

MINISTRY OF TREASURY AND FINANCE
BOARD OF TREASURY CONTROLLERS

TÜRKİYE EARTHQUAKE RECOVERY AND RECONSTRUCTION PROJECT

Implemented by

MINISTRY of ENVIRONMENT, URBANIZATION, and CLIMATE CHANGE

Financed Under World Bank Loan Agreement

Numbered 9580-TR

The Period between 01.09.2023 - 31.12.2024

Prepared by

Belçim ÖZDEMİR
Treasury Controller

Yunus AYAN
Treasury Controller

Ahmet AKDEMİR
Treasury Controller

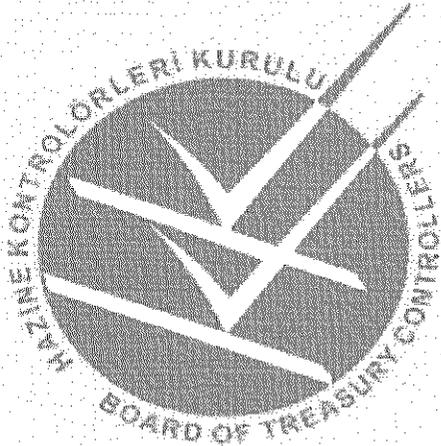
Alican AKTÜRK
Treasury Controller

Report's Number

85/12 - 47/13 - 31/9 - 26/9

INDEPENDENT AUDITOR'S REPORT

June 26, 2025





CONTENTS

EXECUTIVE SUMMARY	3
A. Project Summary	3
B. Objectives of Audit.....	4
C. Scope of Audit.....	4
D. Audit Methodology	5
E. Audit Results	5
F. Management Recommendation	6
INDEPENDENT AUDITOR'S REPORT & FINANCIAL STATEMENTS OF THE PROJECT.....	7
INDEPENDENT AUDITOR'S REPORT.....	8
A. Opinion.....	8
B. Basis for Opinion	8
C. Emphasis of Matter in the Financial Statement.....	8
D. Going Concern	8
E. Responsibilities of Management and Those Charged with Governance or Other Appropriate Terms for the Financial Statements.....	8
F. Auditor's Responsibilities for the Audit of the Financial Statements	9
G. Report on Other Legal and Regulatory Requirements	10
ANNEX I: FINANCIAL STATEMENTS.....	11

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

A. Project Summary

A Loan Agreement numbered 9580-TR was signed between Republic of Türkiye and International Bank for Reconstruction and Development (IBRD) on September 01, 2023. The loan provided will finance the Türkiye Earthquake Recovery and Reconstruction Project. A total of € 910.500.000,00 will be used for the mentioned project. The project will be financed by only the IBRD resources.

The project consists of the following parts which are also stated below:

Part 1: Restoration of Municipal Infrastructure and Services

- A. Resilient rehabilitation and reconstruction of municipal infrastructure;
- B. Resilient recovery of municipal service facilities.

Part 2: Restoration of Health Services

- A. Ensuring continuity of primary-level and hospital-level health services;
- B. Providing mobile diagnostics services;
- C. Supporting access to vaccination, disability services, and medical equipment;
- D. Strengthening institutional capacity to restore provision of essential health care services.

Part 3: Rural Housing Reconstruction and Recovery

I. In Earthquake-affected Provinces

- A. Resilient rural housing and village reconstruction;
- B. Capacity building for resilient recovery and post-disaster housing support through the provision of technical assistance to assess the possibility to use local and recyclable materials with 3D Additive Manufacturing.

II. In Earthquake-affected Provinces and Earthquake-impacted Provinces

- A. Resilient rural housing and village reconstruction;
- B. Capacity building for resilient recovery and post-disaster housing support.

Part 4: Project Management, Monitoring and Evaluation

- A. ILBANK, in carrying out Part 1 and this Part 4.A Part of the Project;
- B. MoH, in carrying out Part 2 and this Part 4.B Part of the Project;
- C. MoEUCC in carrying out Part 3 and this Part 4.C of the Project.

Three different implementing agencies have been authorized to perform the project activities under the above-mentioned parts. These agencies and their relevant parts can be outlined as follows:



- ILBANK is responsible for the execution of Parts 1 and 4.A of the Project (€ 388.328.250,00),
- Ministry of Health (MoH) is responsible for the execution of Parts 2 and 4.B of the Project (€ 252.208.500,00),
- Ministry of Environment, Urbanization, and Climate Change (MoEUCC) is responsible for the execution of Parts 3 and 4.C of the Project (**€ 269.963.250,00**).

