



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

ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT

Implemented by

**MINISTRY OF ENVIRONMENT, URBANISATION AND CLIMATE CHANGE
GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS**

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

As of December 31, 2024 and For the Year Then Ended

Prepared by

**Selçuk KIRBAŞ
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85/6 - 45/13 - 41/9 - 37/14

INDEPENDENT AUDITOR'S REPORT

June 20, 2025



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

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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

A. Project Summary

The Grant Agreement numbered TF-0B0853 of Energy Efficiency in Public Buildings Project (EEPB) were signed between the Republic of Türkiye and the International Bank for Reconstruction and Development (IBRD) 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 the Grant Agreement became effective as of 16.03.2020. USD 2.100.000 of USD 3.800.000,00 is allocated to MoEUCC.

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:

(i) Simpler renovation investments that reduce energy use in buildings by at least twenty percent with a simple payback period of less than twelve years; and

(ii) Deeper renovation investments that reduce energy use in buildings by at least forty percent with simple payback periods between twelve and twenty 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.

(i) 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.

(ii) 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;

(iii) 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.

(iv) 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:

(i) Build capacity for ESCO market development through the training of ESCOs, provision of regulatory support, and development of procedures, templates and case studies;

(ii) (A) build capacity of MoENR staff on energy efficiency measurement and verification, and energy audits, and (B) revise and update existing training materials;

(iii) Monitor the energy efficiency of Subproject renovations and make enhancements to MoENR's building consumption database;

(iv) 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;



(v) Develop appropriate financing agreement templates for energy services for the public sector;

(vi) 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

(vii) 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 2024, the total amount of USD 207.657,65 was withdrawn from the grant account with the "SOE" disbursement methods. The total amount of USD 136.870,91 was spent from the source withdrawn. As the end of the review period, the amount of USD 1.970.680,75 was disbursed and the amount of USD 1.804.481,99 was spent cumulatively.

With the amendment was made on October 3, 2024, the energy use reduction rate in Component 1 (a) (ii) of Grant Agreement numbered TF-0B0853 was increased to 40%, operating costs were added to the definitions section, the distribution among the components was revised and the project's outcomes framework was revised to be consistent with all agreements.

B. Objectives of Audit

The objective of the audit is to express an opinion on the Financial Statements of the Energy Efficiency in Public Buildings Project for the period ended 31 December 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 have 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. Relevant financing agreement include the Grant Agreement numbered TF-B0853.
- (b) All expenditure has been incurred in accordance with the Grant Agreement numbered TF-B0853, including specific provisions of the World Bank Procurement Guidelines.



- (c) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE).
- (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 all SOE submitted to the World Bank in support of requests for periodic replenishment of the project special account.

Examined expenditures for eligibility based on criteria defined in the terms of the Grant Agreement numbered TF-B0853 and detailed in the Project Appraisal Document. In addition, we examined;

- (a) all expenditure documents have been prepared in accordance with the provisions of the Grant Agreement numbered TF-B0853;
- (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) expenditure documents can be relied upon to support the related withdrawal applications.



Review of special account

During the audit of the project financial statements, we reviewed the activities of the project's special account such as deposit received, 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 Grant Agreement numbered TF-B0853.

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 opinion. In addition, other reporting responsibilities about the project are included under the Report on Other Legal and Regulatory Requirements heading of the report.

F. Management Recommendation

A management letter containing comments and recommendations related to internal control deficiencies and other matters dated 20.06.2025 has been prepared and shared with the General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change. We believe these matters warrant management's attention.

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



INDEPENDENT AUDITOR'S REPORT

TO THE GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS OF MINISTRY OF ENVIRONMENT, URBANISATION AND CLIMATE CHANGE

Opinion

We have audited the Statement of Sources and Uses of Funds, Statement of the Comparison of Budget and Actual Amount, Statement of Withdrawal Application Summary, and Statement of Special Account of the Energy Efficiency In Public Buildings Project as of December 31, 2024, and for the period then ended, and notes to the financial statements including a summary of significant accounting policies. The financial statements have been prepared by the General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change in accordance with cash basis International Public Sector Accounting Standards and financial reporting provisions outlined in the Grant Agreement numbered TF-B0853.

In our opinion;

The accompanying financial statements present fairly, in all material respects, the financial position and cash flows of the Energy Efficiency In Public Buildings Project as of December 31, 2024 and for the period then ended in accordance with cash basis International Public Sector Accounting Standards and financial reporting provisions outlined in the Grant Agreement numbered TF-B0853.

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 General Directorate of Construction Affairs of Ministry of Environment, Urbanisation 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.



