

**MINISTRY OF TREASURY AND FINANCE
BOARD OF TREASURY CONTROLLERS**

ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT

Implemented by

**MINISTRY OF ENERGY AND NATURAL RESOURCES
GENERAL DIRECTORATE OF FOREIGN RELATIONS**

**Financed Under International Bank for Reconstruction and Development
(IBRD) Clean Technology Fund (CTF) Grant Agreement Numbered TF-B0853**

As of December 31, 2022 and For the Year Then Ended

Prepared by

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INDEPENDENT AUDITOR'S REPORT

June 02, 2023



REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY AND FINANCE
Board of Treasury Controllers

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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

A. Project Summary

Energy Efficiency in Public Buildings Project (EPPB) CTF Grant Agreement (TF0B0853) were signed between the Republic of Türkiye and the International Reconstruction and Development Bank (IBRD) acting as an implementing entity of the Clean Technology Fund (CTF) on December 12, 2019, for a grant of USD 3.800.000,00. The project is carried out in cooperation with Ministry of Environment, Urbanization and Climate Change (MoEUCC) and the Ministry of Energy and Natural Resources (MoENR). The Project Agreement was approved on 26.02.2020, and Grant Agreement became effective as of 16.03.2020.

The objectives of the project are to reduce energy use in central government buildings and inform the development of sustainable financing mechanisms to support a scaled-up, National program for energy efficiency in public buildings.

The project consists of the following Components:

Component 1. Energy Efficiency Investments in Central Government Buildings

(a) Conventional energy efficiency investments in central government buildings,

Carrying out of subprojects to improve energy efficiency performance in selected central government buildings, including central government affiliated buildings, through the provision of studies and renovation works, for:

- Simpler renovation investments that reduce energy use in buildings by at least twenty (20) percent with a simple payback period of less than twelve (12) years; and
- Deeper renovation investments that reduce energy use in buildings by at least thirty (30) percent with simple payback periods between twelve (12) and twenty (20) years.

(b) Energy service company investments.

Carrying out of subprojects to improve energy efficiency performance in selected in central government buildings, including central government affiliated buildings, that have sufficient baseline energy consumption data and service quality (i.e., proper heating and cooling systems) through the use of Energy Performance Contracts with energy service companies (ESCOs).

(c) Near-Zero Energy Buildings pilot.

Carrying out of pilot, Near-Zero Energy Buildings ("NZEB") Subprojects in selected central government buildings, including central government affiliated buildings, that have high demonstration value, determined based on the respective buildings' annual number of users and/or visitors, and located in different climatic zones in the Barrower's territory, to



showcase the concept of NZEB integrated design and renovation techniques and newer technologies.

Component 2. Technical assistance and Implementation Support

(a) Technical assistance to the Ministry of Environment, Urbanization and Climate Change

- Provision of technical assistance to MoEUCC in areas including, inter alia, development of early Subprojects including communication and outreach to solicit Subproject applications, energy audits, technical design reviews, assessment of ESCO proposals and energy savings monitoring; and provision of monitoring software.
- Provision of support to MoEUCC for the evaluation of early Subprojects and NZEB pilots, including developing case studies to document investment costs, measures, implemented, actual energy savings, and lessons;
- Provision of comprehensive training program in building renovations for, inter alia, design and construction firms, energy managers, MoEUCC staff and provisional branch offices, women in the energy efficiency field, building administrators in operations and maintenance.
- Provision of support for program management and Project implementation to the MoEUCC Project Implementing Unit, including in financial management, procurement, environmental and social safeguards and other technical areas.

(b) Technical assistance to Ministry of Energy and Natural Resources

Provision of technical assistance to MoENR to:

- build capacity for ESCO market development through the training of ESCOs, provision of regulatory support, and development of procedures, templates and case studies;
- (A) build capacity of MoENR staff on energy efficiency measurement and verification, and energy audits, and (B) revise and update existing training materials;
- Monitor the energy efficiency of Subproject renovations and make enhancements to MoENR's building consumption database;
- Assess the regulatory adjustments needed to support energy efficiency in public buildings and ESCOs, including budgeting rules to allow for budget savings retention, financing of public building renovations, public procurement rules to support ESCOs in the public sector, and public procurement rules in energy efficient equipment and materials;
- Develop appropriate financing agreement templates for energy services for the public sector;



- Prepare a market assessment and develop a project pipeline in energy efficiency for municipalities to be presented to a suitable financial institution or institutions acceptable to the Bank in support of a national program for energy efficiency; and
- Develop a plan for a national program efficiency in the public sector (including, inter alia, in respect to central and municipal buildings, public lighting, and water) that would rely on sustainable financing mechanisms to serve the broader public sector in the Borrower's territory.

