



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

**SOCIAL ENTREPRENEURSHIP, EMPOWERMENT AND COHESION IN  
REFUGEE AND HOST COMMUNITIES IN TÜRKİYE PROJECT**

**Implemented by**

**REPUBLIC OF TÜRKİYE MINISTRY OF INDUSTRY AND TECHNOLOGY**

**Financed Under World Bank Grant Agreement Numbered TF-B4920**

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

**Prepared by**

**Ekrem ALBAYRAK  
Senior Treasury Controller**

**Didem GÜÇLÜ  
Junior Treasury Controller**



**Report's Number**

**99/2 - 19/5**

**INDEPENDENT AUDITOR'S REPORT**

**June 15, 2023**

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## **EXECUTIVE SUMMARY**



## EXECUTIVE SUMMARY

### A. Project Summary

“Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Türkiye Project” (Project) will be implemented within the framework of the European Union FRIT II Financial Aid Fund, under the management of the Ministry of Industry and Technology (MoIT) and the World Bank in Türkiye with the local partnership of Çukurova, Eastern Mediterranean, İpekyolu, Karacadağ and Dicle Development Agencies.

Implementation area of the Project is Adana, Mersin, Gaziantep, Adıyaman, Kilis, Mardin, Hatay, Osmaniye, Kahramanmaraş, Diyarbakır and Şanlıurfa provinces of Türkiye. Project aims to improve the livelihoods of women and youth, contribute to their social cohesion for refugees and host communities in Türkiye's target regions.

Grant Agreement's amount, numbered TF-B4920, signed between World Bank and Republic of Türkiye (represented by MoIT) is € 39.500.000,00 (thirty nine million and five hundred thousand Euros). The Project closing date has been updated as 31.12.2024.

In terms of Project, as of December 31, 2022, € 260.929,91 was disbursed.

### 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 year 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 MoIT has complied, in all material respects, with the rules and procedures of the Grant Agreement numbered TF-B4920,

c) To examine whether adequate supporting documentation has been maintained to support expenditures incurred and to evaluate eligibility of these expenditures for financing under the World Bank Grant Agreement numbered TF-B4920.

### C. Scope of Audit

We have performed an audit of financial statements of the Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Türkiye Project as of December 31, 2022 in accordance with the cash receipts and disbursements basis of accounting. We have also performed a compliance audit on whether Project activities are in line with Grant Agreement.

Our audit was conducted in accordance with the International Standards on Auditing published by International Federation of Accountants.

There was no limitation in our scope for the Project's audit.



#### **D. Audit Results**

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

In addition, as of December 31, 2022, MoIT has complied, in all material respects, with the rules and procedures of the Grant Agreement numbered TF-B4920, except for the issues mentioned under “Report on Other Legal and Regulatory Requirements”.

With respect to expenditures, adequate supporting documentation has been maintained to support expenditures incurred from Special Account; and these expenditures are eligible for financing under the Grant Agreement numbered TF-B4920.

In addition, in our audit period, there was not any disbursement under the Statement of Expenditures (SOE).

#### **E. Management Recommendation**

A management letter, dated June 15, 2023, to the attention of the MoIT was issued separately from this report. The objective of this Management Letter is to enable the auditors to communicate appropriately to those charged with governance and management deficiencies in internal control that the auditors have identified during the audit and that, in the auditors' professional judgement, are of sufficient importance to merit their respective attentions. For this purpose, our recommendations are attached to the Letter.

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



## INDEPENDENT AUDITOR'S REPORT

### TO MINISTRY OF INDUSTRY AND TECHNOLOGY

#### 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 Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Türkiye Project as of December 31, 2022, and for the period then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by Ministry of Industry and Technology based on relevant provisions of the Grant Agreement numbered TF-B4920.

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 accounting policies of the Social Entrepreneurship, Empowerment and Cohesion in Refugee and Host Communities in Türkiye Project as of December 31, 2022 and for the period then ended in accordance with the provisions of the Grant Agreement numbered TF-B4920.
- b) Ministry of Industry and Technology, as of December 31, 2022 has complied with, in all material respects, the requirements of the Grant Agreement numbered TF-B4920, except for the issues mentioned under "Report on Other Legal and Regulatory Requirements".
- 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 Grant Agreement numbered TF-B4920.