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 the General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change 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 31.12.2025.

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

The General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change'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 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.

Report on Other Legal and Regulatory Requirements

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



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

a) The General Directorate of Construction Affairs of Ministry of Environment, Urbanisation and Climate Change, as of December 31, 2024 has complied with, in all material respects, the requirements of the Grant Agreement numbered TF-B0853.

b) With respect to all expenditures, adequate supporting documentation has been maintained to support claims to the IBRD, and these expenditures are eligible for financing under the Grant Agreement numbered TF-B0853.

Okan SÜLER
Chairman of
The Board of Treasury Controllers

Akif Bülent BOYACIOĞLU
Audit Partner
Vice Chairman

Selçuk KIRBAŞ
Senior Treasury
Controller

Hüseyin TOPAL
Treasury Controller

Mervenur TOZLUYURT
Treasury Controller

Betül YÜZER
Treasury Controller

Date: 20.06.2025

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

ANNEX I: FINANCIAL STATEMENTS

GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS
CLEAN TECHNOLOGY FUND GRANT AGREEMENT
LOAN/GRANT NO:TF0B0853
Withdrawal Application Summary
For the Period: 01.01.2024-31.12.2024

Withdrawal application number	Date	Category 1 Goods	Category 2 Consultancies	Category 3 NonConsulting Services	Category 4 Training	Total Documented Amount	Advance Requested	Total Requested Amount	Value date	Rejected by	Net reimbursed
Section A: Payment method - Advance/Replenishment											
Approved withdrawals											
1 (Withdrawal Application-18) (SOE)	8.01.2024	0,00	104.639,00	0,00	0,00	104.639,00	-	104.639,00	8.01.2024	0,00	104.639,00
2 (Withdrawal Application-19) (SOE)	16.04.2024	0,00	21.842,53	0,00	2.394,63	24.237,16	-	24.237,16	16.04.2024	0,00	24.237,16
3 (Withdrawal Application-20) (SOE)	25.06.2024	0,00	20.823,04	0,00	2.556,51	23.379,55	-	23.379,55	25.06.2024	0,00	23.379,55
4 (Withdrawal Application-21) (SOE)	11.09.2024	0,00	32.490,68	0,00	0,00	32.490,68	-	32.490,68	11.09.2024	0,00	32.490,68
5 (Withdrawal Application-22) (SOE)	4.12.2024	0,00	22.911,26	0,00	0,00	22.911,26	-	22.911,26	4.12.2024	0,00	22.911,26
Sub-Total (A)		0,00	202.706,51	0,00	4.951,14	207.657,65	0,00	207.657,65			207.657,65
Section B: Payment method - Reimbursement											
Approved withdrawals											
Pending Submission											
Sub-Total (B)		0,00	0,00	0,00	0,00	0,00					0,00
Section C: Payment method - Direct Payment											
Approved withdrawals											
Pending submission											
Sub-Total (C)		0,00	0,00	0,00	0,00	0,00					
TOTAL (A+B+C)		0,00	202.706,51	0,00	4.951,14	207.657,65	0,00	207.657,65			207.657,65

Prepared by

Controlled by

Approved by

Date
Name Elife Gülniz SAYGI
Title Finance specialist

M. Gökhan KARAGÖZLÜ
Sube Müdürü

Esra TURAN TOMBAK
Head Of Department

Date
Name
Title

Namık GÜVER
Acting General Manager

18.06.2025

GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS
CLEAN TECHNOLOGY FUND GRANT AGREEMENT
CTF GRANT Number TF0B0853
STATEMENT OF SOURCES AND USES OF FUNDS
As of December 31, 2024 and For The Year Then Ended
(In USD)

	Notes	Current Period	Previous Period	Cumulative
I-SOURCES OF FUNDS				
A-IBRD Grant		207.675,56	516.957,83	1.970.680,75
A-1 Special Account		207.657,65	516.941,73	1.970.646,74
A-1.1 Advance		-	-	200.000,00
A-1.2 SOE		207.657,65	516.941,73	1.770.646,74
A-2 Refunds	4	17,91	16,10	34,01
A-2.1 Refunds to Special Account	8	17,91	16,10	34,01
Total Funds Received		207.675,56	516.957,83	1.970.680,75
II-USES OF FUNDS				
II-A INVESTMENT COSTS (BY COMPONENT)				
Component 2. Technical assistance and Implementation Support		136.870,91	556.519,54	1.804.498,99
(a) Technical assistance to the Ministry of Environment and Urbanization		136.870,91	556.519,54	1.804.498,99
Total Uses of Funds by Component		136.870,91	556.519,54	1.804.498,99
II-B INVESTMENT COSTS (BY CATEGORY)				
Category 1-Goods		-	-	37.731,54
Category 2-Consulting Services		131.901,86	556.519,54	1.757.472,04
Category 3-Nonconsulting Services		-	-	-
Category 4-Training		4.969,05	-	9.295,41
Total Uses of Funds by Category		136.870,91	556.519,54	1.804.498,99
TOTAL USES	6	136.870,91	556.519,54	1.804.498,99