In 2022, the total amount of USD 536.729,07 was withdrawn from the grant account with the "SOE" disbursement methods. The total amount of USD 556.725,74 was spent from the source withdrawn. As the end of the review period, the amount of USD 1.246.047,36 was disbursed and the amount of USD 1.111.108,54 was spent cumulatively.

B. Objectives of Audit

The objectives of our audit are;

- a) To give an opinion on whether the financial statements, prepared as of December 31, 2022 and for the period then ended, present fairly, in all material respects, the financial position of the project in accordance with the cash receipts and disbursements basis of accounting,
- b) To determine, as of December 31, 2022, whether the MoEUCC General Directorate of Construction Affairs, the Project Management Unit has complied, in all material respects, with the rules and procedures of the CTF Grant Agreement numbered TF-B0853,
- c) To examine whether adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred with respect to SOEs and evaluate eligibility of these expenditures for financing under the Grant Agreement.

C. Scope of Audit

We have performed an audit of financial statements of Energy Efficiency in Public Buildings Project as of December 31, 2022 in accordance with the cash receipts and disbursements basis of accounting. This report covers the period between January 01, 2022 and December 31, 2022. We have also performed a compliance audit on whether project activities are in line with the CTF Grant Agreement.

D. Audit Results

For the financial statements of project; our audit resulted with an unmodified opinion.

As of December 31, 2022, MoENR General Directorate of Foreign Relations, the Project Management Unit has complied, in all material respects, with the rules and procedures of the CTF Grant Agreement numbered TF-B0853.

In addition, with respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and which expenditures are eligible for financing under the CTF Grant Agreement numbered TF-B0853.

E. Management Recommendation

Since we have not identified any material deficiency in internal control during our audit, we have not issued a Management Letter.

**INDEPENDENT AUDITOR'S REPORT &
FINANCIAL STATEMENTS OF THE PROJECT**



INDEPENDENT AUDITOR'S REPORT

MINISTRY OF ENERGY AND NATURAL RESOURCES

General Directorate of Foreign Relations

Opinion

We have audited the Statement of Sources and Uses of Funds, Statement of Cumulative Investments, Statement of Requests for Reimbursement (SOE Statement) and Statement of Special Account of the Energy Efficiency in Public Buildings Project as of December 31, 2022, and for the period between 01.01.2022-31.12.2022, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by MoENR General Directorate of Foreign Relations, the Project Management Unit based on financial reporting provisions of the CTF Grant Agreement numbered TF-B0853.

In our opinion;

- a) The accompanying Statement of Sources and Uses of Funds, Statement of Cumulative Investments, Statement of Requests for Reimbursement (SOE Statement) and Statement of Special Account present fairly, in all material respects, the financial position and cash flows of the Energy Efficiency in Public Buildings Project as of December 31, 2022 and for the period then ended in accordance with the provisions of the CTF Grant Agreement numbered TF-B0853.
- b) MoENR General Directorate of Foreign Relations, the Project Management Unit, as of December 31, 2022 has complied with, in all material respects, the requirements of the CTF Grant Agreement numbered TF-B0853.
- c) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditures incurred, and these expenditures are eligible for financing under the CTF Grant Agreement numbered TF-B0853.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report.

We are independent of the MoENR General Directorate of Foreign Relations, the Project Management Unit within the meaning of "IFAC Code of Ethics for Professional Accountants" and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter in the Financial Statement

Without modifying our opinion, we draw attention to Note “2” to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist Energy Efficiency in Public Buildings Project Management Unit to comply with the financial reporting provisions of the CTF grant agreement referred to above. As a result, the financial statements may not be suitable for another purpose.

Going Concern

The Project’s financial statements have not been prepared using the going concern basis of accounting. The project will end on December 31, 2025.

