

Action Document for EU Trust Fund to be used for the decisions of the Operational Board

1. IDENTIFICATION

Title/Number	Municipal Infrastructure in the field of water, wastewater, solid waste to support Turkish municipalities most affected by the Syrian refugee crisis	
	Facility priority area: Municipal Infrastructure	
Total cost	Total estimated cost: € 71.806.941 Total amount drawn from the EU Trust Fund: € 71.806.941	
Aid method / Method of implementation	Project Approach: Indirect Management – Delegation Agreement for the European Investment Bank (EIB)	
DAC-code	140	<u>Sectors:</u> Water and Sanitation

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

In line with the "Strategic orientation document for the European Union Regional Trust Fund in response to the Syrian crisis" (EUTF), the **main objective** of the proposed programme is to address the most critical needs and gaps for stabilisation and resilience aid to Syrian Refugees¹ and host communities in Turkey, by **supporting the long term capacity of host states to address refugee flows** and the effort of Turkish authorities to provide long-term hospitality and assistance to the Syrian refugees sheltered in Turkey.

The **specific objective** of this programme is to increase the resilience of host and refugee communities in Turkey through supporting urgently needed municipal infrastructure projects (water, wastewater, solid waste).

2.2. Context

Currently, Turkey hosts the world's largest community of Syrians displaced by the ongoing conflict in their country. According to data provided by the DG for Migration Management (DGMM), as of 13 April 2017 Turkey's Syrian refugee population was 2.978.995². While less than 10% of this population reside in camps funded and managed by the Turkish state and nongovernmental actors, a majority of 91.4% took shelter in towns and cities mostly in the south-eastern provinces.

Most of the refugees live in the south (Adana, Hatay, Osmaniye, and Gaziantep) and southeast (Adiyaman, Kahramanmaras, Kilis, Mardin, Sanliurfa, Malatya) of Turkey. However, other major cities such as Istanbul, Konya and Mersin also witnessed an increase in the number of Syrians.

According to the Government's needs assessment (March 2016), the number of Syrians is over 100,000 in Adana, Kilis, Mardin, and Mersin provinces, and over 300,000 in Şanlıurfa, İstanbul, Gaziantep, Hatay. The proportion of Syrian population living in the mentioned provinces compared to the Turkish population is nearly 20% in Hatay, Gaziantep, and

¹ Since Turkey has not ratified 1967 Protocol of the Geneva Convention of 1954, the Syrian Refugees referred to in this document shall be understood as "Syrian people under temporary protection according to Turkish legislation".

² DG for Migration Management (DGMM) data from 13 April 2017

Şanlıurfa provinces. Kilis has an exceptional situation because it is hosting more refugees than its original population. Turkey allocated additional investment sources for municipal infrastructures in all provinces affected by the migration flow, with a special focus on the above provinces.

Municipality	Provincial population	Syrian refugees displaced in municipality territory	Ratio refugees / population	TPCs located in municipality territory
Kilis	130.825	124.481	95,15%	Yes
Hatay	1.555.165	384.024	24,69%	Yes
Şanlıurfa	1.940.627	420.532	21,67%	Yes
Gaziantep	1.974.244	329.670	16,70%	Yes
Mardin	796.237	94.346	11,85%	Yes
Osmaniye	522.175	43.773	8,38%	Yes
Mersin	1.773.852	146.931	8,28%	
Kahramanmaraş	1.112.634	90.199	8,11%	Yes
Adana	2.201.670	150.795	6,85%	Yes
Kayseri	1.358.980	58.938	4,34%	
Adiyaman	610.484	25.631	4,20%	Yes
Batman	576.899	19.706	3,42%	
Malatya	772.904	18.006	2%	Yes

Table 1

Table 1 shows that the population of Syrian refugees in areas where this action component will be implemented is estimated with 1,594,796, corresponding to about 59% of the total number of Syrian refugees in Turkey.

To respond quickly and efficiently to the urgent needs for improved municipal infrastructure and services, the readiness/maturity of projects will be an important determinant of the finally approved pipeline. In this respect, a list of projects located in 11 (+ 2 project in reserve) most affected provinces will be jointly compiled by the Turkish Government and EUD (see also table 2), to be ready to substitute projects in the pipeline that might drop (for limited maturity, other delays, other source of funding, etc.). The reserve list will also include already mature and prepared projects from the IPA Environment Operational Programme located in the target regions. Finally, this pipeline will be checked again before being approved against any already approved and IPA financed projects in those cities to avoid double earmarking of resources. In this context, to develop a ready for use reserve list is vital.