Cash at the beginning of the period 01.01.2024

Cash at the end of the period 31.12.2024

Prepared by  Controlled by 

Date
Name Elife Gülriz SAYGI
Title Finance Specialist

Date
Name Esra TURAN TOMBAK
Title Head of Department


M. Gökhan KARAGÖZLÜ
Şube Müdürü

Approved by 
Namık GÜVER
Acting General Manager

19.06.2025

STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNT
GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS

Grant No:TF0B0853

CLEAN TECHNOLOGY FUND GRANT AGREEMENT

01.01.2024-31.12.2024

(In USD)

	NOTES	Current Period				Cumulative		
		Actual	Final Budget	Original Budget	Variance %	Actual	Planned	Progress %
Sources of Funds		1	2		3=1/2	4	5	6=4/5
IBRD Grant	4	207.657,65	207.657,65	135.480,00	100,00%	1.970.646,74	2.100.000,00	93,84%
Refunds to Special Account	8	17,91	17,91	0,00	100,00%	34,01	0,00	
Total Sources of Funds		207.675,56	207.675,56	135.480,00	100,00%	1.970.680,75	2.100.000,00	105,38%
Uses of Funds								
1 By Components		136.870,91	136.870,91	135.480,00	100,00%	1.804.498,99	2.100.000,00	85,93%
Component 2. Technical assistance and Implementation Support		136.870,91	136.870,91	135.480,00	100,00%	1.804.498,99	2.100.000,00	85,93%
(a) Technical assistance to the Ministry of Environment and Urbanization		136.870,91	136.870,91	135.480,00	100,00%	1.804.498,99	2.100.000,00	85,93%
2 By Category		136.870,91	136.870,91	135.480,00	100,00%	1.804.498,99	2.100.000,00	85,93%
Category 1-Goods		-	0,0	0,0	0,0	37.731,54	42.369,46	89,05%
Category 2-Consulting Services		131.901,86	131.901,86	129.480,0	100,00%	1.757.472,04	2.020.242,50	86,99%
Category 3-Nonconsulting Services		-	0,0	0,0	0,0	-	0,0	
Category 4-Training		4.969,05	4.969,1	6.000,0	100,00%	9.295,41	37.388,04	24,86%
Total	6	136.870,91	136.870,91	135.480,00	100,00%	1.804.498,99	2.100.000,00	85,93%

Prepared by

Date

Name Elife Gülüz SAYGI

Financial Specialist

Controlled by

Date

Name

Title

Esra TURAN TOMBAK

Head Of Department

Approved by

Date

Name

Title

Namık GÜVER

Acting General Manager

18.06.2025

GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS
CLEAN TECHNOLOGY FUND GRANT AGREEMENT
SPECIAL ACCOUNT STATEMENT
ACCOUNT NO: 94 14 010 18

For the year ended. December 31, 2024
(In USD)

Notes			
Opening Balance (01.01.2024)			95.377,10
Reimbursements to SA			207.657,65
Refunds to SA	8		17,91
Available Funds			303.052,66
Payments Made for Expenditures	6	136.870,91	
Service charges for the account		0,00	
Total Project Investments		136.870,91	
Closing Balance (31.12.2024)			166.181,75

Prepared by

Date

Name Elife Gülriz SAYGI

Finance Specialist

Controlled by

Date

Name

Title

M. Gökhan KARAGÖZLÜ

Şube Müdürü

Approved by

Date

Name

Title

Esra TURAN TOMBAK

Head Of Department

Namık GÜVER

Acting General Manager

19.06.2025

**MINISTRY OF ENVIRONMENT, URBANIZATION AND CLIMATE CHANGE
GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS**

**ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT
(CTF GRANT TF0B0853-TR)**

**NOTES TO PROJECT FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2024**

1. PROJECT OBJECTIVES AND STRUCTURE

The General Directorate of Construction Affairs, which was carried out as the Directorate of Building Works under the Nafia Nezaret in 1848 and the Ministry of Nafia in 1920, was renamed as the Directorate of Building Works under the Ministry of Public Affairs established in 1934 after the proclamation of the Republic, and as the General Directorate of Construction Affairs under the Ministry of Zoning and Settlement established in 1957, and currently operates under the Ministry of Environment, Urbanization and Climate Change.