Responsibilities of Management and Those Charged with Governance or Other Appropriate Terms for the Financial Statements

MoENR General Directorate of Foreign Relations, the Project Management Unit is responsible for the preparation and fair presentation of these financial statements in accordance with CTF Grant Agreement numbered TF-B0853, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the MoENR General Directorate of Foreign Relations, the Project Management Unit’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than



REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY AND FINANCE
Board of Treasury Controllers

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ahmet TURAL
Chairman of
Board of Treasury Controllers

Akif Bülent BOYACIOĞLU
(Audit Partner)
Vice Chairman



REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY AND FINANCE
Board of Treasury Controllers

Semih ŞAHİN
Senior Treasury Controller

Servan KUTLUCAN
Junior Treasury Controller

Betül YÜZER
Junior Treasury Controller

Date: 02/06/2023

Address: Ministry of Treasury and Finance
Board of Treasury Controllers
06510, Emek, ANKARA/TÜRKİYE

ANNEX I: Financial Statements

**MINISTRY OF ENERGY AND NATURAL RESOURCES
GENERAL DIRECTORATE OF FOREIGN RELATIONS
TURKEY ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT
STATEMENT OF SOURCES AND USES OF FUNDS
As of December 31, 2022 and For The Year Then Ended (In US Dollars)**

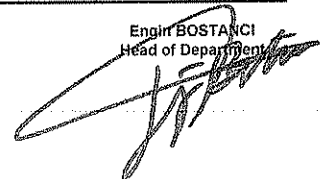
	Consultants	Project Budget	Actualized		Planned		Variance	
			YTD	Cumulative	YTD	Cumulative	YTD	Cumulative
I- SOURCES OF FUNDS								
A- Government Contribution		0,00	0,00	0,00	0,00	0,00	0,00	0,00
B- Other Sources of Funds		0,00	0,00	0,00	0,00	0,00	0,00	0,00
C- World Bank Funds (Grant)		1.678.550,00	633.325,42	963.059,44	498.349,55	1.358.843,29	134.975,87	-395.783,85
1- Direct Payment		0,00	0,00	0,00	0,00	0,00	0,00	0,00
2- Special Account		1.678.550,00	633.325,42	963.059,44	498.349,55	1.358.843,29	134.975,87	-395.783,85
a- Advance		1.678.550,00	633.325,42	863.059,44	498.349,55	1.258.843,29	134.975,87	-395.783,85
b- SOE Procedures		0,00	0,00	0,00	0,00	0,00	0,00	0,00
c- Summary Sheet		0,00	0,00	0,00	0,00	0,00	0,00	0,00
D- Refunds to Special Account		0,00	0,00	0,00	0,00	0,00	0,00	0,00
III-TOTAL FUNDS RECEIVED (I)		1.678.550,00	633.325,42	963.059,44	498.349,55	1.358.843,29	134.975,87	-395.783,85
III- USES OF FUNDS								
Technical Assistance and Implementation Support								
Consulting Services for Strengthening the Technical Capacities of ESCOs, Energy Auditing Firms and MENER Trainers (CS01A)	ESCARUS	635.513,13	280.338,80	342.636,31	155.753,64	498.389,95	124.585,16	-155.753,64
Consulting Services for strengthening ESCO market, EE financing and ESCO development for the public sector in Turkey (CS02A)	STANTEC	853.509,34	256.052,80	426.754,67	319.430,15	746.184,82	-63.377,35	-319.430,15
Consulting Services for Digitalization of Energy Efficiency Services (CS-03)	AGARTHA	57.914,40	23.165,76	23.165,76	23.165,76	46.331,52	0,00	-23.165,76
Non Consulting Services for Online Trainings for Energy Managers (NCS01)	INTRON	21.500,00	0,00	21.500,00	0,00	21.500,00	0,00	0,00
Online certified measurement and verification (CMVP) training for MENERs and EVDs staff (NCS-02)	CANADIAN (CIET)	22.875,00	0,00	22.875,00	0,00	22.875,00	0,00	0,00
Procurement of the Desktop PC (GO-01)	ELIZ	23.562,00	0,00	23.562,00	0,00	23.562,00	0,00	0,00
Contingency(Tender saving)		63.676,13	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL		1.678.550,00	559.557,36	860.493,74	498.349,55	1.358.843,29	61.207,81	-498.349,55
TOTAL PROJECT INVESTMENTS			559.557,36	860.493,74	498.349,55	1.358.843,29	61.207,81	-498.349,55
OPENING BALANCE			28.797,64	28.797,64				
CLOSING BALANCE			102.565,70	102.565,70				


