fruit and vegetable trade in Turkey is currently regulated by Decree No 552 dated 1995. Article 5 of Decree No 552 states that Cooperatives and their upper umbrella unions established by minimum 50 farmers who are registered to Agricultural Chamber are defined as Producer Organizations and they are not obliged to pass through wholesale markets. They can directly market their products to retailers. They have to register only their prices, amount and type of the products to the closest wholesale market. Besides, Article 8 of Decree No 552 states that “sales in the wholesale markets are done by producers, producer organizations, commissioners, natural and legal entities who deal with wholesale of fresh fruit and vegetables on behalf of his/herself”. In addition, Article 21 states also that “Allocation of shops in wholesale markets is done by giving priority to Producer Organizations”. This article has been amended by law numbered 5652 dated 05.05.2007 as “at least %10 of the shops are allocated to Producer Organizations”. By this amendment, the

possibility of allocation of shops to producer organizations in wholesale markets is now guaranteed. As follows from these legislations, Producer Organizations as defined under Decree No 552 dated 1995 are both allowed to market directly to retailers without passing through wholesale markets and they can have a shop in wholesale markets and market their products there. Moreover, article 28 of Decree No 552 implies that trade of fresh fruits and vegetables purchased by processing industry is not included in this decree, which means that fruits and vegetables that will undergo processing are not obliged to pass through wholesale markets. Therefore, fruits and vegetables which are industrially processed by legal entities like enterprises, cooperatives or producer organizations are not forced to go through wholesale markets.

The Ministry of Industry and Trade is currently working on a new draft law that enlarges the definition of Producer Organizations. This draft law also keeps the provision that Producer Organizations have the right to market their products to the retailers either passing through wholesale markets or not. This new law is expected to be adopted before 2008. However, whether it is adopted or not, Producer Organizations defined in Decree No 552 dated 1995 currently have the right to market the products directly to retailers.

(3) Specific objectives

By reference to objectives of measure 1.2, the objectives of sub-measure 1.2.3 are:

- to help small and medium sized enterprises operating Sorting, Grading & Packing stations with integrated cooling facilities to upgrade to Community standards as well as introduce new technologies and innovation and improve overall performance and competitiveness
- to establish storage and conservation cold stores to facilitate the carry over of production over harvesting time and regulate market, while at the same time diminishing losses and improving product quality

(4) Geographic scope

Eligible provinces

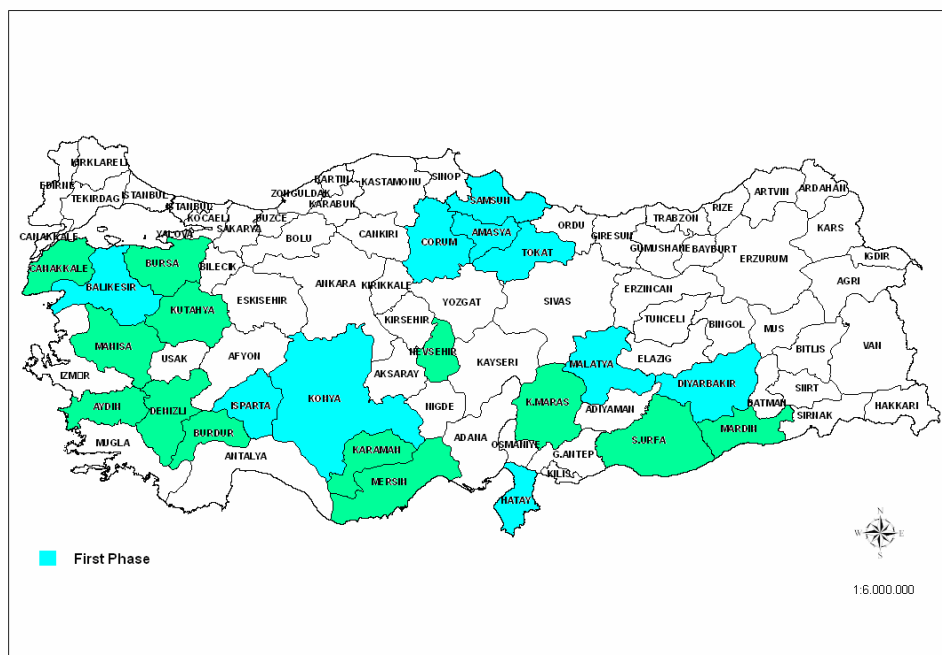
Eligible provinces are shown on the map below:

These provinces have been selected by reference to both the potential for Fruits & Vegetable production and marketing development by taking into account weaknesses and needs of the sector as well as based on their need with regard to their upgrading to Community standards.

Eligible provinces are: Amasya, Aydın, Balıkesir, Burdur, Bursa, Çanakkale, Çorum, Denizli, Diyarbakır, Hatay, Isparta, Kahramanmaraş, Karaman, Konya, Kütahya, Malatya, Manisa, Mardin, Mersin, Nevşehir, Samsun, Şanlıurfa, Tokat.

Out of which, provinces selected for the first phase (2007-2009) are: Amasya, Balıkesir, Çorum, Diyarbakır, Hatay, Isparta, Konya, Malatya, Samsun, Tokat.

Map 15: Eligible provinces under Sub-Measure 1.2.3



Afyon=Afyonkarahisar

(5) *Specific eligibility criteria*

In addition to the common eligibility criteria in part (6) of the measure sheet 1.2;

- The enterprise/legal entity should:
 - be located in one of the selected provinces,
 - be owned by cooperatives and their umbrella unions established by minimum 50 farmers who are all registered to Agricultural Chambers as defined in Decree No 552/1995
 - exist and be functional more than one year and have minimum 50 members.
 - operate less than 4.000 cubic meters cold store
- The entire establishment in the enterprise/legal entity should comply with relevant Community standards at the end of the project.

(6) *Eligible investment:*

- Cleaning, sorting, grading, packaging lines
- Markings and traceability systems
- Modified atmosphere cold stores and packing lines under modified atmosphere
- Building and/or modernisation of pre-cooling, cooling units and cold stores,
- Storage for raw material, storage for packaging,
- Implementation of HACCP analysis in order to achieve Community standards
- Handling, fork lifts (only as integral part of the project)
- Refrigerated trucks having maximum 25 m³ capacity
- IT systems including software

(7) Size of eligible investments:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 50.000 Euro
- Maximum 1.250.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfilment of the eligibility conditions and
- assessment of the submitted business plan,

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Criteria	Score
If at least 50% of the raw material originates from contractual producers	35
If the investment involves organic processing	35
If at least 75 % of the employees in the establishment are women	30
TOTAL	100

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target
<i>Output on sub-measure level</i>	Number of enterprises supported	256
<i>Result on sub-measure level</i>		
	Increase in GVA in supported establishments	15%
	Number of establishments introducing Community standards	256
	Value of production under quality labels	15%
<i>Impact on Programme level</i>	Net additional value added	7,8%
	Net additional FTE jobs created	3%
	Change in GVA/FTE	5%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Value of production under Sorting grading or Sorting Grading Packaging processing	70%

MEASURE TECHNICAL FICHE No 1.2.4

MEASURE 1.2: Investments in Processing and Marketing of Agricultural and Fishery Products

Sub-measure 4: Processing and marketing of fishery products

(1) Legal basis

See measure 1.2 general framework.

(2) Sub-measure rationale

The fish sector analysis presented above has shown that fish processing industry is dual:

- Among the 161 fish processing facilities, 107 are already approved for export toward EU, and are clearly already competitive (see Map 1, in Section 1.2.2.5);
- The remaining ones are in a different state as regards the level of losses and inefficiency inside the enterprise, as well as the hygiene conditions and food safety concerns. If some perform reasonably well, some other are in a well-below standards state (see Map 2, in Section 1.2.2.5).

While IPARD has clearly no role to play in helping the first strata of enterprises – which can care for their further development using competitive market tools – it will give a priority to the upgrading of those of the small and medium sized processing enterprises which can demonstrate a potential for viability and sustainability in the long term. IPARD support will be geared towards:

- The improvement of hygiene and food safety conditions on the basis of Community standards in the enterprises; and
- The diminishing of losses and improvement of processing efficiency, notably through the implementation of rigorous cold chain management from the suppliers till the clients of the enterprise.

Another priority under IPARD will be to help to correct regional imbalances. The sector review has shown that while some provinces might be over-equipped – with a low level of use of the capacities installed – other provinces suffer from a serious under-equipment.

This can be seen on the Maps 1 and 2 under Section 1.2.2.5 , which show the localisation of the existing fish processing industries.

The present level of equipment of each region should be compared with primary production levels: catches statistics for example show that the East Black sea represents 51% of the catches, the West Black sea 19%, the Marmara sea 13%, the Aegean sea 12% and the Mediterranean sea 5%. By comparison, localisation of processing industries is over-concentrated in the West Black sea, the Marmara sea and the Aegean sea.

Also, inland fishery is not presently covered at a sufficient level, especially if Turkey is targeting the development of inland aquaculture.

Improving the regional distribution of fish processing infrastructure should both encourage the development of inland aquaculture and contribute to the correction of the very high imbalances in present annual per capita consumption of fish and fish products⁸³. Reducing post catch losses will also have a positive effect regarding the lowering of the market price of fish and could further encourage consumption development.

Targeting - as IPARD does - only the presently under-equipped provinces with a sufficient production will guarantee that there is no under-utilisation of the capacities set up.

The upgrading of wholesale markets is also a critical issue for improving both the availability and hygiene conditions and level of consumer safety of the fish on the domestic market.

The present hygiene standards of a major part of the distribution system, at the markets, storage facilities and retail outlets are very poor and outdated. The present estimated level of post catch losses is high, and this has a negative effect on both the revenues of the fishermen and the market price of fish at consumers level.

The selection of target provinces for IPARD support has been done carefully, by taking into consideration the present level of under-equipment of each province, by comparison with potential fish catches and production:

PROVINCE	A Potential of aquaculture (Tons of fish)	B Potential of inland fisheries (Tons of fish)	C Total potential (A+B) (Tons of fish)	D ¹ Rank of marine fisheries potential highest=***** lowest=*	Percent		Total Existing Enterprises
					B (%)	C (%)	
HATAY	432	302	734	*	59	41	5
ISPARTA	869	1.605	2.474		35	65	7
KAHRAMANMARAŞ	1.579	668	2.247		70	30	
KONYA	1.236	3.706	4.942		25	75	14
MALATYA	451	548	999		45	55	
ORDU	1.965	162	2.127	*****	92	8	
SAMSUN	1.926	591	2.517	*****	77	23	5
SİVAS	891	253	1.144		78	22	
TRABZON	2.043	47	2.090	*****	98	2	5
VAN	231	12.977	13.208		2	98	1
BURDUR	1872	616	2488		75	25	
ELAZIĞ	504	1.378	1.882		27	73	1
ERZURUM	457	153	610		75	25	
GİRESUN	793	12	805	*****	99	1	1
KASTAMONU	383	130	513	****	75	25	
MERSİN	627	293	920	*	68	32	4
Total TURKEY	118.277	46.175	164.452		72	28	43

Source: MARA, TURKSTAT
D¹= According to the regional catch statistics given in Rationale part (above) of this sub-measure

(3) Specific objectives

By reference to objectives of Measure 1.2 and the sector status recalled above, the objectives of sub-measure 1.2.2 are:

- to support existing small and medium sized fish processing enterprises as well as their creation in a limited number of provinces in target priority areas where market opportunities can be demonstrated to invest, in order to achieve Community standards and improve overall performance, with priority on cold chain implementation to minimize post catch losses,
- to contribute to the development of employment opportunities

⁸³ E.g. only 0.5 kg/capita in east and southeast Anatolia, as compared to 25 kg in the Black Sea region, and average 22.7 kg for EU

(4) Geographic scope

Eligible provinces

Eligible provinces have been selected by considering marine fishery potential, inland fishery and aquaculture potential, the number of existing non-EU approved processing establishments and the need for creation of new processing facilities by reference to existing production potential.

Eligible provinces are: Burdur, Elazığ, Erzurum, Giresun, Hatay, Isparta, Kahramanmaraş, Kastamonu, Konya, Malatya, Mersin, Ordu, Samsun, Sivas, Trabzon, Van

Out of which, provinces selected for the first phase (2007-2009) are: Hatay, Isparta, Kahramanmaraş, Konya, Malatya, Ordu, Samsun, Sivas, Trabzon, Van

Map 16: Eligible provinces under Sub-Measure 1.2.4



Afyon=Afyonkarahisar

For the building of new enterprises where there is already existing capacity, it must also taken into consideration that as soon as the veterinary assessment is done and old capacity has been rated as non EU compliant, only replacement investments can be allowed. Only 8 provinces would be eligible for investments in the construction of new small to medium enterprises.

They are justified as follows:

- Hatay: High inland and marine fisheries potential but the existing processing facilities are under-equipped,
- Kahramanmaraş: High inland production but no processing facility,
- Malatya: High inland production and water resources potential, but no processing facility,
- Ordu: High inland and marine fishery production, but no processing facility,
- Samsun: High inland and marine fisheries production, but the existing processing facilities do not correspond to the production and its potential,

- Sivas: High inland fisheries and aquaculture production, but no processing facility,
- Trabzon: High inland and marine fisheries production, but the existing processing facilities do not correspond to the production and its potential,
- Van: High inland fisheries production and water resources potential, but no processing facility

(5) Specific eligibility criteria

In addition to the common eligibility criteria in part (6) of the measure fiche 1.2,

- The enterprise should:
 - be located in one of the selected provinces,
 - have build-in capacity minimum 100 tons/year, maximum 800 tons/year for processing molluscs, bivalves and crustaceans,
 - have minimum 300 tons/year, maximum 1000 tons for fishery products including aquaculture products annually (fresh, fresh-chilled, in one of processed types or mixed types),
- The entire establishment should comply with the relevant Community standards at the end of the project.
- Fisheries and aquaculture products intended to be used for purposes other than human consumption are not eligible, with the exception of investments exclusively for the treatment, processing and marketing of fisheries and aquaculture product waste.
- The investments under this sub-measure shall concentrate on services to be provided on land.

(6) Eligible investment:

- Modernisation and/or extension of enterprises processing fishery and aquaculture products,
- Construction of new enterprises processing fishery and aquaculture products,
- machinery or equipment for cooling, processing, packaging and marketing of fishery products,
- equipment and facilities for upgrading to Community standards as regards human health, occupational conditions, protection of environment and waste treatment,
- purchase of plastic box 'pools' to improve fish handling under HACCP hygiene conditions(only as integral part of the project),
- implementation of effective GMP and HACCP systems, quality assurance systems and implementation of traceability systems,
- ICT equipment including software.

(7) Size of eligible investments:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 50.000 Euro,
- Maximum 1.500.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfilment of the eligibility conditions and
- assessment of the submitted business plan,

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Criteria	Point
If the enterprise procures more than 50% of raw material from aquaculture breeding	30
If at least 75 % of the employees in the establishment are women	25
If the enterprise targets organic production	20
If the investment aims at processing of by-products	15
If at least 50% of the raw material originates from a producer organisation	10
TOTAL	100

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target
<i>Output on sub-measure level</i>	Number of enterprises supported	70
	Number of enterprises newly created,	15
<i>Result on sub-measure level</i>	Increase in GVA in supported establishments	15%
	Number of establishments introducing Community standards	35
	Value of production under quality labels	10%
	Increase in fish and fishery products supply on the national market	10%
<i>Impact on programme level</i>	Net additional value added	7,8%
	Net additional FTE jobs created	3%
	Change in GVA/FTE	5%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Number of enterprises with integrated cold chain management	21
	Increase in the share of processed aquaculture products	30%

MEASURE TECHNICAL FICHE No 1.3

MEASURE 1.3: SUPPORT FOR THE SETTING UP OF PRODUCER GROUPS

(1) Legal basis

- Article 12 (2) of IPA Council Regulation (EC) No 1085/2006.
- Article 175 of IPA Implementing Regulation (EC) No 718/2007
- Related provisions of Sectoral Agreement for IPARD

(2) Rationale

In view of the adoption and full implementation of the *acquis communautaire*, Turkey intends to support the setting up of producers groups in the agriculture and fishery sector in order to assist the organisation and modernisation of these sectors.

Small producers prevail over many sub-sectors of Turkish agriculture. They usually try to place their produce individually on the market or deliver and sell it to private traders. The lack of marketing knowledge and skills as well as the delivery of small amounts of products disregarding quality standards and grading of products have an adverse effect on pricing at producer level, creating an even greater uncertainty of the business situation in the sector.

Strong and efficient producers groups engaged in the marketing of agricultural produce, specialized in vertical organizations, are expected to aggregate producers and improve their bargaining power in relation to other stakeholders in the food-chain, increasing their share of the value added.

They are also expected to have a regulating effect on the markets, as producer groups also provide relevant information on markets to their members, helping producers to adapt their production to market demand.

Finally, they will also play a role in providing guidance and encouraging changes of practices by their members toward production methods in line with Community quality, safety and environmental standards and more tuned to market demand.

Fresh fruit and vegetable trade in Turkey is currently regulated by Decree No 552 dated 1995. Article 5 of Decree No 552 states that Cooperatives and their upper umbrella unions established by minimum 50 farmers who are registered to Agricultural Chamber are defined as Producer Organizations and they are not obliged to pass through wholesale markets.

Turkey will focus in the programming period 2007-2013 on the adoption and implementation of the *acquis communautaire* in relation to the Common Agricultural and Rural Development Policy; within this context producer groups should contribute to the diffusion of information and guidance to their members on how this may be best achieved.

The present measure aims at supporting the development of modern producer groups, able to play a significant role on the markets as well as for the restructuring and modernisation of their farmer members.

IPARD intervention will be concentrated in the following sectors, which have been identified for IPARD intervention as well as are targeted in Law Numbered 5200, on Agricultural Producer Unions:

- Fruits
- Vegetables including Mushrooms
- Flowers
- Medicinal crops
- Milk
- Red and white meat
- Eggs
- Honey
- Fish

The priority has been given to the projects submitted by the producer groups at least 50 % of whose members are women.

This measure's implementation will start during the first phase of the programme (2007 – 2009).

(3) Objectives

(3.1) General objectives

- To improve and strengthen the role of producers groups on agricultural markets, as a way to:
- Support the adaptation of the production and output of producers to market requirements in terms of quantity and quality
- Support the adaptation of the production and output of producers to meet Community standards in compliance with the Acquis communautaire
- Support the improvement of the income situation, the economic viability and efficiency of individual agricultural holdings

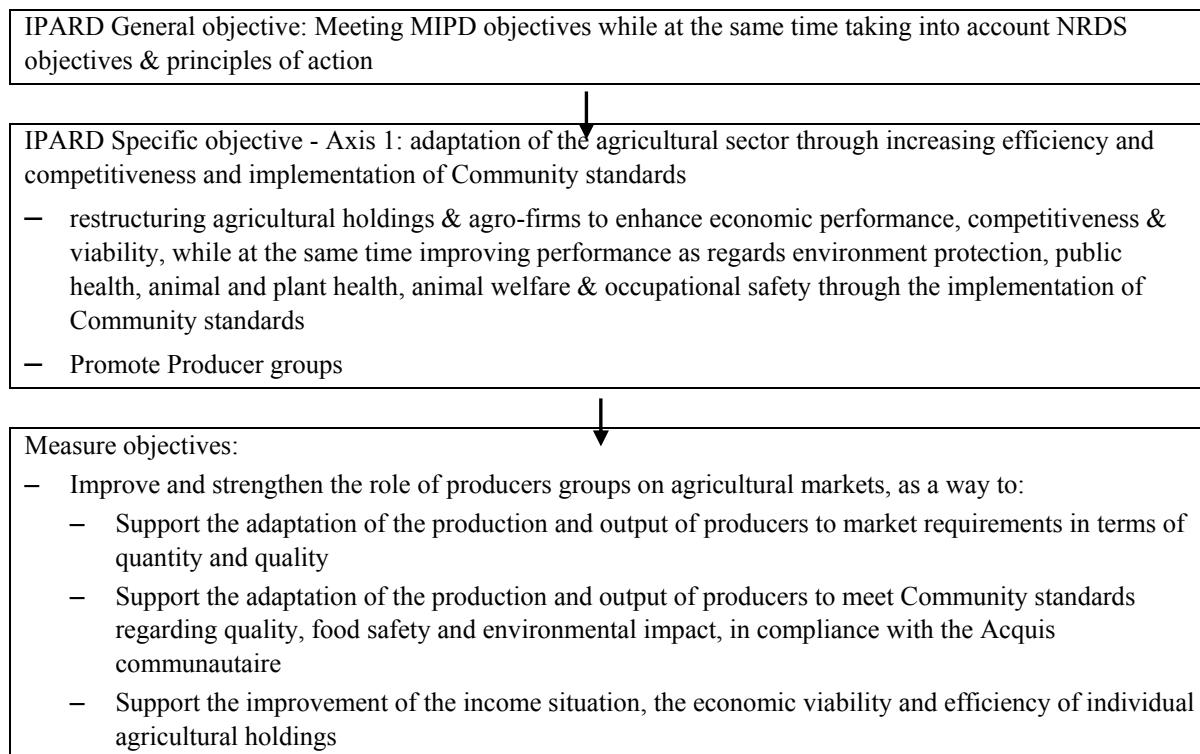
(3.2) Specific objectives:

Assistance shall be granted to facilitate the setting-up and administrative operation of producer groups, for the purposes of:

- Adapting the production and output of the members of producer groups to market requirements;
- Jointly placing goods on the market, including preparation for sale, centralisation of sale, and supply to bulk buyers;
- Adapting the production and output of producers to meet the relevant Community standards compliance with the Acquis communautaire;
- Establishing common rules on production information, with particular regard to harvesting and availability;

- To insure effective standardization in all marketing steps and delivery of products in the food-chain.

The hierarchy of IPARD objectives linked with this measure is recalled below:



(4) Geographic Scope

Eligible provinces

All provinces selected for IPARD implementation in Phase I and II are eligible under this measure as the producer groups are not sufficiently well developed in none of these provinces which therefore needs to be supported in all provinces..

Eligible provinces are: Afyonkarahisar, Ağrı, Amasya, Aksaray, Ankara, Ardahan, Aydın, Balıkesir, Burdur, Bursa, Çanakkale, Çankırı, Çorum, Denizli, Diyarbakır, Elazığ, Erzincan, Erzurum, Giresun, Hatay, Isparta, Kahramanmaraş, Karaman, Kars, Kastamonu, Konya, Kütahya, Malatya, Manisa, Mardin, Mersin, Muş, Nevşehir, Ordu, Samsun, Şanlıurfa, Sivas, Tokat, Trabzon, Uşak, Van, Yozgat.

Out of which, provinces selected for the first phase (2007-2009) are: Afyonkarahisar, Amasya, Balıkesir, Çorum, Diyarbakır, Erzurum, Hatay, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Ordu, Samsun, Şanlıurfa, Sivas, Tokat, Trabzon, Van, Yozgat

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

- Producers' groups which have been officially recognized by the relevant Turkish authority before the approval of the IPARD programme will not be eligible for support under this measure. Only newly created producer groups will be eligible for support under this measure.
- Professional and/or inter-professional organizations representing one or more sectors do not qualify as producers groups and are not eligible for support under this measure.
- Applicants must have been officially recognised by the competent national authority.
- Applicants must comply with the following minimum requirements:
 - The group can only have producer members who sign a contract with the producer group about the organisation of production and marketing;
 - The producer group shall be set up for the purposes of adapting the production and output of its members to market requirements of jointly placing goods on the market, including preparation for sale, centralisation of sale and supply to bulk buyers and of establishing common rules on production information, with particular regard to harvesting and availability
 - The producer group maintains a registry of the members and their economic activities and follows the rules of fair competition
 - Producer group should present a a business plan including, for next five years, a description of initial situation in particular as regards production, marketed produce and long-term assets, objectives on the basis of the outlook for production and outlets, the operations to be undertaken and means to be employed for attaining those objectives in each year of the implementation of the plan
 - The producer groups to be supported for fruit and vegetable sectors are those eligible under the sub-measure 2.1.3 having more than 50 members.
 - Producer group should have updated accounts ready for any audit

(8) Condition for recognition

- The Producer group shall be set up for the purposes of adapting the production and output of its members to market requirements, of jointly placing goods on the market, including preparation for sale, centralisation of sale, and supply to bulk buyers and of establishing common rules on production information, with particular regard to harvesting and availability,
- Producer groups should have a membership of no less than 16 members,
- Producer group should be established at least on village level
- Producer groups enjoying monopoly power shall not be eligible for recognition,
- Producer group shall be involved in one of the following sectors: Fruits, vegetables including Mushrooms, flowers, medicinal crops, milk, red and white meat, eggs, honey, fish
- For Producer group which will be established by the producers who are producing fruits, vegetables including mushrooms, flowers or medical crops, the total minimum production amount must constitute 10 percent of the total production amount of the district. If the total production amount obtained in the district exceeds %50 of the total production amount obtained in the province than the capacity provision which is mentioned in the first paragraph will be implemented as min %5.
- Producer group shall have minimum overall production:

- a) Milk: The group's annual minimum marketable milk production must be 3600 tons
- b) Red Meat: The group's annual minimum marketable meat production must be 320 tons
- c) White meat: The group's (do not use union here as the recognition must be as producer group in the above sense) annual minimal marketable meat production must be 100.000 head
- d) Egg: The group's annual minimum marketable egg production must be 16.000.000 head.
- e) Honey: The groups' annual minimum marketable honey production must be 24 tons.

(8.1) Recognition procedures

Turkey has long-standing experience with the registration of producer groups, organizations, unions and cooperatives. The General Directorate of Organisation and Support of MARA is responsible for the recognition of new producer organizations eligible under this measure (Agricultural Producer Unions under Law 5200 as specified under Section 6 above) and issues the relevant certificates.

The producer group can gain legal personality after the application with their internal regulation to the Ministry of Agriculture and Rural Affairs (MARA) signed by their members.

The founder members (that must be at least 16) of the producer group must present the following documents;

- a copy of their national identity card,
- a copy of the farmer's identity card for all founder members from the agricultural chamber,
- the draft internal regulation of the group,
- a capacity report from the provincial agriculture directorate of MARA showing that the union is producing at least %10 percentage of total production of the district.

In the internal regulation which will be prepared by the groups, the minimum product quantity that will be marketed through the union, the working conditions of the groups and the aim of the groups which are all decided according to the geographical, economical and ecological conditions of the region where the group is being established, must be given.

The producer group's internal regulation must be signed personally by the real person and the representatives of legal personalities.

The producer group's internal regulation and its annexes will be examined within 30 days by MARA.

The producers who will gain founder member title will select a temporary steering committee of five members.

The temporary steering committee will represent the group until the first general assembly.

In case of a determined opposition or defectiveness in the internal regulation to the general legislations the correction of these failures will be demanded from the temporary steering committee through a written letter.

After the notification of this letter the necessary corrections must be made within 30 days otherwise MARA will notify the steering committee and a procedure will be implemented according to the general rules

Minimum 16 agricultural producers disposing of a real personality or a legal personality and who are in line with the minimal production capacity mentioned above can gain a legal personality after their application to MARA with their signed internal regulations and establishment documents .

MARA will examine within 30 days whether the minimum criteria are fulfilled. In case of a determined defectiveness or mistakes in the internal regulation of the producer group, the temporary steering committee will be required to eliminate this failure through a written letter. After the notification of this letter the necessary corrections must be made within 30 days otherwise MARA will notify the temporary steering committee and a procedure will be implemented according to the general rules and the approval will not take place.

(9) Eligible costs

- Only costs for the setting up and administrative operation of the producer group shall be eligible.

(10) Aid intensity

Public expenditure shall be 100% of the eligible expenditure. The Commission contribution shall not exceed a ceiling of 75% of the eligible expenditure.

(11) Aid amounts

Aid amounts shall be granted as a flat rate aid in annual instalments for the first 5 years following the date of recognition of the producer group.

It shall be calculated on the basis of the group's annual marketed production (annual turnover) and shall not exceed:

- 5%, 5%, 4%, 3% and 2% of the value of the production up to 1 million Euro marketed respectively in the first, second, third, fourth and fifth year, and
- 2,5%, 2,5%, 2,0%, 1,5% and 1,5% of the value of the production exceeding 1 million Euro marketed respectively in the first, second, third, fourth and fifth year.

Moreover, the assistance for of any single producer group will not exceed the following amounts:

- 100 000 Euro, for the first year
- 100 000 Euro, for the second year
- 80 000 Euro, for the third year
- 60 000 Euro, for the fourth year
- 50 000 Euro, for the fifth year

(12) Coherence and compatibility

Operations supported under this measure are not supported by other IPA components:

- neither IPA Component III, regional competitiveness operational programme nor the environmental operational programme finance the same kind of investment.

- Actions financed under the Human Resources Development operational programme of IPA Component IV will be complementary to and coherent with actions financed under the IPARD Programme.

(13) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfillment of the eligibility conditions
- assessment of the submitted business plan

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Criteria	Points
If the producer group has more than 25 members	10
If the producer group has more than 35 members	10
If the producer group has more than 50 members	10
If the producer groups markets organic production	10
If at least 50 % of the members of the producer group are women	30
If 100% of the products marketed by the producer group is from its members	30
TOTAL	100

(14) Financing

Measure 1.3. Support for producer groups

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
		Euro	%	Euro	%	Euro	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3
2007	1.380.000,0	1.380.000,0	100%	1.035.000,0	75%	345.000,0	25%
2008	3.533.333,3	3.533.333,3	100%	2.650.000,0	75%	883.333,3	25%
2009	5.700.000,0	5.700.000,0	100%	4.275.000,0	75%	1.425.000,0	25%
2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2012	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2013	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total 2007-09	10.613.333,3	10.613.333,3	100%	7.960.000,0	75%	2.653.333,3	25%

Figures in Euro

(15) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output on sub-measure level</i>	Number of supported producer groups	50
<i>Result on sub-measure level</i>	Increase in GVA in supported producers groups	5%
	increase in organic production	10%
	Value of agricultural production under recognized quality label/standards for which a protection has been granted to the producers groups,	10%
<i>Impact on programme level</i>	Net additional value added	7,8%

	Net additional FTE jobs created	3%
	Change in GVA/FTE	5%

(15.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Number of producers groups supported per sector	Fruit And Vegetable 30 Meat 10 Milk 10

MEASURE TECHNICAL FICHE NO: 2.1
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MEASURE 2.1: Preparation for Implementation of Actions Relating to Environment and the Countryside Outline

The measure fiche/sub-measure fiches are outlines to be adapted before the accreditation of the measure for implementation as of 2010.