The duties, authorities and responsibilities of the General Directorate of Construction Affairs, which are determined by the Presidential Decree No. 1 on the Organization of the Presidency published on 10.07.2018, are as follows

- To determine the general principles, strategies and standards regarding all kinds of buildings belonging to Public Institutions and Organizations and to ensure their implementation,
- To determine the procedures and principles regarding public investment projects and works and transactions related to construction, and the qualifications of studies and projects, and to ensure their implementation,
- To prepare the requirement programs of the buildings and facilities belonging to the Public Institutions and Organizations within the scope of the general budget, to make or have made the studies and projects and cost calculations, to approve or have approved, to construct, strengthen, modify and repair the main ones,
- If requested and deemed appropriate, to make or have made, approve or have approved the projects, cost calculations and constructions of the buildings and facilities included in the investment programs of special budget administrations, regulatory and supervisory institutions and social security institutions,
- To carry out or have carried out all kinds of surveys, plans, projects, cost calculations and construction works in the fields of duty of the Ministry,
- To perform the duties assigned to the Ministry by Law No. 5543,
- Pursuant to Law No. 5543, to carry out or have carried out, approve or have approved the survey and planning works related to all kinds of buildings and dwellings to be built by Public Institutions and Organizations for permanent settlement, to carry out or have carried out the construction of all kinds of buildings to be built for permanent settlement,
- To perform the duties assigned to the Ministry by the Law No. 4708 on Building Inspection,
- To inspect the buildings, including those built or commissioned by Public Institutions and Organizations, in terms of the safety of life and property and compliance with the legislation and technique, to request and ensure that the detected contradictions and deficiencies are eliminated,



Energy Efficiency in Public Buildings Projects (EEPB) Loan Agreement (9015-TR), CTF Loan TF0B0782 and CTF Grant TF0B0853 were signed between the Republic of Türkiye and the International Reconstruction and Development Bank (IBRD) on December 12, 2019. The project is carried out in cooperation with our Ministry of Environment, Urbanization and Climate Change (MoEUCC) and the Ministry of Energy and Natural Resources (MENR).

In accordance with the Loan and Grant Agreement, the responsibility for the implementation of the project lies with the Ministry of Environment and Urbanization General Directorate of Construction Affairs (GDCA).

PROJECT DESCRIPTION

The objectives of the project are to reduce energy consumption in public buildings and to develop and scale appropriate sustainable financing and institutional mechanisms to support the National program.

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:

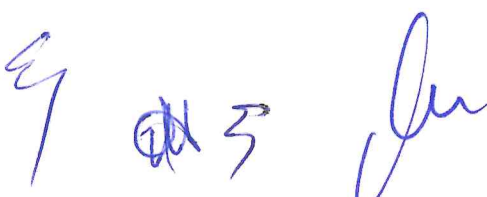
- Simpler renovation investments that reduce energy use in buildings by at least twenty (20) percent with a simple payback period of less than twelve (12) years; and
- Deeper renovation investments that reduce energy use in buildings by at least thirty (30) percent with simple payback periods between 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 sufficient baseline energy consumption data and service quality (i.e., proper heating and cooling systems).



Component 2. Technical assistance and Implementation Support

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

- 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;

Handwritten signature and initials in blue ink.

- 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.

The goal of the project; To develop a transition plan to reduce energy consumption in public buildings, develop and scale appropriate sustainable financing and institutional mechanisms to support the National program.

Closing date; December 31, 2025

Project Components	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (Inclusive of taxes)
Component 1. Energy Efficiency Investments In Central Government Buildings	196.2 millions USD <i>(150 millions USD IBRD, 46.2 millions USD CTF Loan)</i>	% 100
Component 2. Technical assistance and Implementation Support	3.8 millions USD <i>(3.8 Millions USD Grant)</i>	%100
TOTAL BUDGET	200.000.000	

First Amendment to the Legal Agreements

In line with the request of the Ministry, the following amendments were requested to be made to the Loan Agreements and Grant Agreement, and the said amendment letter was approved on 05 October 2023 and the results and framework of the project were revised to be in line with all Agreements.