2.3. Lessons learnt

- Early investment in systems ensures national ownership and enhances opportunities for Government to explore gaps in terms of policy, national budgeting and capacity that can benefit from financial and technical resources mobilized by the EU and its partners through the emergency to ensure upgrade or sustain critical services, beyond the time-frame of the emergency.
- All responses to the crisis have shown that the situation on the ground develops fast and often beyond projections made. For that reason, a large degree of flexibility will be

required for any intervention addressing medium to long term needs to allow for an effective response to the evolving needs of the beneficiary populations.

- Project identification: a project pipeline larger than the available budget should be compiled at the appraisal stage as projects may drop out due to non-adequate maturity, cancellation of tenders, change priority of source of funding, etc.
- Project preparation: there is limited expertise in the local consultant market for the financial analysis that must be included in the Feasibility Study (FS) required for investments. This is even truer when the financial analysis has to be performed at municipal level. Therefore, a consultant should support ILBANK in its financial analysis activities.
- Project preparation and implementation: current procedures established between IFIs and ILBANK are included in Operational Guidelines and entailed a Project Management Unit at ILBANK HQs in Ankara. They also include an Independent Checking Engineer contracted by the IFIs who checks the PMU's outputs as far as FS and tender documents are concerned. Experience has proved that project preparation and implementation should be moved from ILBANK HQs to ILBANK Regional Offices level to be closer to the final beneficiaries' need.
- Reporting: the role and task of the above independent checking engineer should be strengthened and expanded – to the extent possible - to review and to clear the reporting of ILBANK.

2.4. Complementary actions

This action reflects the findings of an independent needs assessment that was commissioned to help guide and target short and medium-term assistance to refugees, which is to be mobilised within the framework of the Facility for Refugees in Turkey (June 2016). This assessment builds on the Government of Turkey's first stage needs assessment (March 2016).

This action is complementary to and in synergy with past, current and future actions, which are to be funded under the Facility under various EU mechanisms and instruments. It corresponds to one or more priority areas of the Facility as defined by the Facility Steering Committee on 12 May (Humanitarian Assistance, Migration Management, Education, Health, Municipal Infrastructure and Socio-economic Support). Special care will be taken to avoid overlap with any other EU or third donor funded activity in these areas.

The present action will provide an initial contribution in the priority area of Municipal Infrastructure, which will be complemented by further interventions under humanitarian and/or non-humanitarian assistance within the framework of the Facility. Projects to be supported through this EUTF action could be a pilot for a larger-scale investment programme under the Facility. As specifically requested by the Turkish authorities, projects funded within the present action would be funded on a “grants-only” basis, while investments under the Facility will be funded through blending of grants and loans.

There are two loans EIB has signed with ILBANK: €150 million in 2012 for water, wastewater and solid waste projects and € 250 million in 2015 when urban transport was added to the already existing sectors. An EU grant (€8.5 million) was provided to the first loan to support ILBANK's capacity building as well as project preparation and implementation. A similar Technical Assistance (TA) facility is under preparation for the second loan. In the first loan 9 investments in Erbaa, Elazig, Bolu, Malatya, Burdur, Samsun, Eskisehir and Bursa are supported: the facility is fully allocated. The first sub-financing agreement with Erbaa Municipality was signed in March 2015. These activities are supporting similar projects in typology and size of the present Action, varying only regarding the geographical location (South and Eastern Turkey).

Other IFIs have credit lines with ILBANK in place with JICA's having a comparable progress of the EIB's line, also because of the favourable financing terms.

Additionally, as of 2016, JASPERS is active in Turkey to support the Ministry of Environment and Urbanisation to speed up project preparation for IPA funded projects in water, wastewater and solid waste sectors. When the IPA dedicated funds are fully absorbed, projects may be proposed to ILBANK for being supporting through existing IFIs credit lines.

2.5. Donor co-ordination

The EU Delegation (EUD) in Ankara is co-chairing with ECHO monthly meetings of the EU Refugees and Migration Coordination contact group with EU Member States.