(1) Legal basis

- Article 12 (2) of IPA Framework Regulation (EC) No 1085/2006.
- Article 177 of IPA Implementing Commission Regulation (EC) No 718/2007
- Related provisions of the Sectoral Agreement for IPARD

The following general provisions addressed in this measure-fiche apply to all sub-measure fiches under this measure

(2) Rationale

In parallel with the recent developments in the agricultural technologies in Turkey, agricultural production has evolved into one aiming more yield per area of land by using more chemical fertilizers and pesticides as well as higher technology. Consequently, problems arising from agricultural activities and agriculture-environment interactions are faced. One of the results caused by these interactions is the pollution of water resources due to the usage of chemical fertilizers and pesticides.

Erosion is among the most important environmental problems that Turkey is faced with. One of the factors causing erosion are the inappropriate agricultural practices. Moreover, the mismanagement of pasture lands by overgrazing has resulted in a reduction in the quality and quantity of the pastures which also results in erosion.

Furthermore, agricultural activities are also causing soil pollution. As a result of excessive and unconscious use of irrigation, the quality of soil decreases, its salinity increases as does the number of pests and disease ratio, all causing a decrease in the yield.

Turkey has an important place with respect to plant genetical resources and rich habitat. However the inadequate and unreflected agricultural practices also affects the biodiversity of Turkey.

The concern given to agri-environmental issues has been increased recently. The CATAK Project within the framework of the agriculture strategy has been implemented on a pilot scale since 2005 (see Chapter2, section 2.4.1.6.).

The regulation for voluntary good agricultural practices (Turkish code of good agricultural practices⁸⁴) was put into effect in 2004 which defines the criteria for good agricultural practices. Within this context, in Article 6 of the by-law, the producers and producer organisations

⁸⁴ See Annex 1.5.7

responsibilities to produce within the criteria of the good agricultural practices are defined as follows:

- a) To record the fertilizer, plant protection and other obligatory applications in the production areas,
- b) To use plant protection pesticides and veterinary protection products and applications,
- c) To combat diseases, pests and harmful weeds,
- d) To take the necessary precautions towards the protection of human health, soil and water,
- e) To realize leaf and soil analysis, to apply fertilizers according to analysis results and to record the results
- f) To make analysis of the irrigation water, to use water in accordance with the analysis results and recommended methods and to record the results.

The implementation of actions relating to environment and countryside is planned to start in the second phase of the programme (2010 – 2013). For this reason the current measure fiche presents the basic approach and a broad description of the concept which is to be followed with regard to the measure without details which still need to be elaborated during a capacity-building process. In this context, the time planning for preparation of the final measure sheet and capacity building until the planned implementation start is presented in the table below:

Actions	Timing
Consultation with environmental stakeholders, NGOs, public authorities	End of 2007/ beginning 2008
Establishing of contacts with scientific institutes for the calculations	beginning 2008
Preparation of additionally required legislation on obligatory mandatory standards, update of CGAP etc. if necessary	2008/2009
Capacity building: Training, Taiex workshops, Twinning, technical assistance for the finalisation of the measure fiche ⁸⁵	2008/2009
Decision on pilot zones/sites	2009
Elaboration of detailed measure fiche and sub-measure fiches with calculations	2009
Negotiation of measure fiche and accreditation	2009
Measure implementation start	2010

Actions implemented under this measure will be pilot actions. The means that they:

- Will be of experimental nature, covering the exploration of new approaches in the specific agricultural and environmental context of Turkey,
- Will not be replicating or repeating already existing measures, national or other,
- Will be restricted to a number of intervention areas and individual projects in view of the amount available funds

⁸⁵ A capacity building project has been already submitted to Secretary General of European Union to be financed under 2008 Programme of IPA component I.

Agri-environmental payments are targeted to support the sustainable development of rural areas and to respond to society’s increasing demand for environmental services. The payments granted under this measure should encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity.

The agri-environment payments can be granted to farmers or other land managers who make a voluntary agri-environmental commitment for a period between 5 and 7 years.

These commitments must go beyond the mandatory standards established by the Turkish Code of Good Agricultural Practice and other relevant national legislation included in Chapter 2 (details will be included in the finalised measure fiche to be negotiated)

The payments are annual payments and shall cover the following costs:

- Additional costs due to the commitment
- Income forgone due to the commitment

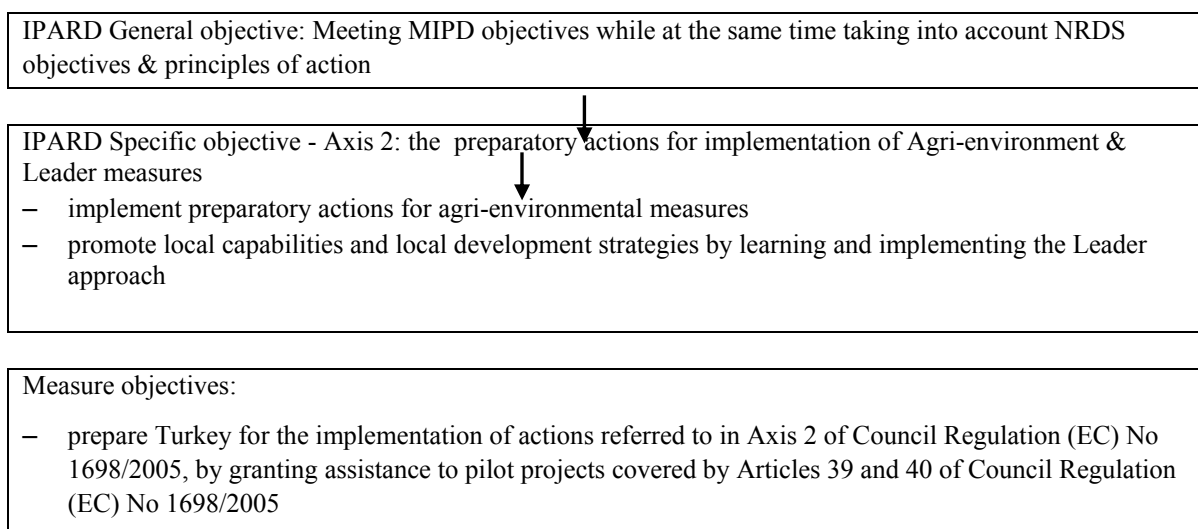
Where necessary, they may also cover transaction costs.

(3) General objectives

The objectives of this measure are to:

- prepare Turkey for the implementation of actions referred to in Axis 2 of Council Regulation (EC) No 1698/2005, by granting assistance to pilot projects covered by Articles 39 and 40 of Council Regulation (EC) No 1698/2005.

The hierarchy of IPARD objectives linked with this measure is recalled below:



(4) Linkage to the other IPARD measures included in the Programme

The Measure is linked with axis 1 measures with the improvement of environment, biodiversity and pastures for meat and dairy herds as well as protection of natural resources. The measure is also linked to the development of the competitiveness pressure on resources as well as with measure 2.2 for the development of local development strategies.

(5) Pilot actions, dissemination of results and experience

Actions implemented under this measure will be pilot actions. The means that they:

- Will be of experimental nature, covering the exploration of new approaches in the specific agricultural and environmental context of Turkey,
- Will not be replicating or repeating already existing measures, national or other,
- Will be restricted to a number of intervention areas and individual projects in view of the amount available funds

The agri-environment measures will as far as possible raise awareness to the scheme among potential beneficiaries in particular in farming communities. Therefore, the pilot actions (and projects) implemented under this measure must ensure dissemination of results and experience. This will be performed through documentation and also through various activities such as open days, farm visits, information materials and/or demonstration activities.

(6) Financing**Measure 2.1. Preparation for implementation of actions relating to environment and the countryside**

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
		Euro	%	Euro	%	Euro	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3
2007	-	-		0,0		-	
2008	-	-		0,0		-	
2009	-	-		0,0		-	
2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2012	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2013	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total 2007-09	0,00	0,00	0%	0,00	0%	0,00	0%

Figures in Euro

MEASURE TECHNICAL FICHE No 2.1.1**MEASURE 2.1: : Preparation for Implementation of Actions Relating to Environment and the Countryside****Sub-measure 1: Erosion control***Outline***(1) Legal basis**

See measure 2.1 general framework.

(2) Sub-measure rationale

According to Turkey's National Action Programme on Combating Desertification (NAP-D) land with increased erosion due to misuse is about 6,2 million ha. The currently used heavy agricultural machinery and equipment such as the tractors, harvesters etc. for the pre-harvesting practices are the main causes of the degradation of the physical structure of the subsoil which in turn makes the soil more prone to erosion.

Another point that has to be considered is the susceptibility of chemically degradation during agricultural activities. First of all, loss of organic matter in the soil is accelerated by the burning of the stubble, excess tillage of soil and misuse of the lands, especially at locations with a dominant semi-arid climate. Organic matter in the soil should be increased through the use of animal manure, along with the incorporation of stubble tillage and green manuring techniques into management programmes. Also, due to the overuse and/or misuse of pesticides and/or agricultural chemicals in parallel to intensive agriculture, leads to the soil pollution which consequently raises the problem of degradation of the balance of the natural habitats of the country. Salinity and alkalinity (increase of sodium-15%-and pH-8.5- in the soil) is another problem caused by improper irrigation, over-irrigation, lack of maintenance of the drainage facilities and overuse of the underground water, together with the extraction of saline sea water in the coastal areas.

Regarding livestock production, irregular grazing (heavy, early, uncontrolled etc), especially on the hillsides, and cultivation are the major reasons of degradation of the rangelands. Overgrazing causes destruction of the botanical composition of the natural vegetation and also decreases rangeland efficiency leading to erosion. In the arid and semi-arid areas, where precipitation is insufficient and its distribution is irregular, the following measures have to be taken in order to protect the natural rangeland areas:

- a) Grazing management
- b) Cultural and technical measures (fertilizing, seeding, soil and water conservation measures (terracing, contour furrowing, ditches, etc.), weeding etc.

The actions planned with regard to erosion control will be at the pilot level. The actions will be targeted on a limited number of sites (scales), with well identified environmental objectives going beyond the mandatory good agricultural practices and other related mandatory legislative obligations. The actions have to be of experimental nature and will not replicate the existing national or other measures and provide additional experience to national schemes.

The legislation with regard to protection of environment and prevention of erosion are the Law on Soil Conservation and Land utilization No 5403 and the Law on Pastures No 4342 and the regulation on ÇATAK (See Chapter 2,)

Pilot project areas and details of the actions will be designed, once the capacity-building process for this measure as referred to under 2.1. has taken place and the details of the measure have been elaborated.

The payments shall be annual payments and shall cover the following costs:

- Additional costs due to the commitment
- Income forgone due to the commitment

Where necessary, they may also cover transaction costs

Actions targeted under this sub-measure are the following ones, with their respective rationale:

- **Financing Line 1:** Erosion control - Conversion of arable land to permanent extensive pasture

Misuse is a negative impact of the overpopulation and population mobility and their pressure on land and land uses that could be defined as the inappropriate and unsustainable use of soils not according to their quality (natural characteristics) but to short term needs and interests.

Thus soils with low profile depth on increased gradient mountain and hill slopes are used as arable land, against their optimal use as pasture or forestland.

Tillage of these soils will unavoidably lead to erosion, regardless the implementation of contour farming, green manuring, catch crop and stubble management techniques which reduce but can't eliminate soil losses.

Conversion of arable land to permanent extensive pasture has a positive impact on farm and controls erosion and thus the loss of valuable topsoil by means of reducing pollution caused by fertilizers, pesticides and topsoil nutrients. Also, conversion of arable land to permanent extensive pasture maintains and improves biodiversity.

Financing Line 2: Erosion control - Reduction of grazing period on eroded pastures

Grasslands and rangelands eroded by previous overgrazing have lost together with top soil, part of their soil seed-bank, vegetation cover and biodiversity. This leads to weak natural regeneration rate.

Due to insufficient and costly domestic fodder production, farm animals' nutrient needs are mainly covered by grazing. Therazing period varies from 6 up to 10 months per year according to altitude and climatic conditions. This relatively long grazing period reduces even more the weak natural regeneration rate of pasture land, increasing erosion.

Erosion control on this type of land, in local communities with shortage of pastures, needs an immediate reduction of the grazing period thus giving time to grass species to complete their biological cycle and to vegetation recovery.

The action can be implemented separately under a distinct pilot project or can be parallel to Financing line 1 in areas with relative shortage of pasture land.

Financing Line 3: Erosion Control – Management of soil cover and enhancement of rotation on arable land

Precipitation in Turkey is uneven and mostly occurs in winter when spring crops are harvested, leaving the soil uncovered. Thus spring crops on slopes have high erosion potential. 4 types of actions are foreseen under this line:

Action 1: Introduction of an unharvested catch-crop between two spring crops.

Action 2: Replacement of spring crops by winter crops

Action 3: 40-50 % replacement of spring crops by winter crops and introduction of unharvested catch-crops between two spring crops.

Action 4: Enhanced rotation with 40% replacement of winter crops by winter legumes or fodder

Actions 1, 2 and 3 compose a menu for spring crops, from which farmers can choose the action that fits in with their specific environmental and production conditions.

Actions 1-3 of the sub measure aims to restore the protective vegetative cover of the soil during the critical winter months.

Actions 1 and 3 incorporate also the possible need of the market in spring crops production.

Action 4 is addressed exclusively to winter crops. The latter offer adequate protection to the soil all through winter but their monoculture decreases soil fertility. Decreased soil fertility reduces the water retention capacity of the soil, increasing run-off and erosion.

The introduction of rotational schemes with high rate of legumes and fodder crops improve soil fertility due to their atmospheric nitrogen fixation capacity.

(3) Specific objectives

The objectives of sub-measure 2.1.1 are:

- To improve the control of erosion and reverse the degradation of farmland soil.
- To increase biodiversity on farm
- To reduce downstream pollution of surface and groundwater due to nutrients run-off.
- To improve soil fertility.

(4) Geographic scope

Eligible provinces

Eligible pilot provinces will be defined in the detailed fiche which will be elaborated later as explained under general measure fiche 2.1.

Pilot project/area selection criteria:

The pilot project areas will be selected by the following criteria /details will be included in the finalised measure fiche):

- Degree of erosion (Moderate, severe, very severe).
- Vicinity to Natura 2000 sites (Directive 92/43/EC), vulnerable zones of Nitrates Directive 91/676/EEC, banks of rivers and lakes, other protected areas under National Legislation.
- Areas indicated in the NAP-D;

(5) *Definition of beneficiaries*

The beneficiaries shall be: individual farmers, agricultural co-operatives, agricultural enterprises, NGOs and public institutions which own and/or lease land in the pilot areas.

Participation in the measures is voluntary. All eligible beneficiaries from the pilot areas fulfilling the mentioned criteria, willing to apply measures that go beyond usual good farming practice, can participate.

(6) *Eligibility criteria*

The beneficiary shall:

- implement an Environmental Management Plan (EMP) made by an agronomist which specifies the farmer's engagements like e.g. selection of actions, rotational scheme, etc. according to local and on farm conditions.
- respect codes of good farming practices and
- apply actions that go beyond usual good farming practice.
- keep an agri-environmental dossier containing a copy of his E.M.P, invoices etc.
- offer demonstration and dissemination facilities.
- facilitate administrative and on the farm controls by the relevant authorities.

The detailed management requirements for the potential beneficiaries under this sub-measure will be completed at a later stage, once the capacity-building and measure finalisation process has been carried out as described above under general measure fiche 2.1.

MEASURE TECHNICAL FICHE No 2.1.2**MEASURE 2.1: Preparation for Implementation of Actions Relating to Environment and the Countryside****Sub-measure 2: Water resource conservation***Outline***(1) Legal basis**

See Measure 2.1 general framework

(2) Sub-measure rationale

The excess use of the underground water for agricultural practices, the pollution caused by the industry and agriculture via waste water and pesticides, the construction of the improper drainage facilities for gaining arable land and eradication of malaria in the wetlands and the improper use of water for exotic high water demanding crops cause the reduction of the water resources. In order to protect water resources and use them according to rationally sustainable water management programmes together with the sustainable land use programmes should be developed. Moreover, effective legislations with strong sanctions is necessary to support water resources development and rational use.

Protection of water resources is possible only by the cooperation of different vocational disciplines, managers and people. Therefore, training and creating awareness is an important component of protection.

The actions planned with regard to water resources conservation will be at the pilot level. The actions will be targeted on a limited number of sites (scales), with well identified environmental objectives going beyond the mandatory good agricultural practices and other related mandatory legislative requirements. The actions will be of experimental nature and will not replicate the existing national or other measures and will thus provide additional experience to national or other schemes.

Pilot project areas and details of the actions will be designed, once the capacity-building process for this measure as referred to under 2.1. has taken place and the details of the measure have been elaborated.

Agri-environmental payments are targeted to support the sustainable development of rural areas and to respond to society's increasing demand for environmental services. The payments granted under this measure must encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity.

The agri-environment payments can be granted to farmers or other land managers who make a voluntary agri-environmental commitment for a period between 5 and 7 years. These commitments must go beyond the mandatory standards established as minimum requirements for fertiliser and plant protection product use and other relevant mandatory requirements established by the Code of Good Agricultural Practices and national legislation as identified in the programme in Chapter 2. In

this regard the provisions for the management of water resource conservation are also defined in the Law on Environment No 2872 and the Law on geothermal resources and naturally mineralised water No 5686.

The payments are annual payments and shall cover the following costs:

- Additional costs due to the commitment
- Income forgone due to the commitment

Where necessary, they may also cover transaction costs

Actions targeted under this sub-measure are the following ones, with their respective rationale:

- **Financing Line 1:** Management of water resources in sensitive areas

The technical and economical consumable water potential of Turkey, according to the ‘National Action Programme on combating desertification (NAP-D)’ averages 1642 m³/year/capita. This is approximately 20 % of the world average. According to the State Statistical Institute data, the population of Turkey will be 90 million in 2025 and 94 million in 2030. The fast population increase threatens the water resources. Agriculture, one of the important consumers, should play a significant role in the sustainable use of water, especially when operating near sensitive areas. Reduction of water resources would cause ultimately the loss of habitats and biodiversity, mainly in the wetlands. Thus reduction of irrigation water by replacing irrigated with rain fed crops, less fertilizer consuming, will have a multilayer positive impact.

Two actions are foreseen:

Action 1: Wetlands of national or/and European importance, polluted or vulnerable polluted or vulnerable to pollution areas (, drinking water catchment areas and intensive farming areas).

- Reduction by 36 % of irrigation water
- Reduction by at least 20 % of Nitrogen fertilizers.

Action 2: Areas of intensive farming with shortage of water.

- Reduction by 30 % of irrigation water

(3) Specific objectives

The objectives of sub-measure 2.1.2 are:

- Sustainable use of water resources
- Biodiversity protection
- Reduction of nitrates and phosphorus pollution

(4) Geographic scope

Eligible provinces

Pilot project/area selection criteria

The pilot project areas will be selected by the following criteria (details will be included in the finalised measure fiche) :

- Degree of erosion (Moderate, severe, very severe).
- Vicinity to Natura 2000 sites (Directive 92/43/EC), vulnerable zones of Nitrates Directive 91/676/EEC, banks of rivers and lakes, other protected areas under National Legislation.
- Areas indicated in the NAP-D.

(5) Definition of beneficiaries

The beneficiaries shall be: individual farmers, agricultural co-operatives, agricultural enterprises, NGOs and public institutions which own and/or lease land in the pilot areas.

Participation in the measures is voluntary. All eligible beneficiaries from the pilot areas fulfilling the mentioned criteria, willing to apply measures that go beyond usual good farming practice, can participate.

(6) Eligibility criteria

The beneficiary shall:

- implement an Environmental Management Plan (EMP) made by an agronomist which specifies the farmer's engagements like e.g. selection of actions etc. according to local and on farm conditions.
- respect codes of good farming practices and
- apply actions that go beyond usual good farming practice.
- keep an agri-environmental dossier containing a copy of his E.M.P, invoices etc.
- offer demonstration and dissemination facilities.
- facilitate administrative and on the farm controls by the relevant authorities

The detailed management requirements for the potential beneficiaries under this sub-measure will be completed at a later stage, once the capacity-building and measure finalisation process has been carried out as described above under general measure fiche 2.1.

MEASURE TECHNICAL FICHE No 2.1.2

MEASURE 2.1: Preparation for Implementation of Actions Relating to Environment and the Countryside

Sub-measure 3: Biodiversity

<i>Outline</i>

(1) Legal basis

See Measure 2.1 general framework

(2) Sub-measure rationale

Turkey is one of the rare countries of having a chance to protect its own natural structure. Turkey is rich in habitat because of the fact that it has diverse geomorphology, topography and climate. Turkish flora possesses wild family of many cultured plant types and genetic diversity regarding all these types as one of the positive effects of this rich situation: Also the same diversity applies for the animals: Turkey has over 80.000 animal types. Another interesting point to note is that Turkey is home for some unique types (kelaynak birds, water turtles, Mediterranean seal, etc.).

Turkey is also rich in wetlands. There exist approximately 250 wetlands. Regarding the international criteria 81 out of 250 wetlands are specified as having an international importance.

But unfortunately there exists some adverse effects of human influence to the biodiversity, agriculture being one of the important ones. Factors like inappropriate use of agricultural lands, use of chemicals and fertilizers adversely affect the biodiversity. During agricultural activities stubble burning or burning of weeds especially cause the extinction of the invertebrates. Besides, biological efficacy and activities are in a decreasing trend in the wetlands of whose water is to be used for irrigation purposes of agricultural lands.

Another point to consider is that the increased use of chemical fertilizer and pesticides deteriorates the biodiversity. Although there is no detailed study has been conducted to determine the types of species disappeared, there are 15 mammals, 46 birds, 18 reptiles, 5 frog and 50 fish species under the threat of extinction.

Pesticides being mixed with soil and being drained and mixed with water effect the diversity in these areas. Fertilizers containing phosphate and nitrate and sometimes the herbal originated wastes used in order to increase the agricultural production cause excessive production of primer (increase in the plankton and eutrophication) at quiet waters being the final receivers which in turn results in the reduction of the diversity. This condition especially seen in the Mediterranean, Aegean and Marmara Regions has led to decrease in the number of the animals.

Furthermore, protected areas in Turkey have been selected with the aim of the natural, cultural and historical assets they possess, protection against environmental pollution and degradation, guarantee to transfer natural, cultural and historical assets to the next generations.

The actions planned to be carried out under this sub-measure with regard to biodiversity will be at the pilot level. The actions will be targeting a limited number of sites (scales), with well identified environmental objectives going beyond the existing mandatory good agricultural practices. The actions will be of experimental nature and will not replicate already existing national and other measures and will provide additional experience to national schemes.

As biodiversity measures are rather difficult and require the lengthy development of experience, the actions are included in the Programme in order to stimulate the collaboration between biodiversity experts inside and outside the administration which is an essential pre-requisite for a successful biodiversity protection approach in the accession phase.

Pilot project areas and details of the actions will be designed, once the capacity-building process for this measure as referred to under 2.1. has taken place and the details of the measure fiche have been elaborated.

Agri-environmental payments are targeted to support the sustainable development of rural areas and to respond to society's increasing demand for environmental services. The payments granted under this measure must encourage farmers and other land managers to serve society as a whole by introducing or continuing to apply agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity.

The agri-environment payments can be granted to farmers or other land managers who make a voluntary agri-environmental commitment for a period between 5 and 7 years. These commitments must go beyond the mandatory standards established as minimum requirements for fertiliser and plant protection product use and other relevant mandatory requirements established by the Code of Good Agricultural Practices and national legislation as identified in the programme in Chapter 2. In this regard the provisions for the management of biodiversity are also defined in the Law on Environment No 2872, Law on National Parks No 2873, the Law on Terrestrial Hunting No 4915 and the Law on Forestry No 6831.

The payments are annual payments and shall cover the following costs:

- Additional costs due to the commitment
- Income forgone due to the commitment

Where necessary, they may also cover transaction costs

(3) Specific objectives

The objectives of sub-measure 2.1.3 are:

- Biodiversity protection
- Sustainable use natural resources

(4) Geographic scope

Eligible provinces

Pilot project/area selection criteria:

The pilot project areas will be selected by the following criteria (details will be included in the finalised measure fiche to be negotiated) :

- Biodiversity nature and problems
- Protected areas

- Vicinity to Natura 2000 sites (Directive 92/43/EC), vulnerable zones of Nitrates Directive 91/676/EEC, banks of rivers and lakes, other protected areas under National Legislation.

(5) Definition of beneficiaries

The beneficiaries shall be: individual farmers, agricultural co-operatives, agricultural enterprises, NGOs and public institutions which own and/or lease land in the pilot areas.

Participation in the measures is voluntary. All eligible beneficiaries from the pilot areas fulfilling the mentioned criteria, willing to apply measures that go beyond usual good farming practice, can participate.

(6) Eligibility criteria

The beneficiary shall:

- implement an Environmental Management Plan (EMP) made by an agronomist which specifies the farmer's engagements like e.g. selection of actions etc. according to local and on farm conditions.
- respect codes of good farming practices and
- apply actions that go beyond usual good farming practice.
- keep an agri-environmental dossier containing a copy of his E.M.P, invoices etc.
- offer demonstration and dissemination facilities.
- facilitate administrative and on the farm controls by EU the relevant authorities

The detailed management requirements for the potential beneficiaries under this sub-measure will be completed at a later stage, once the capacity-building and measure finalisation process has been carried out as described above under general measure fiche 2.1.

MEASURE TECHNICAL FICHE No 2.2

MEASURE 2.2: Preparation and Implementation of Local Rural Development Strategies

Outline

The measure fiche/sub-measure fiches are the outlines to be adapted before accreditation of the measure.

(1) Legal Basis

- Article 12 (2) of IPA Council Regulation (EC) No 1085/2006.
- Article 178 of IPA Implementing Commission Regulation (EC) No 718/2007
- Related provisions of the Sectoral Agreement for IPARD

The following general provisions addressed in this measure-fiche apply to all sub-measure fiches under this measure.

(2) Rationale

Turkey has had some previous experience in integrated programmes implemented at provincial level and at village level with a participatory approach and financed by international donors (see chapter 2, section 2.3) Although some of these programmes have mobilised the local population to survey their needs, and have trained animators, their overall objective was in most cases the alleviation of poverty. These programmes have concentrated on the poorest provinces in terms of per capita income, and have often been compensatory components of wider programmes for large infrastructures, which were expected to have disruptive effects on the rural population. This is not the rationale of the LEADER approach, which addresses all types of rural areas, has an area-based approach, a local development strategy conceived and implemented by a Local Action Group (LAG, a public-private partnership), addresses all types of actions (in agriculture, environment, the wider rural economy, the quality of life, cultural resources) both of an economic and social character, in an integrated and multisectoral way, privileging innovative actions, the transfer of knowledge between rural groups through networking and cooperation, and receiving a global allowance that the group allocates according to its own priorities. There is no experience of this approach in Turkey (except a few cases of transnational cooperation with European LAGs).

The socio-economic analysis has identified a strong weakness at the local level, in terms of capabilities and governance, in the need for additional sources of income for subsistence farmers but at the same time in the poor level of diversification of economic activities in rural areas and the need to develop small scale activities adapted to the particular conditions of villages in different parts of the country.

The European experience has shown that Leader has been very successful in addressing these problems, both in areas of average income as well as in those of lower income, since local development strategies offer an appropriate model for the delivery of a range of measures in low density populated areas, where it is more difficult to operate on the basis of economies of scale and of standard pre-defined measures. Furthermore, the implementation of local development strategies can reinforce territorial coherence and synergies between measures intended for the broader rural economy and population.

The chosen strategy for the implementation of this measure during the IPARD period 2007 – 2013 is therefore to focus the limited resources available on preparation for implementation of local development strategies by building up capacities and resources locally through training, workshop sessions, information –and promotion activities as well as to support LAGs selected on the basis of their local development strategies with their running costs and co-operation projects.

The implementation of the Local Development Strategy (LDS) using the Leader method under IPARD is limited to actions eligible and supported under the measures under Axis 3 within the IPARD programme.

(2.1) The LEADER approach

The LEADER approach is characterised by the following features:

- a) area-based local development strategies;
- b) local public-private partnerships (the so called "Local Action Groups" –LAGs-);
- c) a bottom-up approach with a decision-making power for Local Action Groups concerning the elaboration and implementation of local development strategies;
- d) a multi-sectoral design and implementation of the local development strategies;
- e) implementation of innovative approaches;
- f) implementation of cooperation projects;
- g) networking of local partnerships.

The **Local Action Groups**, which are the formal public-private associations implementing local development strategies, shall satisfy the following conditions in their set-up:

- the private component of the LAG must have representative partners from various locally based socio-economic sectors, relevant for the territory concerned and include representatives of civil society, such as, indicatively, farmers, rural women, young people and their associations, non-government organizations, local cultural or environmental associations. The economic and social partners and representatives of civil society, at the decision-making level; these must make up at least 50% of the local partnership.
- they must propose an integrated local development strategy, based at least on features (a) to (d) and (g) listed above
- they must show an ability to define and contribute to the implementation of a development strategy for a defined area.
- The area selected shall:
 - be coherent and offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.