- Revision of the energy use reduction rate in section 1(a)(ii) of Schedule 1 of all Agreements,
- Adding the definition of "Operating Expenses" to the Definitions section of all Agreements,
- Amending the table in Section III.A of Schedule 2 of the IBRD Loan Agreement according to the new distribution among the components and revising the related references in the agreement,

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- d) Components of the table in Section IV.A.2 of Schedule 2 of the TTF Loan Agreement and revise the relevant references in the agreement accordingly,
- e) Amend Section III.A of Schedule 2 of the TTF Grant Agreement in accordance with the new distribution among the components in line with the Loan Agreements and revise the corresponding references in the agreement; and
- f) Revision of the results framework of the project to be in line with all Agreements.

In this framework, the Loan Agreements (9015-TR, TF0B0782) and the Grant Agreement (TF0B0853) were amended by the Amendment Letter signed between the World Bank and the Ministry of Treasury and Finance on October 5, 2023.

IBRD Loan (9015-TR), CTF Loan (TFB0782), CTF Grant (TF0B0853)

1. Part 1(a)(ii) of Schedule 1 of the Legal Agreements, respectively, is hereby amended to read as follows:
“(ii) deeper renovation investments that reduce energy use in buildings by at least forty (40) percent”
2. The following new definition is hereby added in alphabetical order to the Legal Agreements, respectively, to read as follows and the remaining definition are renumbered to maintain alphabetical order:
“Operating Costs” means reasonable incremental expenses directly incurred by the Borrower, through MOEUCC, in respect to Project implementation, management and monitoring, including office supplies and equipment, including its maintenance and repair, vehicle maintenance and repair, travel, communication, publication of procurement notices, communication, translation and interpretation, publication fees, and other miscellaneous expenses directly associated with the Project and agreed between the Bank and the Borrower, through MOEUCC, but excluding salaries of officials and employees of the Borrower.”

(IBRD Loan (9015-TR))

3. The second paragraph of the preamble of the IBRD Loan Agreement is hereby amended to read as follows:
“ WHEREAS the Republic of Turkiye and the Bank, acting as an implementing entity of the Clean Technology Fund (“CTF”), intend to enter into a loan agreement (“CTF Loan Agreement”) for the purpose of providing a concessional loan in an amount of forty-six million two hundred thousand Dollars (USD 46,200,000) to the Republic of Turkiye assist in financing Part 1(a) (ii), Part 1 (b), Part 1(c) and Part 2 (a) of the Project, on the terms and conditions set forth in the CTF Loan Agreement”
4. Section 2.01 of the IBRD Loan Agreement is hereby amended to read as follows:
“2.01. The Bank agrees to lend to the Borrower the amount of one hundred thirty-five million nine hundred thousand Euros (EUR 135,900,000), as such amount may be converted from time-to-time through a Currency Conversion (“Loan”), to assist in financing Part 1(a) (i) of the project described in Schedule 1 to the this Agreement (“Project”).”

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5. The table Section III.A of Schedule 2 to the IBRD Loan Agreement is hereby amended as set forth in Attachment 1 of the Amendment Letter.

CTF Loan (TF0B0782)

6. The second paragraph of the preamble to the CTF Loan Agreement is hereby amended to read as follows:

“ WHEREAS the Republic of Turkiye and the World Bank intend to enter into a loan agreement (“IBRD Loan Agreement”) for the purpose of providing a loan in an amount of one hundred thirty-five million nine hundred thousand Euros (EUR 135,900,000) to the Republic of Turkiye to assist in financing Part 1 (a)(i) of the Project, on the terms and conditions set forth in the IBRD Loan Agreement.

7. Section 2.01 of the CTF Loan Agreement is hereby amended to read as follows:
“2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of forty-six-million two hundred thousand United States Dollars (USD 46,200,000) (“Loan”), to assist in financing Part 1(a)(ii), Part 1(b), Part 1 (c) and Part 2 (a) of the project described in Schedule I to this Agreement (“Project”),”
8. Table in Section IV.A.2 of Schedule 2 to the CTF Loan Agreement is hereby amended as set forth in Attachment 2 to the Amendment Letter.

CTF Grant (TF0B0853)

9. The Second and third paragraphs of the preamble of the CTF Grant Agreement are hereby amended to read as follows:

“ WHEREAS the Republic of Turkiye and the World Bank intend to enter into a loan agreement (“IBRD Loan Agreement”) for the purpose of providing a loan in an amount of one hundred thirty-five million nine hundred thousand Euros (EUR 135,900,000) to the Republic of Turkiye to assist in financing Part 1 (a) (i) of the Project, on the terms and conditions set forth in the IBRD Loan Agreement.