Engin BOSTANCI
Head of Department

MINISTRY OF ENERGY AND NATURAL RESOURCES
GENERAL DIRECTORATE OF FOREIGN RELATIONS
TURKEY ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT
STATEMENT OF CUMULATIVE INVESTMENTS
As of December 31, 2022 and For The Year Then Ended (in US Dollars)

1- INVESTMENTS BY COMPONENTS							
Component Name	Project Budget	Actualized		Planned		Variance	
		YTD	Cumulative	YTD	Cumulative	YTD	Cumulative
I- INVESTMENT COSTS							
<i>Technical Assistance and Implementation Support</i>	1.678.550,00	559.557,36	860.493,74	498.349,55	1.358.843,29	61.207,81	-498.349,55
<i>Consulting Services for Streghtening the Technical Capacities of ESCOs, Energy Auditing Firms and MENR Trainers (CS01A)</i>	635.513,13	280.338,80	342.636,31	155.753,64	498.389,95	124.585,16	-155.753,64
<i>Consulting Services for strengthening ESCO market, EE financing and ESCO development for the public sector in Turkey (CS02A)</i>	853.509,34	256.052,80	426.754,67	319.430,15	746.184,82	-63.377,35	-319.430,15
<i>Consulting Services for Digitalization of Energy Efficiency Services (CS-03)</i>	57.914,40	23.165,76	23.165,76	23.165,76	46.331,52	0,00	-23.165,76
<i>Non Consulting Services for Online Trainings for Energy Managers (NCS01)</i>	21.500,00	0,00	21.500,00	0,00	21.500,00	0,00	0,00
<i>Online certified measurement and verification (CMVP) training for MENRs and EVDs staff (NCS-02)</i>	22.875,00	0,00	22.875,00	0,00	22.875,00	0,00	0,00
<i>Procurement of the Desktop PC (GO-01)</i>	23.562,00	0,00	23.562,00	0,00	23.562,00	0,00	0,00
<i>Contingency(Tender saving)</i>	63.676,13	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL INVESTMENT COSTS	1.678.550,00	559.557,36	860.493,74	498.349,55	1.358.843,29	61.207,81	-498.349,55
II- RECURRING COSTS							
A- Financing Expenditures	0,00	0,00	0,00	0,00	0,00	0,00	0,00
B- General Management Expenditures	0,00	0,00	0,00	0,00	0,00	0,00	0,00
C- Exchange Rate Differences	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL RECURRING COSTS	0,00	0,00	0,00	0,00	0,00	0,00	0,00
PROJECT INVESTMENTS	1.678.550,00	559.557,36	860.493,74	498.349,55	1.358.843,29	61.207,81	-498.349,55
2- INVESTMENTS BY SUB-CATEGORIES							
Category Name	Project Budget	Actualized		Planned		Variance	
		YTD	Cumulative	YTD	Cumulative	YTD	Cumulative
I- INVESTMENT COSTS							
A. GOODS	23.562,00	0,00	23.562,00	0,00	23.562,00	0,00	0,00
<i>Procurement of the Desktop PC (GO-01)</i>	23.562,00	0,00	23.562,00	0,00	23.562,00	0,00	0,00
B. CONSULTING SERVICES	1.546.936,87	559.557,36	792.556,74	498.349,55	1.290.906,29	61.207,81	-498.349,55
<i>Consulting Services for Streghtening the Technical Capacities of ESCOs, Energy Auditing Firms and MENR Trainers (CS01A)</i>	635.513,13	280.338,80	342.636,31	155.753,64	498.389,95	124.585,16	-155.753,64
<i>Consulting Services for strengthening ESCO market, EE financing and ESCO development for the public sector in Turkey (CS02A)</i>	853.509,34	256.052,80	426.754,67	319.430,15	746.184,82	-63.377,35	-319.430,15
<i>Consulting Services for Digitalization of Energy Efficiency Services (CS-03)</i>	57.914,40	23.165,76	23.165,76	23.165,76	46.331,52	0,00	-23.165,76
C. NON-CONSULTING SERVICES	108.051,13	0,00	44.375,00	0,00	44.375,00	0,00	0,00
<i>Non Consulting Services for Online Trainings for Energy Managers (NCS01)</i>	21.500,00	0,00	21.500,00	0,00	21.500,00	0,00	0,00
<i>Online certified measurement and verification (CMVP) training for MENRs and EVDs staff (NCS-02)</i>	22.875,00	0,00	22.875,00	0,00	22.875,00	0,00	0,00
<i>Contingency (Tender saving)</i>	63.676,13	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL INVESTMENTS COSTS	1.678.550,00	559.557,36	860.493,74	498.349,55	1.358.843,29	61.207,81	-498.349,55
II- RECURRING COSTS							
A- Financing Expenditures	0,00	0,00	0,00	0,00	0,00	0,00	0,00
B- General Management Expenditures	0,00	0,00	0,00	0,00	0,00	0,00	0,00
C- Exchange Rate Differences	0,00	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL RECURRING COSTS	0,00	0,00	0,00	0,00	0,00	0,00	0,00
PROJECT INVESTMENTS	1.678.550,00	559.557,36	860.493,74	498.349,55	1.358.843,29	61.207,81	-498.349,55

