



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

TURKEY IRRIGATION MODERNIZATION PROJECT

Implemented by

**MINISTRY of AGRICULTURE and FORESTRY
General Directorate of State Hydraulic Works**

Financed Under IBRD Loan Numbered 8919-TR

As of December 31, 2023 and For the Year Then Ended

Prepared by

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**Report's Number
121/3 -110/3-25/4**



INDEPENDENT AUDITOR'S REPORT

June 13, 2024



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EXECUTIVE SUMMARY



A. Project Summary

The Republic of Türkiye was provided a loan equivalent to € 222.300.000,00 (approximately USD 252.000.000,00) by the loan agreement signed with International Bank for Reconstruction and Development (IBRD) on February 15, 2019. Having approved by the Presidency of the Republic of Türkiye on April 16, 2019 the loan agreement came into force on May 30, 2019 and accordingly, the implementation of the Project started. This project is implemented by Ministry Agriculture and Forestry, General Directorate of State Hydraulic Works (DSI).

The overall objective of this Project is to improve irrigation service delivery, through rehabilitation and modernization of distribution infrastructure in selected schemes, and through strengthening of capacity of Water User Associations (“WUAs”).

Project consists of the following three components:

- A. Irrigation Systems Modernization
- B. Innovation and Institutional Support
- C. Project Management

The total amount of the Project is estimated as \$ 254.000.000,00 of which € 222.300.000,00 (approximately \$ 252.000.000,00) International Bank for Reconstruction and Development (IBRD) loan and \$ 2.000.000,00 Global Environment Facility (“GEF”) grant. Total opening balance of the Central Bank of the Republic of Türkiye (TCMB) designated account for loan, as of January 1, 2023 is € 3.464.181,79 and closing balance as of December 31, 2023 is € 3.023.573,45. According to the Project Financial Statements, € 33.808.035,60 was disbursed in this audit period and € 86.843.853,81 was disbursed cumulatively.

This report is prepared for all components of the Project.

B. Objectives of Audit

The objective of the audit is to express an opinion on the Financial Statements of the Turkey Irrigation Modernization Project for the period ended 31 December 2023. 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) Funds have been used in accordance with the conditions of the Loan Agreement Numbered 8919-TR, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- (b) Goods, works, and services financed have been procured in accordance with relevant financing agreements, 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 designated account.

Examined expenditures for eligibility based on criteria defined in the terms of the loan agreement. In addition, we examined;

- (a) SOEs have been prepared in accordance with the relevant Disbursement and Financial Information Letter;
- (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) SOEs 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 deposits 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 loan agreement.

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 is included under the heading of Report on Other Legal and Regulatory Requirements.

F. Management Recommendation

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

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



INDEPENDENT AUDITOR'S REPORT

General Directorate of State Hydraulic Works

Opinion

We have audited the accompanying financial statements of the Turkey Irrigation Modernization Project as of December 31, 2023 and for the period then ended, which comprise the Withdrawal Application Summary Statement, Statement Of Sources And Uses Of Funds, Statement of Comparison Budget And Actual Amount, Statement of Designated Account and the Notes to the Project Financial Statements including the summary of significant accounting policies. The financial statements have been prepared by General Directorate of State Hydraulic Works based on financial reporting provisions of the Loan Agreement Numbered 8919-TR.

In our opinion, the accompanying the Withdrawal Application Summary Statement, Statement of Sources and Uses of Funds, Statement of Comparison Budget And Actual Amount, Statement of Designated Account present fairly, in all material respects, the financial position and cash flows of the Turkey Irrigation Modernization Project as of December 31, 2023 and for the period then ended in accordance with the provisions of the Loan Agreement Numbered 8919-TR.

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 State Hydraulic Works within the meaning of "IFAC Code of Ethics for Professional Accountants" and ethical requirements 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 General Directorate of State Hydraulic Works to comply with the financial reporting provisions of the agreement referred to above. As a result, the financial statements may not be suitable for another purpose.

Going Concern

The Project's financial statements have not been prepared using the going concern basis of accounting. The project will be completed on February 27, 2026.

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

General Directorate of State Hydraulic Works is responsible for the preparation and fair presentation of these financial statements in accordance with Loan Agreement Numbered 8919-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 General Directorate of State Hydraulic Works' 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:

a) General Directorate of State Hydraulic Works (DSİ), as of December 31, 2023, has complied, in all material respects, with the rules and procedures of the Loan Agreement numbered 8919-TR.

b) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred and these expenditures are eligible for financing under the World Bank Loan Agreement numbered 8919-TR.

Okan SÜLER
Acting Chairman of
Board of Treasury Controllers

Akif Bülent BOYACIOĞLU
(Audit Partner)
Vice Chairman

Mustafa Emre BAYKAL
Senior Treasury Controller

Ömer KAÇARAN
Senior Treasury Controller

Ömer Faruk KOCAMIŞ
Treasury Controller

Date: June 12, 2024

Address: Ministry of Treasury and Finance
Board of Treasury Controllers
06490, Dikmen, ANKARA/TÜRKİYE