“ WHEREAS the Republic of Turkiye and the World Bank, acting as an implementing entity of the Clean Technology Fund (“CTF”), intend to enter into a loan agreement (“CTF” Loan Agreement) for the purpose of providing a concessional loan in an amount of forty-six million two hundred thousand Dollars (USD 46.200.000) to the Republic of Turkiye to assist in financing Part 1 (a) (ii), Part 1 (b) , Part 1 (c) and Part 2 (a) of the Project, on the terms and conditions set forth in the CTF Loan Agreement”

10. Section III.A of Schedule 2 to the CTF Grant Agreement is hereby amended as set forth in Attachment 3 of the Amendment Letter.

Except as specifically amended herein, all the other terms and conditions of the Legal Agreements shall remain in full force and effect.

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The implementation, coordination and supervision of Energy Efficiency Project Loan Agreement / Clean Technology Fund Loan and Grant Agreements in Public Buildings: General Director of Construction Affairs / Asst. (Project Director / Deputy Project Director) and Head of External Investments Department (Project Coordinator).

Project Coordinator; responsible to the Project Director for taking, implementing, and directing all technical, administrative, legal, and financial measures necessary for the project to be carried out and finalized following its goals and objectives.

The Project Coordinator provides the coordination and supervision of EEPB. The Project Coordinator is responsible for taking, managing, and directing all types of technical, managerial, legal, and financial measures necessary to complete the project. Tenders, contracts, and payments are performed under the coordination of the General Directorate of Construction Affairs (GDCA) (General Manager /Deputy General Manager) as the Tendering/Payment Officer. GDCA has established a Project Implementation Unit (PIU) under the Department of External Investments for the implementation of the project. PIU is responsible for the implementation and monitoring of the project. In addition to the Head of Department, Branch Managers, technical and administrative personnel involved in the project, Procurement Specialist (2), Finance Specialist (1), Project Assistant (1), Environmental Engineer (1), Occupational Health and Safety Specialist (1), Social Specialist (1), Communication and Stakeholder Engagement Specialist (1), Civil Engineers (3), Electrical Engineer (1) and Mechanical Engineers (2) are responsible to the Project Director for the implementation and execution of the project.

As of the end of the review period, progress payments of USD 136.870,91 were made from CTF Grant resources.

2. MAIN ACCOUNTING POLICIES

For the TF0B0853 CTF Grant Account of the Project; there is a Project Special Account numbered 94 14 010 18 opened at the Central Bank of the Republic of Türkiye.

(a) The Project uses the cash basis of accounting to account for the project transactions. Under that basis, the income or expense is included in the income statement of the period to which it belongs.

(b) Eligible expenditures shall be made either as direct payments from the loan account or through payments from the special account (advance) as per the disbursement letter.

(c) Within the Energy Efficiency in Public Building Project the transactions from the International Bank for Clean Technology Fund Grant Agreement Project transactions are recorded and monitored in terms of DOLLARs. Transactions made in other currencies are translated into DOLLARs using the currency exchange rate of the Central Bank of the Republic of Turkey effective at the date of the transaction.

(d) Project sources and uses of funds are monitored in line with the chart of accounts recommended by the Board of Treasury Controllers using a computerized recording system. Expenditures for all parts of the project are recorded in the books of project under this system and project financial tables and statements are produced by the system.

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3. FINANCIAL STATEMENTS

In accordance with the Grant Agreement, funds provided under the project are restricted to project purposes only. The project funds remaining unused at the end of the project will be returned in per the relevant provisions of the grant agreement. Unaudited interim financial statements regarding project uses of funds for each calendar quarter are submitted to the World Bank Client Connection and is uploaded to the system in due time via the Client Connection.

4. SOURCE OF FUNDS (CTF GRANT AGREEMENT)

The methods that can be applied for spending from credit are defined as Direct Payment, Special Commitment, Reimbursement, and Advance in the letter of use of funds.

As of the end of the review period, all the uses in the project were made from the special account disbursed with the "SOE" method, a total of USD 207.657,65 was withdrawn to CTF Grant Account and USD 136.870,91 was spent from the source withdrawn.

For the period under review, the opening balance of the project special account was USD 95.377,10. The account balance of the Loan Special Account at the end of the period is USD 166.181,75.

5. PENDING APPLICATION

There are no pending applications for the project review period.

6. CASH BALANCES

Project Special Account is the designated bank account opened in the Central Bank of the Republic of Türkiye Administrative Center of the General Directorate of Operations Funds and Banking Operations Directorate. The Clean Technology Fund Grant Special Account numbers is 94 14 010 18 (US Dollar),

In Sourcing Letters: Clean Technology Fund Grant Agreement Advance balance ceiling is USD 200.000,00.

As of the end of the review period, from the CTF Grant Account a total amount of USD 207.657,65 was withdrawn to the special account, in the Statement of Expenditures (SOE) method and total disbursements has been USD 136.870,91.