Engin BOSTANCI
Head of Department



**MINISTRY OF ENERGY AND NATURAL RESOURCES
GENERAL DIRECTORATE OF FOREIGN RELATIONS
TURKEY ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT
STATEMENT OF REQUESTS FOR DISBURSEMENT (SOE STATEMENT)**

As of December 31, 2022 and For The Year Then Ended (In US Dollars)

I- REQUESTS REIMBURSED				
Disbursement Categories				
Appl. Date	Appl. No.	1- Goods, Consulting Services, Non-Consulting Services	Amount Paid	Date of Payment
14.01.2022			170.701,87	14.01.2022
20.04.2022			157.459,47	20.04.2022
22.09.2022			186.892,53	22.09.2022
30.09.2022			118.271,55	30.09.2022
Ara Toplam			633.325,42	

II- REQUESTS PENDING REIMBURSEMENT

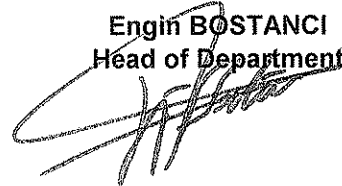
Disbursement Categories				
Appl. Date	Appl. No.	1- Goods, Consulting Services, Non-Consulting Services	Amount Paid	Date of Payment
			0,00	0,00
Sub-total				

III- TOTAL AMOUNT REQUESTED

		1- Goods, Consulting Services, Non-Consulting Services	Amount Paid
			633.325,42

NOTES:

Engin BOSTANCI
Head of Department



MINISTRY OF ENERGY AND NATURAL RESOURCES
GENERAL DIRECTORATE OF FOREIGN RELATIONS
TURKEY ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT
SPECIAL ACCOUNT STATEMENT

The Central Bank of the Republic of Türkiye
SPECIAL ACCOUNT NO: 94 07 01 055

As of December 31, 2022 and For The Year Then Ended (In US Dollars)

Opening Balance	28.797,64
Reimbursements to SA	633.325,42
a) Advance	0,00
b) SOE Procedure	633.325,42
c) Summary Sheet	0,00
Refunds to Special Account	0,00
Available Funds	662.123,06
Payments Made for Expenditures	559.557,36
Service charges for the account	0,00
Total Project Investments	559.557,36
Closing Balance	102.565,70



Engin BOSTANCI
Head of Department

REPUBLIC OF TÜRKİYE
MINISTRY OF ENERGY AND NATURAL RESOURCES
GENERAL DIRECTORATE OF FOREIGN RELATIONS
(Energy Efficiency in Public Buildings Project)
(TRUST FUND GRANT NUMBER TF0B0853)
For The Year Then Ended on December 31, 2022

1. OBJECTIVES AND NATURE OF THE PROJECT/GRANT

The objective of the Energy Efficiency in Public Buildings in Türkiye is to reduce energy use in central government buildings and inform the development of sustainable financing mechanisms to support a scaled-up, national program for energy efficiency in public buildings. The first component supports the renovation of central government and central-government affiliated buildings (i.e., public buildings under central line ministries, such as schools and hospitals). The three subcomponents are:

- a) Conventional EE investments in central government buildings;
- b) Energy service company investments; and;
- c) Pilot near-zero energy buildings.