The objective of the Project is to restore access to essential municipal and health services and resilient housing in selected provinces affected by the February 2023 Earthquakes in Türkiye.

The closing date of the Project is June 30, 2028. In the audit period (01.09.2023 – 31.12.2024), total disbursements made under the Project is **€ 167.272.531,19**.

B. Objectives of Audit

The objective of the audit is to express an opinion on the Financial Statements of the Türkiye Earthquake Recovery and Reconstruction Project for the period between 01.09.2023 - 31.12.2024. The audit includes but not limited to the following tasks.

In evidencing compliance with agreed project financing arrangements, we are expected to carry out tests to confirm that:

- (a) The fund has been used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- (b) Goods and services financed have been procured in accordance with relevant financing agreements, including specific provisions of the World Bank Procurement Guidelines.
- (c) The supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE) method of reporting.
- (d) Respective reports issued during the period were in agreement with the underlying books of account.

C. Scope of Audit

The audit was conducted in accordance with International Standards on Auditing. Those Standards require that the auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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



D. Audit Methodology

Financial Statements

Verified that the financial statements have been prepared in accordance with International Public Sector Accounting Standards.

Audited the SOE submitted to the Bank in support of requests for periodic replenishment of the project designated account.

Examined expenditures for eligibility based on criteria defined in terms of the financing agreement and detailed in the Disbursement Letter. In addition, we examined:

- (a) the Statement of Expenditure (SOE) have been prepared in accordance with the provisions of the relevant financing agreement,
- (b) expenditures have been made wholly and necessarily for the realization of project objectives,
- (c) information and explanation necessary for the purpose of the audit have been obtained,
- (d) supporting records and documents necessary for the purpose of the audit have been retained, and
- (e) the SOE can be relied upon to support the related withdrawal applications.

Review of designated accounts

During the audit of the project financial statements, we reviewed the activities of the project's designated account such as advances, payments made, and reconciliation of period-end balances.

Internal controls

Evaluated significant internal controls to obtain a sufficient understanding of the design of relevant controls, policies and procedures and whether they have been in operation during the period under review.

Compliance with agreement terms and applicable laws and regulations

Reviewed, assessed and reported on compliance with the terms and conditions of the Loan Agreement numbered 9580-TR.

Representations by implementing agency

Obtained specific written representations from management.

E. Audit Results

For the financial statements of project, our audit resulted with an unmodified of opinion. In addition, other reporting responsibilities about the project is included under the "Report on Other Legal and Regulatory" Requirements heading of the report.



F. Management Recommendation

We have issued a management letter annexed to the report and dated 26.06.2025.

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



INDEPENDENT AUDITOR'S REPORT

TO MINISTRY of ENVIRONMENT, URBANIZATION, and CLIMATE CHANGE

ANKARA

A. Opinion

We have audited the Statement of Withdrawal Application Summary, Statement of Sources and Uses of Funds, Statement of the Comparison of Budget and Actual Amount, and Statement of Designated Account of the Türkiye Earthquake Recovery and Reconstruction Project as of between 01.09.2023 - 31.12.2024, and notes to the financial statements including a summary of significant accounting policies. The financial statements have been prepared by Ministry of Environment, Urbanization, and Climate Change based on financial reporting provisions of the Loan Agreement numbered 9580-TR.

In our opinion; the accompanying financial statements present fairly, in all material respects, the financial position and cash flows of the Türkiye Earthquake Recovery and Reconstruction Project as of period between 01.09.2023 - 31.12.2024 in accordance with cash basis International Public Sector Accounting Standards and financial reporting provisions outlined in Loan Agreement Numbered 9580-TR.

B. Basis for 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 Environment, Urbanization, and Climate Change 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.

C. 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 Ministry of Environment, Urbanization, and Climate Change to comply with the financial reporting provisions of the loan agreement referred to above. As a result, the financial statements may not be suitable for another purpose.

D. Going Concern

The Projects financial statements have not been prepared using the going concern basis of accounting. The project will be completed on June 30, 2028.

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

Ministry of Environment, Urbanization, and Climate Change is responsible for the preparation and fair presentation of these financial statements in accordance with Loan



Agreement numbered 9580-TR, 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 Ministry of Environment, Urbanization, and Climate Change's financial reporting process.