For the period under review, the opening balance of the project special account was USD 95.377,10. The account balance of the Loan Special Account at the end of the period is USD 166.181,75.

7. WITHDRAWAL APPLICATION

As of the review period, from the Clean Technology Fund Grant Account No. TF0B0853: 94 14 010 18, withdrawal applications numbered 18, 19, 20, 21 and 22, which were created and approved through the World Bank Client Connection System, were made. In this context, a total of USD 207.657,65 was withdrawn through the Statement of Expenditure (SOE) method during the review period.

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8. REFUNDS TO THE ACCOUNTS

On 02.05.2024, from the per diem payment made on behalf of Esra TURAN TOMBAK, who participated in the "Clean Energy Project for Uzbekistan Buildings" Project Opening Meeting held in Uzbekistan /Tashkent on 02.05.2024, USD 17.91, which was inadvertently over-deposited to the person's account, was returned to the Grant Special Account on 03.05.2024.

The expenditure for 2024 was refunded by USD 17.91 to the special account in 2024. Therefore, the amount was offset in the 2th quarter IFR (current period expenditure of USD 136,870.91 was shown as USD 136,854.81, cumulative expenditure of USD 1,667,628.08 was shown as USD 1,667,611.98). However, this issue is shown separately as a refund in the "other (-)" line in the financial table. There is a difference in presentation between the two tables.

9. BUDGET OVERRUN

There is no budget overrun.

M. Gökhan KARAGÖZLÜ
Şube Müdürü

Esra TURAN TOMBAK
Şube Başkanı
Esra TURAN TOMBAK
Şube Başkanı

Natalk COVER
Genel Müdür V.

19.06.2025

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MINISTRY OF TREASURY AND FINANCE
BOARD OF TREASURY CONTROLLERS

ENERGY EFFICIENCY IN PUBLIC BUILDINGS PROJECT

Implemented by

MINISTRY OF ENVIRONMENT, URBANISATION AND CLIMATE CHANGE
GENERAL DIRECTORATE OF CONSTRUCTION AFFAIRS

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

As of December 31, 2024 and For the Year Then Ended

Prepared by

Selçuk KIRBAŞ
Senior Treasury Controller

Hüseyin TOPAL
Treasury Controller

Mervenur TOZLUYURT
Treasury Controller

Betül YÜZER
Treasury Controller



MANAGEMENT LETTER

Ref: Independent Auditor's Report dated June 20, 2025



MANAGEMENT LETTER
TO MINISTRY OF ENVIRONMENT, URBANISATION AND CLIMATE CHANGE
General Directorate of Construction Affairs

We have audited the financial statements of "Energy Efficiency in Public Buildings Project" (IBRD CTF Grant Agreement Numbered TF-B0853) as of December 31, 2024, and for the year then ended.

According to International Standards on Auditing the auditors are required to obtain an understanding of internal control relevant to the audit when identifying and assessing the risk of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control 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 internal control.

We prepared this Management Letter in order to communicate appropriately to those charged with governance and management deficiencies in internal control that we have identified during the audit and that, in our professional judgement, are of sufficient importance to merit their respective attentions. For this purpose, our recommendations in order of priorities are attached to this Letter.

Our letter is intended solely for General Directorate of Construction Affairs, Ministry of Treasury and Finance, and IBRD, and should not be distributed or used by other parties.

Okan SÜLER
Chairman of the Board of Treasury Controllers

Akif Bülent BOYACIOĞLU
(Audit Partner)
Vice Chairman

Selçuk KIRBAŞ
Senior Treasury
Controller

Hüseyin TOPAL
Treasury Controller

Mervenur TOZLUYURT
Treasury Controller

Betül YÜZER
Treasury Controller

Date: 20.06.2025

Address: Ministry of Treasury and Finance

The Board of Treasury Controllers, 06420, Dikmen, ANKARA/TÜRKİYE



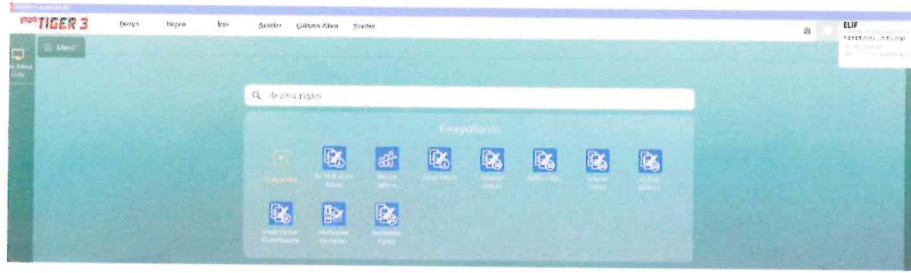
AUDIT FINDING OF THE CURRENT YEAR

FINDING NUMBER	MoEUUC.2024.TF0B0853.1
FINDING	Non-compliance with Contract Provisions