The second component supports various technical assistance activities, to be managed by both Ministry of Environment and Urbanization (MoEU) and Ministry of Energy and Natural Resources (MENR). The two subcomponents are:

- a) Communication and outreach to solicit applications for future years, experts for energy audit and technical design reviews, and; (MoEU)
- b) Technical Assistance (TA) Activities: Build capacity for Energy service company (ESCO) market development through the training of ESCOs, provision of regulatory support, development of procedures, templates and case studies. (MENR)

The TA activities under MENR include:

- i. Capacity building for ESCO market development through the training of ESCOs, provision of regulatory support, development of procedures, templates and case studies;
- ii. Capacity building of MENR staff on M&V and energy audits and revision and update of existing training materials;
- iii. Monitoring the EE of renovated buildings under the Project and make enhancements to MENR's building consumption database;
- iv. Assessment of regulatory adjustments needed to support EE in public buildings and ESCOs, including budgeting rules to allow for budget savings retention, financing of public building renovations, public procurement rules to support ESCOs in the public sector, and public procurement rules in energy efficient equipment and materials;
- v. Development of appropriate financing agreement templates for energy services for the public sector;

- vi. Preparation of a market assessment and the development of a project pipeline in EE for municipalities to be presented to a suitable financial institution or institutions acceptable to the Bank in support of a national program for EE; and
- vii. Development of a plan for a national program for EE in the public sector (including, inter alia, in respect to central and municipal buildings, public lighting, and water) that would rely on sustainable financing mechanisms to serve the broader public sector in the Borrower's territory.

II. DURATION OF THE GRANT

Closing date of the Project is December 31, 2025.

III: THE ACCOUNTING POLICIES

1. Accounting Standard Applied

The Chart of Accounts of the Project has been prepared on an "Accrual Basis" in accordance with the International Accounting Standards. However, the accounting procedures function on a "cash basis" in order to avoid exchange differences in investment expenditures and costs.

2. Accounting Basis

The entire fiscal tables are prepared in accordance with the cash basis. In line with this basis, after the financial transactions and economic events took place, they are taken into accounting records when the cash or quasi cash assets have been collected or paid and are reflected to fiscal tables of the related period.

3. Currency

Our accounting records are kept by applying real time exchange for both currencies, Turkish Lira and US Dollars which is the financial currency of the loan agreement signed between the World Bank and the Turkish Government.

4. Fixed Assets

The fixed assets which have been purchased by the project resources are recorded in line with the costs on the procurement date, the project components and the expenditure categories. The amortization records related with the project assets are not carried out.

5. Exchange Transactions

US Dollars and TL records of the utilization of the resources and funds, and the investment expenditures, the daily current exchange buying rate on the collection and payment date published by The Central Bank of the Republic of Türkiye, is taken into account.

6. Receivables

The receivables are specified by net asset basis. Since the accounting system functions on a cash basis, the "receivables" are formulated by advance payments to the components and staff responsible. Advance payments in the period of arrangement of standard periodical reports by the World Bank are added to the related investment accounts.

7. Continuity

The Project shall execute the activities by December 31, 2025 or another date which shall be negotiated between the World Bank and the Republic of Türkiye.

8. Severance Pay

In accordance with the Turkish Law the severance pay is paid in case of retirement or dismissal. The staff of the Projects Implementation Unit is the staff of MENR General Directorate of Foreign Relations. The contracted consultants work under working contracts. Due to this fact, the severance pay is not under discussion and does not make any provision.

9. The Capitalization of the Financial Expenditures

Neither commission fee nor charge has been paid to The Central Bank of Republic of Türkiye.

10. Refunds to the special account

No amount has been refunded paid to The Central Bank of Republic of Türkiye where Project Special Account exists.

IV. RESTRICTED USE OF FUNDS AND OTHER ASSETS

In accordance with the grant agreement signed between the Republic of Türkiye and the World Bank, the funds under the Special Account are restricted to be utilized only in line with the project/Grant objectives. Fixed assets procured with the project funds of MENR, are restricted only to be used in line with the project objectives by the closing date of the Project/Grant. MENR, in order to control such assets, during the project and sub-project implementations, has kept each record relevant to this issue.

V. THE GRANT OF INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

The amount of withdrawal from the grant equivalent to nearly 1.7 million US Dollars to the account in The Central Bank of Republic of Türkiye is 633,325.42 US Dollars as of December 31, 2022.

VI. CASH AVAILABILITY ON DECEMBER 31, 2022

The actual cash amount as of December 31, 2022 is as indicated in the chart below.
The currency is stated in US Dollars.

	Loan Funds	Mutual Funds	Total
Special Account	\$ 102,565.70	0.00	\$ 102,565.70
Fixed Funds	0.00	0.00	0.00
Checking Account	0.00	0.00	0.00
Total	\$ 102,565.70	0.00	\$ 102,565.70



Dr. Öztürk SELVİTOP
Director General