The EUTF Management is in the lead to ensure coordination with EU Member States contributing to the fund. Moreover, the Fund Management will also coordinate with its selected implementing partners or other stakeholders on regional level or cross border issues.

At a broader level the EU is actively contributing to overall donor co-ordination under the auspices of the United Nations in the framework of the 3RP that integrates humanitarian, development and macro fiscal interventions to increase coherence between humanitarian and development and national and regional priorities.

With regard to Municipal Infrastructure in the environment sector, all responses to the Syrian refugee crisis will have to be coordinated with the Disaster and Emergency Management Authority (AFAD)³, ILBANK and the Treasury on the Turkish Government side, and with EUD and DG NEAR on the EU side. At the same time, cooperation and related coordination between relevant IFIs and development agencies interested in supporting the municipal infrastructure resilience of the region affected by the Syrians refugees' influx will be essential.

3. DETAILED DESCRIPTION

3.1. Objectives

In line with the "Strategic orientation document for the European Union Regional Trust Fund in response to the Syrian crisis" (EUTF), the **main objective** of the proposed programme is to address the most critical needs and gaps for stabilisation and resilience aid to Syrian Refugees⁴ and host communities in Turkey, by **supporting the long term capacity of host states to address refugee flows** and the effort of Turkish authorities to provide long-term hospitality and assistance to the Syrian refugees sheltered in Turkey.

The **specific objective** of this programme is to increase the resilience of host and refugee communities in Turkey through supporting urgently needed municipal infrastructure projects (water, wastewater, solid waste).

3.2. Expected results and main activities

The **expected** results are:

³ At the beginning of April 2016, the Office of Chief Advisor to the Prime Minister as main coordinator for all refugee related issues was replaced by AFAD.

⁴ Since Turkey has not ratified 1967 Protocol of the Geneva Convention of 1954, the Syrian Refugees referred to in this document shall be understood as "Syrian people under temporary protection according to Turkish legislation".

- 8-13 operational water and waste projects (Table 2 shows an indicative project pipeline) delivered and operational in the municipalities located in Southern and Eastern Turkey in municipalities with the highest rate of Syrian refugees per local population
- Increased number of inhabitants benefiting from improved water/wastewater/solid waste municipal services.⁵

Main **activities** will be:

- Establishment of Project Management Units at ILBANK HQs and Regional Offices (some PMUs already exist and their responsibilities will be adapted to include those related to this action's projects)
- Preparation of projects either by the respective municipalities or through technical assistance according to acceptable international standards
- Appraisal of project proposals by the Implementing Partner
- Tendering of projects components accordingly to National Procurement Law
- Construction of Infrastructure according to acceptable international standards, supervision by municipalities and ILBANK
- Provision of supplies necessary for the operation of projects, if applicable

For the first emergency response under the present EUTF action, EUD in close cooperation with the Turkish Government and ILBANK (the Municipality Bank of Turkey) identified an indicative project pipeline. Projects politically neutral in relation to the selection of the geographical location (South east provinces of Turkey) were prioritised according to the above mentioned ratio (see also Table 1). The ratio was considered a measure of stress faced by the existing municipal infrastructure in the affected municipalities as well as of where a capacity increase of basic drinking and sewerage systems is urgently needed.

Table 2 – Indicative project pipeline

SUB-SECTOR	MUNICIPALITY	PROJECT	BUDGET Estimate
Water	ŞANLIURFA	Construction of Sanlıurfa infrastructure projects Gedik (Siverek) and Akziyaret drinking water network	10
Water	GAZİANTEP	Construction of Gaziantep infrastructure projects; Karakamış drinking water and sewerage network and WWTP Bogaziçi-Altınüzüm sewerage network and WWTP	21
Water/ Waste	KİLİS	Construction of Kilis Sewerage networks and Solid Waste project including construction of a new landfill cell	10
Water	ADİYAMAN	Construction of Gürlevik transmission line Project	8
Water	ADİYAMAN-BESNİ	Construction of Besni Sewerage Networks	3.2

⁵ An approximate number of final beneficiaries will be provided in the Draft Description of the Action to be provided by the Implementing Partner as part of the contract.