F. 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 scepticism 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.
- 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.



G. Report on Other Legal and Regulatory Requirements

The conclusions drawn from audits conducted within the scope of other reporting requirements are as follows:

- a) Ministry of Environment, Urbanization, and Climate Change as of period between 01.09.2023 - 31.12.2024 has complied with, in all material respects, the requirements of the Loan Agreement Numbered 9580-TR.
- b) With respect to SOE, adequate supporting documentation has been maintained to support claims to the IBRD for reimbursement of expenditures incurred, and these expenditures are eligible for financing under the Loan Agreement numbered 9580-TR.

Okan SÜLER
Chairman of Board of Treasury Controllers

Akif Bülent BOYACIOĞLU
(Audit Partner)
Vice Chairman

Belçim ÖZDEMİR
Treasury Controller

Yunus AYAN
Treasury Controller

Ahmet AKDEMİR
Treasury Controller

Alican AKTÜRK
Treasury Controller

Date: 26.06.2025

Address: Ministry of Treasury and Finance
The Board of Treasury Controllers
06420, Dikmen, ANKARA/TÜRKİYE

ANNEX I: FINANCIAL STATEMENTS

MINISTRY OF ENVIRONMENT, URBANIZATION and CLIMATE CHANGE
TÜRKİYE EARTHQUAKE RECOVERY and RECONSTRUCTION PROJECT (9580-TR)
WITHDRAWAL APPLICATION SUMMARY
 For the Period 01.01.2023 - 31.12.2024
 (In Euro)

Withdrawal Application Number	Notes	Date	Category Goods, Works, Non- consulting services, Consulting services, Operating costs and Training	Documented Total	Designated Account Currency Equivalent (EUR)	Advance Requested	Value date	Rejected by	Net Paid	In Designated Account Currency - Euro	
Section A: Payment method - Advance/Replenishment											
Approved Withdrawals											
MOEUC-1		18.12.2023	10.000.000,00	-	10.000.000,00	10.000.000,00	27.12.2023	-	10.000.000,00		
MOEUC-2		29.01.2024	8.000.000,00	-	8.000.000,00	8.000.000,00	02.02.2024	-	8.000.000,00		
MOEUC-3		27.03.2024	15.871.179,13	-	15.871.179,13	15.871.179,13	5.04.2024	-	15.871.179,13		
MOEUC-4		31.05.2024	22.000.000,00	-	22.000.000,00	22.000.000,00	6.06.2024	-	22.000.000,00		
MOEUC-5		14.09.2024	27.672.527,05	-	27.672.527,05	27.672.527,05	24.06.2024	-	27.672.527,05		
MOEUC-6		04.09.2024	39.191.611,13	-	39.191.611,13	39.191.611,13	04.09.2024	39.191.611,13	0,00		
MOEUC-6	8	04.09.2024	39.191.611,13	-	39.191.611,13	39.191.611,13	10.09.2024	-	39.191.611,13		
MOEUC-7	8	25.10.2024	11.339.051,83	-	11.339.051,83	33.339.051,83	31.10.2024	-	11.339.051,83		
MOEUC-8		15.11.2024	9.711.177,86	-	9.711.177,86	9.711.177,86	26.11.2024	-	9.711.177,86		
MOEUC-9		10.12.2024	14.217.404,62	-	14.217.404,62	14.217.404,62	13.12.2024	-	14.217.404,62		
MOEUC-10		19.12.2024	9.300.868,91	-	9.300.868,91	9.300.868,91	24.12.2024	-	9.300.868,91		
Pending Submissions											
Sub-total (A)			206.495.431,66	0,00	206.495.431,66	228.495.431,66		39.191.611,13	167.303.820,53		
Section B: Payment Method - Reimbursement											
Approved Withdrawals											
Pending Submissions											
Sub-total (B)			0,00	0,00	0,00	0,00		0,00	0,00		
Section C: Payment Method - Direct Payment											
Approved Withdrawals											
Pending Submissions											
Sub-total (C)			0,00	0,00	0,00	0,00		0,00	0,00		
TOTAL (A+B+C)			206.495.431,66	0,00	206.495.431,66	228.495.431,66		39.191.611,13	167.303.820,53		

Prepared by

25.06.2025
Mustafa İpek

(Signature)

Controlled by

FİDİR BARUT
Müşave Müdürlüğü

(Signature)