#### 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 Ministry of Industry and Technology 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 Statements

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



MoIT to comply with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose.

### **Going Concern**

The Projects financial statements have not been prepared using the going concern basis of accounting. The project will end on December 2024.

### **Responsibilities of Management and Those Charged with Governance or other appropriate terms for the Financial Statements**

MoIT is responsible for the preparation and fair presentation of these financial statements in accordance with Grant Agreement numbered TF-B4920 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.

### **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 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.





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

• 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

Ekrem ALBAYRAK  
Senior Treasury Controller

Didem GÜÇLÜ  
Junior Treasury Controller

Date: 15/06/2023

Address: Ministry of Treasury and Finance

Board of Treasury Controllers, 06490, Emek, ANKARA/TÜRKİYE

**MINISTRY of INDUSTRY and TECHNOLOGY  
GENERAL DIRECTORATE of DEVELOPMENT AGENCIES  
SOCIAL ENTREPRENEURSHIP, EMPOWERMENT AND COHESION IN REFUGEE AND HOST COMMUNITIES IN TÜRKİYE PROJECT (TF-B4920)  
STATEMENT of SOURCES and USES of FUNDS**

As of December 31, 2022 and for the Year then Ended  
(In EUROS)

| Notes  | Actual            |                     | Planned             |                      | Variance            |                      |
|--|-------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
|  | YTD               | Cumulative          | YTD                 | Cumulative           | YTD                 | Cumulative           |
| <b>I-SOURCES OF FUNDS</b>  |                   |                     |                     |                      |                     |                      |
| A-Government Contributions   | 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                 |
| C-IBRD Grant   | 843.105,45        | 7.243.105,45        | 1.330.188,47        | 39.500.000,00        | 487.083,02          | 32.256.894,55        |
| <i>1-Direct Payments</i>   | 0,00              | 0,00                |                     |                      |                     |                      |
| <i>2-Special Account</i>   | 843.105,45        | 7.243.105,45        |                     |                      |                     |                      |
| <i>a) Advance</i>  | 600.000,00        | 7.000.000,00        |                     |                      |                     |                      |
| <i>b) SOE Procedures</i>   | 243.105,45        | 243.105,45          |                     |                      |                     |                      |
| D-Refunds to Special Account   | 0,00              | 0,00                |                     |                      |                     |                      |
| <b>Total Funds Received</b>  | <b>843.105,45</b> | <b>7.243.105,45</b> | <b>1.330.188,47</b> | <b>39.500.000,00</b> | <b>487.083,02</b>   | <b>32.256.894,55</b> |
| <b>II-USES OF FUNDS</b>  |                   |                     |                     |                      |                     |                      |
| Component 1: Social Entrepreneurship for Women and Youth in Refugee and Host Communities | 0,00              | 0,00                | 0,00                | 19.808.753,00        | 0,00                | 19.808.753,00        |
| Component 2: Community Livelihoods-related Facilities in Refugee and Host Communities    | 0,00              | 0,00                | 0,00                | 15.691.247,00        | 0,00                | 15.691.247,00        |
| Component 3: Institutional Capacity Strengthening and Project Management                 | 260.929,91        | 289.789,37          | 1.330.188,47        | 4.000.000,00         | 1.069.258,56        | 3.710.210,63         |
| <b>Total Project Investments</b>   | <b>260.929,91</b> | <b>289.789,37</b>   | <b>1.330.188,47</b> | <b>39.500.000,00</b> | <b>1.069.258,56</b> | <b>39.210.210,63</b> |
| Cash at the beginning of the period  | 6.371.140,54      |                     |                     |                      |                     |                      |
| Cash at the end of the period  | 6.953.316,08      |                     |                     |                      |                     |                      |

