

Ex-Ante Evaluation (for Japanese ODA Loan)

1. Name of the Project

Country: The Republic of Turkey

Project: Local Authorities Infrastructure Improvement Project

Loan Agreement: May 15, 2015

Loan Amount: 45,000 million Yen

Borrower: Iller Bank

2. Background and Necessity of the Project

(1) Current State and Issues of Syrian Influx into Turkey

Since the beginning of the Syrian conflict in 2011, Turkey has received about 1.75 million of the Syrians as of April 2015 (according to an announcement by the Turkish Government). It is estimated that, about 220,000 Syrians are living in the camps operated by the Turkish Government, while most of the other Syrians are living in municipalities outside of the camps. The Turkish Government has supported the Syrians with more than five billion dollars in total in the form of free provision of education, public medical services and other services. Due to the prolonged Syrian conflict and the rise of armed radical groups, however, the number of the Syrians in Turkey has still been on an upward trend and their stay in Turkey has become longer. Consequently, the Turkish Government's financial burden has been increasing. In addition, metropolitan municipalities, municipalities and public utilities which provide infrastructure services ("the local authorities") that have been accepting the Syrians need to provide public services to both the local residents, the Syrians and the camps at their own expenses. Therefore, financial supports to the local authorities are substantially needed (the development of infrastructures in the camps is under the responsibility of the Disaster and Emergency Management Presidency of Turkey (AFAD)).

In Turkey, with recent stable economic growth and rapid urbanization, demands for public infrastructures have been rapidly increasing. In the "Tenth Development Plan (2014-2018)", the Turkish Government has expressed to improve its services through the development of public infrastructures. In addition, with large influx of the Syrians, the level of water supply, sewerage, solid waste management, and other services have been declined in the local authorities hosting the Syrians. Therefore, improvement of public infrastructures is imminently needed by accelerating their infrastructure development plans.

(2) Japan and JICA's Policy and Operations

In Japan's Assistance Policy for Turkey (December 2012), "assistance for sustainable economic development" is defined as a priority area and it is described

that Japan will support the development of infrastructures useful for improving urban environments and reducing environmental burdens. On January 2015, Prime Minister Abe made a speech at the Joint Meeting of the Japan-Egypt Business Committee in Egypt concerning Japan's policy for the Middle East. In the speech, he expressed that Japan would give the whole Middle East aid of 2.5 billion dollars in non-military sectors, such as humanitarian aid and infrastructure development, to restore the stability of the Middle East. This project is positioned as a part of the aid. The Japanese Government stated that it has so far given international organizations donations of about 40 million dollars in total (as of March 2015) for the support of Syrians. Through UNHCR, WFP, etc., the Japanese Government has distributed relief supplies and given support to women and children and to the health, education, and food sectors.

(3) Other Donors' Activities

Since 2005, the World Bank has been providing support through the Iller Bank in the development of water supply and sewerage systems in the local municipalities, Iller Bank's development of its financial management capacity, and the strengthening of the local authorities' creditworthiness. The European Investment Bank also has provided support to the local authorities in their development of infrastructures.

(4) Necessity of the Project

This project aims to improve infrastructure services by providing infrastructure development funds to the local authorities in the ten provinces in the southeastern part of Turkey, in particular, which are near the border with Syria and have been hosting many Syrians. This is relevant to the priority sectors in the Turkish Government's issues and development policy and Japan's country assistance policy. Therefore, the necessity and relevance of JICA's support in the implementation of this project is high.

3. Project Description

(1) Project Objective

The objective of the Project is to improve infrastructure services of target local authorities affected by Syrians who are under temporary protection in Turkey by providing long-term finance to infrastructure projects through Iller Bank, thereby contributing to improvement of living conditions of the people.

(2) Project Site/Target Area

Ten provinces that are located in the southeastern part of Turkey and have been affected by the influx of Syrians

(3) Project Components

- 1) Sub-Loans for construction works and procurement of maintenance equipment for water supply (water treatment plants, water transmission, distribution lines), wastewater (wastewater treatment plants, collectors, sewerage pipelines, storm

water drains), solid waste management (solid waste disposal sites, etc.)

- 2) Sub-loans for consulting service (detailed design and assistance with the preparation of F/S for sub-projects)

(4) Estimated Project Cost (Loan Amount)

45,590 million yen (Loan Amount : 45,000 million yen)

(5) Schedule

May 2015 to April 2022 (84 months in total); project completion is defined as the completion of all disbursements.