- the population covered in each area should be as a general rule greater than 5,000 inhabitants and not exceed 150,000 inhabitants.

(2.2) Phases in the preparation of the implementation of the Leader approach

Local development approaches, due to their integrated character and local participation in decision making could prove extremely useful in the Turkish context, since they focus on local capacity building, establishing linkages between different development agencies, creating self-sustaining forms of growth and part-time employment, contributing to the empowerment of local areas. However, due to the lack of experience in this approach as well as the relatively long time that such capacity building takes to be understood and become operational, it is necessary to foresee an initial period of skills acquisition and training in running a LAG, in order for this to become operational.

For this reason, during the *first phase* of the IPARD programme (2007 – 2009) it is foreseen that only capacity building actions of acquisition of skill, animation and the assistance with the preparation of local development strategies and the formation of the local action groups will be addressed by the Technical Assistance. In the Turkish context the capacity building efforts needs to start immediately and be implemented in the first phase (2007-2009) of the IPARD since it will take 2 to 3 years to prepare the selection of a first set of local development strategies and LAGs. In this way sufficient time is allowed for learning the Leader approach and preparing local development strategies in the first phase. Therefore the measure fiche/sub-measure fiches only represent an outline to be updated for accreditation subsequent to the related capacity-building process.

The final selection of LAGs after a pre-selection phase involving the Managing Authority will be made by the IPARD Agency which will take place in the second phase (2010-2013). While continuing the preparatory actions in an expanded rural area in the second phase (2010-2013) of the IPARD, the implementation of the selected local development strategies by local action groups under axis 3 and the diversification measure in particular will be added, as well as the possibility of receiving payments for the running costs of LAGs, and for engaging in cooperation activities. It is foreseen that LAGs operate only in the eligible areas for interventions in the third axis, aiming at the diversification of the rural economy.

In this context, the time planning for preparation of the final measure sheet and capacity building until planned implementation is given in the table below;

Actions	Timing
Actions for capacity building regarding the actions of acquisition of skill, animation and the assistance with the preparation of local development strategies and the formation of the local action groups	In the first phase of IPARD (2007-2009)
Elaboration of detailed measure fiche with financial tables calculations	2008
Negotiation of measure fiche and accreditation	2009
Measure implementation start	2010

The Leader approach is expected to be more effective where the diversification of the rural economy is the target, since it contributes to ease demographic pressure on agricultural holdings and subsistence needs by stimulating other activities, facilitates and accelerates the improvement of competitiveness in the agricultural sector while at the same time supports the development of a more articulated labour market, capable of meeting the rising demand for non farm jobs from women, the young and more educated generations.

In Turkey, the institutional set-up needs to be prepared to provide adequate guidelines and monitor the implementation of the Leader approach. For this reason it is necessary to focus support on capacity building in order to:

- acquire the necessary skills and prepare integrated local development strategies;
- be able to implement the strategies at local level;
- set-up the procedures for the effective and efficient running of LAGs;
- promote the cooperation between different Turkish rural areas, as well as at international level.
- It is not foreseen that LAG's will have financial responsibilities under IPARD, therefore specific provisions need to be made for the incorporation of their local development strategies in the horizontal implementation of the diversification measure. These provisions could consist in: attributing to LAGs the expression of an opinion on the most appropriate projects for their area, according to their development priorities; the proposal of some projects to be implemented related to the selected local development strategy; the institutional participation of LAG's representatives in the relevant evaluation committee of the project proposals either in provincial or central level during the evaluation process, the facilitation of linkages between different actions of rural development; the initiation and development of group animation activities in the territory where rural policies are being implemented. LAG's may start the implementation of cooperation projects either between different Turkish areas or with EU LAG's, as well as participating in the European Network activities with funding from the technical assistance.

(2.3) Sub-measures

The above-mentioned rationale for the implementation of local development strategies in Turkey, suggest the convenience of preparation and implementation of local development strategies in 4 sub-measures:

- **Sub-measure 2.2.1:** Acquisition of skills, animation and assisting with the development of local development strategies

Under this sub-measure the actions necessary to support the establishment of a certain number of LAG's will be undertaken. These actions include: (a) capacity building, (b) initiatives to bring the local actors together for skills acquisition, animation and discussion of local needs, (c) support the production of a diagnosis of the area, (d) support the creation of a partnership (LAG) with a legal status, (e) support the preparation of the local development strategies (f) support the building-up of networks and networking activities.

- **Sub-measure 2.2.2:** Implementation of local development strategies.

Under this sub-measure, the selected local development strategies will contribute to the achievement of the objectives of measure 3.1 “Diversification and Development of Rural Economic Activities” of Axis 3 of the IPARD programme. LAGs will issue a letter of recommendation as a supporting document to the potential beneficiaries with projects in compliance with the Local Development Strategy. They will not be part of the accreditation process and the responsibility for selecting projects remains with the IPARD Agency.

– **Sub-measure 2.2.3:** Running costs of LAGs

Running costs of local action groups shall be eligible within a limit of 20% of the total public expenditure of the local development strategy. Selected LAGs must present a budget proposal, detailing individual actions and their cost. The final selection is made by the IPARD Agency

– **Sub-measure 2.2.4:** Cooperation activities.

Implementing cooperation projects. Under this sub-measure successful LAG’s will undertake a joint project with another LAG, or with a LAG having a similar approach, in another Turkish region or in an EU Member State. Cooperation can help LAGs to boost their local activities. It can also allow them to resolve certain problems that cannot be resolved in another way. The sub-measure will be implemented only in the second phase 2010-2013 of the IPARD programme.

(2.4) Role of the Managing Authority

Division of responsibility

The division of the main responsibilities among the MARA, the IPARD Agency and the LAGs are described below.

Responsibilities of MARA:

- Develop legal basis supporting the implementation of Leader
- Develop selection criteria for LAGs based on the local development strategies presented and including ranking
- Develop guidelines for LAGs and for local development strategies
- Promoting and informing about the Leader approach in Turkey
- Facilitate training and education activities
- Setting up an evaluation committee for the pre-selection of LAGs
- Support potential LAGs in developing their local development strategy

Responsibilities of the IPARD Agency:

- Open call for proposals under which LAGs can apply for approval
- Final selection of LAGs based on the pre-selection of the Evaluation Committee and approving local development strategies based on known and objective criteria
- Allocate budgets for approved strategies
- Make the eligibility evaluation and approval of applications recommended from LAGs for the individual projects under the local development strategy
- Control function (administrative and on-the-spot)

- Payments to final beneficiaries based on controlled and approved payment claims

Responsibilities of the local partnerships/LAGs:

- Establish a LAG and develop statute for the LAGs
- Develop a local development strategy
- Promote and inform about the possibilities and project applications under the local development strategy
- Issuing letters of recommendation to the IPARD Agency on projects to be financed under the local development strategy and axis 3 and the diversification measure of this programme in particular
- Arrange training and workshop sessions on e.g. preparation of business plans, applications, accounting, etc.
- Advice potential applicants on how to apply for support
- Managing the activities of the LAG (accounting, status reports, etc)

Criteria for LAGs

The LAGs selected must in all cases cover territories with sufficient coherence and critical mass in terms of human, financial and economic resources to support a viable development strategy. Based on the Leader guidelines still to be established by the Managing Authority, Turkey will propose a specific number of LAGs to be supported under this programme.

- A LAG shall be an officially registered association based on means of a valid legislation on Associations
- The decision-making management body of the LAGs shall represent the interests of different groups of a rural population, i.e. at least 50% of the LAG management body shall be composed of the members representing rural communities, other social, economic partners and associations, minimum 10% are business representatives and minimum 10% are representatives of local authorities.
- The managing body of the LAGs must be representative by ensuring age diversity (at least one member should be under 25 years) and by making sure that both men and women are represented in the managing body having minimum 30% women.
- The LAG must be able to define and propose an integrated local development strategy based on the guidelines developed by the Managing Authority.
- The LAG shall show the ability to implement a local development strategy and to manage public funds.

Content of the Local development strategy

The following components must be included in a local development strategy:

- The local development strategies need to be implemented within the overall objectives of the Turkish IPARD programme 2007 - 2013
- The local development strategy must address the economic, social and environmental problems within the area. It shall be based on the strengths, weaknesses and potentials of the area in which the strategy applies and on the specific objectives for the implementation of Leader in the context of the IPARD programme.
- Contain quantified objectives
- It needs to contain a description of the expected activities/measures
- It must be in conformity with other relevant strategies and/or national/regional policies

- Include a chapter describing how local citizens, NGOs, local authorities etc. have been and will be involved in implementing the local development strategy
- Include a financial table and a timetable for the implementation of the activities
- Procedures for evaluation of individuals projects according to the local development strategy and its priorities.

Procedure for selecting LAGs and approval strategies

- The procedure outlined below will be applied after the Managing Authority has fulfilled the preparatory tasks set out under 'division of responsibilities' above. The LAGs will be pre-selected by an Evaluation Committee based on an open call for proposals for all rural areas. This call for proposals will be issued by the IPARD Agency
- It is considered important to ensure quality and relevance of the local development strategies by making sure that the local development strategies fulfils the objectives of the IPARD Programme as such. Therefore a selection system will be applied in order to select the best strategies submitted. The system would also avoid a situation of “first in, first served”. The system will be developed later on by the Managing Authority as a part of the guidelines for the Leader approach.
- Based on the submitted applications and on criteria for the assessment of local development strategies to be issued later on by the Managing Authority LAGs will be pre-selected by an Evaluation Committee consisting of representatives from MARA/Managing Authority, Ministry of Environment and Forestry, Ministry of Culture and Tourism and other relevant institutions as well as independent rural actors. The Evaluation Committee will submit the list of pre-selected LAGs to the IPARD Agency for selection/approval. The role of the IPARD Agency shall be limited to the eligibility checks in the approval procedures.
- The IPARD Agency will select the LAGs receiving funds under this measure, based on the pre-selection of the Evaluation Committee. The decision will be presented to the IPARD Monitoring Committee.
- The IPARD Agency will enter a memorandum of understanding with the selected LAGs and the IPARD Agency will establish a register of selected/approved LAGs.

(3) Objectives

(3.1) General objectives

- to build capacity within local communities to participate in the processes of rural development by creating active partnerships on local level for the implementation of bottom-up initiatives so as to provide a basis for long term sustainable development in rural areas.
- to foster the development of rural areas through the implementation of innovative, locally-based, bottom-up development strategies designed by local groups made up of partners, representatives of civil society, relevant private and public local actors (statutory and non-statutory).
- to diversify the economic activities, improve competitiveness of local products and develop higher-quality services catering for the needs and expectations of local people in order to create long term employment opportunities and to raise income levels in rural communities.
- to promote joint projects between rural areas through cooperation, in order to learn by doing, meet certain needs and become aware of best practice.

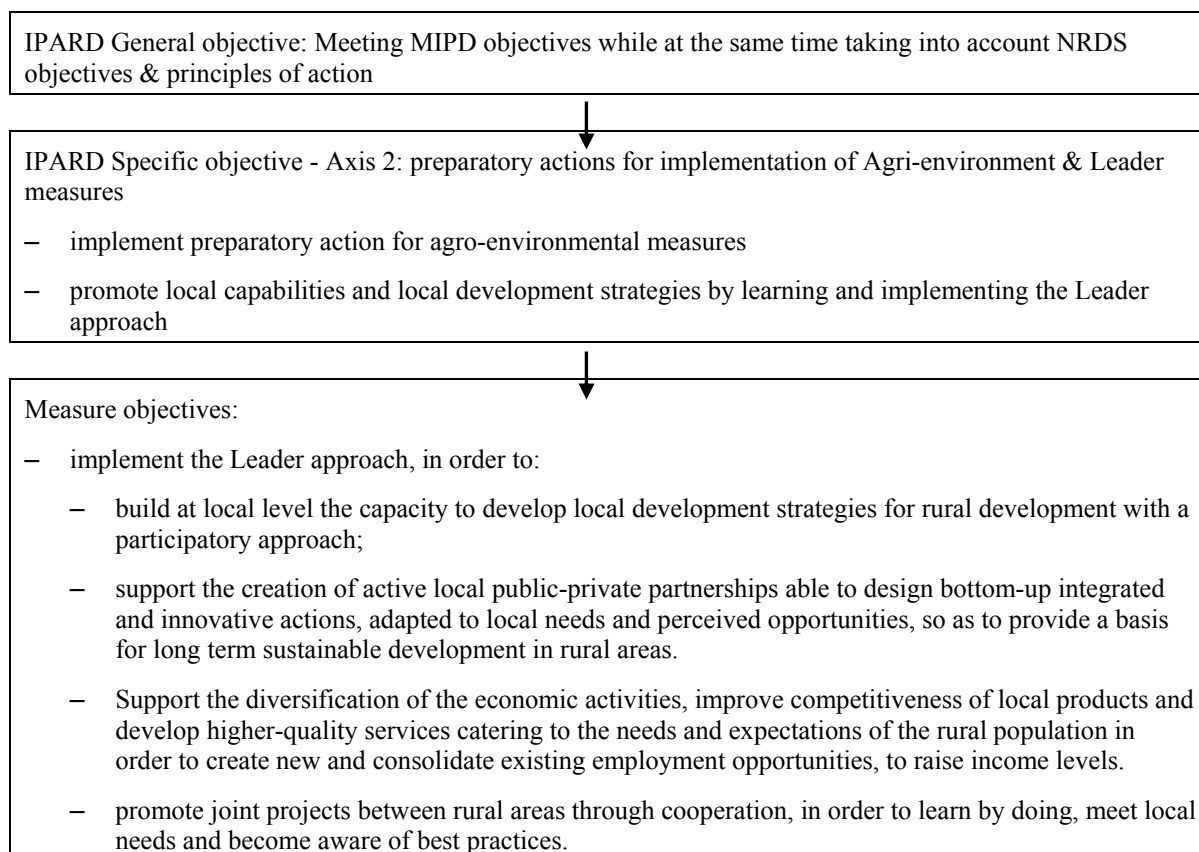
(3.2) Specific objectives

- to increase the capacity of local action groups by providing them with sufficient resources and expertise to efficiently administer the relevant measures throughout the rural territory.
- to ensure resources – human, technical, financial – for the overall support of LAG activities, including the local development strategy implementation;
- to use the LEADER approach to create awareness, understanding and motivation in rural communities so as to enable their full participation and input into the identification of local needs and the preparation of local development strategies.
- to enhance the awareness and skills of local people, so as to make them participate more actively in the process of local development strategy implementation;
- to facilitate the preparation of local development strategies;
- encouraging the inclusion of the local population in developing local development strategies;
- to promote cooperation and best practice;
- to encourage innovative, integrated and sustainable practices.

(3.3) Priority sectors for the implementation of local development strategies under axis 3 and the diversification measure of this Programme:

- Diversification and development of on-farm activities
- Local crafts and micro-enterprises
- Rural tourism
- Aquaculture

The hierarchy of IPARD objectives linked with this measure is recalled below:



(4) Linkage to other IPARD measures included in the Programme

The main link of the preparatory actions for the setting-up of Leader groups, the preparation of local rural development strategies and cooperation will be with axis 3, aiming at the diversification and development of rural activities, with a particular focus on small subsistence agricultural holdings as well as all other actors of the local economy. The support for on-farm and off farm activities both related to the agricultural sector, as well as in the non-agricultural sector may be also complementary with interventions in axis 1, in the development of organic farming support activities, quality products, such as cheese or other quality products with their food; in supporting the processing and marketing of local products.

The acquisition of skills, animation activities and the preparation of local development strategies is very closely related, within the IPARD programme, to the diversification measure (3.1). In the past experience, LEADER has been used most often linking individual actions related to the improvement of the quality of life in rural areas and the diversification of economic activities, therefore the special relationship between Leader and the diversification measure is justified by the fact that here is where the LEADER approach is likely to make its best contribution for a more effective and efficient public intervention for rural development. Linkages are present in the rationale of the measure –the Leader approach links different actions of rural development which are separated in the diversification measure-; in the objectives, since the Leader approach develops skills at local level which expand the capacity for identifying diversification opportunities; in the beneficiaries, by addressing the whole rural population and interest groups from different sectors, rather than only the farm sector- in the same way as the diversification measure does; in the eligible areas, by being implemented in the same provinces.

The interventions related to the preparation of local development strategies with the Leader approach are also indirectly related to other IPARD measures in the first and second axis. The capacity building and animation activities include farmers and their families, environmental preparatory activities, thus improving also the implementation of actions in these axes, and particularly in the measure for investments in agricultural holdings and for the actions to improve the environment and the countryside.

(5) Aid intensity

Public expenditure shall be 100 % of the eligible expenditure. The Community contribution shall not exceed a ceiling of 80 % of the eligible expenditure.

(6) Coherence and compatibility

Operations supported under this measure are not supported by other IPA components:

(7) Financing

**Measure 2.2. Preparation and implementation of local rural development strategies
(Leader approach)**

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
	Euro	Euro	%	Euro	%	Euro	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3
2007	81.796,5	81.796,5	100%	65.437,2	80%	16.359,3	20%
2008	209.430,6	209.430,6	100%	167.544,5	80%	41.886,1	20%
2009	337.855,1	337.855,1	100%	270.284,1	80%	67.571,0	20%
2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2012	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2013	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total 2007-09	629.082,2	629.082,2	100%	503.265,8	80%	125.816,4	20%

Figures in Euro

Actions regarding skills acquisition, animation and the development of local development strategies will be financed from the Technical Assistance measure as long as the measure is not accredited.

MEASURE TECHNICAL FICHE No 2.2.1

MEASURE 2.2: Preparation and Implementation of Local Rural Development Strategies

Sub-measure 1: Acquisition of skills, animation and supporting the development of local development strategies
Outline

(1) Legal basis

See Measure fiche 2.2 general framework

(2) Sub-measure rationale

Turkey has no previous experience with the Leader approach. Experience in other contexts indicates that a successful local development strategy requires the following steps to be taken:

- **Capacity building:** Capacity building is a collective procedure, in which different rural stakeholders become aware of the approach and its mode of implementation, thus enabling them to disseminate, participate in and benefit from this innovative approach. Local actors need to acquire the relevant information, know-how, training, animation skills. It also serves to mobilize the interest of local actors in the preparation of a local rural development strategy, with its associated projects.
- **Animation, bringing together local actors:** The second step consists of organizing meetings or seminars in the local area to bring together the key interested players, to help ideas emerge and to allow local actors to discuss the needs of their area on an adequate knowledge basis. There are many ways of gathering local actors together: seminars and workshops, public meetings, media and telecommunications, fairs and exhibitions are the most common means for local actors to get together to discuss issues of mutual interest and become aware of the different opinions and projects for the area.
- **Territorial diagnosis:** A detailed analysis of the local rural area concerned is essential. This normally concentrates on identifying the ‘territorial capital’ — the area’s assets (people, activities, landscapes, heritage, know-how), not in the form of an inventory, but regarding the unique features that can be developed. The analysis of these features and the key points should lead to the identification of strengths and opportunities, weaknesses and threats, and provide the basis for a possible local development strategy, specific to the rural area in question. The elaboration of an area-based analysis also commits all of the local players to a medium and long-term vision of the area. Although expert knowledge is valuable in this analysis, it is important that different ‘visions’ of the future of the local actors are confronted, what are the priorities for the area have a chance to be publicly discussed and a high degree of consensus is achieved.
- **Identifying existing activities/initiatives:** A crucial step in the LEADER process, linked to the territorial analysis, is for local actors to conduct a review of the existing rural development measures being implemented or planned in their area. Establishing what initiatives already exist is fundamental to deciding whether to build on them, identify new ones, create linkages between different policy areas. It also reduces the risk of duplication.
- **Preparation of a local development strategy (based on the territorial analysis):** The local development approach is formalized in a local development strategy document. This includes

establishment of the objectives, definition of strategic priorities and ranking of the actions to be undertaken.

- ***Creation of a partnership:*** During the mobilization and analysis phase, the bottom-up approach generates awareness (through information) and engagement about the key issues and problems of the area. This stage targets the entire community and the active groups leading the process. During the phase of planning the local strategy (i.e. identifying priority topics/projects for which financial support should be sought), the bottom-up approach calls for the participation of various interest groups (for example, by setting up ad hoc working groups). Bringing together local actors and the results of the territorial diagnosis facilitates the identification of the key actors that need to be included in the public-private partnership. This process should lead to the creation of a local action group (LAG).
- Addressing these steps at local level is expected to build the required skills and capabilities for preparing a local development strategy adapted to the specific needs of local actors, generate shared objectives and priorities and a collective sense of ownership of the local strategy. This improves greatly the coherence and the chances of success of the planned actions.

The first set of local development strategies will be selected in 2009, to be approved by 2010. The second set of local development strategies will be selected in 2011, to be approved by the year 2012.

(3) Specific objectives

- to build at local level the capacity to participate in the rural development process, empowering civil society, economic and social actors, thus providing the skill-basis for long term sustainable development in rural areas.
- to generate adapted local development strategies, carried by active local public-private partnerships using the characteristic features of the Leader, thus improving the effectiveness and efficiency of rural development policy actions.

(4) Geographic scope

Eligible provinces

This measure will be implemented in the same provinces eligible for support under the “Diversification and development of rural economy” (3.1) measure.

Rural areas of the provinces as defined in chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the settlement population are eligible for support.

(5) Indicative Number of LAGs

There should be indicatively at least one LAG per province as a target, although not operating for the whole province since this would be contradictory with the area-based approach. The target minimum number of LAGs would be concurrent with diversification in the first set of provinces and to be determined later.

(6) Beneficiary

Support shall be granted to:

- The Managing Authority for financing eligible actions related to the acquisition of skills, animation activities and the assistance for the development of a local development strategy by local action groups. Provisions for this financing line are included under the Technical assistance measure as long as this measure is not accredited.
- LAGs approved by the IPARD Agency.

(7) Eligible actions

Eligible actions must refer to the provision of skills, animation and the development of local development strategies and are:

- Information and promotional events and seminars explaining the Leader approach;
- Workshops and information events for encouraging the active participation of the population in the local development process;
- Training and skills acquisition of the staff/team involved with the preparation of the local development strategy;
- Training of local informal LEADERs living or working in the area;
- Organizing other training necessary for the preparation of local development strategies;
- Elaboration and release/delivery of information materials necessary for the preparation and publicity of the local development strategies (including Internet sites, brochures, etc.);
- Preparing applications for the submission of local development strategies;
- Studies of the rural area concerned: territorial, socio-economic analyses, etc., for the purposes of preparing a local development strategy;
- Studies for the constitution of the legal form of LAG's within the national and European legal status;
- Promotional events;
- Training of leaders or key persons of a rural area
- Setting up of a network

Capacity building regarding skills acquisition, animation and the development of local development strategies will be financed from the Technical Assistance measure as long as the measure is not accredited.

(8) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output</i>	Number of skills acquisition and animation actions carried out	5.000
<i>Result</i>	Number of local development strategies prepared for submission	32
	Number of people successfully trained	20.000
<i>Impact</i>	Net additional value added	5%
	Net additional FTE jobs created	100

MEASURE TECHNICAL FICHE No 2.2.2

MEASURE 2.2: Preparation and Implementation of Local Rural Development Strategies
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Sub-measure 2: Implementation of local development strategies <i>Outline</i>
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(1) Legal basis

See Measure fiche 2.2 general framework

(2) Sub-measure rationale

The selected local development strategies and the local action groups who have prepared these strategies, may become eligible for receiving support for applying the Leader method to the implementation of measure 3.1 on “Diversification and development of the rural economy” with its sub-measures. In this way the benefits of the Leader method may be applied to improve the effectiveness of the individual sub-measures of axis 3, by providing linkages and interactions between them or by providing skills and animation services for a better diffusion and uptake of IPARD measures.

The experience gained from past LEADER programmes has shown that local development strategies offer an appropriate model for the delivery of a range rural economy measures. Such a delivery mechanism strengthens territorial coherence and provides a concentrated programming impact.

Moreover, the following should ensure that local needs and demands are taken into account with regard to contributing to the objectives of axes3:

- attributing to LAGs the expression of an opinion on the most appropriate projects for their area, according to their local development strategies;
- , the institutional participation of LAG’s representatives in the relevant evaluation committee of the project proposals either in provincial or central level during the evaluation process;
- the facilitation of linkages and synergies between different actions of rural development, joint and collective projects;
- the realization of animation activities to facilitate access to measures in the territory where rural policies are being implemented

(3) Specific objectives

- To implement local rural development strategies
- to build an implementation capacity at local level
- to improve the effectiveness and efficiency of implementation procedures

(4) Geographic scope**Eligible provinces**

This measure will be implemented in the same provinces eligible for support under the “Diversification and development of rural economic activities” (measure 3.1).

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2. and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

(5) Indicative Number of LAGs

There should be indicatively at least one LAG per province as a target, although not operating for the whole province since this would be contradictory with the area-based approach. The target minimum number of LAGs would be concurrent with diversification measure (measure 3.1) in the first set of provinces to be determined later.

(6) Beneficiary

- As implementation of the local rural development activities will be done via projects to be submitted under the measure 3.1 on “Diversification and development of the rural economy” with its sub-measures the beneficiaries will be natural and legal persons eligible under this measure within the LAG area

(7) Eligible actions

- projects which correspond to measures under priority axis 3 measure 3.1 and its sub-measures.

(8) Ranking criteria under diversification apply.**(9) Administration**

The local development strategies prepared by the LAGs and approved by the IPARD Agency constitutes the frame of the local actions to be taken. The content of the individual projects will be defined locally by the local applicants and shall be in compliance with the local development strategy. This calls for an administrative procedure that includes a local recommendation from the LAG. The administration procedure for the Leader will therefore be as follows:

1. Local project applicant will submit his/her application to the IPARD Agency. As a part of the application, the applicant will include a letter of recommendation from the LAG saying that the project is consistent with the local development strategy including a ranking of the project
2. IPARD Agency will conduct the eligibility evaluation of the application before awarding approval - or rejection - of the application,
3. Approval or rejection letter will be submitted to the beneficiary by the IPARD Agency ,
4. Project implementation begins,

5. The IPARD Agency will undertake scheduled and random on-the-spot checking of the strategy and projects in progress,
6. Payments claims are submitted to the IPARD Agency
7. Project finalization

(10) Financing

To be financed under measure 3.1 and its sub-measures during Phase II (2010 – 2013) of the IPARD Programme.

(11) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output</i>	Number of LAGs supported	37-74
	Total size of LAGs area (in km ²)	250.000 Km ²
<i>Result</i>	Gross number of jobs created	1.000
	Number of IPARD projects in which the Leader approach was used	1.600
<i>Impact</i>	Net additional value added	15%
	Net additional FTE jobs created	350

MEASURE TECHNICAL FICHE No 2.2.3

MEASURE 2.2: Preparation and Implementation of Local Rural Development Strategies

Sub-measure 3: Running costs of LAGs

*Outline***(1) Legal basis**

Same as for Measure fiche 2.2, general framework

(2) Sub-measure rationale

Provide the means for the provision of implementation services by LAGs

(3) Specific objectives

- To enable LAGs to provide Leader approach services and contribute to the fulfillment of the objectives of diversification of the rural economy (axis 3)

(4) Geographic scope**Eligible provinces**

This measure will be implemented in the same provinces eligible for support under the “Diversification and development of rural economic activities” (measure 3.1).

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

(5) Indicative number of LAGs

There should be indicatively at least one LAG per province as a target, although not operating for the whole province since this would be contradictory with the area-based approach. The target minimum number of LAGs would be concurrent with the diversification measure 3.1 in the first set of provinces to be determined later.

(6) Beneficiary

Established LAGs whose local development strategy has been approved by the IPARD Agency.

(7) Eligible expenditure

The eligible expenditures under this submeasure are:

- Co-financing of Salary for the LAG manager and/or accountant and/or development agent and other payments for the LAG staff;
- Expenditures for experts and other services related to the implementation of the strategy;

- Expenditures for rent and purchase of equipment needed for the implementation of the LAG activities;
- Expenditures for organizing LAG meetings;
- Expenditures for administration costs
- Expenditures made for acquisition of skills and trainings of the LAG staff including the expenditure for the training of leaders, members of the LAG's;
- Expenditures to provide information about the area and the local development strategy, promotion and publicity activities and events;
- Expenditures for studies of the area, marketing studies, exhibitions, social activities, workshops already above.

(8) Financing

To be financed under Phase II (2010 – 2013) of the IPARD Programme.

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output</i>	Number of Lags supported with regard to their running costs	13-32
<i>Result</i>	Gross number of jobs created	500
	Number of people successfully trained	20,000
<i>Impact</i>	Net additional value added	15%
	Net additional FTE jobs created	350

MEASURE TECHNICAL FICHE No 2.2.4

MEASURE 2.2 : Preparation and Implementation of Local Rural Development Strategies

Sub-measure 4: Implementing cooperation projects

*Outline***(1) Legal basis**

As indicated for measure 2.2, general framework

(2) Sub-measure rationale

Cooperation can help LEADER groups to boost their local activities. Transnational and inter-territorial co-operation is a vital element of LEADER aiming to enable the transfer of know-how and best practices for rural development actions as well as to resolve problems, add value to local resources and encouraging integrated and joint actions.

"Inter-territorial cooperation" means cooperation between Turkish LAG's, while "Transnational cooperation" means cooperation between Turkish LAG's and LAG's in other Member States

Only projects/actions addressing one or more of the diversification sub-measures will be eligible for support. In this context, technical preparatory activity, co-ordination and animation of cooperation activities are eligible for funding. Examples include joint marketing by LEADER groups in different regions whose areas share a specialisation in a specific product or developing joint tourism initiatives based on a shared cultural heritage.

The co-operation methodology must be integrated in the local development strategies of LAG's which will be prepared at the outset of the programme with the acquisition of skills. The selection and approval of projects must be carried out to the same extent as foreseen for other projects i.e. through the project evaluation committee process. The value-added benefit of all projects must be clearly demonstrated and transparent.