**Pınar IULUER**  
Mali Yönetim Uzmanı

**Ahmet SİMŞEK**  
Genel Müdür Yardımcısı

MINISTRY of INDUSTRY and TECHNOLOGY  
GENERAL DIRECTORATE of DEVELOPMENT AGENCIES  
SOCIAL ENTREPRENEURSHIP, EMPOWERMENT AND COHESION IN REFUGEE AND HOST COMMUNITIES IN TÜRKİYE PROJECT (TF-B4920)  
STATEMENT of CUMULATIVE INVESTMENTS  
As of December 31, 2022 and for the Year then Ended  
(In EUROS)

| 1- INVESTMENTS   | Notes | Actual     |            | Planned      |               | Variance     |               |
|--|-------|------------|------------|--------------|---------------|--------------|---------------|
|  |       | YTD        | Cumulative | YTD          | Cumulative    | YTD          | Cumulative    |
| <b>I-Investment Costs</b>  |       |            |            |              |               |              |               |
| <b>Component 1: Social Entrepreneurship for Women and Youth in Refugee and Host Communities</b>                                  |       |            |            |              |               |              |               |
| 1.A Support services for social entrepreneurship incubation and acceleration   |       | 0,00       | 0,00       | 0,00         | 19.808.753,00 | 0,00         | 19.808.753,00 |
| 1.B Subgrants for social enterprise incubation and acceleration  |       | 0,00       | 0,00       | 0,00         | 5.538.753,00  | -            | 5.538.753,00  |
|  |       | 0,00       | 0,00       | 0,00         | 14.270.000,00 | -            | 14.270.000,00 |
| <b>Component 2: Community Livelihoods-related Facilities in Refugee and Host Communities</b>                                     |       |            |            |              |               |              |               |
| 2.A- Mobilization and capacity building for livelihoods-related facilities for women (supporting social enterprise development)  |       | 0,00       | 0,00       | 0,00         | 15.691.247,00 | 0,00         | 15.691.247,00 |
| 2.B Subgrants for community livelihoods-related facilities   |       | 0,00       | 0,00       | 0,00         | 615.417,00    | -            | 615.417,00    |
|  |       | 0,00       | 0,00       | 0,00         | 15.075.830,00 | -            | 15.075.830,00 |
| <b>Component 3: Institutional Capacity Strengthening and Project Management</b>  |       |            |            |              |               |              |               |
| 3A Support for strengthening institutional capacity  | 7     | 260.929,91 | 289.789,37 | 1.330.188,47 | 4.000.000,00  | 1.069.258,56 | 3.710.210,63  |
| 3B Project management, coordination and communications   | 7     | 0,00       | 0,00       | 0,00         | 500.000,00    | -            | 500.000,00    |
| 3C Monitoring and Evaluation   | 7     | 260.929,91 | 289.789,37 | 1.330.188,47 | 2.880.000,00  | 1.069.258,56 | 2.590.210,63  |
|  |       | 0,00       | 0,00       | 0,00         | 620.000,00    | -            | 620.000,00    |
| <b>Total Investment Costs</b>  |       |            |            |              |               |              |               |
|  |       | 260.929,91 | 289.789,37 | 1.330.188,47 | 39.500.000,00 | 1.069.258,56 | 39.210.210,63 |
|  |       | 0,00       | 0,00       | 0,00         | 0,00          | 0,00         | 0,00          |
| <b>II-RECURRING COSTS</b>  |       |            |            |              |               |              |               |
| <b>Project Investments</b>   |       |            |            |              |               |              |               |
|  |       | 260.929,91 | 289.789,37 | 1.330.188,47 | 39.500.000,00 | 1.069.258,56 | 39.210.210,63 |
| <b>2- INVESTMENTS BY SUB-CATEGORIES</b>  |       |            |            |              |               |              |               |
| <b>Category Name</b>   |       |            |            |              |               |              |               |
| <b>Category (1) Goods, works, non-consulting services and consulting services under Part 1.A and Part 2.A of the Project</b>     |       |            |            |              |               |              |               |
| Category (2) Subgrants under Part 1.B of the Project   |       |            |            |              |               |              |               |
| Category (3) Subgrants under Part 2.B of the Project   |       |            |            |              |               |              |               |
| Category (4) Goods, works, non-consulting services consulting services, Operating Costs and Training under Part 3 of the Project |       |            |            |              |               |              |               |
| 1. Goods   | 7     | 32.124,27  | 44.437,21  | 45.274,48    | 210.000,00    | 13.150,21    | 165.562,79    |
| 2. Consulting Services   | 7     | 147.585,91 | 163.530,03 | 795.056,02   | 2.250.500,00  | 647.470,11   | 2.086.969,97  |
| 3. Non Consulting Services   | 7     | 72.991,49  | 72.991,49  | 82.600,00    | 1.130.000,00  | 9.008,51     | 1.057.008,51  |
| 4. Operating Cost  | 7     | 8.228,24   | 8.830,64   | 407.857,97   | 409.500,00    | 399.629,73   | 400.669,36    |
| <b>Total</b>   |       |            |            |              |               |              |               |
|  |       | 260.929,91 | 289.789,37 | 1.330.188,47 | 39.500.000,00 | 1.069.258,56 | 39.210.210,63 |