Approved by

(Signature)
Mehmet Akın ÖZDEMİR
Genel Müdür

(Signature)

MINISTRY OF ENVIRONMENT, URBANIZATION and CLIMATE CHANGE
TÜRKİYE EARTHQUAKE RECOVERY and RECONSTRUCTION PROJECT (9580-TR)
STATEMENT OF SOURCES AND USES OF FUNDS
For the Year Ended on 31.12.2024
(In Euro)

I-SOURCES OF FUNDS	Notes	Current Period (2024)	Previous Period (2023)	Cumulative
IBRD Loan	8	157.303.820,53	10.000.000,00	167.303.820,53
1-Direct Payment		0,00	0,00	0,00
2-Designated Account		157.303.820,53	10.000.000,00	167.303.820,53
TOTAL SOURCES		157.303.820,53	10.000.000,00	167.303.820,53
II-A USES OF FUNDS (by Component)	5			
3. RURAL HOUSING RECONSTRUCTION and RECOVERY				
3.1 Resilient rural housing and village reconstruction		163.905.483,83	3.220.373,50	167.125.857,33
3.2 Capacity building for resilient recovery and post-disaster housing support		0,00	0,00	0,00
Total Component 1		163.905.483,83	3.220.373,50	167.125.857,33
4. PROJECT MANAGEMENT, MONITORING and EVALUATION				
4.3 MoEUCC, in carrying out Part 3 and this Part 4.C of the Project		146.673,86	0,00	146.673,86
Total Component 4		146.673,86	0,00	146.673,86
TOTAL USES of FUNDS (by Component)		164.052.157,69	3.220.373,50	167.272.531,19
II-B USES OF FUNDS (by Category)	5			
(1) Goods, Works, Non-consulting services, Consulting services, Operating costs and Training for Part 3 and Part 4.C of the Project		164.052.157,69	3.220.373,50	167.272.531,19
TOTAL USES of FUNDS (by Category)		164.052.157,69	3.220.373,50	167.272.531,19
Cash at the beginning of the period (01.01.2024)	7	6.779.626,50		
Cash at the end of the period* (31.12.2024)		31.289,34		

The foreign exchange buying rate at the payment date of the bank where the designated account is kept was used.

Prepared by
25.06.2025
Mustafa İpek

Controlled by

EJDER BARUT
Şubha Müduru

Approved by

MINISTRY of ENVIRONMENT, URBANIZATION and CLIMATE CHANGE
TÜRKİYE EARTHQUAKE RECOVERY and RECONSTRUCTION PROJECT (9580-TR)
STATEMENT of COMPARISON BUDGET AND ACTUAL AMOUNT
For the Year Ended on 31.12.2024
(In EURO)

	Notes	Current Period				Cumulative		Progress
		Actual	Final Budget	Initial Budget	Progress	Actual	Planned	
SOURCES OF FUNDS								
IBRD Loan	8	157.303.820,53	-	-	-	167.303.820,53	269.963.250,00	62%
Total Funding Sources						167.303.820,53	269.963.250,00	62%
USE OF FUNDS								
By Component								
3. RURAL HOUSING RECONSTRUCTION and RECOVERY								
3.1 Resilient rural housing and village reconstruction		163.905.483,83	-	-	-	167.125.857,33	254.940.000,00	66%
3.2 Capacity building for resilient recovery and post-disaster housing support		0,00	-	-	-	0,00	9.105.000,00	0%
Total Component 1		163.905.483,83				167.125.857,33	264.045.000,00	63%
4. PROJECT MANAGEMENT, MONITORING and EVALUATION								
4.3 MoEUCC, in carrying out Part 3 and this Part 4.C of the Project		146.673,86	-	-	-	146.673,86	5.918.250,00	2%
Total Component 4		146.673,86				146.673,86	5.918.250,00	2%
TOTAL USES of FUNDS (by Component)		164.052.157,69				167.272.531,19	269.963.250,00	62%
By Category								
(1) Goods, Works, Non-consulting services, Consulting services, Operating costs and Training for Part 3 and Part 4.C of the Project		164.052.157,69	-	-	-	167.272.531,19	269.963.250,00	62%
TOTAL USES of FUNDS (by Category)		164.052.157,69				167.272.531,19	269.963.250,00	62%