- Cooperation projects shall all be selected by the IPARD Paying Agency

Under this sub-measure successful LAGs will undertake a joint project with another LAG, or with a LAG having a similar approach, in another region or in a Member State

The sub-measure will be implemented in the second phase of IPARD (2010-2013).

(3) Specific objectives

- to build capacity within local communities to participate in the processes of rural development by implementing cooperation projects that add value to the area;
- to increase the integration of rural areas through cooperation with other rural areas permitting to meet certain needs and become aware of best practices.

(4) Geographic scope**Eligible provinces**

This measure will be implemented in the same provinces eligible for support under the “Diversification and development of rural economic activities” (measure 3.1).

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

(5) Beneficiary

Local Action Groups which have prepared a local development strategy in accordance with the related requirements which has been approved by the IPARD Paying Agency

(6) Conditions for Co-operation projects

The LAG will have the responsibility for developing and implementing cooperation projects. The projects shall aim at ensuring capacity building and exchange of experience between two or more LAGs.

Eligibility criteria for cooperation projects:

- The cooperation project will be either an inter-territorial or transnational project.
- An inter-territorial cooperation project should be prepared by at least two partners operating on the territory of Turkey. At least one partner must be a LAG.
- A transnational cooperation project should be prepared by at least two partners of which one operates in an EU Member State and another in Turkey. At least one partner must be a LAG operating in Turkey.

(7) Eligible actions/expenditure

- Preparation of joint projects – preliminary studies and technical planning including travel expenses, lodging
- Joint actions e.g. exhibitions, seminars, meetings, workshops
- Undertaking of joint training sessions, capacity development and related activities in relation to the joint actions (for example village development plans, micro business development);
- Running common organisational structures
- Animation activities

(8) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase II (2010-13)
<i>Output</i>	Number of supported cooperation projects	25
	Number of LAGs covered by cooperation projects	50
<i>Result</i>	Gross number of jobs created	500
<i>Impact</i>	Net additional FTE jobs created	350

MEASURE TECHNICAL FICHE NO: 3.1

MEASURE 3.1: DIVERSIFICATION AND DEVELOPMENT OF RURAL ECONOMIC ACTIVITIES

(1) Legal basis

- Article 12 (2) of IPA Council Regulation (EC) No 1085/2006.
- Article 180 of IPA Implementing Commission Regulation (EC) No 718/2007
- Related provisions of the Sectoral Agreement for IPARD

The following general provisions addressed in this measure-fiche apply to all sub-measure fiches under this measure.

(2) Rationale

The review of Turkish Agricultural sector has pointed out the high incidence of small subsistence or semi-subsistence agricultural holdings (over 65% of the agricultural holdings), which are suffering from very low levels of income, and the almost inexistent presence of any diversification of activities in rural areas to bring about revenue complements to the agricultural holdings. There is also an urgent need to address women's lack of revenues, while they could be a determinant element in raising the household's income.

Although, the dominant source of employment in Turkey, especially in rural areas, is coming from agricultural holdings, there are still micro enterprises producing local handicrafts and food products, and rural tourism facilities operated by farmers or micro entrepreneurs. These activities need to be further promoted to create additional income sources and employment opportunities for people living in rural areas.

IPARD will address this need for the diversification of rural revenue sources with four actions:

- Support to the on-farm diversification of agricultural activities, targeting 3 ancillary productions identified as having very good potential for jobs creation and income generation: bee-keeping, aromatic and medicinal plants, and ornamental plant production
- Support to the local development of local typical products, both agricultural and food products as well as traditional/heritage handicrafts
- Support to the development of rural tourism
- Support to the development of aquaculture

The first sub-measure will target individual farmers engaging in diversification activities, establishing support infrastructures needed for the development and marketing of the new productions.

The second sub-measure will be a multi-purpose financing line for the development of rural micro-enterprises demonstrating a positive impact on job opportunities.

The third sub-measure will address the relevant aspects of rural tourism development: development of micro scale boarding & lodging infrastructures, development of recreational activities – notably linked with the natural milieu: outdoor recreational and sportive activities, horse riding, discovery

of nature and environment, along with the discovery of the local heritage -, and promotion of the local tourism. A particular attention has been put on the selection of target provinces, in order:

- To integrate seamlessly with the other initiatives and master plans for the development of rural tourism under the supervision of Ministry of Culture and Tourism
- To target only the provinces identified as having potential for the development of a form of rural tourism

Finally, the last sub-measure will support the development of inland freshwater aquaculture, with a view to redistributing more equally both the production and the consumption of fish throughout the country while contributing to the creation of a source of alternative rural revenues.

It should be noted that, while the process of elaboration of local development strategies is new in Turkey, that once these strategies as defined under measure 2.2. and its sub-measures have been established, investment under this measure and its sub-measures must be encouraged to be in line with those strategies as much as possible.

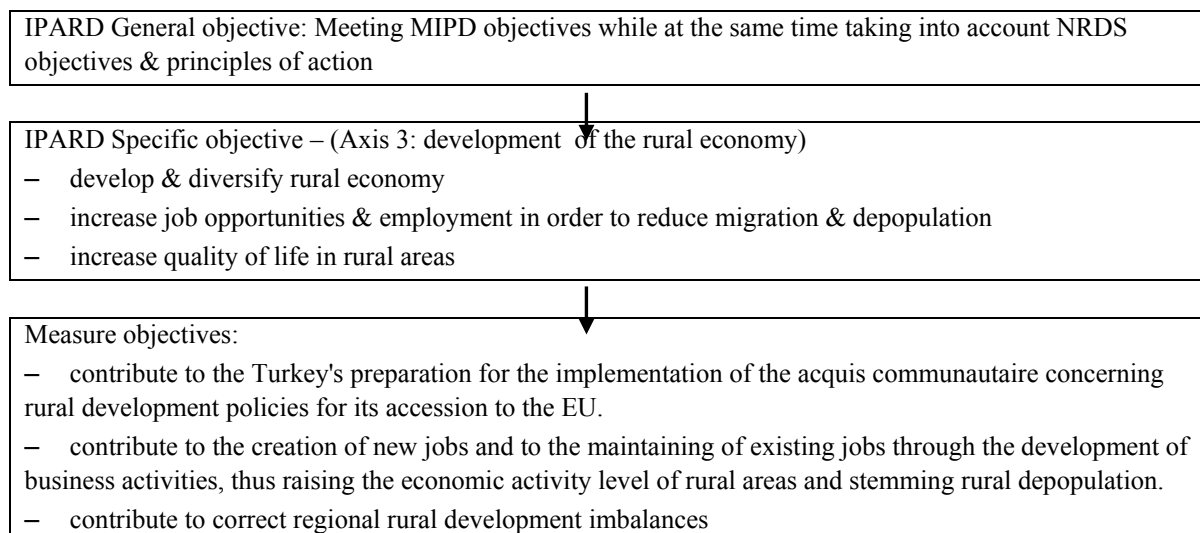
The strategies planned locally and adopted by the IPARD Agency will then provide a basis for the pre-evaluation committees to assess proposals in these fields (see measure 2.2.1). Applicants will be encouraged to design their projects in complementarity with this strategic framework. Furthermore, in all these diversification sub-measures, a priority will be given to projects initiated by young people, women, to projects initiated in mountainous rural areas and to projects presented and recommended in the framework of an approved local development strategy.

(3) General objectives

The objectives of this measure are:

- to contribute to the Turkey's preparation for the implementation of the *acquis communautaire* concerning the Common Agricultural Policy and related policies for its accession to the EU.
- to contribute to the creation of new jobs and to the maintaining of existing jobs through the development of business activities, thus raising the economic activity level of rural areas and stemming rural depopulation.
- to contribute to correct regional rural development imbalances

The hierarchy of IPARD objectives linked with this measure is recalled below:



Measure comprises four sub-measures:

- support to diversification and development of on-farm activities
- support to economic development of local products and micro-enterprises
- support to development of rural tourism
- support to development of aquaculture

(4) Linkage to the other IPARD measures included in the Programme

This measure complements the implementation of the measures under Axis 1:

- Investment In Agricultural Holdings,
- Improving the Processing and Marketing of Agricultural and Fisheries Products
- Setting Up of Producer Organizations

There is also a close link with the Leader approach, as strategic approach to development of local area. Projects submitted based upon this approach and a rural development strategy will be prioritised under this measure and its sub-measures.

(5) Definition of beneficiaries

Beneficiaries of the measure are those natural persons and legal entities, with the exception of public legal entities, recognised by the national law, who ;

- are in the range of micro sized crafts and enterprises which employ fewer than 10 persons or have an annual turnover and/or annual balance sheet not exceeding 1 million YTL⁸⁶ (558 000 Euro)
- are in the range of micro and small sized agricultural holdings for which the minimum and maximum viability limitations are defined under the related sub-measures
- registered at the national tax system,
- are not over the age of 65 years when the decision to grant support is taken.
- prove adequate occupational skills and competence, either a high school or university degree related to the business proposed, or at least three years of professional experience in the economic activity area concerned.
- in the case of the legal entities at least one permanent employee at the level of top management, prove the adequate occupational skills and competence, either a high school or university degree related to the business proposed, or at least three years of professional experience in the economic activity area concerned.

(6) Common eligibility criteria

Common eligibility criteria for this measure are:

- The enterprise/holding shall;

⁸⁶ By-law on Definition, Qualifications and Classification of Small and Medium Size Enterprises (OJ dated , 18.11.2005 No 25997)

- comply with national minimum standards (see Chapter 2 and Annex 2.2) regarding environmental protection, public health, animal and plant health, animal welfare and occupational safety at the time when the decision to grant support is taken. Where national minimum standards based on Community standards have been newly introduced at the time the application is received, assistance may be granted regardless of non-compliance with those standards on the condition that the holding shall meet the new standards by the end of the realisation of the investment.
- provide as obligatory part of the application a certificate from the national veterinary and environmental authorities confirming that all mandatory national minimum standards are respected on the holding/enterprise of the potential beneficiary that the relevant Community standards relevant to the investment will be respected at the end of the investment.
- should submit a business plan in accordance with the requested format by the IPARD Agency.
- should demonstrate in the business plan the economic viability of the holding/enterprise at the end of the realisation of the project. The general criteria for evaluation of the economic viability of the beneficiary that is compatible with the current practice of banking system is provided in Annex 4.1. The business plan should include the necessary documents listed in the Annex 4.1. The economic viability should be demonstrated that the equity capital of the holding/enterprise and its stocks in terms of liquid and assets meet the operational costs.
- prove that it has no tax and social security debts to the government at the moment of submitting an application.

And, as concerns its investment shall:

- comply with the relevant Community standards at the end of its/their realisation.
- ensure that it is maintained and does not undergo a substantial modification five years from the final payment by the operating structure;
- If the local rural development strategies as defined under Measure 2.2 and its sub-measures have been established, investments in line with those strategies shall be prioritized.

(7) Eligible expenditures

Eligible expenditure in accordance with Article 172(2) of Regulation (EC) 718/2007, is limited to:

- the construction or improvement (but not acquisition) of immovable property;
- the purchase or lease-purchase of new machinery and equipment including computer software up to the market value of the asset; The purchase or lease-purchase of new machinery and equipment is only eligible if it results in ownership being transferred to the lessee at the end of the contract;
- general costs linked to expenditure referred to under the previous points, such as architects', engineers' and other consultation fees, feasibility studies, the acquisition of patent rights and licenses up to a ceiling of 12% of the costs referred to under the previous points, with an allocation for business plan preparation at maximum 4% of the project value, not exceeding 6,000 Euro.

The following expenditure is not eligible in addition to the expenditure mentioned in Article 34(3) of Regulation (EC) 718/2007:

- costs connected with the lease-purchase, such as lessor's margin, interest refinancing costs, overheads and insurance charges;
- the acquisition of second hand/used equipment;
- the purchase of agricultural production rights, animals, annual plants and their planting;
- maintenance, operating, depreciation and rental costs as well as cost incurred by public administration in managing and implementing assistance;
- expenditure occurred prior to the selection and contracting of the project by the IPARD Agency (with the exception of general costs as defined above).

The detailed provisions of the Sectoral Agreement shall apply.

(8) Aid intensity

Public expenditure shall be 50 % of the total eligible cost of the investment. The Community contribution shall not exceed a ceiling of 75 % of the eligible expenditure

The maximum total value of eligible investments per beneficiary is limited to 400.000 Euro within the timeframe of IPARD.

A maximum of four eligible investments per beneficiary are allowed within the timeframe of IPARD. The beneficiary can only submit a new application for IPARD support, when the previous investment has been finalised (final payment).

The payments for the investments shall be received in one instalment according to the details agreed in the contract signed between the beneficiary and the ARDSI.

Only for investments which include construction/reconstruction and equipment, payments can be received in two instalments: the first instalment shall be paid after the finalisation of the construction or reconstruction and the second instalment after the installation of the equipment, i.e. at the end of the investment. In the business plan the beneficiary shall indicate the two phases of the investment triggering the two instalments.

(9) Coherence and compatibility

Applications of this measure will be complementary with those under the Investment in Agricultural Holdings measure where small and medium size agricultural holdings will be supported for milk and meat production. Under this measure micro and small size agricultural holdings will be supported for different areas. Applications of this measure will be complementary with those under the Processing and Marketing measure by increasing the supply of raw products at high quality and hygiene Community standards.

The Regional Competitiveness Operational Programme of IPA Component III will support the revitalising and landscaping, promotion and marketing of the tourism attraction sites, which are not in the rural settlements as well as the establishment of Tourism Information Centres. These activities will create synergy for the creation and development of rural tourism supported under this measure.

This measure covers creation of alternative income and employment opportunities for people living in rural areas through diversification of economic activities both on-farm and off-farm. Training

activities for the urban but also the rural population will generally be covered by the Human Resources Development Operational Programme of IPA Component IV.

Investment supported under this measure are not supported by other IPA components:

- Neither Component III, regional competitiveness operational programme nor the environmental operational programme finance the same kind of investment.
- Actions financed under the Human Resources Development Operational Programme of IPA Component IV will be complementary to and coherent with actions financed under the IPARD programme.

(10) Financing

Measure 3.1. Diversification and development of rural economic activities

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		Euro	%
		Euro	%	Euro	%	Euro	%		
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2007	13.800.000,0	6.900.000,0	50%	5.175.000,0	75%	1.725.000,0	25%	6.900.000,0	50%
2008	35.333.333,3	17.666.666,7	50%	13.250.000,0	75%	4.416.666,7	25%	17.666.666,7	50%
2009	57.000.000,0	28.500.000,0	50%	21.375.000,0	75%	7.125.000,0	25%	28.500.000,0	50%
2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2012	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2013	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total 2007-09	106.133.333,3	53.066.666,7	50%	39.800.000,0	75%	13.266.666,7	25%	53.066.666,7	50%

Figures in Euro

(10.1) Allocation of funds per sector

Sector	2007		2008		2009		2010		2011		2012		2013	
	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro	%	Euro
On-farm diversification	18	2.484.000,0	18	6.360.000,0	18	10.260.000,0	18	n.a.	18	n.a.	18	n.a.	18	n.a.
Local products micro-industry	30	4.140.000,0	30	10.600.000,0	30	17.100.000,0	30	n.a.	30	n.a.	30	n.a.	30	n.a.
Rural tourism	40	5.520.000,0	40	14.133.333,3	40	22.800.000,0	40	n.a.	40	n.a.	40	n.a.	40	n.a.
Aquaculture	12	1.656.000,0	12	4.240.000,0	12	6.840.000,0	12	n.a.	12	n.a.	12	n.a.	12	n.a.
Total	100	13.800.000,0	100	35.333.333,3	100	57.000.000,0	100	n.a.	100	n.a.	100	n.a.	100	n.a.

MEASURE TECHNICAL FICHE No 3.1.1

MEASURE 3.1: Diversification and Development of Rural Economic Activities

Sub-measure 1: Diversification and development of on-farm activities

(1) Legal basis

See measure 3.1 general framework.

(2) Sub-measure rationale

The review of Turkish Agricultural sector has pointed out the high incidence of small subsistence or semi-subsistence agricultural holdings (over 65% of the agricultural holdings), which are suffering from very low levels of income, and the almost inexistent presence of any diversification of activities in rural areas to bring about revenue complements to the agricultural holdings. There is also a urgent need to address women's lack of revenues, while they could be a determinant element in raising the household's income.

Emphasis is therefore put on on-farm diversification of traditional agricultural subsistence activities, in order to develop complementary revenue sources. This is expected to contribute to the improvement of the economic situation of the rural families and to discourage the propensity to leave rural areas.

Three priority productions have been identified in a first stage for this diversification. In all three cases, the existence of a local market is demonstrated, either for meeting domestic demand, for imports substitution or for possible future export:

- Bee-keeping
- Medicinal and aromatic plants
- Ornamental plants

Bee-keeping is an important activity for creating new job opportunities and additional income for micro and small farmers living in rural areas. As regards honey production, Turkey has very good conditions for bee-keeping: Turkish people appreciate honey, and the rural labor force can be used in bee-keeping, without requiring high capital for initial investments or excessive sizes of land owned. The main problems regarding bee-keeping are: low production yield per colony because of out-dated equipments and lack of use of quality queen bees and packaging and marketing of final products.

Ornamental plants are also quoted in the National Rural Development Strategy as one potential alternative economic activity in rural areas. Turkish conditions are favourable for this production, as the country presents different types of soil and climatic conditions. Anatolia specifically is the main source of many ornamental plants produced by improved conditions. Through interventions under IPARD, ornamental plant production contributes to the diversification of activities and gaining additional profits.

Turkey has a good potential for the production and collection of both natural and cropped medicinal and aromatic plants, once again because of the variety of biotopes existing in the country. Turkey is competitive in some products especially in cumin, savory, carob and bay. More specifically, cumin,

savory, fennel, caraway seed, coriander and mint are presently cropped, and the production areas are steadily expanding. In spite of the potential for cultivation and production of medicinal and aromatic plants, there are weaknesses regarding the processing, packing of these products and access to the marketing chain.

For bee-keeping, IPARD support will target both micro and small sized agricultural holdings wishing to develop bee production (purchase of hives and small equipment) and equipment for the processing plants or breeding stations.

For medicinal & aromatic plants, IPARD support will concentrate on establishment of micro scale processing & packing facilities by farmers. It is expected that these enterprises will not only process the production of the applicant, but will have a dynamizing effect to develop an associated network of collectors of wild plants or growers of medicinal and aromatic plants and neighbouring farmers.

For ornamental plants, IPARD will finance both greenhouses at farmer's level and the possible establishment of micro scale cut-flowers or ornamental plants processing enterprises.

While the present measure 3.1.1 deals with financing of farmers (or farmers' family members) engaged in diversification, complementary projects might also be initiated by private local micro scale entrepreneurs: these will be supported in measure 3.1.2.

Priority will be also be given to projects initiated in mountain areas, to diversification projects conducted under women' and young farmers' responsibility and to projects presented and recommended in the framework of an approved local development strategy.

(3) Specific objectives

By reference to objectives of measure 3.1, the objectives of sub-measure 3.1.1 are:

- to help micro and small sized agricultural holdings and producer organisations to develop diversification activities as a complementary on-farm activity, including:
 - bee-keeping and honey production
 - cultivation or picking up followed by processing and marketing of medicinal and aromatic plants
 - cultivation of ornamental plants as well as supporting infrastructures like on-farm micro size processing and packing facilities

(4) Geographic scope

Eligible provinces

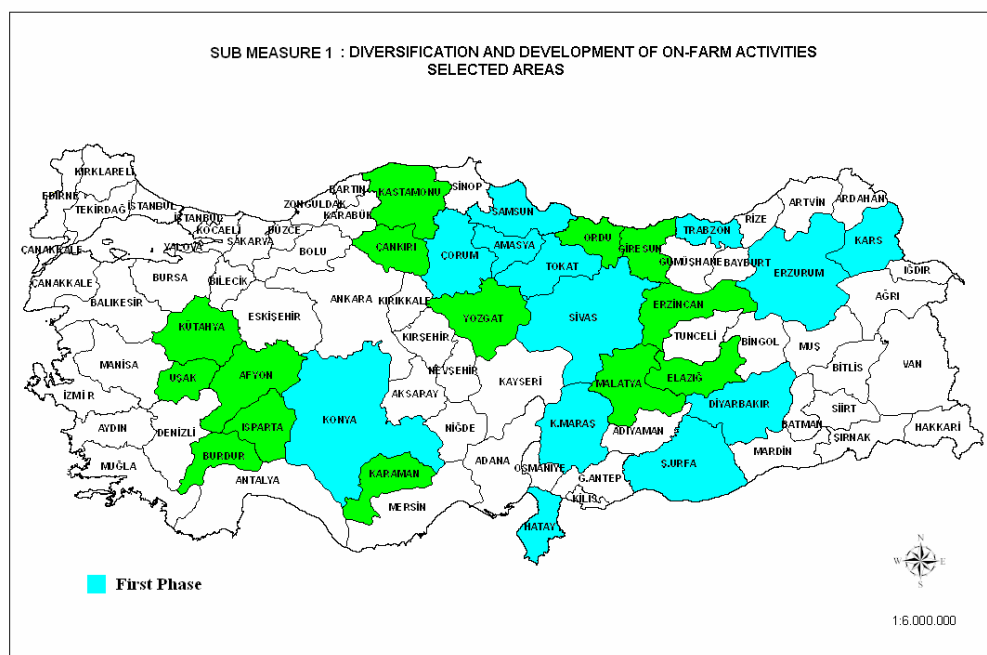
Eligible provinces have been selected by considering their potential for honey production, medicinal and aromatic plant cultivation and ornamental plant production all together by reference to SWOT analysis of provinces described in Agricultural Master Plans as well as taking into account the the specific survey study carried out by the MARA (detailed information is given in Chapter 9, Section 9.1.5).

Selected provinces are: Afyonkarahisar, Amasya, Burdur, Çankırı, Çorum, Diyarbakır, Elazığ, Erzincan, Erzurum, Giresun, Hatay, Isparta, Kahramanmaraş, Karaman, Kars, Kastamonu, Konya, Kütahya, Malatya, Ordu, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Yozgat, Uşak

Out of these, provinces selected for the first phase (2007-2009) are: Amasya, Çorum, Diyarbakır, Erzurum, Hatay, Kahramanmaraş, Kars, Konya, Samsun, Sivas, Şanlıurfa, Trabzon, Tokat,

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

Map 18: Eligible provinces under Sub-Measure 3.1.1



Afyon=Afyonkarahisar

(5) Specific eligibility criteria

In addition to the common eligibility criteria in part (6) of the measure fiche 3.1:

- Agricultural holding /legal entities must be located in one of the selected provinces and rural areas of these provinces defined in Chapter 3, sections 3.2.2 and 3.2.3,
- The Beneficiary must be registered as farmer at the National Farm Registry System or in case of being a natural person, registered as a member of the farmer's household in the Turkstat's General Registry System,
- in case of bee-keeping, the number of hives covered by the project is limited to minimum 50/beneficiary and maximum 200/beneficiary
- in case of ornamental plant production, the maximum size of greenhouses covered by the project must be 0.2 ha and the maximum size of open-field production covered by the project must be 1 ha,

- in case of processing and/or packaging of honey and medicinal and aromatic plants:the beneficiary should hold the necessary production and registration certificates in accordance with the provisions of Food Law No. 5179 and/or Municipality Law No. 5393, where applicable, except for new constructions where they must hold the above certificates at the end of the realization of the project.
- in case of queen bee production, beneficiary must hold valid breeding licence;
- in case of investments in irrigation they shall only be eligible to replace the existing inefficient irrigations systems with new water-saving irrigation technology involving well and must provide approval of General Directorate of State Hydraulic Works.

(6) Eligible investment:

- For bee-keeping and honey production:
 - Construction of sheds and outhouses, either for storage or processing of honey and bee products
 - Purchase of working equipment for production, management and maintenance of hives
 - Purchasing of technological lines or modernization of existing ones for on-farm honey processing and packaging,
 - Setting up and equipping breeding stations for production of queen bees by licensed breeders
- For medicinal and aromatic plants production:
 - Construction or modernization of storage buildings, machine sheds
 - Purchasing of horticultural and farming equipment for the cultivation of medicinal and aromatic plants
 - Modernization/replacement of existing inefficient irrigation systems with new water-saving irrigation technology. Only on-farm investments in irrigation systems are to be considered as private investment. The interventions on the primary and secondary irrigation channels are considered as public investments and therefore are not subject to this measure,
 - Construction or modernization of facilities and purchase of equipment for storage/conditioning, drying, processing and marketing of medicinal and aromatic plants
- For ornamental plants production:
 - Construction or modernization of storage buildings, machine sheds
 - Purchasing of horticultural and farming equipment for the cultivation of ornamental plants
 - Modernization/replacement of existing inefficient irrigation systems with new water-saving irrigation technology. Only on-farm investments in irrigation systems are to be considered as private investment. The interventions on the primary and secondary irrigation channels are considered as public investments and therefore are not subject to this measure,
 - Investment in construction and/or reconstruction of greenhouses (exclusively installations of glass, rigid long lifespan plastic or any other material excluding short lifespan plastic) and/or purchase of necessary equipments
 - Construction or modernisation of facilities and purchase of equipment for production of seed, bulb and saplings,

- Construction or modernisation of facilities and purchase of necessary equipment for processing and packaging of ornamental plants.

(7) Size of eligible investments:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 10.000 Euro
- Maximum 250.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfillment of the eligibility conditions and
- assessment of the submitted business plan,

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Criteria	Points
If applicant is below 40 years of age when the decision to grant support is taken	5
If the farmer practices in mountain areas as defined in Chapter 3 under Section 3.2.4. and/or forestry villages ⁸⁷	20
Certified organic farmer	15
If the investment is implemented by a women entrepreneur or the owner of the project is women	30
If the investment is based on and recommended in the framework of an approved local development strategy	30
TOTAL	100

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output on sub-measure level</i>	Number of holdings/enterprises supported	2.482
<i>Result on sub-measure level</i>	Increase in GVA in supported holdings/enterprises	20%
<i>Impact on programme level</i>	Net additional value added	5%
	Net additional FTE jobs created	20%
	Change in GVA/FTE	4%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Number of projects presented by women	1.241
	Number of projects presented by youth	992
	Number of projects in mountainous regions	1.200
	Number of projects based on LDS	992

⁸⁷ As defined in Principles on Development Services for Forestry Villages (OG, dated 31.12.2005, No. 26040)

MEASURE TECHNICAL FICHE No 3.1.2

MEASURE 3.1: Diversification and Development of Rural Economic Activities

Sub-measure 2: Local products and micro enterprise development

(1) Legal basis

See measure 3.1 general framework.

(2) Sub-measure rationale

The SWOT analysis for the agricultural sector has shown that there is a wealth of local products and traditional forms of know-how, which have been transmitted through practice between generations. The fact that these local products are not yet correctly developed and marketed represents a loss of potential value added as well as employment opportunities for the rural inhabitants.

Although local levels of entrepreneurship are low, public support may reduce the perception of risk involved in the undertaking of an initiative. Traditional crafts, local products, natural and heritage resources and the landscape are all resources well known to the local population, but which may require support to build confidence to undertake micro-business initiatives. This in turn develops a spirit of entrepreneurship and develops risk capabilities, which are a precious resource for local development. The integration of these activities with tourism development and the association of producers might give a better chance to achieve a critical mass of investment.

The support planned by IPARD for this measure is also linked with the Acquis communautaire regarding valorisation of traditional and typical agricultural, food products with a protected designation of origin or geographical indication. While the complete implementation of the Acquis might request more time, the measure will present a good occasion to bring closer the Turkish system for recognition and protection of local designations – currently implemented by Turkish Patent Institute, along with commercial brand names protection – and the EU labelling system for geographical indication recognition and protection (through ranking criteria).

IPARD will thus conduct following action in this field:

- Support for initiatives regarding the development of traditional local handicrafts (as listed in Annex 1.11.2) and typical local agricultural or food products (as listed in Annex 1.11.3) with a priority given to projects providing an additional source of employment of local people.

Priority will also be given to projects of a woman entrepreneur or the owner of the project is a woman as well as that can demonstrate that more than 50% of its employees are women and projects based on a local rural development strategy.

(3) Specific objectives

By reference to objectives of measure 3.1, the objective of sub-measure 3.1.2 is :
to help local micro enterprises to develop valorisation and/or processing of:

- traditional and typical local agricultural & food products and local handicraft products, with a priority given to products with a certificate of Geographic Indications issued by the Turkish Patent Institute

(4) Geographic scope

Eligible provinces

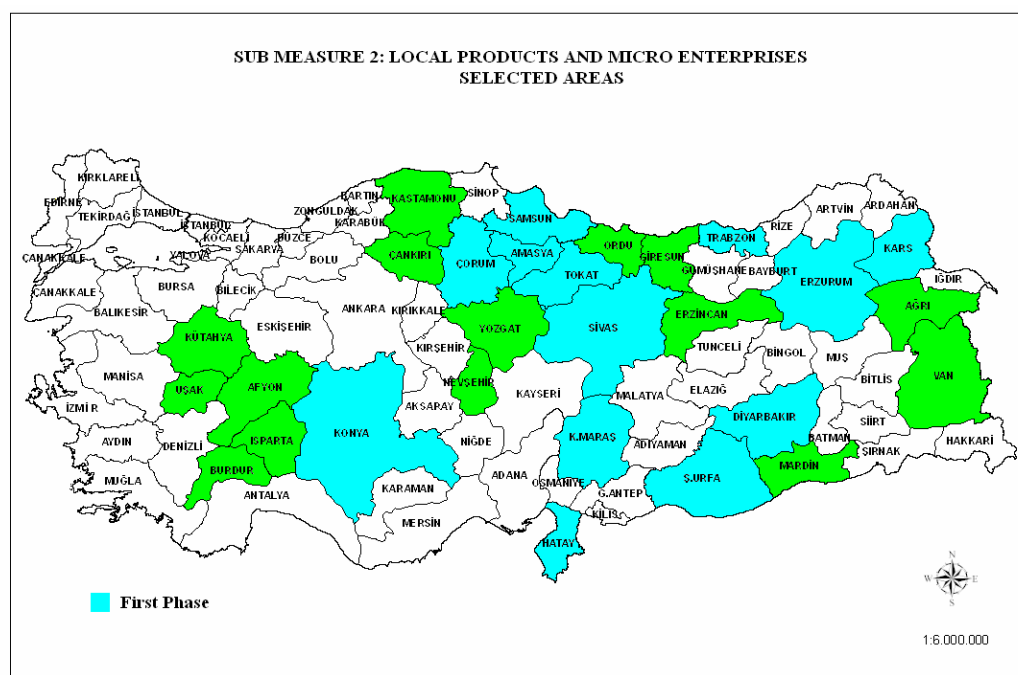
Eligible provinces have been selected by considering their potential for production of traditional and typical local agricultural and food products and handicrafts by reference to SWOT analysis of provinces described in Agricultural Master Plans as well as taking into account national priority areas for touristic development in order to have a holistic effect. The reason for this approach is to establish the link between eligible provinces of local agri-food products & handicrafts and that of touristic development to ensure the visibility of local products not only by local people but also by the tourists coming from other provinces.