(6) Project Implementation Structure

1) Borrower: Iller Bank

2) Guarantor: The Republic of Turkey

3) Executing Agency: Same as 1)

4) Operation and Maintenance System: The local authorities that carry out the sub-projects are responsible for operation and maintenance. It has been planned that the preparation of a maintenance manual and the transfer of skills necessary for the operation and maintenance will be carried out by the sub-project contractors within the defect liability period. It has also been planned that funds necessary for the operation and maintenance of the facilities to be developed under this project will be secured through the revision of tariff.

(7) Environmental and Social Consideration/Poverty Reduction/Social Development

1) Environmental and Social Consideration

① Category: FI

② Reason for Categorization: Sub-projects cannot be specified prior to JICA's approval for financing, and they may have environmental impacts under the JICA Guidelines for Environmental and Social Considerations (April, 2010).

③ Other: In this project, the financial intermediate categorizes each sub-project according to Turkey's national laws and the "JICA Guidelines for Environmental and Social Considerations." After that, necessary measures are taken for each category. This project has no sub-project which falls under Category A.

2) Promotion of Poverty Reduction: poverty measures project

3) Promotion of Social Development (e.g. Gender Perspective, Measure for Infectious Diseases Including HIV/AIDS, Participatory Development, Consideration for Persons with Disabilities, etc.): a project for integrating gender activities (content of activity: in a meeting of residents to be held when a sub-project that requires the EIA procedure under Turkey's related domestic laws is carried out, opinions are collected from both men and women with consideration for gender balance, and the needs of both men and women are reflected.)

(8) Collaboration with Other Donors: Although the World Bank has supported the development of water supply and sewerage infrastructures of the local authorities

through its “Municipal Infrastructure Project”, the target areas of that project do not overlap those of this project.

(9) Other Important Issues: none in particular

4. Targeted Outcomes

(1) Quantitative Effects

1) Operation and Effect Indicators

Indicator	Baseline (Actual Value in 2014)	Target 【2 years after project completion】
Total amount of sub-loans (¥million)	-	44,900
Number of sub-loans	-	
Water supply population (no. of persons)		
Water supply amount (m ³ /day)		
Water supply coverage (%)		
Water supply amount per person (per day)		
Sewerage population (no. of persons)		
Sewerage volume (m ³ /day)		
Sewerage coverage (%)		
Status of water quality improvement (BOD)		
Waste collection rate (%)		
Waste collection population (no. of persons)		

* The indicators for each sector are shown as typical ones.

The baseline and target values are to be set up after the establishment of each sub-project.

2) Internal Rate of Return: Because the rate is to be calculated when each sub-project is established, it is not calculated at present.

(2) Qualitative Effects: reduction in local authorities’ financial burdens of infrastructure development along with acceptance of Syrians; improvement in living conditions; sustainable economic development

5. External Factors and Risk Control

Change in government policy for acceptance of Syrians

Sharp worsening of security in the target areas

6. Lessons Learned from Past Projects

According to the results of the ex-post evaluation of the Philippines Local Government Units Support Credit Program, to monitor and evaluate the substantive effects and sustainability of a project systematically, it is necessary to establish evaluation indicators before the beginning of the project and completely record the results – for example, by imposing the obligation to submit monitoring records as a

loan condition. Therefore, in this project, the status of progress in some indicators concerning the effects of the sub-projects should be reported through the project progress report, which is submitted quarterly, so that the Iller Bank and JICA can regularly monitor the effects and the sustainability.

Based on the experience in the “Municipal Sewerage and Wastewater Treatment Improvement Project,” which Iller Bank is now carrying out, the inclusion of maintenance equipment for constructed infrastructures is essential for appropriately operating facilities and making the project sustainable. Therefore, this project also covers the procurement of maintenance equipment.

7. Plan for Future Evaluation

(1) Indicators to be Used

- 1) Total amount of sub-loans (¥million)
- 2) Number of sub-loans
- 3) Water supply population (no. of persons)
- 4) Water supply amount (m³/day)
- 5) Water supply coverage (%)
- 6) Water supply amount per person (per day)
- 7) Sewerage population (no. of persons)
- 8) Sewerage volume (m³/day)
- 9) Sewerage coverage (%)
- 10) Status of water quality improvement (BOD)
- 11) Waste collection rate (%)
- 12) Waste collection population (no. of persons)

(2) Timing

2 years after project completion

END