Water	HATAY-KUMLU	Renewal of drinking water line	1.55
Water	HATAY-REYHANLI	Renewal of drinking water line	5
Water	HATAY-KIRIKHAN	Renewal of drinking water line	6.2
Water	HATAY-ALTINÖZÜ	Construction of WWTP	3
Water	HATAY-YAYLADAĞI	Construction of sewerage networks	2.25
Water	HATAY-DEFNE	Construction of Harbiye Drinking water networks	3
		Total Environment Pipeline	73.2 €

RESERVE INVESTMENTS			
<i>Water/Waste</i>	<i>KİLİS</i>	<i>Construction of Kilis Sewerage and Stormwater Networks</i>	<i>8</i>
<i>Water</i>	<i>ŞANLIURFA</i>	<i>Construction of Şanlıurfa infrastructure projects; Sırrın and Karşıyaka stormwater network</i>	<i>7</i>
		Total Reserve (m EUR)	15

3.3. Risks and assumptions

Assumptions:

- Relevant municipalities will collaborate in planning and implementing the activities.
- Programme activities are in line with Turkish national development strategies and the needs assessment referred to under 2.4.
- Legal framework guaranteeing access to rights and services for Syrians under temporary protection remains in force.
- The land deeds and access rights/permits of all identified construction sites have been secured.
- Projects either are not subject to EIA or get positive opinion from EIA.

Risks	Planned Risk Response
Some projects might be dropped from the pipeline for insufficient maturity when going through detailed assessment	A reserve list of mature projects will be established to be able to quickly replace dropped projects
Delays in project delivery	Prioritise mature projects, upfront checking of EIA and land ownership/ access requirements
Limited quality in reporting	Local consultant's remit will include review and clearance of reporting
Delays in the facility set-up	Use of existing templates (legal documentation, Operational guidelines) and established practices

	from previous and on-going EIB operation
Delays in Project Preparation and Implementation to meet internationally acceptable standards	Establishment of local PMUs to provide quicker and closer response to local beneficiary needs resulting in preparation of technically mature projects

3.4. Cross-cutting issues

Projects funded under this programme will integrate a Rights-Based Approach in each step of the project cycle from identification, formulation, implementation, monitoring to evaluation.

Gender⁶: throughout the project design and implementation gender mainstreaming will be taken into consideration throughout the project. This includes staff involved in the project, targeted population etc.

Disability: the proposed Implementing Partner for this action will make efforts to apply to the extent possible Environmental and Social Guidelines including fair principles in terms of Gender and Diversity, labour and safety standards.

3.5. Stakeholders

The implementation of activities will be undertaken in close collaboration with the following main stakeholders:

- ILBANK HQs and Regional Offices in Adana and Gaziantep. ILBANK was designated by the PMO as implementing partner for the present Action on 29 March 2016.
- Local beneficiaries (municipalities), according to the mandate of municipalities to provide water, wastewater and solid waste service
- AFAD for coordination of funds for Syrian refugees.
- Ministry of Environment and Urbanisation as the Operating Structure for IPA Environment funds, coordination of actions in the region, mutual sharing of the project pipelines, benefit of JASPERS assistance if needed
- Turkish Treasury
- MoD for the inclusion of projects in the yearly programme benefiting of international funding
- Governorates of relevant provinces for general coordination in relation to the Syrian refugees
- Local NGOs
- Host Communities (if applicable).

The content of the present action has been shared with the TR authorities (AFAD and line ministries) on 1 June 2016 and received a positive feedback. Moreover, the choice of the Implementing Partner was agreed.

⁶ There are very few aggregated data on gender composition amongst refugees with regard to education or health. The EUD, however, will make sure that the Implementing Partner of the proposed action will report on the results achieved gender specifically in terms of target numbers

4. IMPLEMENTATION ISSUES

4.1. Financing agreement, if relevant

In order to implement this action, it is not foreseen to conclude a financing agreement with Turkey, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

4.2. Indicative operational implementation period

The indicative implementation period of the action is 36 months.

4.3. Implementation components and modules

Indirect management with European Investment Bank (EIB)

To be able to respond to immediate needs in the context of the Syrian crisis for interventions for Syrian refugees and their host communities in Turkey in accordance with the above objectives, a delegation agreement is foreseen.