Eligible provinces are: Afyonkarahisar, Ağrı, Amasya, Burdur, Çankırı, Çorum, Diyarbakır, Erzincan, Erzurum, Giresun, Hatay, Isparta, Kahramanmaraş, Kars, Kastamonu, Konya, Kütahya, Mardin, Nevşehir, Ordu, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Uşak, Van, Yozgat

Out of which, in the first phase (2007-2009) are: Amasya, Çorum, Diyarbakır, Erzurum, Hatay, Kahramanmaraş, Kars, Konya, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

Map 19: Eligible provinces under Sub-Measure 3.1.2



Afyon=Afyonkarahisar

(5) Specific eligibility criteria

In addition to the general eligibility criteria in part (6) of the measure sheet 3.1:

- Enterprises should be located in one of the selected provinces and rural areas of these provinces defined in Chapter 3, sections 3.2.2 and 3.2.3,
- In case of production of and/or packaging of local food products, the beneficiary should hold the necessary production and registration certificates in accordance with the provisions of Food Law No. 5179 and/or Municipality Law No. 5393, where applicable, except for new constructions where they must hold the above certificates at the end of the realization of the project.
- Traditional handicrafts⁸⁸, eligible for the support, are those listed in Annex 1.11.2.
- Local agricultural and food products⁸⁹ eligible for support are those listed in Annex 1.11.3.
- The enterprises with an EU export number are not eligible for support.
- The business plan should prove that the depreciation duration of the equipments is more than one year in accordance with good accounting practices.
- The investments at retail level are excluded.

(6) Eligible investments:

- Construction, modernization or expansion of operational buildings and production facilities,
- Purchase of equipment and tools specific for the production and packaging of the local food and agricultural products, for handicraft activities
- Physical investments in packaging facilities, equipment,
- Promotion and marketing related investments for local products or handicrafts, including establishment of a factory selling point or promotional stand.
- ICT equipment including software, if it is an integrated part of the project,

(7) Size of eligible investments:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 10.000 Euro
- Maximum 250.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfilment of the eligibility conditions and
- assessment of the submitted business plans,

⁸⁸ Set up by MARA based on the official documentation published by Ministry of Culture and Tourism which is the responsible body for handicrafts.

⁸⁹ Set up by MARA based on the questionnaire prepared and asked to the related departments of the provincial directorates of MARA.

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Criteria	Score
If the investment is targeting a local typical agricultural or food product/ or traditional handicraft which is certified with a Geographical Indications issued by Turkish Patent Institute ⁹⁰	15
If applicant is below 40 years of age when the decision to grant support is taken	10
If the enterprise is located in forestry villages ⁹¹	10
If the investment is implemented by a women entrepreneur or the owner of the project is a women	15
If the enterprise targets organic local agricultural or food production	10
If the project can demonstrate that more than 50% of its employees are women	10
If the investment is based on and recommended in the framework of an approved local development strategy	30
TOTAL	100

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output on sub-measure level</i>	Number of projects supported	1659
<i>Result on sub-measure level</i>	Increase in GVA in supported ventures	20%
<i>Impact on Programme level</i>	Net additional value added	5%
	Net additional FTE jobs created	20%
	Change in GVA/FTE	4%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Number of projects presented by women	830
	Number of projects presented by youth	664

⁹⁰ Affiliated body of Ministry of Industry and Trade by Law no. 5000/2003 (OJ dated 19/11/2003, No. 25294)

⁹¹ As defined in Principles on Development Services for Forestry Villages (OJ, dated 31.12.2005, No. 26040)

MEASURE TECHNICAL FICHE No 3.1.3

MEASURE 3.1: Diversification and Development of Rural Economic Activities
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Sub-measure 3: Rural tourism

(1) Legal basis

See measure 3.1 general framework.

(2) Sub-measure rationale

Rural tourism has often been an important engine of development in rural areas. It not only creates important alternative employment opportunities and sources of additional income, but it also fosters exchanges between the urban and rural population, building up a positive image of the area itself with its environment and history. This in turn brings about a stronger sense of identity and a better self-image of the rural population, one of the intangible aspects of quality of life in the rural area.

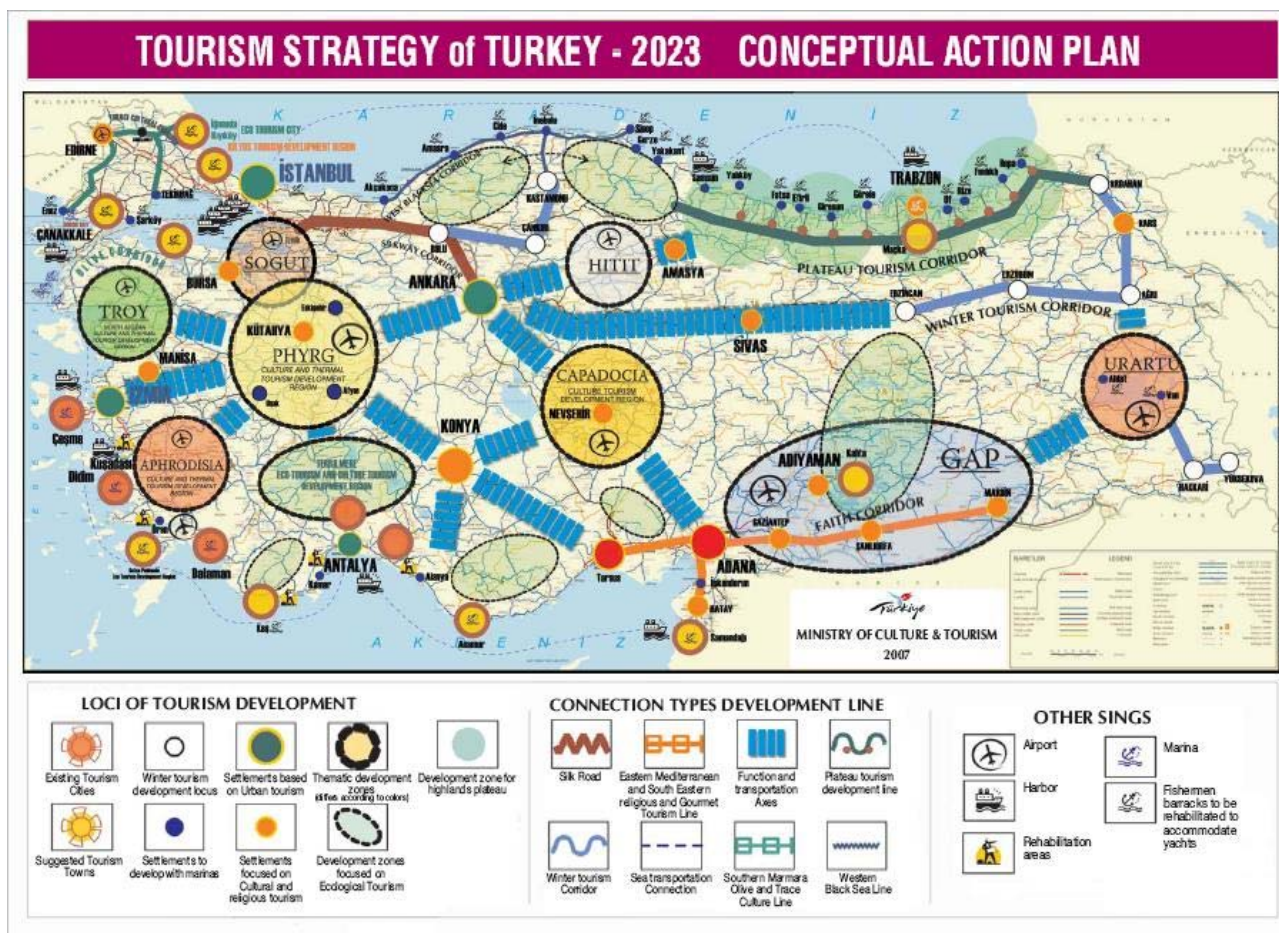
Turkey's rich heritage of archaeological, historical, natural and social assets makes tourism a sector with high potential and competitiveness in external markets. However, rural tourism is still an underutilized resource, which may play a much more important role in the future besides the developing urban centres or seaside resorts.

The general economic analysis has shown that while tourism has been increasing rapidly in Turkey, it tends to be concentrated in urban areas and traditional centres of attraction – which are rapidly showing signs of congestion.

Rural tourism is also an activity that has traditionally used female labour and requires easy to acquire skills.

The analysis done by the Ministry of Culture and Tourism shows that there is a definite potential for the development of highland tourism in several areas of Turkey, as well as cultural and historical tourism in other rural or mixed areas. The below map extracted from sector review shows the priority areas that could be suitable for the development of rural tourism:

Map 20: Tourism Strategy of Turkey - Conceptual Action Plan



The Conceptual Action Plan identifies the Black Sea Region as “Plateau Tourism Development Corridor”, the East Anatolia Region and Central Black Sea Region as “Winter Tourism Development Corridor”, the South East Anatolia Region as “Gourmet and Religious Tourism Development Region” and there are also “Culture and Thermal Tourism Development Regions” in other parts of Turkey. Those regions are mainly rural and have potential for rural tourism activities.

As regards present existing accommodation potential, table below shows the breakdown of number of beds/ number of visitors in IPARD target provinces:

NUMBER OF LICENCED ACCOMMODATION ESTABLISHMENTS AND VISITORS BY PROVINCES

	Provinces	Nbr Visitors	Nbr of Touristic Estab	Number of Beds	Visitors/bed ratio
1	AMASYA	90.198	36	1.616	56 ↗
1	ÇORUM	97.920	34	1.497	65 ↗
1	DİYARBAKIR	241.263	55	4.166	58 ↗
1	ERZURUM	352.516	72	5.080	69 ↗
1	HATAY	207.779	60	4.147	50 ↗
1	K.MARAŞ	82.464	74	3.650	23 ↘ ↘ ↘
1	KARS	95.367	28	2.297	42 ↘ ↘
1	KONYA	297.646	91	5.521	54 ↗
1	SAMSUN	253.736	61	3.931	65 ↗
1	SİVAS	98.988	46	2.572	38 ↘ ↘
1	ŞANLIURFA	139.229	26	2.114	66 ↗
1	TOKAT	92.423	35	1.706	54 ↗
1	TRABZON	185.458	150	7.418	25 ↘ ↘ ↘
2	AFYONKARAHİSAR	302.756	63	9.567	32 ↘ ↘
2	AĞRI	52.951	35	2.322	23 ↘ ↘ ↘
2	BÜRDÜR	71.544	19	960	75 ↗
2	ÇANKIRI	41.371	18	926	45 ↘ ↘
2	ERZİNCAN	121.354	33	1.372	88 ↗
2	GİRESUN	66.721	34	1.683	40 ↘ ↘
2	ISPARTA	118.409	59	2.577	46 ↘ ↘
2	KASTAMONU	65.472	48	2.647	25 ↘ ↘ ↘
2	KÜTAHYA	236.982	49	3.444	69 ↗
2	MARDİN	19.081	17	1.303	15 ↘ ↘ ↘
2	NEVŞEHİR	569.496	121	13.381	43 ↘ ↘
2	ORDU	112.306	57	2.264	50 ↗
2	UŞAK	82.541	26	1.252	66 ↗
2	VAN	182.340	37	3.104	59 ↗
2	YOZGAT	72.552	31	1.761	41 ↘ ↘
	TOTAL IPARD	4.350.863	1.415	94.278	

(3) Specific objectives

By reference to objectives of measure 3.1 and the above presentation of the targets of the sector, the objectives of sub-measure 3.1.3 is:

- to support the development of small boarding houses, bed & breakfast rooms and food serving facilities, to support creation and development of on-farm accommodation and to support the development of tourist recreational activities (sports activities, nature discovery, heritage discovery) by micro rural entrepreneurs or by farmers in selected priority provinces.

(4) Geographical scope**Eligible Provinces**

The eligible provinces have been selected by considering their potential for rural tourism by reference to the SWOT analysis of provinces described in Agricultural Master Plans as well as

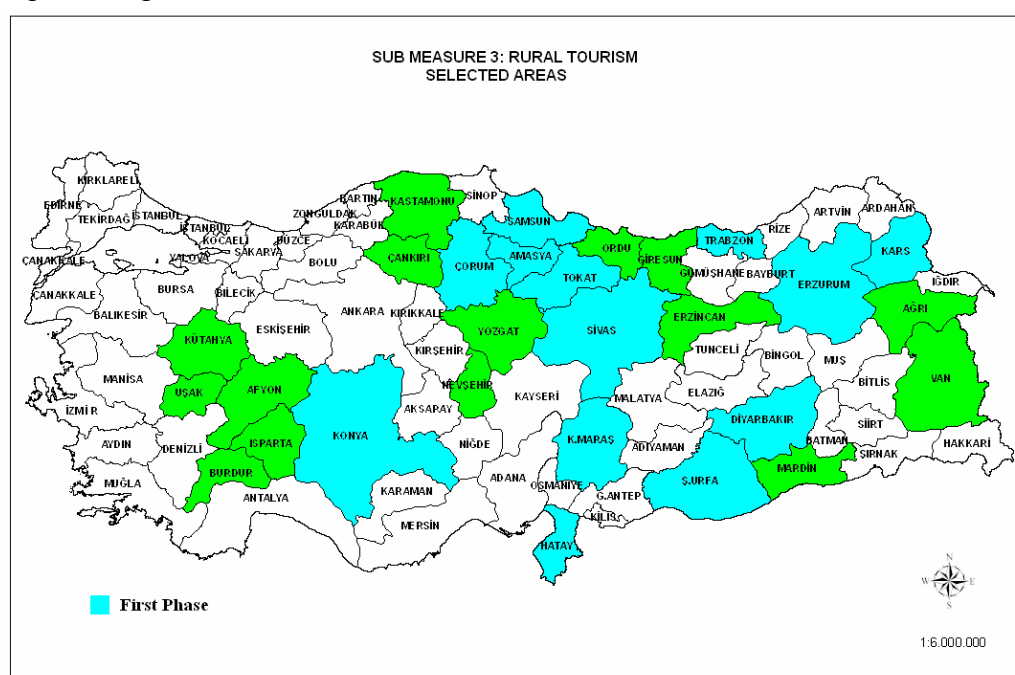
taking into account national priority areas for touristic development by using the Tourism Strategy of Turkey-Conceptual Action Plan prepared by Ministry of Culture and Tourism.

Eligible provinces are: Afyonkarahisar, Ağrı, Amasya, Burdur, Çankırı, Çorum, Diyarbakır, Erzincan, Erzurum, Giresun, Hatay, Isparta, Kahramanmaraş, Kars, Kastamonu, Konya, Kütahya, Mardin, Nevşehir, Ordu, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Uşak, Van, Yozgat

Out of which, in the first phase (2007-2009) are: Amasya, Çorum, Diyarbakır, Erzurum, Hatay, Kahramanmaraş, Kars, Konya, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

Map 21: Eligible Provinces under Sub-Measure 3.1.3



Afyon=Afyonkarahisar

(5) Specific eligibility criteria

In addition to the general eligibility criteria in part (6) of the measure sheet 3.1:

- The facilities must be located in one of the selected provinces and rural areas of these provinces defined in Chapter 3 sections 3.2.2 and 3.2.3,
- In case of on-farm tourism development,, the beneficiary must be registered as farmer at the National Farm Registry System or registered as a member of the farmer's household in the Turkstat's General Registry System
- Beneficiary must be registered in accordance with the provisions of Regulation on Certification and Qualifications of Tourism Facilities (OJ, dated 18.06.2005, No. 25849) except for new constructions where they must hold the certificate at the end of the realization of the project.

- Beneficiary must be recognised by Food Law No 5179 and/or Municipality Law No 5393, where applicable except for new constructions where they must hold the certificates at the end of the realization of the project.
- Project must undergo Environmental Impact Assessment in the cases where it is prescribed by the national legal system ;
- Accommodation facilities can have maximum 15 beds (double/single) at the end of the investment,

(6) Eligible investments:

- Establishment or refurbishing of pensions or micro-scale accommodation facilities, renovation of rooms for B&B in existing houses, or construction of premises and facilities for accommodation in farms and in outdoor areas (i.e. camping sites, sports and recreation bases)
- Creation of catering facilities or on-farm produce promotional stands
- Productive infrastructure investments directly linked to the organization of touristic outdoor activities like horse-riding, sport or recreation fishing on inland waters exclusively, mountain biking, rafting, eco-paths (provided that their depreciation duration is more than 1 year – as shown in the business plan in accordance with good accounting practices)
- Purchase of necessary IT equipment and software, if it is an integrated part of the project,
- Eligible equipment:
 - o lighting and appliances, air conditioning equipment, filtering and purifying equipment, telecommunications, furniture, sanitary installations, audio-video equipment for entertainment,
 - o kitchen equipment for catering facilities

(7) Size of eligible investments:

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 15.000 Euro
- Maximum 400.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfillment of the eligibility conditions and
- assessment of the submitted business plan,

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Criteria	Points
If the applicant is below 40 years of age when the decision to grant support is taken.	15
If the applicant is a farmer practices in mountain areas as defined under Chapter 3, Section 3.2.4. and/or forestry villages ⁹²	35
If the project shows synergies with other projects in the same local area and/ or if the investment is based on and recommended in the framework of an approved local development strategy	30
If the investment is implemented by a women entrepreneur or the owner of the project is a women	20
TOTAL	100

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output on sub-measure level</i>	Number of tourism ventures supported	645
<i>Result on sub-measure level</i>	Increase in GVA in supported ventures	20%
	Increase in additional number of tourists	20%
<i>Impact on Programme level</i>	Net additional value added	5%
	Net additional FTE jobs created	5%
	Change in GVA/FTE	4%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Number of beds created	2580

⁹² As defined in Principles on Development Services for Forestry Villages (OJ, dated 31.12.2005, No. 26040)

MEASURE TECHNICAL FICHE No 3.1.4
MEASURE 3.1: Diversification and Development of Rural Economic Activities

Sub-measure 4: Aquaculture development

(1) Legal basis

See measure 3.1 general framework.

(2) Sub-measure rationale

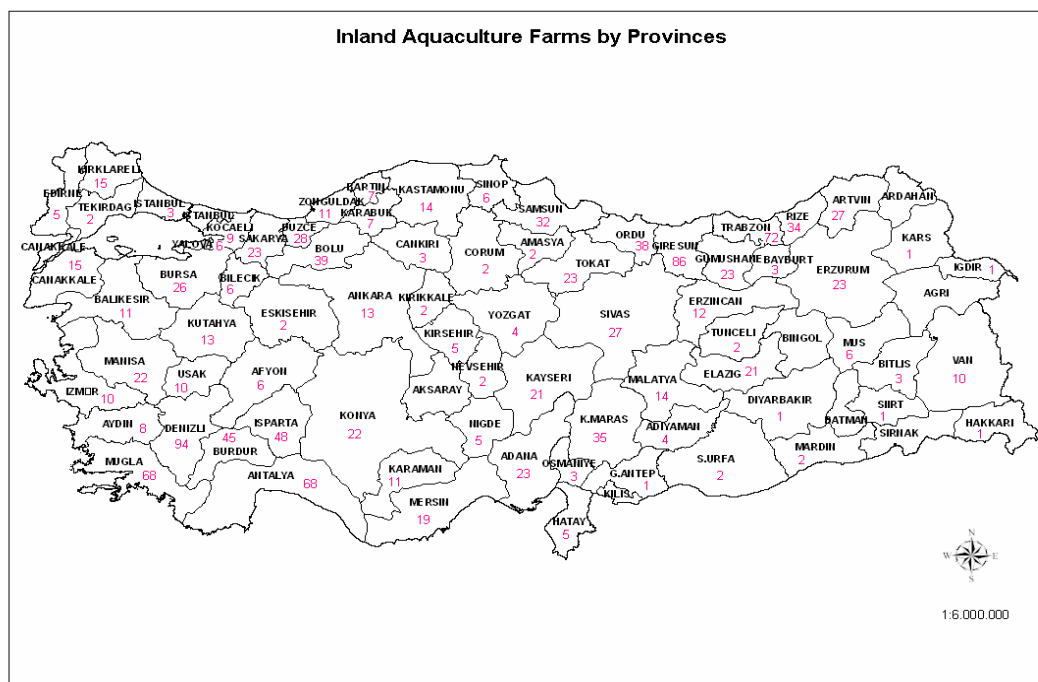
The fishery sector study has identified aquaculture as having a potential for development in the country, both as a source of food and for the export market.

The present production from marine (including brackish water) aquaculture totalled 69,673 tons in 2005 whilst inland freshwater aquaculture produced 48,604 tons. Inland freshwater aquaculture production is carried out either in land based units extracting water from rivers (the major type of production unit) or in cages set in lakes and hydro-electric or irrigation dams.

While the present development of aquaculture mainly concentrates in the Aegean area, many other rural areas have good quality and unused water resources, and are identified in the sector Master Plans as potential areas for the development of this production.

The aquaculture sector currently supports a total of 1,570 farms, out of which 1,274 inland and 296 marine. More than two-thirds of these are micro and small scale rainbow trout farms, while sea bass and sea bream farms are the majority among marine aquaculture farms. One of the major characteristics of the Turkish aquaculture sector is the large number of micro and small -scale family-operated farms producing less than 10 tons per year.

Map 22: Distribution of Present Aquaculture Farms in the Country



Afyon=Afyonkarahisar

IPARD will encourage the freshwater aquaculture farms to modernise, while at the same time promoting the development of freshwater aquaculture in the regions where this activity is insufficiently done. It will do so in compliance with Community standards regarding environmental protection and efficient waste management by the aquaculture farms.

It will also give a priority to projects proposing a diversification into the production of new fish species not currently produced. Productions supported will be: Trout, Carp, Wels, Crayfish, Frog, Algae.

Finally, priority will also be given to projects initiated in mountain areas, and to projects conducted under womens' responsibility.

(3) Specific objectives

By reference to objectives of measure 3.1 and existing markets analysis, priority objectives for sub-measure 3.1.4 are defined as follows:

- to help micro and small farmers (either already engaged in fish production or taking up this new activity) to expand their fish-farming and upgrade to Community standards and Good Fish-rearing Practices

(4) Geographic scope

Eligible provinces

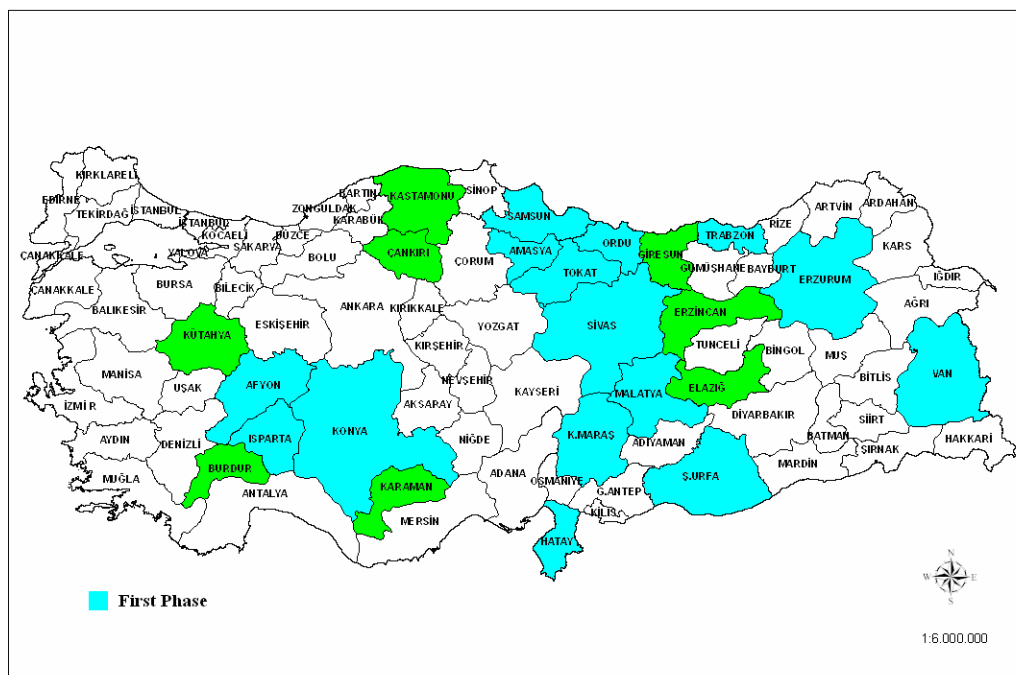
They were selected out of IPARD target provinces by taking into consideration aquaculture potential, water resource potential as well as socio-economic development considerations.

Eligible provinces are: Afyonkarahisar, Amasya, Burdur, Çankırı, Elazığ, Erzincan, Erzurum, Giresun, Hatay, Isparta, Kahramanmaraş, Karaman, Kastamonu, Konya, Kütahya, Malatya, Ordu, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Van,

Out of these, the provinces selected for the first phase (2007- 2009) are: Afyonkarahisar, Amasya, Erzurum, Hatay, Isparta, Kahramanmaraş, Konya, Malatya, Ordu, Samsun, Sivas, Şanlıurfa, Tokat, Trabzon, Van

Rural areas of these provinces as defined in Chapter 3, sections 3.2.2 and 3.2.3 by taking into account the OECD definition as well as the population size of the settlement are eligible for support.

Map 23: Eligible provinces under Sub-Measure 3.1.4



Afyon=Afyonkarahisar

(5) Specific eligibility criteria

In addition to the common eligibility criteria defined in part (6) of the measure fiche 3.1:

- The aquaculture holding should:
 - be located in one of the selected provinces and in rural areas of these provinces defined in Chapter 3, sections 3.2.2 and 3.2.3.
 - be micro sized having up to 10 tons/year build-in production capacity or small sized having minimum 11 tons/year, maximum 50 tons/year build-in production capacity,
 - have the necessary certificate in accordance with the provisions of Fisheries Law No 1380 except in the case of new construction where they must hold the certificate at the end of the realization of the project.
- The beneficiary should be registered as farmer at the National Farm Registry System or registered as a member of the farmer's household in the Turkstat's General Registry System

(6) Eligible investment

- modernization, construction and extension of aquaculture farms
- improvement of ponds and reservoirs,
- equipment for improving the efficiency of the production process, optimization of feeding, fish feeder or feeding automation equipment, equipment for water re-circulation systems
- construction and purchasing of equipment for egg and fry production,
- equipment for improving the quality and hygiene conditions of the production and harvesting
- equipment for diminishing the environmental impact of the aquaculture farms, in accordance with Community standards in this field: waste management systems, equipment for purification

of waters released from ponds and reservoirs and for monitoring the characteristics of the water quality parameters

- installation of small cold stores for storing production before shipping

(7) Size of eligible investments

The maximum and minimum limits of total value of eligible investments per project are:

- Minimum 15.000 Euro
- Maximum 200.000 Euro

(8) Ranking criteria for project selection

The IPARD Agency will,

- after checking the fulfilment of the eligibility conditions and
- assessment of the submitted business plan,

rank the eligible applications received in priority order based on the total number of points obtained on the score board presented below:

Criteria	Points
Applicants less than 40 years of age when the decision to grant support is taken	25
If the farmer practices in mountain areas as defined under Chapter 3 Section 3.2.4. and/or forestry villages ⁹³	25
If the owner of the holding is a woman	25
If the project targeting diversification of fish species produced (provided that market opportunities can be demonstrated)	25
If the investment is based on and recommended in the framework of an approved local development strategy	30
TOTAL	100

(9) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output on sub-measure level</i>	Number of projects supported	450
<i>Result on sub-measure level</i>	Increase in GVA in supported ventures	20%
	Increase in fish production	5%
	Increase in fish consumption	5%
<i>Impact on Programme level</i>	Net additional value added	5%
	Net additional FTE jobs created	5%
	Change in GVA/FTE	4%

(9.1) Programme specific indicators

Type of indicator	Indicator	Target
<i>Result</i>	Number of projects presented by women	68

⁹³ As defined in Principles on Development Services for Forestry Villages (OJ, dated 31.12.2005, No. 26040)

	Number of projects presented by young farmers	180
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MEASURE TECHNICAL FICHE No 4

MEASURE 4: TECHNICAL ASSISTANCE
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(1) Legal basis

- Article 12 (2) of IPA Framework Regulation (EC) No 1085/2006.
- Article 182 of IPA Implementing Commission Regulation (EC) No 718/2007
- Related provisions of the Sectoral Agreement for IPARD

(2) Rationale

The measure covers the provision of the service of technical assistance. This service is justified to support costs associated with implementation of the Programme as set out in paragraph 4 below.