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Mali Yönetim Uzmanı

Abdullah ŞİMŞEK  
Genel Müdür Yardımcısı

MINISTRY of INDUSTRY and TECHNOLOGY  
GENERAL DIRECTORATE of DEVELOPMENT AGENCIES  
SOCIAL ENTREPRENEURSHIP, EMPOWERMENT AND COHESION IN REFUGEE AND HOST COMMUNITIES IN TÜRKİYE PROJECT (TF-B4920)  
STATEMENT of REQUESTS for DISBURSEMENT (SOE STATEMENT)  
As of December 31, 2022 and for the Year then Ended  
(In EUROS)

I. Request Reimbursed

|                  |         | Disbursement Categories   |   |   |  |            |             |                 |       |
|------------------|---------|---|---|---|--|------------|-------------|-----------------|-------|
| Application Date | Number  | Category (1)<br>Goods, works, non-consulting services, and consulting services under Part 1.A, and Part 2.A of the Project. | Category (2) Subgrants under Part 1.B of the Project. | Category (3) Subgrants under Part 2.B of the Project. | Category (4) Goods, works, non-consulting services, consulting services, Operating Costs, and Training under Part 3 of the Project | SOE Total  | Amount Paid | Date of Payment | Notes |
| 23.11.2022       | SEECO-3 |   |   |   | 243.105,45   | 843.105,45 | 843.105,45  | 30.11.2022      | 8     |
| Sub-total        |         | 0,00  | 0,00  |   |  | 843.105,45 | 843.105,45  |                 |       |

II. Request Pending Reimbursement

|                  |        | Disbursement Categories   |   |   |  |       |             |                 |  |
|------------------|--------|---|---|---|--|-------|-------------|-----------------|--|
| Application Date | Number | Category (1)<br>Goods, works, non-consulting services, and consulting services under Part 1.A, and Part 2.A of the Project. | Category (2) Subgrants under Part 1.B of the Project. | Category (3) Subgrants under Part 2.B of the Project. | Category (4) Goods, works, non-consulting services, consulting services, Operating Costs, and Training under Part 3 of the Project | Total | Amount Paid | Date of Payment |  |
| Sub-total        |        | 0,00  | 0,00  |   |  | 0,00  | 0,00        |                 |  |

TOTAL AMOUNT REQUESTED

|   |   | Disbursement Categories                               |  |            |  |  |  |  |  |
|---|---|---|--|------------|--|--|--|--|--|
| Category (1)<br>Goods, works, non-consulting services, and consulting services under Part 1.A, and Part 2.A of the Project. | Category (2) Subgrants under Part 1.B of the Project. | Category (3) Subgrants under Part 2.B of the Project. | Category (4) Goods, works, non-consulting services, consulting services, Operating Costs, and Training under Part 3 of the Project | Total      |  |  |  |  |  |
| 0,00  | 0,00  | 0,00  | 243.105,45   | 243.105,45 |  |  |  |  |  |