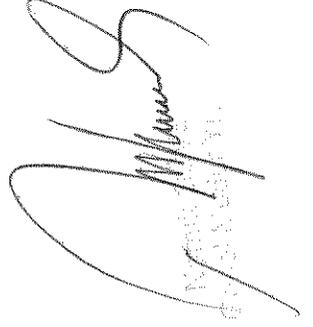
Prepared by

25.06.2025
Mustafa İpek

Controlled by


Ejla BARUT
Şube Müdürü

Approved by



MINISTRY of ENVIRONMENT, URBANIZATION and CLIMATE CHANGE
TR TÜRKİYE EARTHQUAKE RECOVERY and RECONSTRUCTION PROJECT (9580-TR)
DESIGNATED ACCOUNT STATEMENT
DESIGNATED ACCOUNT NO: 941432033
For the Year Ended on 31.12.2024
(In EURO)

Opening Balance (01.01.2024)	7		6.779.626,50
Reimbursements to DA	8		157.303.820,53
Available Funds			164.083.447,03
Withdrawals from the Designated Account	5		164.052.157,69
Closing Balance (31.12.2024)	7		31.289,34

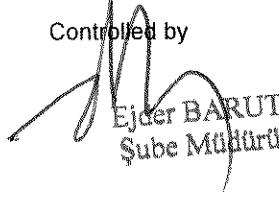
Prepared by

25.06.2025
Mustafa İpek



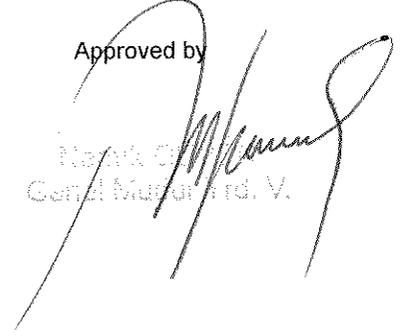
Controlled by

Ejder BARUT
Şube Müdürü



Approved by

Genel Müdür Yard. V.



REPUBLIC OF TÜRKİYE
MINISTRY OF ENVIRONMENT, URBANIZATION AND CLIMATE CHANGE
TÜRKİYE EARTHQUAKE RECOVERY AND RECONSTRUCTION PROJECT
(9580-TR)

NOTES ON PROJECT FINANCIAL STATEMENTS

BETWEEN 01.01.2023 - 31.12.2024

1- PROJECT OBJECTIVES AND STRUCTURE

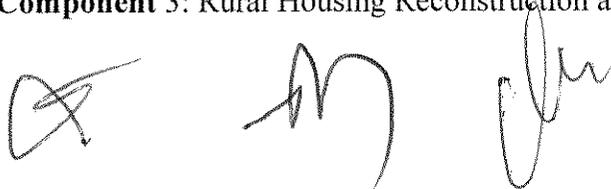
Türkiye Earthquake Recovery and Reconstruction Project (TERRP) Loan Agreement was signed between the Government of the Republic of Türkiye and the International Bank for Reconstruction and Development (IBRD) on 01.09.2023 and was approved by the Presidency's Decision No. 7704 dated 09.10.2023 and entered into force on 26/10/2023. The project will be implemented between 2023-2027 and the amount of the signed Financing Agreement is 910.500.000,00 Euros. Expenditures within the scope of the project started in 2023. The project consists of 4 main components and sub-components. The Türkiye Earthquake Recovery and Reconstruction Project supports recovery efforts to restore basic health, municipal services and resilient housing in provinces affected by the February 2023 earthquakes. This includes the provision of temporary facilities and equipment, repair/structural reinforcement and resilient reconstruction of damaged infrastructure and buildings required for the restoration and maintenance of basic services, including health, water, sanitation and emergency services. The objectives and components of the project are defined in the Project Appraisal Document (PAD) and the Loan Agreement text.

The project will be supported by an Investment Project Finance (IPF) loan of EUR 910.5 million. The project consists of the four components. Each of the three technical components will be implemented by a different implementing agency. The implementing agency for Component 1 of the project is Türkiye Cumhuriyet İller Bankası A.Ş. (İLBANK), the Ministry of Health for Component 2 and the Ministry of Environment, Urbanization and Climate Change for Component 3. All implementing agencies will benefit from project management and monitoring and evaluation support under Component 4.