The measure concerns only technical assistance provided for on the basis of Article 182 of IPA Implementing Regulation (EC) No 718/2007

(3) Objectives

The aims of this measure are to assist in particular in implementation and monitoring of the programme and its possible subsequent modification. In support of these aims, the objectives include:

- to provide support for the monitoring of the programme
- to ensure an adequate flow of information and publicity
- to support studies, visits and seminars
- to provide support for external expertise
- to provide support for the evaluation of the programme
- to provide support for the future implementation of a national rural development network

(4) Scope of aid

Under this measure the following actions are eligible provided they are covered by a technical assistance action plan previously approved by the Monitoring Committee and that each specific activity is approved by the Chairperson of the Monitoring Committee before its implementation:

- Expenditures on meetings of the Monitoring Committee, including cost of all experts and other participants, where their presence is considered to be necessary to ensure the effective work of the committee.

Other expenditure necessary to discharge responsibilities of the Monitoring Committee which falls under the following categories:

- expert assistance to consider and review programme baselines and indicators;
- experts to assist or advise the Monitoring Committee concerning implementation and functioning of the monitoring arrangements;

- expenditure associated with meetings and ancillary tasks of working groups;
- seminars.
- Expenditure on information and publicity campaigns, including costs of printing and distribution.
- Cost of translation and interpretation provided in response to requests by the Commission, not including those required pursuant to application of the framework, sectoral and financing agreements.
- Expenditure associated with visits and seminars. Each visit and seminar shall require the submission of a timely written report to the Monitoring Committee.
- Expenditure associated with the preparation of measures in the programme to ensure their effectiveness including those measures where application is foreseen at a later stage such as studies contracted and realized via expert assistance. Such preparatory activities also cover the "acquisition of skills" to prepare for the implementation of the measure "Preparation and implementation of local rural development strategies" until such measure is accredited.
- Expenditure for evaluations of the programme required pursuant to the related provisions of the Sectoral Agreement for IPARD
- Expenditure associated with the establishment and operation of a national network supporting the coordination of activities preparing and implementing local rural development strategies. This can also cover expenditure associated with the future establishment of a national rural development network in line with the Community rules for Member States as well as the expenditure linked to participation in the European Network for Rural Development established by Article 67 of Council Regulation (CE) No 1698/2006.

(5) Linkage to the other IPARD measures included in the Programme and with other IPA priorities/measures

This Measure will provide coverage of technical assistance needs for all the measures of the Programme.

(6) Definition of beneficiaries

The beneficiary of activities under the measure for Technical Assistance is the Ministry of Agriculture and Rural Affairs (MARA), the Managing Authority of the Programme

(7) Eligibility criteria

Eligible expenditure shall be reported on in the context of the annual report. The expenditure may be based also on flat rate amounts (such as per diem), in accordance with the terms and rates applied in the public sector of Turkey for similar actions where no Community co-finance is involved. All expenditure as regards experts and other participants will be limited to those from and going to applicant countries and Member States.

For this measure actions financed or foreseen to be financed within twinning covenants or other projects supported under other IPA components will not be eligible.

(8) Aid intensity

The Community contribution shall be limited to 80% of total public expenditure.

(9) Financing

Financing of the measure is indicated on the table below:

Measure 4. Technical assistance

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
	Euro	Euro	%	Euro	%	Euro	%
1	2=3	3=5+7	4=3/2	5	6=5/3	7	8=7/3
2007	517.500,0	517.500,0	100%	414.000,0	80%	103.500,0	20%
2008	1.325.000,0	1.325.000,0	100%	1.060.000,0	80%	265.000,0	20%
2009	2.137.500,0	2.137.500,0	100%	1.710.000,0	80%	427.500,0	20%
2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2012	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2013	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total 2007-09	3.980.000,0	3.980.000,0	100%	3.184.000,0	80%	796.000,0	20%

Figures in Euro

(10) Monitoring indicators and quantified target indicators

Type of indicator	Indicator	Target IPARD Phase I+II
<i>Output</i>	Number of promotion materials for general information of all interested parties (leaflets, brochures etc)	200
	Number of meetings of the Monitoring Committee	14
	Number of expert assignments supported	28
	Number of seminars, conferences, workshops	24
	Number of publicity campaigns	40
	Number of studies on elaboration and implementation of measures	64
	Number of Programme evaluation reports	4
	Number of rural networking actions supported	10
	Number of activities under measure 2.2.1.	250

CHAPTER 5

FINANCIAL PLAN, AID INTENSITY AND RATE OF COMMUNITY CONTRIBUTION

In this chapter, financial plan for the IPARD Programme is given indicating the aid intensity and rate of Community contribution. There are two sections:

Section 5.1: The share of public funds in the investments and the Commission's contribution to these public funds with regard to Priority axis 1, 2 and 3.

Section 5.2: The overall financial envelope broken down per year, donor and measure in table format.

5.1 COMMISSION'S CONTRIBUTION TO PUBLIC EXPENDITURES

In compliance with Article 173 of the IPA Implementing Commission Regulation (EC) No 718/2007, the share of public expenditure contribution under the individual measures varies.

For investments under Priority axis 1 (Investments in Agricultural Holdings/Investments in Processing and Marketing of Agriculture and Fishery Products), the share of public funds in the investments accounts for 50% and the applicant's contribution accounts for 50%. To public funds the Commission contributes with 75% and the Republic of Turkey with 25%. For the measure "Support for Setting up of Producer Groups" the financing shall be as indicated in Article 175 of the IPA Implementing Commission Regulation (EC) No 718/2007.

To the eligible expenditure under Priority axis 2, the Commission contributes with 80% and the Republic of Turkey with 20%.

For investments within the Priority axis 3, for the measure "Diversification and Development of Rural Economic Activities" the share of public funds in the investments accounts for 50% and the applicant's contribution accounts for 50%. To public funds the Commission contributes with 75% and the Republic of Turkey with 25%.

To the implementation of the measure "Technical assistance" the Commission contributes with 80% and the Republic of Turkey with 20%.

5.2 FINANCIAL TABLES

The tables below show the overall financial envelope broken down per year, donor and measure.

5.2.1. FINANCIAL PLAN, comprising two tables

5.2.1.1 Maximum EU Contribution for IPARD funds in Euro, 2007-2009

year	2007	2008	2009	2007-2009
TOTAL	20.700.000,0	53.000.000,0	85.500.000,0	159.200.000,0

5.2.1.2. Financial Plan per Priority axes in Euro, 2007-2009

(1)	Total public aid (2)	EU contribution rate (3=4/2), %	EU Contribution (4)
Priority Axis 1 - Improving market efficiency and implementing Community Standards	154.954.666,7	75%	116.216.000,0
Priority Axis 2 - Preparatory actions for the implementation of agri-environmental measures and Leader	0,0	80%	0,0
Priority Axis 3 - Development of the rural economy	53.066.666,7	75%	39.800.000,0
Measure 9: Technical assistance	3.980.000,0	80%	3.184.000,0
TOTAL	212.001.333,3	75%	159.200.000,0

5.2.2. INDICATIVE BREAKDOWN BY MEASURE 2007-2009

(1)	Total public aid Euro (2)	Private contribution Euro (3)	Total expenditures Euro (4=2+3)
Priority Axis 1 - Improving market efficiency and implementing Community Standards	154.954.666,7	144.341.333,3	299.296.000,0
Measure 1.1 Investments in agricultural holdings	84.906.666,7	84.906.666,7	169.813.333,3
Measure 1.2 Investments in the processing and marketing of agriculture and fishery products	59.434.666,7	59.434.666,7	118.869.333,3
Measure 1.3 Support for producer groups	10.613.333,3	-	10.613.333,3
Priority Axis 2 - Preparatory actions for the implementation of agri-environmental measures and Leader	0,0	0	0,0
Measure 2.1 Preparation for implementation of actions relating to environment and the countryside	0,0	-	0,0
Measure 2.2: Preparation and implementation of local rural development strategies	0,0	-	0,0
Priority Axis 3 - Development of the rural economy	53.066.666,7	53.066.666,7	106.133.333,3
Measure 3.1 Diversification and development of rural economic activities	53.066.666,7	53.066.666,7	106.133.333,3
Measure 4. Technical assistance	3.980.000,0	-	3.980.000,0
Total	212.001.333,3	197.408.000,0	409.409.333,33

5.2.3. INDICATIVE ALLOCATION OF EU CONTRIBUTION BY MEASURE 2007-2009

5.2.3.1 Indicative allocation of EU Contribution by measure 2007-2009 in Euro, for monitoring purposes

Priority Axes and Measures	EU Contribution				
	2007	2008	2009	2007-2009	
	Euro	Euro	Euro	Euro	Euro
Priority Axis 1 - Improving market efficiency and implementing Community Standards (1)	15.111.000,0	38.690.000,0	62.415.000,0	116.216.000,0	73,0%
Measure 1.1 Investments in agricultural holdings	8.280.000,0	21.200.000,0	34.200.000,0	63.680.000,00	40,0%
Measure 1.2 Investments in the processing and marketing of agriculture and fishery products	5.796.000,0	14.840.000,0	23.940.000,0	44.576.000,00	28,0%
Measure 1.3 Support for producer groups	1.035.000,0	2.650.000,0	4.275.000,0	7.960.000,00	5,0%
Priority Axis 2 - Preparatory actions for the implementation of agri-environmental measures and Leader (2)	0,0	0,0	0,0	0,00	0,0%
Measure 2.1 Preparation for implementation of actions relating to environment and the countryside	0,0	0,0	0,0	0,00	0,0%
Measure 2.2: Preparation and implementation of local rural development strategies	0,0	0,0	0,0	0,00	0,0%
Priority Axis 3 - Development of the rural economy (1)	5.175.000,0	13.250.000,0	21.375.000,0	39.800.000,00	25,0%
Measure 3.1 Diversification and development of rural economic activities	5.175.000,0	13.250.000,0	21.375.000,0	39.800.000,00	25,0%
Measure 4. Technical assistance (3)	414.000,0	1.060.000,0	1.710.000,0	3.184.000,00	2,0%
TOTAL	20.700.000,0	53.000.000,0	85.500.000,0	159.200.000,0	100,0%

(1) : the Community contribution for this priority is 75% of the total public expenditure

(2) : the Community contribution for this priority is 80% of the total public expenditure

(3) : for Technical Assistance, the Community contribution to financing shall, as a general rule, be 80% of the total public expenditure.

5.2.3.2 Percentage allocation of EU contribution by measure 2010-2013, for monitoring purposes

Priority Axes and Measures	EU Contribution				
	2007-2009	2010	2011	2012	2013
	%	%	%	%	%
Priority Axis 1 - Improving market efficiency and implementing Community Standards	73,0%	69,5%	69,5%	69,5%	69,5%
Measure 1.1 Investments in agricultural holdings	40,0%	40,0%	40,0%	40,0%	40,0%
Measure 1.2 Investments in the processing and marketing of agriculture and fishery products	28,0%	23,5%	23,5%	23,5%	23,5%
Measure 1.3 Support for producer groups	5,0%	6,0%	6,0%	6,0%	6,0%
Priority Axis 2 - Preparatory actions for the implementation of agri-environmental measures and Leader	0,0%	6,5%	6,5%	6,5%	6,5%
Measure 2.1 Preparation for implementation of actions relating to environment and the countryside	0,0%	2,5%	2,5%	2,5%	2,5%
Measure 2.2: Preparation and implementation of local rural development strategies	0,0%	4,0%	4,0%	4,0%	4,0%
Priority Axis 3 - Development of the rural economy	25,0%	22,0%	22,0%	22,0%	22,0%
Measure 3.1 Diversification and development of rural economic activities	25,0%	22,0%	22,0%	22,0%	22,0%
Measure 4. Technical assistance	2,0%	2,0%	2,0%	2,0%	2,0%
TOTAL	100%	100%	100%	100%	100%

CHAPTER 6

ADMINISTRATION AND ADMINISTRATIVE PROCEDURES – PROGRAMME IMPLEMENTATION, STRUCTURES AND AUTHORITIES AND FINANCIAL IMPLEMENTATION

In this chapter the administration, administrative structure and procedures for the implementation of IPA and IPARD in Turkey are laid down.

The present chapter is organised in 4 sections;

Section 6.1: Implementing Structures/Authorities.

Section 6.2: Monitoring as one of the crucial parts of the Programme Implementation, Monitoring Committee and data collection.

Section 6.3: Evaluation as another crucial part of the Programme Implementation.

Section 6.4: Role of Mara Provincial Directorates during the Programme Implementation.

6.1 IMPLEMENTING STRUCTURES/AUTHORITIES

The Community support for candidate countries under IPA is implemented according to IPA Council Regulation (EC) No 1085/2006 and IPA Implementing Commission Regulation (EC) No 718/2007 where the financial rules related to IPARD are laid out.

For the implementation of the IPA and IPARD in Turkey, the following authorities and responsible bodies were established:

- National IPA Co-ordinator (NIPAC)
- Competent Accrediting Officer (CAO)
- National Authorising Officer (NAO)
- National Fund (NF)-
- Audit Authority (AA)
- Operating Structure for IPARD
 - Managing Authority (MA)
 - IPARD Agency, Agriculture And Rural Development Support Institution-ARDSI

6.1.1. National IPA Coordinator (NIPAC)

The national IPA coordinator shall be a high-ranking official in the government or the state administration of the beneficiary country, who shall ensure the overall coordination of assistance under the IPA Implementing Commission Regulation (EC) No 718/2007.

The General Secretary for EU is appointed as the National IPA Coordinator for Turkey and shall ensure the overall coordination, programming and monitoring of the five IPA components. NIPAC bears overall responsibility for:

- ensuring partnership between the Commission and Turkey and a close link between the general accession process and the use of assistance under the IPA regulation,
- the coherence and coordination of the programmes provided under the IPA Implementing Commission Regulation (EC) No 718/2007,
- the annual programming for the transition assistance and institution building component at national level,
- the coordination of the participation of Turkey in the relevant cross-border programmes, both with Member States and with other beneficiary countries, as well as in the transnational, interregional or sea basins programmes under other Community instruments.
- drawing up and after examination by the IPA monitoring committee, submitting the IPA annual and final reports on implementation to the Commission with a copy to the national authorising officer.

6.1.2. Competent Accrediting Officer (CAO)

In accordance with Articles 12 and 15 of IPA Implementing Commission Regulation (EC) No 718/2007, and in line with article 24, the competent accrediting officer to be appointed by the beneficiary country shall be a high-ranking official in the government or the state administration of the beneficiary country. He shall be responsible for issuing, monitoring and suspending or withdrawing the accreditation of the national authorising officer and the national fund.

The Minister of State in charge of the Treasury is appointed as the Competent Accrediting Officer in Turkey. The legal basis for the appointment of CAO is the Decree No 2007/30 (OJ dated 21/11/2007 No 26707).

In performing its tasks, the CAO may, in accordance with national procedures, call on other administrative bodies or departments, particularly on those with accounting or technical expertise.

The CAO shall ensure that any proposed changes in the management and control system's paying and implementing arrangements after their accreditation and conferral of management are submitted to the Commission, with copy to the Audit Authority, for examination and approval in advance of their implementation. It shall state, in written form, after duly examination of the proposed changes, whether it is satisfied that the continuous fulfilment of all the requirements set out in the Agreements is confirmed.

6.1.3. National Authorising Officer (NAO)

The National Authorising Officer to be appointed by the beneficiary country shall be a high-ranking official in the government or the state administration of the beneficiary country. He shall:

- (a) as the head of the National Fund, bear overall responsibility for the financial management of EU funds in the beneficiary country; he shall be responsible for the legality and regularity of the underlying transactions;
- (b) be responsible for the effective functioning of management and control systems under the IPA Regulation.

In Turkey, the State Minister responsible for the Treasury heading the NF has been appointed as the National Authorising Officer. The legal basis for the appointment of NAO is the Addendum No 1 to the Memorandum of Understanding on the Establishment of a Central Finance and Contracts Unit (CFCU) Between the Government of Turkey and the European Commission (OJ dated 05/07/2006 No 26219). He/She shall in particular fulfill the following tasks:

- provide assurance about the regularity and legality of underlying transactions,
- draw up and submit to the Commission certified statements of expenditure and payment applications; the National Authorising Officer shall bear overall responsibility for the accuracy of the payment application and for the transfer of funds to the operating structures and/or final beneficiaries,
- verify the existence and correctness of the co-financing elements,
- ensure the identification and immediate communication of any irregularity,
- make the financial adjustments required in connection with irregularities detected, according to the provisions of Article 50 of IPA Implementing Commission Regulation (EC) No. 718/2007,
- be the contact point for financial information sent between the Commission and Turkey,

- be responsible for issuing, monitoring and suspending or withdrawing the accreditation of the operating structures,
- ensure the existence and effective functioning of systems of management of assistance under the IPA Regulation,
- ensure that the system of internal control concerning the management of funds is effective and efficient,
- report on the management and control systems,
- ensure that a proper reporting and information system is functioning,
- follow-up the findings of audit reports from the audit authority, in accordance with Article 30(1) of IPA Implementing Commission Regulation (EC) No 718/2007.
- immediately notify the Commission, with a copy of the notification to the competent accrediting officer, of any significant change concerning the management and control systems,
- shall draw up an annual statement of assurance, as defined in Article 27 of IPA Implementing Commission Regulation (EC) No 718/2007,
- shall inform the Commission, copy to the CAO, of the reasons and potential consequences in case of non effective functioning of the management and control system and the legality and regularity of underlying transactions, as well as of the actions being taken to remedy the situation and to protect the interests of the Community.

6.1.4. National Fund (NF)

The national fund shall be a body located in a state level Ministry of the beneficiary country with central budgetary competence. It shall act as a central treasury and be in charge of tasks of financial management of assistance under the IPA Regulation, under the responsibility of the National Authorising Officer.

It shall in particular be in charge of organising the bank accounts, requesting funds from the Commission, authorising the transfer of funds received from the Commission to the operating structures or to the final beneficiaries, and the financial reporting to the Commission.

The National Fund is the body located in the Undersecretariat of Treasury with central budgetary competence. The legal basis is the Decree No 2007/30 (OJ dated 21/11/2007 No 26707). The National Fund shall be responsible for:

- Organising bank accounts,
- Requesting financing from the Commission,
- Transferring of funds to the operating structure or to the final beneficiaries and
- The financial reporting to the Commission.

6.1.5. Audit Authority (AA)

The Board of Treasury Controllers is designated as the Audit Authority to audit effective and sound functioning of the management and control systems regarding the funds under pre-accession financial cooperation. The legal basis for the appointment of AA is the Decree No 2007/30 (OJ dated 21/11/2007 No 26707). The Audit Authority is functionally independent from all actors in the system and can not be asked for auditing directly or indirectly from any of the actors. The Audit Authority shall mainly;

- a) During the course of each year, establish and fulfil an annual audit work plan which encompasses audits aimed at verifying the effective functioning of the management and control systems and the reliability of accounting information provided to the European Commission, and submit the work plan to the CAO with a copy with copy to the NAO, before the start of the year in question ,
- b) Submit an annual audit activity report summarizing the weakness found in the management and control system or in transactions, to the European Commission, to the CAO and copy to the National Authorising Officer (NAO) not later than the end of the year,
- c) Submit an annual audit opinion as to whether the management and control systems functions effectively and conforms to the requirements to the European Commission, to the CAO and copy to the National Authorising Officer (NAO) not later than the end of the year.
- d) During the implementation period or the closure stage of the programs, submit an opinion on the statement of expenditure or the payment applications, to the European Commission and to the CAO, at the same time as the relevant final statement of expenditure submitted by the NAO, or at least within three months of the submission of that final statement of expenditure.

The Audit Authority shall be allowed to audit all management and control systems and activities regarding IPA. All relevant institutions in this context are obliged for the retention of all documents, information, records, reports and information systems concerning management and control systems, required to ensure an adequate audit trail and submit them upon the request of the Audit Authority.

The Audit Authority shall be comply with the international standards on auditing, in particular as regards the areas of risk assessment, audit materiality and sampling.

6.1.6. Operating Structure

According to Article 28 of IPA Implementing Commission Regulation (EC) No 718/2007, for each IPA component or programme, an operating structure shall be established to deal with the management and implementation of assistance under the IPA Regulation. The operating structure shall be a body or a collection of bodies within the administration of the beneficiary country.

The operating structure shall be responsible for managing and implementing the programme or programmes concerned in accordance with the principle of sound financial management.

According to Article 28 of the IPA Implementing Commission Regulation (EC) No 718/2007, the Operating Structure shall carry out a number of functions that include:

- (a) drafting the annual or multi-annual programmes,
- (b) monitoring programme implementation and guiding the work of the sectoral monitoring committee, notably by providing the documents necessary for monitoring the quality of implementation of the programmes,
- (c) drawing up the sectoral annual and final implementation reports and after their examination by the sectoral monitoring committee, submitting them to the Commission, to the national IPA coordinator and to the national authorising officer,
- (d) ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes and that they comply with the relevant Community and national rules,
- (e) setting up procedures to ensure the retention of all documents required to ensure an adequate audit trail,
- (f) arranging for tendering procedures, grant award procedures, the ensuing contracting and making payments to and recovery from the final beneficiary,
- (g) ensuring that all bodies involved in the implementation of operations maintain a separate accounting system or a separate accounting codification;

- (h) ensuring that the national fund and the national authorising officer receive all necessary information on the procedures and verifications carried out in relation to expenditure,
- (i) setting up, maintaining and updating the reporting and information system,
- (j) carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate,
- (k) ensuring internal audit of its different constituting bodies,
- (l) ensuring irregularity reporting,
- (m) ensuring compliance with the information and publicity requirements.

In Turkey, the Operating Structure designated for IPARD in accordance with Article 28 of the IPA Implementing Commission Regulation (EC) No 718/2007 consists of the following separate bodies:

- a. The Managing Authority, which is responsible for managing the IPARD Programme in an efficient, effective and correct manner. The legal basis is the National Rural Development Strategy adopted by the decision of High Planning Council dated 25 January 2006.
- b. The IPARD Agency, Agriculture and Rural Development Support Institute (ARDSI), which is responsible for managing and implementing the Programme assistance under IPARD in accordance with the principle of sound financial management. The legal basis is the Law on establishment and duties of the Agriculture and Rural Development Support Institute (ARDSI) No 5648/2007 (OJ dated 18/05/2007 No 26526).

6.1.7. Managing Authority (MA)

The Ministry of Agriculture and Rural Affairs (MARA) is referred to as the Managing Authority in the National Rural Development Strategy OJ dated February 4, 2006 No 26070. The Project Management and Audit Department under the Strategy Development Board of the Ministry of Agriculture and Rural Affairs was appointed to fulfill the responsibilities of the Managing Authority. This department has already been dealing with the related issues on the alignment to EU Rural Development Policy since 2003.

As it is described in the Article 28 of the IPA Implementing Commission Regulation EC No 718/2007, the Managing Authority will be responsible for;

- (a) drafting the programme;
- (b) monitoring programme implementation and guiding the work of the sectoral monitoring committee notably by providing the documents necessary for monitoring the quality of implementation of the programmes,
- (c) drawing up the sectoral annual and final implementation reports and after their examination by the sectoral monitoring committee, submitting them to the Commission, to the National IPA Coordinator and to the National Authorising Officer,
- (d) ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes and that they comply with the relevant Community and national rules,
- (i) setting up, maintaining and updating the reporting and information system;
- (m) ensuring compliance with the information and publicity requirements.

In accordance with the Annex of the Draft Sectoral Agreement for IPARD, the Managing Authority shall have an organisational structure allowing them to execute the following main functions in respect of IPARD expenditure for accreditation by NAO:

- Managing functions

- Monitoring: the objective of this function is to monitor the effectiveness and the quality of the implementation of the IPARD programme. It is further detailed under section 6.2.
- Evaluation: the objective of this function is to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the IPARD Programme as further detailed under section 6.3.
- Reporting: the objective of this function is to ensure that implementation of the Programme and progress of the individual projects and measures are reported in a way which helps to ensure the effective and efficient implementation of the measure, using adequate information and communication systems. The Managing Authority, following consultation with the IPARD Agency, shall draw up annual reports and a final report on the implementation of the IPARD Programme.
- Coordination: the objective of this function is to guide and monitor the work of the Sectoral Monitoring Committee (IPARD Monitoring Committee) notably by providing the documents necessary for monitoring the quality of the implementation of the programmes.

- Implementing functions

- Publicity: the objectives of this function, as detailed in Chapter 7, are both:
 - the issuing of calls for applications and publicising terms and conditions for eligibility, including information on contractual obligations and possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work,
 - and to highlight of the role of the Community and to ensure the transparency of Community assistance.

6.1.8. IPARD Agency (Agriculture And Rural Development Support Institute-ARDSI)

6.1.8.1. Duties and responsibilities

The Agriculture and Rural Development Support Institute (ARDSI) was established by Law No 5648/2007 (OJ dated 18/05/2007 No 26526) as IPARD Agency.

The duties and responsibilities of the Agriculture and Rural Development Support Institution (ARDSI) are:

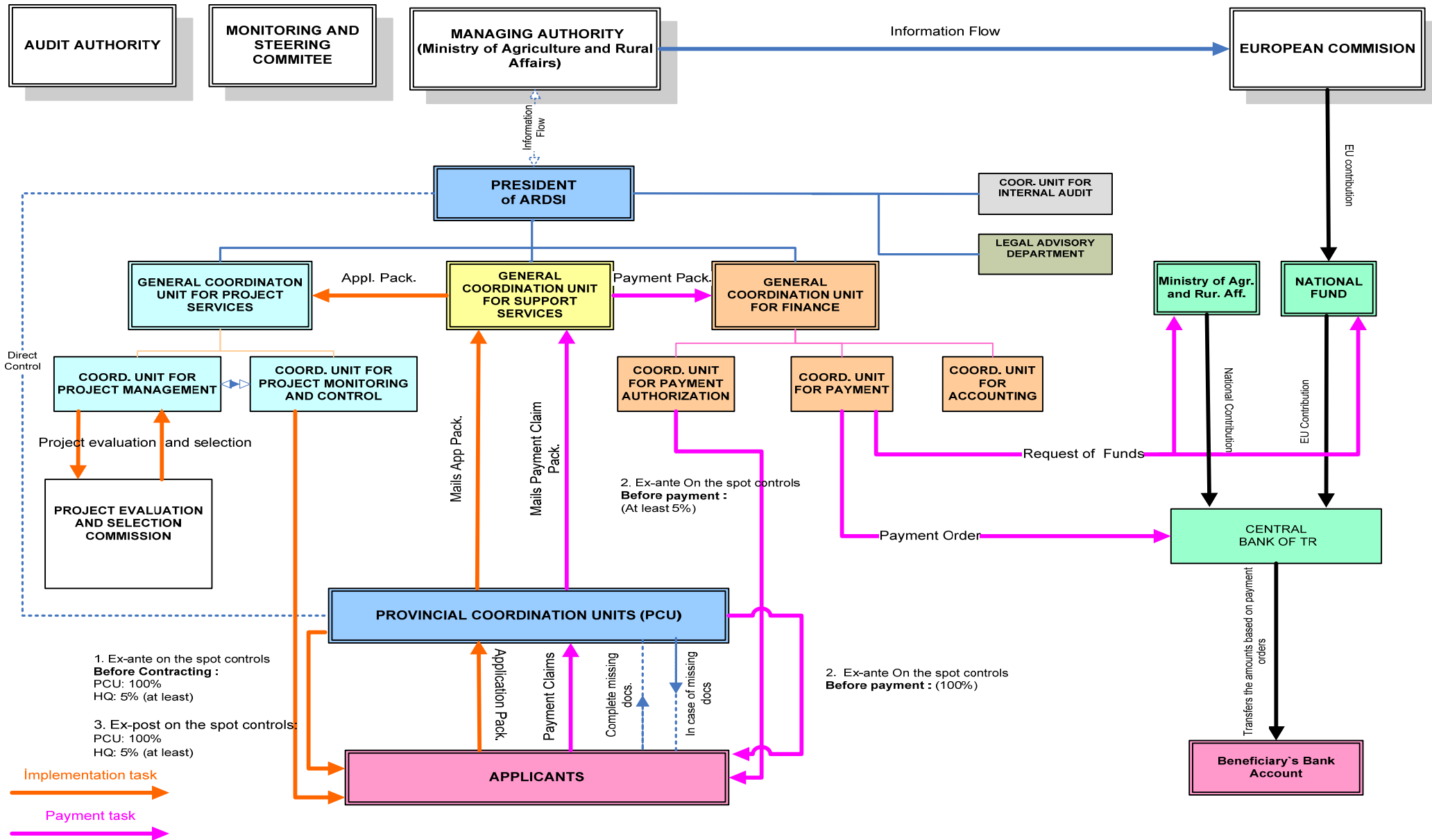
- arranging for tendering procedures, grant award procedures, the ensuing contracting, and making payments to and recovery from, the final beneficiary,
- ensuring that the NAO, the National Fund and the Managing Authority receive all information necessary to perform their tasks,
- selecting and checking operations in accordance with the criteria and mechanisms applicable to the IPARD Programme and complying with the relevant Community and national rules;

- carrying out checks to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision and the payment requests by the final beneficiary are correct. These checks shall cover financial, administrative, technical and physical aspects of operations, as appropriate,
- making calls for applications and publicising terms and conditions for eligibility,
- checking applications for approval of projects against terms and eligibility conditions, and compliance with the Agreements including, where appropriate, public procurement provisions,
- laying down contractual obligations in writing between ARDSI and the final beneficiaries including information on possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work,
- execution of on-the-spot checks to establish eligibility both prior to and following project approval,
- follow-up actions to ensure progress of projects being implemented,
- reporting progress of measures being implemented against indicators,
- ensuring that the final beneficiary is made aware of the Community contribution to the project,
- carrying out authorization of payment, payment and accounting procedures regarding the projects,
- monitoring the implementation of the projects and activities, following whether the beneficiaries fulfill the provisions and obligations of the contract and conducting necessary controls in this respect,
- notifying the relevant authorities of the comments and amendment proposals concerning the activation of the programme and supports,
- establishing a dependable data base and information processing system regarding the duties and activities of the Institution,
- Making administrative arrangements concerning the activities of the Institution.
- Ensure that the maximum ceilings for public expenditure is not exceeded.