Pinar ULUER  
Mali Yönetim Uzmanı

Ahmet ŞİMŞEK  
Genel Müdür Yardımcısı

**MINISTRY of INDUSTRY and TECHNOLOGY**  
**GENERAL DIRECTORATE of DEVELOPMENT AGENCIES**  
**SOCIAL ENTREPRENEURSHIP, EMPOWERMENT AND COHESION IN REFUGEE AND HOST COMMUNITIES IN TURKEY PROJECT (TF-**  
**SPECIAL ACCOUNT STATEMENT**  
**ACCOUNT NO: TR36 0001 5001 5804 8019 6694 56**  
**At TÜRKİYE VAKIFLAR BANKASI T.A.O.**  
**As of December 31, 2022 and for the Year then Ended**  
**(In EUROS)**

|                                  | <u>Notes</u> |                     |
|----------------------------------|--------------|---------------------|
| Opening Balance                  |              | 6.371.140,54        |
| Reimbursements to SA             |              | 843.105,45          |
| a) Advance                       |              | 600.000,00          |
| b) SOE Procedure                 |              | 243.105,45          |
| Interest Income and FX Gains     |              | 0,00                |
| Refunds of Special Account       |              | 0,00                |
| <b>Available Funds</b>           |              | <b>0</b>            |
|                                  |              | <b>7.214.245,99</b> |
| Payments Made for Expenditures   |              | 260.929,91          |
| Service charges for the account  |              | 0,00                |
| <b>Total Project Investments</b> |              | <b>260.929,91</b>   |
| <b>Closing Balance</b>           |              | <b>6.953.316,08</b> |

**Pınar ULUER**  
Mali Yönetim Uzmanı

**Ahmet ŞİMŞEK**  
Genel Müdür Yardımcısı

**MINISTRY of INDUSTRY and TECHNOLOGY**  
**GENERAL DIRECTORATE of DEVELOPMENT AGENCIES**  
**SOCIAL ENTREPRENEURSHIP, EMPOWERMENT AND COHESION IN**  
**REFUGEE AND HOST COMMUNITIES IN TURKEY PROJECT (TF-B4920)**  
**NOTES ON PROJECT FINANCIAL DISCLOSURES**  
**AS OF DECEMBER 31, 2022 AND FOR THE YEAR THEN ENDED**

**1. GENERAL INFORMATION ABOUT THE PROJECT**

Within the framework of the European Union FRIT II Financial Aid Fund, under the management of the Ministry of Industry and Technology and the World Bank in Turkey, with the local partnership of Çukurova, Eastern Mediterranean, İpekyolu, Karacadağ and Dicle Development Agencies, in which will be implemented the project Adana, Mersin, Gaziantep, Adıyaman, Kilis, Mardin, Hatay, Osmaniye, Kahramanmaraş, Diyarbakır and Şanlıurfa provinces, aims to improve the livelihoods of women and youth and contribute to their social cohesion for refugees and host communities in Turkey's target regions. The project with a total budget of 39.5 Million Euros will be implemented for 22 months as of February 26, 2021. The project closing date has been determined as 31.12.2022. Project closing date has been updated as December 31, 2024.

**Project Components**

It is envisaged that the activities related to the project will basically be carried out in the axis of 3 components.

**Component 1 (19,8 Million Euros)**, will finance activities to support social entrepreneurship in refugee and host communities in target provinces. Direct beneficiaries under this component are business start-up support services and sub-grant recipients and employed persons in the field of social enterprises. Indirect beneficiaries will be buyers of goods and users of services provided by social enterprises.

**Component 2 (15,7 Million Euros)**, aims to address gaps in livelihood facilities, support women's income generation among refugees and host community members, and promote dialogue and participation of refugees, host communities and municipal authorities around social initiatives. In this context, capacity building and facilitation activities for refugees and host community members to participate in decision-making processes on local needs and priorities for livelihood-related facilities, and installation/renewal costs of selected livelihood-related facilities will be financed.