Türkiye Earthquake Recovery and Reconstruction Project No. 9580-TR	EUR
Component 3. Rural Housing Reconstruction and Recovery	264.045.000,00
3.1 Resilient rural housing and village reconstruction	254.940.000,00
3.2 Capacity building for resilient recovery and post-disaster housing support	9.105.000,00
Component 4. Project Management, Monitoring and Evaluation	5.918.250,00
4.3 MoEUCC, in carrying out Part 3 and this Part 4.C of the Project	5.918.250,00
Ministry of Environment, Urbanization and Climate Change Total	269.963.250,00

The sub-component based activities and budgets of the components under the responsibility of the General Directorate of Construction Affairs (YİGM) of the Ministry of Environment, Urbanization and Climate Change (ÇŞB) are stated below.

Component 3: Rural Housing Reconstruction and Recovery (264.045.000 Euros)



“This component will finance civil works, goods, consultancy and non-consultancy services to support two activities related to the reconstruction and rehabilitation of post-disaster rural housing. First, it will finance the climate and disaster resilient reconstruction of demolished, severely or moderately damaged rural housing, livelihood buildings and related basic infrastructure and social facilities in villages affected by earthquakes under the GoT’s existing post-disaster housing reconstruction programme. Priority will be given to the reconstruction of housing; reconstruction of livelihood structures will also be eligible if requested by eligible property owners. Second, the component will provide technical support to the Ministry of Environment, Urbanization and Climate Change to strengthen their capacities to support resilient and green recovery and to AFAD to improve post-disaster housing programmes to be more inclusive.

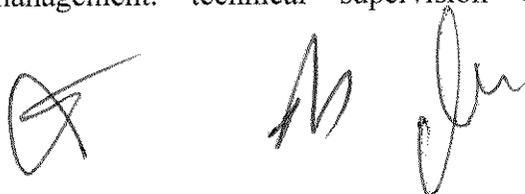
Sub-Component 3.1 - Resilient rural housing and village reconstruction (€254.940.000). This subcomponent will finance construction works, consultancy and non-consultancy services to support the reconstruction of resilient and energy-efficient rural housing and the recovery of earthquake-affected villages under the GoT’s existing post-disaster housing reconstruction programme. It will finance only the disaster- and climate-resilient reconstruction of destroyed or damaged residential and/or livelihood buildings; repair and retrofitting activities are not eligible due to the poor condition of the existing rural building stock and the difficulties in making such damaged buildings taller, more resilient and energy-efficient. The subcomponent will also finance the disaster- and climate-resilient rehabilitation and/or reconstruction of infrastructure for basic service delivery and social facilities in selected villages. Consultancy services for the preparation and/or review of technical designs and construction supervision will also be financed under this subcomponent.

Sub-Component 3.2 Capacity building for resilient recovery and post-disaster housing support (EUR 9,105,000) This subcomponent will finance goods, consultancy and non-consultancy services for technical assistance and advisory services to the General Directorate of Construction Works of the Ministry of Environment, Urbanisation and Climate Change and the General Directorate of Housing and Construction Works of AFAD to support medium/long-term resilient and energy efficient reconstruction planning and strengthen the post-disaster housing programme.

Component 4 - Project Management, Monitoring and Evaluation (5,918,250 Euros)

This component will finance consultancy and non-consultancy services, goods, training and operating costs to support Implementing Agencies in project management and implementation activities under the Project, including but not limited to monitoring and evaluation, reporting, procurement, financial management, environmental and social management, grievance redress mechanism, citizen participation and project communication and outreach. It will also support consultancy services and training to strengthen the capacity of Implementing Agencies to mainstream climate mitigation and adaptation in their project activities. It will have three sub-components, one for each Implementing Agency. The ILBANK sub-component will also support technical assistance and capacity strengthening to beneficiary municipalities to facilitate the sustainable operation of reconstructed/rehabilitated municipal infrastructure and facilities.

Sub-component 4.3 will support the establishment of a new PIU within the MoEU/GD to be responsible for the overall management and implementation of Project activities under Component 3, including procurement and financial management, environmental and social management, technical supervision of project activities, monitoring of progress



implementation, undertaking audits and developing and implementing a project results monitoring system.

The PIU will cover reasonable additional expenses directly related to the implementation, management and monitoring of the Project. These expenses include travel related to Project implementation as well as expenses for training activities such as study tours, training courses, seminars and workshops aimed at capacity building related to the Project.

It will also finance the Bank's fiduciary policies and guidelines, Project audits and requirements related to the implementation of the environmental and social framework. It will also support advisory services and training to strengthen the capacity of Implementing Agencies to mainstream climate change mitigation and adaptation in their project activities.