6.1.8.2. Implementation procedures of the IPARD Agency

An overview of the workflow is provided below:

AGRICULTURE AND RURAL DEVELOPMENT SUPPORT INSTITUTION (ARDSI)-THE GENERAL DIAGRAMME



a) Application processing activities at Provincial Coordination Units of ARDSI

Application forms, templates of business plans and all the necessary annexes to be completed by the applicants shall be obtained from the Provincial Coordination Units (PCU) as from the date indicated in the Call for Applications.

Applications shall be submitted personally by the applicant or his/her assignee to the relevant PCU (to which he/she appertains) in writing, in three copies – one original and two duplicate – indicating whether the copy is original/duplicate.

The experts in the PCUs shall carry out the the formal and eligibility check of the application packages. Each measure and sub measure has its own formal and eligibility checklist, so checking of the documents in the application packages shall be performed according to related measure and sub measure..

All activities performed by the experts, shall be reviewed by the senior experts in order to enforce the principle of “four-eyes”.

After completion of the formal and eligibility check for a given application, the procedure of on-the-spot control shall start. On-the-spot control experts (CE) within the “Project Monitoring and On-the-spot Inspection Subunit” of the PCUs are authorized to perform the preliminary on-the-spot controls. They can also function as the technical experts and especially veterinary and environmental experts. Moreover, a number of technical bodies are generally to be involved in the proper application of the IPARD legal framework. As these bodies have a major role in the checks of technical nature and constitute an essential element in the establishing of a proper monitoring of the IPARD management and control system a list of them is provided in Annex 6.1.1 with a short explanation of their role and place in the IPARD procedure.

The on-the-spot controls of the applicants shall involve the verification of the information and data given in the application package. All the applications (100%) considered to be eligible shall be subjected to be controlled on-the-spot by on-the-spot control experts in PCUs.

The on-the-spot controls shall be carried out by a control group (made up of at least two CEs). CEs shall record the findings in a Report, and these findings and experiences shall be supported by working papers and other relevant documentation with adequate evidence including taking pictures. The report shall be signed by both the experts group and the applicant. After the senior CE checks the report prepared, the coordinator of PCU approves it.

b) Application processing activities at headquarters of ARDSI

Following the completion of the application processing activities carried out by the PCUs, described briefly above, the application packages considered to be eligible, together with all the checklists, reports, documents etc. shall be mailed to the Headquarters of ARDSI (HQ) for final processing and contracting.

Then experts responsible for processing of applications, those employed within the Coordination Unit for Project Management (CUPM), starts the processing of applications by checking the documents according to specific checklists whether all the necessary documents exist in the application package.

The applications shall be scored in two stages: (a) scoring of business plans, (b) scoring according to *ranking criteria for project selection*” determined in the IPARD Programme.

The experts responsible for processing of applications, those employed within the Coordination Unit for Project Management (CUPM), shall first check, analyze, assess and score the Business Plans of the Applications

In this process, analysis shall focus on the assessment of the effects of the project described in the application, assessing the efficiency and effectiveness generated by the project, and assessing the economic viability of the project itself. The economic viability of the applicant should be demonstrated in the business plan. General criteria for evaluation of the economic viability of the applicant that is compatible with the current practice of banking system is provided in annex 4.1.2. The business plan should include the necessary documents listed in the annex 4.1.2. Economic viability should be demonstrated that the equity capital of the holding/enterprise and its stocks in terms of liquid and assets meet the operational costs. In this scope, the experts shall examine the viability and competitiveness of the undertaking, the need for the investment, and its compliance with the objectives specified for the given measure and sub measure.

Applications that best comply with the special objectives defined in the IPARD Programme shall be selected since the funding is limited. For this purpose, the applications are subjected to be scored according to the “*ranking criteria for project selection*” determined in the IPARD Programme. Scoring of the applications according to “*ranking criteria for project selection*” shall be carried out according to special conditions, determined for individual measures and sub measure in the IPARD Programme and shall be carried out by the same experts who already performed the analysis and scoring of the business plan. Experts responsible for application processing continue the above mentioned processes for a determined period of time.

Sampling

At least 5% of all applications received from PCUs shall be subjected to be checked again based on risk analysis. Such kind of checks shall include: formal, eligibility and on-the-spot checks. Formal and eligibility checks of applications consist of re-checking of all the document based processing activities already carried out by PCUs such as completeness and eligibility of the application package.

Following the formal and eligibility checks of the at least 5% of the application packages received from PCUs, repeated on-the-spot controls shall be carried out by on-the-spot control experts (CE) employed within the Coordination Unit for Project Monitoring and Control (CUPMC). All these re-controls serve to verify the basic information supplied in the application for aid and to re-check the situation before the potential beginning of a project. The repeated on-the-spot controls of the applicants shall be performed for all selected applications those have already been checked in formal and eligibility aspect and shall always be carried out before contracting. That means that the selected applications shall first be checked for their eligibility and formal aspects and then the same applications shall be controlled on the spot.

The on-the-spot controls before contracting shall be carried out by a group of CEs (made up of at least two CEs). CEs shall record the findings in a report and these findings and experiences shall be supported by working papers and other relevant documentation with adequate evidence including pictures at applicant's place. The report shall be signed by both the CEs group and the applicant.

The experts authorized to carry out the controls shall be responsible for compliance with the on the spot control procedures namely “Manual for On-the-spot Controls” and for the achievement of the set objective. All activities performed by the experts, shall be reviewed by the Senior Experts in order to enforce the principle of “four-eyes”.

Ranking and decision on support

The ranking shall be done according to measures and sub measures and according to the scores of the applications determined according to the “*ranking criteria for project selection*”.

In case where two or more applications reach an equal number of points given according to the IPARD Program’s “*ranking criteria for project selection*”; the points given for their business plans shall be taken into consideration. That means, the project with higher points gets a prior rank among the other projects with the same points.

If two or more projects’ both scores (*The points given for their business plans and points given according to ranking criteria for project selection determined in IPARD Program*) are equal, then the first submitted project according to submission date and hour shall be listed in a priority rank.

Finally, the list of ranked projects according to measure and sub-measure shall be submitted to the Project Evaluation and Selection Commission (PESC) for decision on support.

The detailed procedures of the selection of applications to be supported under IPARD programme is described in internal regulation on “*Rules and Procedures for PESC*”.

The list of awarded projects under the IPARD Programme shall be completed and signed by the each members of the PESC in the meeting and shall be recorded. The minutes of meetings of PESC shall be recorded.

After the conclusion of the contracts with beneficiaries, the implementation of the contracted project starts nevertheless, the procurement procedures should be performed prior to the conclusion of the contracts.

Payment procedures

A notification letter is sent to the beneficiary for submission of the Payment Claim Package. The beneficiary obtains the necessary documents in the Payment Claim Package (PCP) from the PCUs and submits the payment claim package to the Payment Claim Processing Sub-Unit (PCPSU) in PCU with PCP and all the other necessary invoices, annexes etc. The PCPSU carries out the content and completeness check of all the submitted documents in PCP. After the checking of the content and correctness of the PCP, the on-the-spot control experts perform the on-the-spot controls. The procedure is similar to the one briefly explained above. (preparation of checklists, reports etc.). Such kind of controls on-the-spot shall be carried out for 100% of the applicants before authorization of payments.

PCUs then send all the necessary documents, reports, etc with the PCP to the Coordination Unit for Payment Authorization (CUPA). CUPA checks and controls the PCP (100%) and all the work realised by the PCUs. Then On-the-spot control experts employed within the CUPA carry out on-the-spot controls for selected at least 5% of the beneficiaries.

Then the CUPA prepares the “*Authorisation of payment*” and sends one copy to the Coordination Unit for Accounting (CUA) to carry out the accounting procedures and one copy to the Coordination Unit for Payment (CUP). Payment procedures are carried out by CUP. First, the national contribution from MARA, and then the Community contribution from NF are requested. Following the contributions are sent in disposal account of ARDSI, then CUP makes payment order

to the Central Bank of TR in three working days since the euro account was debited in order to transfer support amount to the beneficiaries.

Ex-Post On-the-spot Controls:

The overall aim of this control is the comparison of the contents of the given financing contract, including its specific parts, with the results of the implementation of the projects.

Moreover, such kind of checks are subsequent check of the compliance with the provisions of the contract after the completion of the project, i.e. the comparison of the contents of the individual contracts including their specific parts with the results of the implementation of the project. It shall be carried out to establish whether the terms and eligibility conditions of the grants continue to be respected.

The general objectives of these checks are;

- a. verify the regularity and legality of the underlying transactions of the investment operations;
- b. verify the reality and finality of payments made by the final beneficiary;
- c. ensure that the same investment has not been financed in an irregular manner from different national or Community sources.

The controllers for the ex-post on the spot controls shall not have been involved in any ex-ante controls of the same investment operation.

6.2 MONITORING

6.2.1. Monitoring

The monitoring is one of the crucial parts of the Programme Implementation. The overall effectiveness, quality and coherence of the implementation of all programmes and operations towards meeting its objectives set are followed-up by means of monitoring. Thus, monitoring is a core management responsibility, which involves the systematic and regular collection, analysis, communication and use of information for the purposes of management and decision making, concerning the direction of the programme.

According to the IPA Implementing Commission Regulation (EC) No 718/2007, Article 193 it is the obligation of beneficiary country to send annual progress reports to the Commission and to the national IPA coordinator within six months of the end of each full calendar year of programme implementation. These annual reports should be examined and approved by the monitoring committee prior to their submission. Such reports shall contain information regarding the implementation progress, covering in particular, the attainment of set objectives, the problems encountered in managing the programme, and the measures taken, financial execution, as well as monitoring and evaluation activities carried out.

The final report shall be submitted to the Commission and the national IPA coordinator, after its examination by the monitoring committee at the latest six months after the final date of eligibility of expenditure under the programme.

6.2.2. Monitoring Committee

In line with Article 192 and in accordance with the provisions of Article 59 of IPA Implementing Commission Regulation (EC) No. 718/2007, a sectoral Monitoring Committee shall be set up by the beneficiary country within six months after the entry into force of this regulation.

The sectoral monitoring committee for IPARD shall satisfy itself as to the effectiveness and quality of the implementation of the IPARD programme in accordance with the relevant provisions of the IPA Implementing Commission Regulation (EC) No. 718/2007 and the sectoral and/or financing agreements. It may make proposals to the Commission and the national IPA coordinator, with a copy to the national authorising officer, for decisions on any corrective measures to ensure the achievements of programme objectives and enhance the efficiency of the assistance provided.

The sectoral monitoring committee shall be composed of representatives of relevant authorities and bodies, and appropriate economic, social and environmental partners. It shall draw up and approve its rules of procedure.

The progress, efficiency and effectiveness of the programme in relation to its objectives shall be measured by means of indicators relating to the baseline situation as well as to the financial execution, outputs, results and impact of the programmes.

The Monitoring Committee shall periodically review progress made towards achieving the objectives set out in the IPARD Programme.

Conforming with these provisions the monitoring function will be institutionalised by the establishment of a Monitoring and Steering Committee in Turkey. This Committee, under the chairmanship of the Undersecretary of the MARA, will aim to ensure that the relevant public institutions, socio-economic and environmental partners, non-governmental organisations and other concerned parties and stakeholders attend and contribute to the process of monitoring and evaluation of the IPARD programme. The Committee will be attended also by the European Commission. Although the procedures for the establishment of the Committee have not been finalised yet, the potential composition of the shadow Monitoring and Steering Committee is provided in Annex 6.1.2.

The progress of the programme, as well as its efficiency and effectiveness in relation to its objectives, will be measured by indicators related to the baseline situation, as well as to the financial execution, outputs, results and impact of the programme. Input, output and impact indicators are built into each of the technical measure/sub-measure fiches setting the base for monitoring and evaluation activities.

ARDSI and the Monitoring and Steering Committee of IPARD will regularly monitor and evaluate the delivery of programme outputs to be achieved through the provision of programme inputs. This is a continuous process aimed to correct any deviation from the operational objectives and improve programme performance.

6.2.3. Data collection

Collection of data for monitoring purposes is a sensitive task to be carried out. The amount of data needed is substantial and collection can also be very time consuming. It will be ensured that the crucial task to set up a suitable system which can be updated even daily will be carried out timely. Application forms and business plans will be designed in a way that provides the collection of data

of the baseline indicators in order to monitor the indicators identified in the measure and sub-measure fiches of the Programme.

The entire procedure will be IT based, with the necessary and tailored software, ensuring that every step is registered properly. Checklists and necessary double controls will be incorporated in the system, so as to minimise errors and further safeguard accuracy of data and, thus, results.

6.3 EVALUATION

In line with Article 191 and in accordance with the provisions of Article 57 of IPA Implementing Commission Regulation (EC) No 718/2007, the Programme shall be subject to ex ante, ex post and where appropriate, interim evaluations carried out by independent evaluators under the responsibility of the beneficiary. Evaluation shall aim to improve the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programme.

Article 57 of IPA Implementing Commission Regulation (EC) No 718/2007 states that during the period of implementation of a programme, at least one interim evaluation shall be carried out, and specifically when the monitoring of the programme reveals significant departure from the goals initially set. Ex post evaluation of the implementation of assistance shall be the responsibility of the Commission.

The ex-ante evaluation of the IPARD Programme was executed by the Joint-Venture of Scanagri Denmark A/S consortium partners consisting of NIRAS A/S (former Scanagri Denmark A/S) Denmark, ADE s.a., Belgium, BRL Ingénierie, France, AGROTEC S.p.A., Italy, ECORYS, the Netherlands, Halcrow Group Ltd., United Kingdom, Oceanic Development, France, TYPSA Ingenieros Consultores, Spain. The evaluation began on March 12, 2007 and the final report was submitted in July 2007.

An interim/mid-term evaluation in the 4th year of the programme and an ex post evaluation are envisaged for the IPARD programme evaluation. Each evaluation will be carried out by independent evaluators under Turkey's responsibility. Detailed modalities of these evaluations will be set out in the sectoral and/or financing agreements.

6.4 ROLE OF MARA PROVINCIAL DIRECTORATES DURING IPARD IMPLEMENTATION

MARA headquarters are located in Ankara in 5 Main Service Units, 4 Support Services Units and 3 Consulting-Auditing Units. (MARA's organigramme is attached in Annex 6.1.3). The local bodies of the MARA are settled in 81 provinces and 894 district offices.

All provincial MARA offices have control, project, statistics, support, animal health and plant protection departments, as well as farmer training and extension departments (standard organisation chart attached as Annex 6.1.4). Therefore, technical competence shall be available from the very beginning of future IPARD operations. Provincial Governorships, are also well developed structures with wide responsibilities for all aspects of agriculture and rural development.

MARA Provincial Directorates located in each of the 42 IPARD target provinces will play an important role in assisting and supporting the proper implementation of the Programme – in parallel but distinctively from the control functions of the IPARD Agency.

In particular, they will be entrusted with the following roles;

To train and give technical advise to the potential applicants in the initial conception of their projects, by answering technical questions and providing as much on-the-spot training as needed, although in no way substituting for the applicant's own primary responsibility in the preparation of his/or her project application,

The technical advise will not cover the more specialised topics directly linked with the new investments purchased through the project, as these may be directly covered by specialised technical advise extended directly by the supplier of the equipment, but it will insist on the wider aspects of "Good Agricultural Practices" as well as exploring with the farmer the interactions between his newly purchased equipment(s) and his prior technical practices.

To organise group trainings regularly, reserved to successful applicants in priority in order to extend their knowledge on the finer aspects of adoptance of "Good Agricultural Practices" and respect of Community Standards in their various fields of application.

CHAPTER 7

PUBLICITY AND VISIBILITY

The present chapter is organised in 3 sections;

Section 7.1: How the information on the IPARD programme, its operations and the Community contribution shall be provided and publicised.

Section 7.2: The visibility of the IPA assistance programmes and their impact on the citizens to ensure public awareness.

Section 7.3: The communication plan on which the activities to make available and publicise information about assistance under the IPARD Programme to be implemented

7.1. INFORMATION AND PUBLICITY

According to the IPA Implementing Commission Regulation (EC) No 718/2007, Article 62, information on the IPARD programme, its operations and the Community contribution shall be provided and publicised. The information have the aim of highlighting the role of the Community and ensuring transparency.

This information shall be addressed at the general public, citizens and beneficiaries. The objectives of publicity are both:

- the issuing of calls for applications and publicising terms and conditions for eligibility, including information on contractual obligations and possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work,
- and to highlight of the role of the Community and to ensure the transparency of Community assistance.

According to the Article 62 of the IPA Implementing Commission Regulation (EC) No 718/2007, operating structures shall be responsible for organising the publication of the list of the final beneficiaries, the names of the operations and the amount of Community funding allocated to operations. They shall ensure that the final beneficiary is informed that acceptance of funding is also an acceptance of their inclusion in the list of beneficiaries published.

In this context, The Managing Authority for the IPARD Programme is responsible for its publicity as follows:

- a) it shall inform potential beneficiaries, professional organisations, the economic and social partners, bodies involved in promoting equality between men and women and the non-governmental organisations concerned, including environmental organisations, of the possibilities offered by the IPARD Programme and the rules for gaining access to IPARD Programme funding;
- b) it shall inform the beneficiaries of the Community contribution;
- c) it shall inform the general public about the role played by the Community in the IPARD Programmes and the results thereof.

The IPARD Agency is responsible for the publication of the list of the final beneficiaries, the names of the operations and the amount of Community funding allocated to operations. They shall ensure that adequate publicity is given to the availability of support and the final beneficiary is informed that acceptance of funding is also an acceptance of their inclusion in the list of beneficiaries published.

The publicity shall make reference to Community co-financing and be directed towards all potential project managers and operators so as to obtain as wide as possible a selection of potential project managers and operators. Standard application forms with clear guidelines for completion and conditions for eligibility shall be drawn up in advance of the launch of the scheme. No charges shall be imposed on potential final beneficiaries or on final beneficiaries for information, including application forms, relating to the IPARD Programme.

The amount allocated for information and publicity may be part of the technical assistance component of the rural development IPARD Programme.

When specific information and publicity activities at project level are required such activities shall be the responsibility of the final beneficiaries, and shall be funded from the amount allocated to the relevant project.

7.2. VISIBILITY

According to the Article 63 of the IPA Implementing Commission Regulation (EC) No 718/2007, the Commission and the relevant national, regional or local authorities of the beneficiary Countries shall agree on a coherent set of activities to make available, and publicise, in the beneficiary countries, information about assistance under the IPA Regulation.

The visibility of the IPA assistance programmes and their impact on the citizens of the beneficiary countries is essential to ensure public awareness of EU action and to create a consistent image of the measures concerned in all beneficiary countries.

Taking these requirements into account a Communication Plan, as described in details under the next section, in order to inform potential beneficiaries, professional organisations, the economic, social and environmental partners, bodies involved in promoting equality between men and women and the NGO's of the possibilities offered by the Programme and the rules for gaining access to Programme funding will be prepared.

7.3. COMMUNICATION PLAN

Activities to make available and publicise information about assistance under the IPARD Programme will be implemented based on a communication plan to be agreed between the Managing Authority and the Commission. This communication plan shall be appraised by the IPARD Monitoring Committee and shall set out:

- a) the aims and target groups,
- b) the content and strategy of the communication and information measures, stating the measures to be taken,
- c) its indicative budget,
- d) the administrative departments or bodies responsible for implementation,
- e) the criteria to be used to evaluate the impact of the information and publicity measures in terms of transparency, awareness of the IPARD Programme and the role played by the Community.

Once the Programme is approved and declared, information and public announcements will be performed through direct lecturing and presentations as well as medial presentation. They are important for understanding the role of the European Union regarding the preparation of the agriculture and rural development sectors for the process of Turkey's accession.

These activities are also aimed at notifying the public about co financing possibilities and investments arising from the IPARD Programme. It is important that all stakeholders including administrative bodies, public and private sector as well as potential beneficiaries are informed about the programme content and implementation procedures in details so as to increase the capacity for understanding and use of the pre-accession programmes. This is managed through the media, leaflets/guidebooks, broadcasting on national and local TV channels, meetings, seminars, posters, brochures, handbooks, short films and web sites. Additionally, orientation and training activities for potential beneficiaries will be widely organised.

Key persons from the involved administrative bodies will be informed and trained in workshops on the content and implementation of the programme so that they can distribute the information and advice potential beneficiaries. The capacity to provide training is very high in MARA organisations at both the central and the provincial levels. Most departments provide services as help desks and information offices to citizens.

The instruments for the communication plan are as follows:

- The MARA website is the most valued information tool at the moment. General information on the Turkish IPARD Programme including concise information on the objectives of the Programme and its legal framework as well as detailed information on the procedures of application, approval, payments and control for each measure will be put on MARA website.
- Posters will be published and distributed to the selected provinces.
- The information materials will be prepared and distributed to the provinces. Capacity for training and extension services is considerable especially at the level of MARA provincial directorates. The capacity to plan, prepare and implement communication should be improved. The number and capacity of staff at the central level, who is capable to work on the strategic use of communication, should be improved as well.
- Face to face communication will also be provided by means of the wide extension net of MARA.
- Communication through intermediary organizations can be used to reach various target groups in society. The Media is one such intermediary organization. Apart from communication through the media, some specific target audiences will be reached with the additional support of other intermediary organizations, such as Unions, Chambers of Commerce, NGO's, Universities, Schools, etc. Support by these intermediary organizations can be by assistance in distribution of information material (distribution channel) or joint use of communication channels (e.g. joint events).
- Media relations should be developed and kept up to date in order to ensure good coverage in national and local public media.

In order to establish effective communication, the following activities are foreseen:

- The development of a contact database, guaranteeing effective distribution to all individuals within the target groups and facilitating monitoring of the distribution. The contact data base should be personalized as much as possible and contain category of organization, name of organization, name of addressee, coordinates and email addresses. Similar contact databases will be established by provincial teams,
- Guidelines for the use of the Visual identity should be prepared and be ready for distribution to suppliers (graphic and website designers, print houses etc.) who prepare the materials, as well as to provincial teams. Monitoring of the use of the Visual identity of the Project at national and provincial level should take place,
- Co-operation with the MARA's Press office, the Department of Publication and the IT Department, need to be established, at the national level as well as at the provincial level,
- Like-wise, external co-operation with partners in communication (both government and NGO's) who agree to provide specific knowledge, expertise, or capacity (such as for training, extension or materials production) will be established,
- Identification of policy developers for the reforms and consultation with them (and their national counterparts/ teams) for communication activities to be developed together

Budget

The MA should allocate a budget for the implementation of the communication plan. During the elaboration of the plan, detailed budget estimated per activity can be made.

CHAPTER 8

AUTHORITIES INVOLVED IN THE PROGRAMME

The present chapter is organised in 2 sections;

Section 8.1: The authorities and bodies directly responsible for carrying out the IPARD Programme in Turkey.

Section 8.2: Other national institutions, whose responsibilities cover part of or touch upon certain rural development issues and whose programmes and activities strengthen the network that supports the IPARD programme.

8.1. RESPONSIBLE INSTITUTIONS

The authorities and bodies directly responsible for carrying out the IPARD Programme in the Republic of Turkey are:

- National IPA Co-ordinator (NIPAC)

- The General Secretariat for EU (The legal basis is the Addendum No 1 to the Memorandum of Understanding on the Establishment of a Central Finance and Contracts Unit (CFCU) Between the Government of Turkey and the European Commission (OJ dated 05/07/2006 No 26219).)

Mustafa Kemal Mahallesi

6.Cad. No: 4

06800 Bilkent, Ankara

Telephone: 0312-2857720

Telefax: 0312-2860408

- Competent Accrediting Officer (CAO)

- Ministry of State Responsible for the Undersecretariat of Treasury (The legal basis for the appointment of CAO is the Decree No 2007/30 (OJ dated 21/11/2007 No 26707).)

İnönü Bulvari, No: 36

06510 Emek, Ankara

Telephone: 0312-2128056

Telefax: 0312-2128764

- National Authorising Officer (NAO)

- Undersecretariat of Treasury (The legal basis for the appointment of NAO is the Addendum No 1 to the Memorandum of Understanding on the Establishment of a Central Finance and Contracts Unit (CFCU) Between the Government of Turkey and the European Commission (OJ dated 05/07/2006 No 26219).)

İnönü Bulvari, No: 36

06510 Emek, Ankara

Telephone: 0312-2046882

Telefax: 0312-2128560

- National Fund (NF)

- Undersecretariat of Treasury (The legal basis is the Decree No 2007/30 (OJ dated 21/11/2007 No 26707).)

İnönü Bulvari, No: 36

06510 Emek, Ankara
Telephone: 0312-2046882
Telefax: 0312-2128560

- Audit Authority (AA)
 - Board of Treasury Controllers (The legal basis for the appointment of AA is the Decree No 2007/30 (OJ dated 21/11/2007 No 26707).)

İnönü Bulvarı, No: 36
06510 Emek, Ankara
Telephone: 0312-2046882
Telefax: 0312-2128560

- Managing Authority (MA)
 - Strategy Development Board/ Project Management and Audit Department of MARA (Legal basis; MARA has been identified as the Managing Authority with the National Rural Development Strategy adopted by High Planning Council Decision dated January 25,2007. The Minister of Agriculture and Rural Affairs approval for appointment of the Strategy Development Board dated 17 May 2007 No 145.)

Ministry of Agriculture and Rural Affairs (MARA)
Eskişehir Yolu 10.km, Lodumlu, Ankara
Telephone: 0090-312-2865876
Telefax: 0090-312-2856940

- IPARD Agency
 - Agriculture and Rural Development Support Institution (ARDSI) (Legal basis: ARDSI was established by Law No 5648/2007 (OJ dated 18/05/2007 No 26526) as IPARD Agency)

Eskişehir Yolu 10.km, Lodumlu, Ankara
Telephone: 0090-312-2873580
Telefax: 0090-312-2856940

8.2. SUPPORTING INSTITUTIONAL NETWORK

In addition to the Ministry of Agriculture and Rural Affairs in general as the Managing Authority and the IPARD Agency in particular which will assume the central responsibility for the implementation of the IPARD Programme, and the institutions mentioned above, there are other national institutions, whose responsibilities cover part of or touch upon certain rural development issues and whose programmes and activities strengthen the network that supports the IPARD programme.

The Undersecretariat of the State Planning Organisation (SPO) in the Prime Ministry, in charge of preparation and coordination of implementation of national development plans;

The Ministry of Industry and Trade, designated as Operation Structure for the Regional Competitiveness Operational Programme (OP) under IPA Component III, e.g. in charge of promotion of SMEs, information society, tourism, and innovation. The OP is concentrated geographically on 12 NUTS II regions with a GDP below 75% of the Turkish average GDP with a focus on 15 growth centres;

The Ministry of Labour and Social Security, designated as Operating Structure for the Human Resources Development Operational Programme under IPA Component IV which will address three major areas of intervention (employment, education and social inclusion) and which will be implemented by four priority axes: attract and retain more people in employment, enhance investment in human capital, increase adaptability of workers and promote an inclusive labour market;

The OP of the Human Resources Development is concentrated geographically on 12 NUTS II regions with a GDP below 75% of the Turkish average GDP with a focus on 15 growth centres.

Ministry of Environment and Forestry, designated as the programming of the Environment Operational Programme under IPA Component III which is responsible for developing and enforcing legislation regarding environmental protection and management, environmental assessment and planning; competency regarding afforestation, erosion control, village-forest relations, protection of forest areas, management of national parks and nature protection zones.

CHAPTER 9

PARTNERSHIP

The present chapter is organised in 2 sections;

Section 9.1: The mechanisms established for channelling specific feed-back from concerned stakeholders to decision makers including National Rural Development Strategy, the draft policy paper for the IPARD programme, sectoral studies, territorial surveys, experiences and lessons learned from project reviews, workshops and consultations with beneficiaries.

Section 9.2: Specific conclusions of various meetings and workshops organised throughout the formulation of the IPARD in table format.

9.1 THE CONSULTATION PROCESS

9.1.1. Background

Turkey has a long experience of rural development activities both at national, regional and local levels, in the areas of policy formulation, implementation of various sectoral and territorial investment actions, as well as technical assistance programmes. A series of national and regional programmes related to both the improvement of infrastructure, restructuring and development of human resources have been focusing on substantial issues, including public health, rural migration, social inclusion, employment, animal and plant health, and increasingly, environmental issues.

Within the organised national administration, the mechanisms have been established for channelling specific feed-back from concerned stakeholders to decision makers, during the setting up of measures and/or formulation of new policies and programmes. In addition, special development schemes and actions, financed from international sources and rural development projects are contributing in the monitoring and evaluation systems/process, designed in a way to collect all experiences and lessons learned from project reviews, workshops and consultations with beneficiaries and contacts with local authorities and the general population.

This is to say that there is on one hand, an accrued experience with rural development efforts and methods in the country, while, on the other hand, there is additionally an existing tradition of consultation process within the public organisations, local authorities and stakeholders in connection with the rural development policies.

9.1.2. National Rural Development Strategy

The National Rural Development Strategy (NRDS), as already mentioned in section 2.1.3, setting a comprehensive policy framework for rural development policies in Turkey is connected to the preparation of the IPARD Programme itself. It has the triple purpose to:

- constitute a comprehensive policy framework for rural development and ensure harmonisation with the EU rural development policy,
- form the basis for the IPARD Programme 2007-2013,
- provide a perspective to relevant stakeholders already involved and to be involved in the preparation and implementation of rural development programmes and projects financed by either national or international resources.