CONDITION

Within the General Directorate of Construction Affairs under the MoEUCC, the LOGO accounting software is used for recording funds received from abroad, with access granted to three users. Among these users is Elife Gülriz SAYGI, an individual consultant (Finance Specialist) engaged under Loan Agreement numbered TF0B0853. Each user is expected to use the LOGO software solely for the project they are responsible for. However, it was found that although Elife Gülriz SAYGI's service contract refers exclusively to the "Energy Efficiency in Public Buildings Project" she has also accessed the LOGO accounting software for the "**Renewable Energy in Public and Municipal Buildings Project (KAYEP),**" Project No. P179867, which is managed by the same directorate and has its own finance specialist.

Below is a screenshot of the financial expert's access to the project called KAYEP



CRITERIA - CAUSE - IMPACT

Criteria:

Service Contract of Individual Expert

"1. Services

The Consultant shall perform the services set out in the attachment entitled 'Description and Scope of Duties' forming an integral part of this Agreement ('Services') at the Employer's address on a Full Time basis.

...

10. Assignment

The Consultant shall not make any assignment under this Agreement or subcontract without the Employer's written consent.

..."

Annex A: Job Description and Scope of Services

"A. Budget Operations

....

- To ensure that transactions are carried out within the category-based budget ceilings in the Grant Agreement and to follow up. ...

- To follow the appropriation procedures for the project.

...



C. Finance Transactions

- To monitor the use and follow-up of external resources provided for the project
- To issue a request form (Form 1903) for cash transfer to the Project Special Account under the name of advance

...

D. Accounting Procedures

To keep the accounting record system regularly

- Using the accounting programme for bookkeeping

...

- To correct accounting errors in accounting records,

...

- To prepare financial statements

- Entering the accounting programme with a password and taking measures to prevent others from accessing this programme"

Cause -Impact:

There is a lack of adequate institutional control and oversight mechanisms to ensure that consultants perform duties strictly within the scope defined in their contracts, including the appropriate restriction of software access rights and monitoring of role separation.

As a result, a consultant whose remuneration is financed by a specific project budget was able to contribute to another project outside the contractual scope. In this case, according to her contract, Finance Specialist Elife Gülriz SAYGI, who was contracted solely for the "Energy Efficiency in Public Buildings Project," also performed tasks under the KAYEP project, which operates under a different budget within the same Directorate. This practice not only constitutes a breach of the service contract but also undermines the principles of role clarity and accountability within institutional operations.

RECOMMENDATION

It is recommended that MoEUCC take necessary measures to ensure that consultants work only within the scope of their contractual responsibilities.

RESPONSE OF THE AUDITEE

In order to fulfill the Loan Agreement obligations, support was received from Elife Gülriz SAYGI, who is working as a finance specialist in "Energy Efficiency in Public Buildings Project (KABEV)" Project, in the execution of the financial management works and transactions of the KAYEP Project.

The announcement for a Finance Specialist to be employed within the scope of the KAYEP Project was made on 09.07.2024 and the Finance Specialist started to work in the PIU on 03.01.2025. The said person resigned on 29.01.2025 stating he wants to work in another project.



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

Subsequently, the Finance Specialist position was announced again on 17.02.2025 and after the evaluation proses it has been decided to sign a contract with the best qualified candidate for the position to start by the beginning of July 2025.

The findings and recommendations stated as a result of the audit are also accepted by the PIU, and the aforementioned finding occurred as a result of the above-mentioned situation.

FINAL OPINION OF THE AUDITORS

OPEN

Although the selection process for the financial expert within the scope of the KAYEP project has been completed, the contract has not yet been signed. Therefore, this finding will be followed up in the next audit period.



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

Subsequently, the Finance Specialist position was announced again on 17.02.2025 and after the evaluation proses it has been decided to sign a contract with the best qualified candidate for the position to start by the beginning of July 2025.

The findings and recommendations stated as a result of the audit are also accepted by the PIU, and the aforementioned finding occurred as a result of the above-mentioned situation.

FINAL OPINION OF THE AUDITORS

OPEN

Although the selection process for the financial expert within the scope of the KAYEP project has been completed, the contract has not yet been signed. Therefore, this finding will be followed up in the next audit period.