The eligible implementing partner is selected on the basis of its experience in the field, and possibility to scale up its existing operations and/or introducing new activities within its portfolio. Furthermore, proven experience in cooperating with the GoT and having obtained an agreement of GoT on the planned intervention was a decisive factor for selecting an implementing partner. As such the selection of this entity is justified by its unique market position to absorb considerable aid funds in a short period but maintaining the required accountability standards at the same time.

4.4. Indicative budget

Indicative budget*	Amount in EUR
Delegation Agreement with EIB	€ 71.806.941
Total	€ 71.806.941

* *The costs of Evaluation and audit and Communication and visibility will be included in the projects' budgets and/or contracted separately via service contract(s).*

The funds for implementing this action stem from IPA funds transferred to the EUTF by the end of 2015 (Ex IPA Environment Operational Programme) as they were in danger of being de-committed. The eligible expenditure under this action shall be the total of the decisions on the allocation of funds to individual actions taken by the EUTF before 30 September 2018 in pursuing the objectives set out in the revised Environment Operational Programme.

4.5. Performance monitoring

Monitoring shall be ensured primarily through the EUD and in particular with the assistance of specific Trust Fund field & liaison officers posted within the EU Delegation. In addition, the EU Trust Fund is planning to launch an independent M&E exercise to accompany all Fund programmes and ensure that targets are met and lessons learnt can be incorporated into other EUTF actions.

The purpose of the EUTF Monitoring and Evaluation Framework will be to assess, across various levels, the degree to which the Overall Objective of the EUTF has been achieved. The partner implementing this Action will comply with the ad hoc Monitoring and Evaluation Framework developed for the EU Trust Fund.

The EUTF M&E Framework will assess the effective delivery of programmes, contribute to improved project design, and develop a knowledge base of 'what works' to allow for continuous improvement of aid delivery. Above all and in the spirit of the Agenda for Change, the EUTF M&E Framework aims to ensure upward and downward accountability and transparency of EU support towards the EUTF Board and end beneficiaries, respectively.

The EUTF and actions financed by it are subject to the monitoring and evaluation rules applicable to EU external programmes, in order to ensure the respect of the principles of economy, efficiency and effectiveness, as per Article 13 of the Agreement Establishing the EUTF.

While the above EUTF Monitoring and Evaluation Framework is in the process of being developed, the EU Delegation in Ankara uses efficient monitoring tools under its ongoing EUTF actions: Steering Committee Meetings, External Monitoring and regular reporting.

4.6. Evaluation and audit

The EUTF will launch an independent M&E exercise to accompany all Fund programmes and ensure that targets are met and lessons learnt can be incorporated into other EUTF actions.

If necessary, ad hoc audits or expenditure verification assignments could be contracted by the European Commission for one or several contracts or agreements. Audits and expenditure verification assignments will be carried out in conformity with the risk analysis in the frame of the yearly Audit Plan exercise conducted by the European Commission. Evaluation and audit assignments will be implemented through service contracts, making use of one of the Commission's dedicated framework contracts or alternatively through the competitive negotiated procedure or the single tender procedure.

4.7. Communication and visibility

While communication and visibility of the EU is a legal obligation for all external actions funded by the EU, to date the visibility of the EU's support to the Syrian crisis, in particular in neighbouring countries affected by the crisis, has been insufficient. The public perception is that the EU is not addressing the Syrian crisis, when in fact it is the largest donor. The lack of visibility to the EU's actions weakens the EU's political traction in the region and its standing in Europe.

Therefore, communication and visibility is an important part of all EUTF programmes factored into the implementation to underline its importance at all stages of the planning and implementation of the Programme.

All visibility actions by EUTF implementing partners outside areas of conflict should be stepped up, except where such visibility may put children at risk due to security concerns. Each implementer will have to draw up a comprehensive visibility and communication plan for their respective target country/community and submit a copy for approval to the EUTF and the EU Delegation. The related costs will be covered by the budgets of the contract as part of the project.

The Communication and Visibility Manual for European Union External Action together with specific requirements to highlight the Madad Fund shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

All visibility and communications actions need to be discussed with the Madad Trust Fund in order to ensure coherence and uniformity in messaging and branding. The Madad Fund's visual identity needs to be incorporated in all activities carried out by the implementing partners.

All communication and visibility-related activities included under this particular project would need to take place with due regard to the Facility Communication Strategy.