Following the adoption and enforcement of the National Programme for Adoption of the Acquis in 2001, a “rural development working group”, comprising of public and civil society stakeholders, was created under the “Agriculture and Fisheries Sub-Committee”. This working group carried out studies on rural development policies and on the fulfilment of obligations determined within the scope of the National Programme. As a result, the Report on “Rural Development Policy of Turkey on the Way to EU Membership” was published in 2003 and it was used as a reference document in the preparation of the NRDS. This document was prepared with the participation of the relevant bodies and institutions with a wide consultative basis.

The first draft of NRDS was based on the national and regional development plans and programmes, the provincial agricultural and rural development master plans (for all 81 provinces),

as well as experiences of EU member states and candidate countries. The outcome was sent for comments to public institutions, producer organisations, universities, NGOs, trade organisations (39 institutions, in total). The recommendations of these stakeholders were incorporated in the draft and sent to the SPO, by the end of 2004. SPO in corporation with MARA strengthened the compatibility of the draft strategy with the development plans and aligned the rural strategy with the sectoral and regional policies to ensure coherence in the national rural policy.

This second draft was submitted to the scrutiny of stakeholders for a second time and the views of the 38 public institutions and stakeholders were taken at a meeting in February 2005. The draft was revised and sent to the EU Commission for comments which were incorporated in the final draft submitted to the High Planning Council for approval. The document was approved in January 25th, 2006 by High Planning Council and published in Official Journal in February 2006.

The long list of reference documents used for preparation of this Strategy consists of documents that themselves are the outcomes of an extensive consultative process with wide participation of stakeholders. Annex 9-1 to Annex 9-4 provide more details on the reference documents, institutions that were consulted and the composition of High Planning Council.

9.1.3. The draft policy paper for the IPARD programme

The coverage of the IPARD Programme is narrower than the National Rural Development Programme, given the fact that, the latter includes national as well as other, international financing sources. Therefore, a more selective approach had to be followed in defining the strategy and priorities of IPARD, taking into account the orientation of the Programme in the pre-accession context as defined by the general IPA principles and provisions.

For this purpose, in early 2006, MARA developed a Draft Policy Paper and subjected it to several rounds of review using a participatory approach. This paper, in alignment with the EU pre-accession financial assistance programmes, included the rationale for the proposed measures and sectors, proposals for measures, types of eligible investments and eligible beneficiaries, which were based on National Rural Development Strategy, Agriculture Strategy, the existing 8th Development Plan, National plans and strategies and earlier socio-economic analyses on the rural development situation as well as the international commitments.

The First Draft of the Policy Paper was presented to the relevant governmental organisations, NGOs and stakeholders involved in rural development and the European Commission, during a joint meeting held on April 27-28, 2006. The essence of the deliberations was introduced into the paper, which was sent officially to all Directorates General of MARA and DG AGRI for comments.

The policy paper was further reviewed, incorporating the comments received and taking into account the provisions made for IPARD by the draft MIPD. This revised draft was sent to MARA General Directorates for second comments, followed by meetings on November 13 and 14, 2006, where the policy proposals for IPARD were thoroughly discussed within MARA. The subsequent revision of the document led to the second draft of the policy paper.

The Second Draft of Policy Paper was approved by the Minister for Agriculture and Rural Affairs on October 19, 2006. Following that, it was officially sent to Public Institutions for their comments. On December 15, 2006 a workshop was organised with public institutions for

reviewing the contents of the Paper. The Policy Paper was also officially submitted to the related NGOs for their comments and discussed in a workshop with the NGOs on January 18, 2007.

The Policy paper formed the basis for the IPARD Programme policy by which the objectives, measures, the beneficiaries, the intervention areas were decided in general and based upon which the technical fiches were elaborated (see detailed consultation process in Annex 9.8)

9.1.4.Sectoral studies

After the identification, in principle, of the potential sectors in need of Community aided investment interventions, sectoral studies as required by the IPA Implementing Commission Regulation (EC) No 718/2007 have been undertaken to better assess weaknesses and opportunities, in order to define programme targets. Three of these studies (meat, fruits/vegetables and fishery sectors) have been undertaken within the framework of the pre-accesion assistance of EU, and one (milk sector) with the resources of UN Food and Agriculture Organisation (FAO). All were conducted with the participation of both public and private institutions (NGOs, universities, other interested organisations).

All sector studies followed the same methodology: review of basic data/information and consultations with the related authorities and stakeholders in Ankara, followed by field based consultations with provincial authorities, the stakeholders, NGOs, and the industry itself.

The first outputs of every study were presented to public and private institutions through a workshop attended by related authorities and stakeholders (see Annex 9-5 for the composition of stakeholders). The sectoral workshop for milk was carried out on December 14, 2005, for red meat on August 31, 2006, for fruits and vegetables September 1, 2006 and for Poultry, on November 29, 2006 separately. The comments of the stakeholders were incorporated into the sector analysis reports.

The final draft of every sector study was also sent officially (by correspondence and draft report attached electronically) to the relevant authorities and NGO's for their comments before finalization (See Annex 9-5). The comments of the stakeholders were incorporated into the reports and the stakeholders can reach the final reports from the official website of MARA (www.tarim.gov.tr).

9.1.5.Territorial surveys

Besides the sectoral assessments described above, efforts have been made to gain a territorial overview of rural development needs and opportunities in order to identify the sectors in the diversification of economic activities measure.

The agricultural provincial master plans which have been developed for each of 81 provinces of the country were used for the analysis of the rural context. They were prepared with a consultative process of the involvement of the private sector, universities, NGOs besides the institutions of the provincial administration and useful tools for the analysis of local context. These master plans focus on agricultural SWOT analysis, describe the development conditions, policies and current strategies of each province, contain a renewable and non-renewable natural resources inventory, review the environmental risks, the human and institutional resources, as well as the investment opportunities in that province. The master plans have been assessed particularly with regard to SWOT analysis and the rural activities in the provinces have been analysed.

In the second stage, MARA addressed a survey study, using a detailed questionnaire to 81 provincial directorates for information with regard to the rural economy potentials, economic activities and the diversification of the economy. The answers of the provincial directorates were evaluated and the economic activities to be targeted and the potential provinces under IPARD have been identified.

9.1.6. Formulation of the IPARD Programme

The IPARD Programme has been prepared by the Project Management and Audit Department under the Strategy Development Board of MARA, on the basis of accrued institutional knowledge, surveys and consultations around the national rural development strategy paper, the IPARD-specific policy paper, the four sectoral studies (milk, meat including poultry, fruit and vegetable and fisheries and aquaculture) and the territorial rural development surveys. Several field visits have facilitated the process and the repeated consultations with public and private bodies ensured the reliability of the approach taken.

An IPARD Programme Working Group was established in May 2005. The members of the working group were trained via TAIEX Seminar regarding the IPARD Programme preparation issues. In early 2006, with the start of the EU twinning project on “Strengthening the Institutional Capacity for the Effective Implementation of the Rural Development Plan” the working group was revised to finally include more than 120 people. The working group members have been consulted during the various phases of the preparation of Policy Paper, sector studies and drafting of the Programme through the official correspondence by which the draft documents are submitted for their views and workshops organised to consult for the priorities, sectors, geographic concentration, needs of the sectors and eligible beneficiaries (See below sections). The detailed list of the public institutions and NGO’s involved in the IPARD Programme Working Group is presented in Annex 9-5. In the working group the related economic, social and environmental partners of rural development have been included. The realisation of the participatory approach of the Programme has been given special importance in Turkey since the participation of stakeholders is important during the evolution of a policy particularly the IPARD programme. The inclusion of environmental actors during the Programming phase has been also taken into account specially and especially the umbrella organisations have been consulted: they are the Ministry of Environment and Forestry, Ministry of Energy and Natural Resources, Sustainable Development Association (SUR-KAL), the Research Association of Rural Environment and Forestry, the TEMA, WWF of Turkey and the Organic Product Producers and Industrialists Association (See Annex 9-5).

A Steering Committee with the extensive participation of numerous Ministries and public institutions, operating both on regional and national basis was established within the management structure of the Technical Assistance Project for “Preparation of IPA Rural Development Plan”, to whom the First, Second, Third and Fourth drafts of IPARD Programme were submitted for their comments by official correspondence including the electronic version of the draft Programmes. The Steering Committee gathered five times throughout the preparation period: (i) 09.01.2007, (ii) 02.03.2007, (iii) 29.05.2007, (iv) 13.07.2007 and (v) 23.10.2007 to discuss their comments on the draft Programmes. The composition of the Steering Committee is presented in *Annex 9-6*.

A more concentrated participatory approach was embraced during the preparation of technical fiches by inviting the most important authorities of the concerned sectors of the Programme to voice their views and opinions. Workshops were conducted for each measure, so as to discuss the

prioritised sectors, after the submission of the first draft IPARD Programme. Summary notes from these workshops, presenting participants' comments and composition, are given in *Annex 9-7*.

The coordination and orientation meetings between MARA and related Ministries, like SPO, Ministry of Trade and Industry, Ministry of Environment and Forestry and Ministry of Labor and Social Security ensured the coherence and compatibility of IPARD with the other components of IPA. (The consultation process table is presented in Annex 9-8)

9.1.7. Workshops for addressing specific issues during preparation

As regards to certain definitions where Turkey had not taken action previously, MARA conducted meetings with related stakeholders in order to give a common meaning to be used in the future.

- Meeting, on March 5, 2007, was held with the participation of MARA and MoIT so as to ensure coherence & compatibility between the IPARD Programme and the Regional Competitiveness Operational Programme under preparation by the MoIT.
- Two meetings; on April 13, 2007 and May 2, 2007, were held with the participation of MARA and MoEF so as to ensure coherence & compatibility between the IPARD Programme and the Environmental Operational Programme under preparation by the MoEF.
- Two meetings; on May 8, 2007 and May 10, 2007, were held within different DGs of MARA, so as to address the preparation of the LEADER fiche.
- On June 11, 2007, with the participation of various DGs from MARA, SPO and Turkstat, as well as a representative from the Ex-Ante Evaluation Team, a meeting was held in order to define Gross Value Added (GVA)
- On June 21, 2007, with the participation of various DGs from MARA and MoEF, SPO and Turkstat, a meeting was held in order to define "mountainous areas". Both technical and administrative staff attended the meeting. The studies are expected to reach an end shortly and the definition would be ready. According to the studies of Ministry of Environment and Forestry, areas having more than %12 slope is unsuitable for using machinery in agriculture and %45 of total surface of Turkey is therefore not suitable for machinery use in agriculture. %56 of Turkey is above 1000 mt.
- According to current classification of areas, the following categorization exists:

Slope Groups and Slope Percentages of Turkey Lands

Slope Group	Covered area	(%)
1- Flat lands %0-2	9.178.404	11,80
2- Mild slope lands %2-6	8.039.452	10,33
3- Middle slope lands %6-12	10.596.581	13,62
4- Precipitous slope lands %12-20	11.478.394	14,75
5- Very precipitous slope lands %20-30	13.394.964	17,22
6- Very steep slope lands %30 +	10.463.292	13,48
Total	63.151.087	81,20

Source : General Directorate for Rural Services, 1987

9.2 CONCLUSIONS OF THE CONSULTATIONS

Given the variety of issues brought forward for discussion and the large number of participants, the only practicable way of working during this participatory process was to divide the participants into groups. From the minutes of the working sessions and the written comments received, it is possible to draw up a summary that reflects the general opinion of the officials, experts and stakeholders involved.

Participants emphasized the fundamental importance of holding these consultations and maintaining this “participatory momentum”, in order to ensure that for issues as complex as rural development, the views of all concerned partners are heard and eventually taken into consideration during programme elaboration. Participants also stressed the need for wider publicity/visibility of the programme, once it becomes operational, so that all potential beneficiaries become aware of new development opportunities.

The largest majority of consultation participants converged on the priority sectors and related measures. It has been observed that whilst selecting sectors, the current situation in the country has been taken into consideration and scientific, economic and social data have been used.

Specific conclusions of various meetings and workshops organised throughout the formulation of the IPARD are summarised in the table below:

Result of the workshops to consult to the stakeholders to design the technical fiches (see Annex 9-5 for the Public Institutions and NGOs consulted).

PROPOSAL	PROPOSED BY	RESULT (REGARDING FINAL DRAFT IPARD PROGRAMME)
The objective of the programme: employment generation, decrease out migration, product quality and hygiene, improvement rural welfare	Generally proposed by all related stakeholders	Partly Accepted, The improvement of rural welfare has not been accepted as objective of IPARD Programme since the rural infrastructure measure has not been included. In addition to these objectives the IPARD priorities have been also included.
The investments should be in the form of equipment and/or extension and modernisation of existing buildings provision. It was stressed that it would be important to encourage beneficiaries to take credit on their own, in order to bring up the capital required for the obligatory minimum 50 % co-financing of the investment.	Generally proposed by all related stakeholders	Accepted
Beneficiaries; natural legal persons including POs	Agricultural Cooperatives and POs	Partly accepted The Producer Organisations have not

		been taken as beneficiaries in whole Programme. Only the Pos identified under the measures and sub-measures fiches of the IPARD Programme that meeting the eligibility criteria and IPARD priorities are included under the support.
The beneficiaries should be officially registered (putting aside the informal economy), and for holdings, at least half of their income has to come from agriculture.	Generally proposed by all related stakeholders	Accepted
The intended beneficiaries should have experience in the agricultural profession and potential for development.	Generally proposed by all related stakeholders	Accepted
Particular attention should be given to producer unions and cooperatives not to be excluded, as these organisations present certain legislative, institutional and financial peculiarities. As a consequence, support to producer organisations actively involved in marketing in access to inputs, patenting of local products, brand making, improvement of post-harvest facilities, technical consulting, training, fostering organic agriculture and improving products' quality were all issues raised and thus reflected accordingly in IPARD.	POs	Mostly Accepted
The beneficiaries have to prove economic viability of the holding/enterprise after the investment, through an ad hoc business plan.	Generally proposed by all related stakeholders	Accepted
Selection criteria ; short-term return, increased value added, gender and origin (women and mountain area) and farmers' representation (POs)	Generally proposed by all stakeholders	Accepted
Resource allocation; <ul style="list-style-type: none"> • Investment into agricultural holdings 25-50 % • Investment into processing and marketing 25-30 % 	Generally proposed by all stakeholders	Partly accepted, The resource allocation of the fruit and

<ul style="list-style-type: none"> • Support of producer groups • Diversification 	<p>10-20 %</p> <p>25-35 %.</p>		<p>vegetables and poultry sectors in the programme are lower than the proposed resources.</p> <p>The milk and meat sector especially red meat have been selected as the primary target since these sectors have severe weaknesses particularly with regard to the complying with the Community standards. Moreover, the MIPD priorities have been also taken into account while drafting the IPARD Programme.</p>
<p>As to the allocation of resources between the agricultural sectors, the following recommendations were:</p>			
<ul style="list-style-type: none"> • For investment into agricultural holdings: <ul style="list-style-type: none"> – Meat – Milk – Fruits and vegetables – Poultry – Fish 	<p>25 %</p> <p>25 %</p> <p>25 %</p> <p>15 %</p> <p>10 %</p>		
<ul style="list-style-type: none"> • For investment into processing and marketing: <ul style="list-style-type: none"> – Milk – Meat and poultry – Fish – Fruits and vegetables 	<p>35 %</p> <p>30 %</p> <p>20 %</p> <p>15 %</p>		

<i>Holdings:</i>	<i>Minimum</i>	<i>Maximum</i>	Public Institutions and NGO's given in Annex 9-5	Mostly accepted, The IPARD priorities and sector analysis results and economic analysis of the sectors have been taken into account.
Meat	50 cattle	300 cattle		
	100 small ruminants	600 small ruminants		
Poultry	10.000 chicken/term	100.000 chicken/term		
	2.000 turkey/term	20.000 turkey/term		
Milk	25 dairy cattle	100 dairy cattle		
	50 dairy small ruminants	300 small dairy ruminants		
Fruits	1 ha garden	20 ha garden		
Vegetables	0,4 ha garden	4 ha garden		
<i>Processing and marketing enterprises:</i>	<i>Minimum</i>	<i>Maximum</i>	Public Institutions and NGO's given in Annex 9-5	Mostly accepted, The IPARD priorities and sector analysis results and economic analysis of the sectors have been taken into account.
Dairy	5 tons/day	50 tons/day		
Meat	25 cattle/day	250 cattle/day		
	200 ruminants/day	2.000 ruminants/day		
Fruits	5 ton/day (fresh)	50 ton/day (fresh)		
	2 ton/day (dry)	10 ton/day (dry)		
Vegetables	0,5 ton/day	10 ton/day		
Poultry	8.000 chicken/day	150.000 chicken/day		
	500 turkey/day	3.000 turkey/day		
Fish	3 tons/day	30 tons/day		

MEASURE 1: Investment in Agricultural Holdings	Suggestions on provinces to be supported for each sector within the framework of this measure:	Public Institutions and NGO's given in Annex 9-5	Mostly accepted The MARA has chosen the approach as laid down under Chapter 3 to comply with the sectoral and geographic concentration requirement
a) Meat Sector	East Anatolia, Southeast Anatolia, Central Anatolia.		
b) Poultry Sector	Adana, Ankara, Balıkesir, Bolu, Bilecik, Düzce, Bursa, Denizli, Çanakkale, Erzurum, Erzincan, Eskişehir, Elazığ, İçel, İstanbul, İzmir, Kayseri, Kocaeli, Malatya, Manisa, Sakarya, Samsun.		
c) Fruit Vegetables Sector	Marmara, Mediterranean, Aegean, Black Sea, Central Anatolia		
d) Milk Sector	Aegean, Marmara, Central Anatolia, Mediterranean		
e) Aquaculture Sector	Malatya, Kayseri, Maraş, Artvin, Muğla, Elazığ, Samsun.		
MEASURE 2: Processing and Marketing of Agricultural and Fishery Products	Suggestions on province to be supported for each sector within the framework of this measure:	Public Institutions and NGO's given in Annex 9-5	Mostly accepted, The MARA has chosen the approach as laid down under Chapter 3 to comply with the sectoral and geographic concentration requirement
a) Meat Sector	Erzurum, Erzincan, Kars, Iğdır, Muş, Van, Urfa, Balıkesir, İzmir, Aydın, Afyon, Konya, Kayseri		
b) Poultry Sector	Adana, Ankara, Balıkesir, Bolu, Bilecik, Erzurum, Erzincan, Eskişehir, Elazığ, İçel, İzmir, Kayseri, Kocaeli, Malatya, Manisa, Sakarya, Samsun		
c) Fruit Vegetable Sector	Kastamonu, Amasya, Tokat, Zonguldak, Gümüşhane, Erzincan, Iğdır, Malatya, Niğde, Kahramanmaraş, Niğde, Antep		
d) Milk Sector	Burdur, Nevşehir, Kastamonu, Kırkkale, Çorum, Amasya, Tokat, Erzincan, Van, Zonguldak, Kars		
e) Fishery Products Sector	Van, Rize, Giresun, Ordu, Zonguldak, Muğla		
Size of eligible investment (Public contribution) For agricultural holdings max: 800 000 YTL		Public Institutions and NGO's given in Annex 9	Mostly accepted,

For processing marketing : 1 000 000 YTL												
<p>Recommendations regarding the diversification measure can be summarised as follows:</p> <ul style="list-style-type: none"> The weight within the measures have been attributed as shown hereunder: <table> <tr> <td>Organic farming</td> <td>30 %</td> </tr> <tr> <td>Beekeeping</td> <td>20 %</td> </tr> <tr> <td>Rural tourism</td> <td>25 %</td> </tr> <tr> <td>Medicinal and aromatic plant production</td> <td>5 %</td> </tr> <tr> <td>Traditional crafts and brand making</td> <td>20 %</td> </tr> </table>	Organic farming	30 %	Beekeeping	20 %	Rural tourism	25 %	Medicinal and aromatic plant production	5 %	Traditional crafts and brand making	20 %	Public Institutions and NGO's given in Annex 9	Mostly accepted,
Organic farming	30 %											
Beekeeping	20 %											
Rural tourism	25 %											
Medicinal and aromatic plant production	5 %											
Traditional crafts and brand making	20 %											
<ul style="list-style-type: none"> Recommended minimum and maximum investment limits were set as follows: <table> <tr> <td>Organic farming</td> <td>10.000 to 25.000 YTL</td> </tr> <tr> <td>Beekeeping</td> <td>5.000 to 7.500 YTL</td> </tr> <tr> <td>Rural tourism</td> <td>15.000 to 75.000 YTL</td> </tr> <tr> <td>Medicinal and aromatic plant production</td> <td>5.000 to 10.000 YTL</td> </tr> <tr> <td>Tradition crafts and brand making</td> <td>25.000 to 40.000 YTL</td> </tr> </table>	Organic farming	10.000 to 25.000 YTL	Beekeeping	5.000 to 7.500 YTL	Rural tourism	15.000 to 75.000 YTL	Medicinal and aromatic plant production	5.000 to 10.000 YTL	Tradition crafts and brand making	25.000 to 40.000 YTL	Public Institutions and NGO's given in Annex 9-5	Partly accepted Actually the investment minimum and maximum amounts are higher in the Programme than the proposed ones. The economic analysis for the investments have been performed and the minimum and maximum amounts per project have been identified.
Organic farming	10.000 to 25.000 YTL											
Beekeeping	5.000 to 7.500 YTL											
Rural tourism	15.000 to 75.000 YTL											
Medicinal and aromatic plant production	5.000 to 10.000 YTL											
Tradition crafts and brand making	25.000 to 40.000 YTL											

<p>The <i>geographic concentration of diversification</i> has been envisaged as follows:</p> <table border="0"> <thead> <tr> <th style="text-align: center;"><i>Areas to be supported</i></th> <th style="text-align: center;"><i>Provinces to be supported</i></th> </tr> </thead> <tbody> <tr> <td>1. Organic farming</td> <td>* All provinces that are supported</td> </tr> <tr> <td>2. Bee-keeping</td> <td>* All provinces</td> </tr> <tr> <td>3. Rural tourism</td> <td>* Black sea uplands, Taurus uplands and other eligible provinces</td> </tr> <tr> <td>4. Production of medicinal and aromatic plants</td> <td>* All provinces that are eligible for production</td> </tr> <tr> <td>5. Markets for traditional and local products, brand making, market areas</td> <td>* General</td> </tr> </tbody> </table>	<i>Areas to be supported</i>	<i>Provinces to be supported</i>	1. Organic farming	* All provinces that are supported	2. Bee-keeping	* All provinces	3. Rural tourism	* Black sea uplands, Taurus uplands and other eligible provinces	4. Production of medicinal and aromatic plants	* All provinces that are eligible for production	5. Markets for traditional and local products, brand making, market areas	* General	<p>Public Institutions and NGO's given in Annex 9-5</p>	<p>Partly accepted,</p> <p>The MARA has chosen the approach as laid down under Chapter 3 to comply with the sectoral and geographic concentration requirement. In this context, instead of all provinces of Turkey, only those showing the potential for the diversification of economic activities have been selected. (See measure 3.1)</p>
<i>Areas to be supported</i>	<i>Provinces to be supported</i>													
1. Organic farming	* All provinces that are supported													
2. Bee-keeping	* All provinces													
3. Rural tourism	* Black sea uplands, Taurus uplands and other eligible provinces													
4. Production of medicinal and aromatic plants	* All provinces that are eligible for production													
5. Markets for traditional and local products, brand making, market areas	* General													
<p>a</p>	<p>Public Institutions and NGO's given in Annex 9-5</p>	<p>Mostly Accepted.</p> <p>A territorial analysis has been additionally undertaken by the MARA .</p> <p>81 Provincial directorates of MARA gave comments on the areas supported.</p>												

<p>The use of the following indicators were suggested for the purpose of this programme:</p> <ul style="list-style-type: none"> • Increase on income level in rural areas, • Increase of share of processed agricultural products, • Increase of capacity utilisation rate of agricultural holdings, • Number of holdings/processing enterprises supported, • Number of units meeting EU standards, • Number of jobs created, • Increase on export capacity, • Increase on production capacity, • Number of certificates, e.g. HACCP, issued. 	<p>Public Institutions and NGO's given in Annex 9-5</p>	<p>Partly accepted.</p> <p>Actually, in the Programming the Common Monitoring and Evaluation Framework has been used in which the baseline, output, result and impact indicators are identified. For example, increase in export capacity has not been taken into account since IPARD does not address export increase. Same reason also for increase on production capacity.</p>
<p>The efficiency in programme implementation has stressed the importance of the,</p> <ul style="list-style-type: none"> • selection of pilot provinces at regional level, • establishment of rural development agencies in the same selected provinces, • appropriate training of staff including in the use of SW in these provinces, 	<p>Public Institutions and NGO's given in Annex 9-5</p>	<p>Accepted</p>
<ul style="list-style-type: none"> • Cross-cutting issues, such as employment generation was discussed thoroughly, keeping in mind the fact that related implications of the IPARD would have a higher visibility in the implementation phase. 	<p>Ministry of Labour and Social Security</p>	<p>Accepted</p>
<ul style="list-style-type: none"> • As the expectations from IPARD are high, and funds allocated limited, public transparency in the management of these funds is important as well as effective dissemination of programme's outputs 	<p>Public Institutions and NGO's given in Annex 9-5</p>	<p>Accepted</p>

<p>the inclusion of other actions belonging to certain sectors of the Programme, like egg production, crop production, silk worm production and olive oil.</p>	<p>TURKSTAT Ministry of Industry and Trade Turkish egg producer union</p>	<p>Rejected The IPARD objective is to contribute to the implementation of Community standards. These sectors are not considered so important that for the EU acquis. Moreover, the limited amount of money available for IPARD causes the selection of more targeting sectors for alignment of EU acquis as meat and milk. With regard to including the silkworm production under diversification, it has not taken as priority since it has been supported sufficient enough with the national support.</p>
<p>Specifically for diversification of economic activities in rural areas, emphasis was placed on the need to be as clear as possible, when defining the eligible types of investments, so as to increase absorption level in the particular measure.</p>	<p>Development Foundation of Turkey</p>	<p>Accepted</p>
<p>Scarcity of certain official data sets and its implications on various calculations included in the Programme, further highlighted the need to improve and harmonize data collection between different Ministries involved.</p>	<p>TURKSTAT</p>	<p>Accepted</p>

<ul style="list-style-type: none"> Stakeholders identified the crucial nature of concinnity between interrelated actions towards rural development in Turkey, as the IPARD receives feedback from and provides feedback to the preparation of NRDP as well as the establishment of the IPARD Agency. 	Public Institutions and NGO's given in Annex 9-5	Accepted
<ul style="list-style-type: none"> The criteria used in the selection of provinces was regarded highly in terms of highlighting correct constraints. 	Public Institutions and NGO's given in Annex 9-5	Accepted
<ul style="list-style-type: none"> Although the interventions are mostly concentrated in the provinces having overall low per capita GDP, the provinces that have high per capita GDP, also possess very poor regions (rural areas) outside their city centers. 	Undersecretary of Treasury	Accepted

CHAPTER 10

COMPLEMENTARITY BETWEEN COMPONENTS I,III, IV AND V

The present chapter is organised in 3 sections;

Section 10.1: Capacity development of the institutions involved under IPA financing that is planned to be carried out under Component I.

Section 10.2: The support to SMEs, both under Components V and III.

Section 10.3: Training activities for the urban but also the rural population to be covered under Component IV.

10.1 COMPONENT I

Capacity development of the institutions involved under IPA financing, will mainly be supported through Component 1: Technical Assistance and Institution Building.

Within the framework of IPARD and component I the following is planned to be carried out subject to Commission approval:

development of the institutional capacity for implementing Agro-environment and Leader measures,

improvement of the capacity of veterinary services, and human resources,

strengthening of technical infrastructure

10.2 COMPONENT III

In order to ensure complementarities between Component III and IV, complementary assistance will be provided, especially in terms of supports to SMEs and micro-enterprises.

SMEs will be supported under component 5 by measures targeting competitiveness of agriculture and diversification of rural economy. The support to SMEs, both under Components 5 and 3 (Regional Competitiveness OP) will be programmed in a manner to maximize synergies and prevent duplication in implementation.

- The activities to be supported under the Regional Competitiveness OP will be as stated in that programme, namely SMEs operating outside the rural/food processing sectors can be supported; Agricultural holdings and processing and marketing enterprises in rural areas will be supported under IPARD.

- The regional competitiveness OP will not support research and development activities in areas which fall within the exclusive remit of the IPARD programme, namely research and development activities in specific agri-food sectors;

- The regional competitiveness OP will support the revitalising and landscaping, promotion and marketing of the tourism attraction sites, which are not in the rural settlements as well as the establishment of Tourism Information Centres. The IPARD Programme will support the creation and development of rural tourism.

- The regional competitiveness OP specifically excludes activities relating to archaeological infrastructure, restoration of historical sites and building and similar activities which do not have a direct impact on the competitiveness of the target regions; The protection of historical and cultural heritage will not be targeted under the IPARD Programme.

- The priorities for the environment and transport operational programmes are as indicated in these programmes; erosion prevention is not a priority under the environmental programme. Erosion prevention will be targeted under IPARD priority axis 2 measures.

In order to avoid overlap and to establish an effective coordination mechanism between the Ministries, working groups were established between Ministry of Industry and Trade, Ministry of Environment and Forestry and MARA regarding IPA Components III and V, which are composed

of representatives from the responsible institutions of the IPA components, the Operational programme, IPARD s and interested groups. Moreover, the Component III related institutions will be represented in The IPARD Monitoring Committee.

10.3 COMPONENT IV

The MIPD (2007-2009) states that; "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 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.." In this way, overlapping between Components IV and V will be avoided.

As a last point, in order to avoid overlap and to establish an effective coordination mechanism between the Ministry of Labour and Social Security and MARA regarding IPA Components IV and V,

- working groups were established for drafting the Operational and IPARD programmes, which are composed of representatives from the responsible institutions of the IPA components, the Operational/IPARD programmes and interested groups
- The Sectoral Monitoring Committee for IPARD will include representatives from the relevant IPA institutions. The Ministry of Labour and Social Security will be represented in the Committee as working members.