2- MAIN ACCOUNTING POLICIES

The Ministry of Environment, Urbanization and Climate Change is responsible for the financial management of the project. The financial statements have been prepared in accordance with the Cash-Based IPSAS (International Public Sector Accounting Standards). In this context, income is recorded when funds are received and expenditures are recorded when payments are made. Accounting policies have been applied consistently and there are no transactions pending payment as of 31.12.2024.

The project has a special credit account (941432033) and payments are made using the appropriation items associated with this special account within the scope of the ministry's investment program. The currency provided within the scope of the financing agreement signed between the International Bank for Reconstruction and Development (IBRD) and the Republic of Türkiye is Euro. Transactions are recorded in the accounting software in TL and Euro using the exchange rate of the Central Bank of the Republic of Türkiye valid at the time of the transaction.

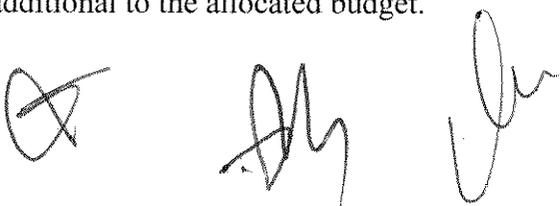
The currency of the financial statements is determined as Euro. Although most of the expenses are made in TL and the project is implemented in Türkiye, the use of Euro was preferred because the special account is in Euro and the expense statements presented in TL differ from the Euro, which is the currency of the loan agreement.

3- FINANCIAL STATEMENTS

In accordance with the Financing Agreement signed between the Republic of Türkiye and the International Bank for Reconstruction and Development (IBRD), the use of funds in the Special Account is limited to project purposes only. It is envisaged that the funds that cannot be used within the project as of the project completion date will be returned to the project provider organization (IBRD).

4 - INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD) FUND LOAN

Project number 9580-TR has committed to provide a fund equivalent to 269.963.250,00 Euros to the Ministry of Environment, Urbanization and Climate Change, in accordance with the financing agreement signed between the Government of the Republic of Turkey and the International Bank for Reconstruction and Development (IBRD). This fund amount is not additional to the allocated budget.



5- SOURCES OF FUNDS

At the beginning of the review period (01.01.2023). there was a balance of EUR 0.00 in the special account. A total of 167.303.820,53 Euro was withdrawn from the fund and a total of 167.272.531,19 Euro was spent as of 31.12.2024. At the end of the review period (31.12.2024). the balance in the special account was 31.289,34 Euro. There is no cash held within the scope of the project other than the deposits in the special account.

Türkiye Earthquake Recovery and Reconstruction Project	EURO
Loans:	269.963.250,00
- MoEUCC	269.963.250,00
Grants	0,00
Borrower/Recipient	0.00
Beneficiary	0.00
Total Funding Sources	269.963.250,00

6 - PENDING APPLICATIONS

There are no pending applications as of 31.12.2024.

7 - CASH BALANCES

The existing cash balance expressed in EUR on 01.01.2024 includes the following;

Existing cash at the beginning of the period	EURO
Designated Account at the Central Bank of Türkiye	6.779.626,50

The existing cash balance expressed in EUR on 31.12.2024 includes the following;

Existing cash at the end of the period	EURO
Designated Account at the Central Bank of Türkiye	31.289,34

8 - WITHDRAWAL APPLICATION

An application amounting to EUR 228.495.431,66 was sent between the dates 01.01.2023 and 31.12.2024 and the International Bank for Reconstruction and Development (IBRD) transferred EUR 167.303.820,53 to the designated account at different times during this period. The initial advance ceiling amount was adjust to 18.000.000,00 Euro but due to the end of the year and pending disbursements. the advance ceiling amount was temporarily increased to 40.000.000,00 Euro. The draw number 6 in the Annex 8a Summary Draws Table was cancelled because a trial entry was made to determine whether the ceiling increase had been made.

The draw number 7 in the Annex 8a Summary Draws Table was revised to advance ceiling amount of 18 mio and therefore 22 mio Euros less was withdrawn from the SOE.

9 - REFUNDS TO THE ACCOUNTS

No refund has been made to the credit special account.

10 - AMOUNTS WITHDRAWN NOT CLAIMED YET

There is no amount withdrawn from the credit project account but not yet claimed.