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**Component 3 (4 Million Euros)**, will finance project management, monitoring-evaluation and communication and visibility activities, and capacity building activities for actors at the national (STB, development agencies) and local (municipalities, local governments, NGOs and other stakeholders) level actors; and will strength the capacity of stakeholders to support the development of women's livelihoods within the scope of the project and in the future.

## **2. MAIN ACCOUNTING POLICIES**

(a) Transactions related to the project are accounted for by keeping cash and Euro based accounting records. On this basis, when funds are received, resources are recorded as expenditures when used. Payments to the contractors are made in USD, EUR or TL and accordingly, the required amount is withdrawn from the Special Account using the bank's rate, and the conversion process is carried out and the payment process is completed. Accordingly, the payments are accounted in TL and using the foreign currency conversion rate.

(b) The eligible expenses incurred can be made through a special account (advance) in accordance with the Disbursement Letter. For withdrawal by advance method, a Special Account in Euro currency has been opened at Vakıflar Bankası, which is an acceptable bank for the World Bank.

(c) Transactions related to the project are recorded and monitored in Euros.

## **3. FINANCIAL STATEMENTS**

Pursuant to the provisions of the relevant Agreement, the use of the funds provided under the project is limited to the project purpose only. IFR covering each quarterly calendar period regarding the use of project funds are prepared and submitted to the World Bank.

## **4. AVAILABILITY OF CASH**

Funds obtained within the scope of the project are kept in a special account and petty cash is not used.

## **5. PROJECT SPECIAL ACCOUNT**

As a Designated Account in the project, the Euro account with the IBAN number TR36 0001 5001 5804 8019 6694 56 opened at the Sanayi ve Teknoloji Bakanlığı Ankara Branch of T. C. Vakıflar Bank is used. The TL and USD account with IBAN number TR14 0001 5001 5800 7313 8960 11 and TR08 0001 5001 5804 8021 4504 92 respectively opened in the same bank and branch is used as an interim account for payments to be made in TL. The advance balance ceiling has been determined as

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7,000,000 Euros in the Disbursement Letter, and an electronic form is filled through the World Bank Client Connection system for all resource withdrawals from the World Bank, and the application is signed electronically by the authorities and sent to the World Bank.

## 6. TAX EXCLUSIONS

The Ministry of Industry and Technology-General Directorate of Development Agencies, which is the project grant beneficiary, is the union contractor within the scope of the IPA II framework agreement, with the contract signed with the World Bank. VAT Exemption Certificate dated 14.06.2021 and numbered KDV.IPA.CERT.2021/420 was received from the Revenue Administration. This certificate was renewed after the extension of the project period. The new exemption certificate is dated 17.01.2023 and numbered VAT.IPA.CERT.2023/17.

Pursuant to the IPA II Framework Agreement Communiqué, the Ministry of Industry and Technology-General Directorate of Development Agencies is a legal entity that supplies goods or provides services or conducts business or executes the grant agreement within the scope of the Union Agreement and also directly benefits from the grant. For this reason, the relevant tax withholdings and deductions included in the communiqué of the IPA II framework agreement will not be made from the payments to be made to the beneficiaries, and no collection will be provided under these names.

## 7. INFORMATION ABOUT THE PLANNED AMOUNTS

Expenditure Categories and Project Components along with their amounts are defined in the Grant Agreement and PAD, respectively. Fund amounts allocated for each category and component cannot be changed without amending the contract. However, the planned amounts of the breakdowns under Categories and Components can be revised so that they do not exceed the main heading amounts.

## 8. APPLICATIONS IN THE FORM of STATEMENT of EXPENDITURE (SoE)

Advance withdrawal, Statement of Expenditure (SoE) and Replenishment transactions are carried out over the World Bank Client Connection system, with the formats specified in the Disbursement and Financial Information Letter (DFIL). In this context, 243,105.45 Euros of the application numbered SEECO-3, which is 843.105.45 Euros in total for the Statement of Expenditures, was made in the form of a Statement of Expenditure, and the remaining 600.000,00 Euro is the Advance withdrawal.

**Pınar ULUER**  
Mali Yönetim Uzmanı

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