ANNEX I: Financial Statements

Withdrawal application number		Notes	Date	Category 1: Goods, works, non-consulting services, consulting services, operating costs, and Training for Parts 1 and 3 of the Projects	Documented Amount	Advance Requested	Value date	Rejected by Bank	Net paid
Section A: Payment method - Advance/Replenishment									
<i>Approved withdrawals</i>									
TSMP-KR-25	8	29.12.2022	2.317.863,98	2.317.863,98	2.317.863,98	2.317.863,98	4.01.2023		2.317.863,98
TSMP-KR-26	8	30.01.2023	8.721.998,77	8.721.998,77	8.721.998,77	5.000.000,00	3.02.2023		5.000.000,00
TSMP-KR-27	8	7.04.2023	4.968.855,92	4.968.855,92	4.968.855,92	5.000.000,00	17.04.2023		5.000.000,00
TSMP-KR-28	8 - 11	7.07.2023	5.853.842,63	5.853.842,63	5.000.000,00	5.000.000,00	7.07.2023		0,00
TSMP-KR-28 B	8 - 11	14.08.2023	0,00	0,00	0,00	5.000.000,00	22.08.2023		5.000.000,00
TSMP-KR-29	8	28.09.2023	6.988.403,90	6.988.403,90	6.988.403,90	10.000.000,00	11.10.2023		10.000.000,00
TSMP-KR-30	8	21.11.2023	3.865.440,54	3.865.440,54	3.865.440,54	5.914.000,00	29.11.2023		5.914.000,00
<i>Pending Submission</i>									
Sub-Total (A)				32.738.405,74	32.738.405,74	38.231.863,98			33.231.863,98
Section B: Payment method - Reimbursement									
<i>Approved withdrawals</i>									
<i>Pending Submission</i>									
Sub-Total (B)				0,00	0,00				0,00
Section C: Payment method - Direct Payment									
<i>Approved withdrawals</i>									
<i>Pending submission</i>									
Sub-Total (C)				0,00	0,00				
TOTAL (A+B+C)				32.738.405,74	32.738.405,74	38.231.863,98			33.231.863,98

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GENERAL DIRECTORATE of STATE HYDRAULIC WORKS
TURKEY IRRIGATION MODERNIZATION PROJECT 89190-TR
STATEMENT OF SOURCES and USES of FUNDS
As of December 31, 2023 and For The Year Then Ended.
(In EURO)

	Notes	Current Period	Previous Period	Cumulative
I-SOURCES OF FUNDS				
A- IBRD Loan	5	33.231.863,98	29.000.000,00	89.731.863,98
B-Other Sources of Funds	5	135.563,28	0,00	135.563,28
Total Funds Received		33.367.427,26	29.000.000,00	89.867.427,26

II-A USES OF FUNDS by COMPONENT

I-Investment Costs

Component 1: Irrigation Systems Modernization		33.651.139,57	30.306.641,02	86.329.437,80
A- Ereğli-İvriz Irrigation Scheme Modernization Project		26.024.046,78	22.566.071,63	62.377.558,29
B- Atabey Irrigation Scheme Modernization Project		3.161.296,72	2.133.604,11	6.312.655,38
C- Alasehir Irrigation Scheme Modernization Project		0,00	100.971,22	1.175.591,80
D- Uzunlu Irrigation Scheme Modernization Project		4.465.796,07	5.505.994,06	16.463.632,33
Component 3: Project Management		156.896,03	39.437,62	514.416,01
A- Accounting and reporting software and support service procurement for the project implementation unit.		0,00	0,00	10.309,05
B- Dam Safety Measurement Devices Procurement and Installation.		46.719,80	0,00	46.719,80
C- Consultancy services for Ereğli-İvriz left bank Land Acquisition Plans (LAP) and Resettlement Action Plans (RAP) .		3.488,70	0,00	110.183,84
D- Consultancy services for Alasehir Land Acquisition Plans (LAP) and Resettlement Action Plans (RAP)		8.597,90	5.130,92	111.770,21
E- Consultancy services for Atabey Land Acquisition Plans (LAP) and Resettlement Action Plans (RAP)		3.139,76	9.220,28	113.121,41
F- Consulting Services for Dam Safety-1		16.036,46	0,00	16.036,46
G- Consulting services for Land Acquisition Plan (LAP) for Sedimentation Cleaning of Afsar Dam and TIMP Lap Monitoring		11.713,57	0,00	11.713,57
H- Employment of a Financial Management and Disbursement Expert		1.751,38	24.916,42	28.943,21
I- TIMP Training Activities		65.418,46	0,00	65.418,46
J - Operational Costs (Intermediary Bank Swift Commission)	9	30,00	170,00	200,00
Total Investment Costs		33.808.035,60	30.346.078,64	86.843.853,81

II-Recurring Costs

Total Recurring Costs		0,00	0,00	0,00
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Total Uses of Funds by Component		33.808.035,60	30.346.078,64	86.843.853,81
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II-B USES OF FUNDS by CATEGORY

Category 1: Goods, works, non-consulting services, consulting services, operating costs, and Training for Parts 1 and 3 of the Projects		33.808.035,60	30.346.078,64	86.843.853,81
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Total Uses of Funds by Category		33.808.035,60	30.346.078,64	86.843.853,81
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Cash at the beginning of the period 01.01.2023	7	3.464.181,79		
Cash at the end of the period 31.12.2023	7	3.023.573,45		

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

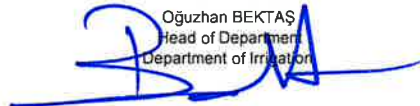
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STATEMENT of COMPARISON BUDGET AND ACTUAL AMOUNT
GENERAL DIRECTORATE of STATE HYDRAULIC WORKS
89190-TR
TURKEY IRRIGATION MODERNIZATION PROJECT
01.01.2023-31.12.2023
Euro

	NOTES	Current Period				Cumulative		
		Actual 1	Final Budget 2	Original Budget	Progress % 3=1/2	Actual 4	Planned 5	Variance % 6=(5-4)/5
Sources of Funds								
IBRD Loan	5	33.231.863,98	222.300.000,00	222.300.000,00	14,96%	89.731.863,98	108.986.231,72	17,67%
Other Sources of Funds	5	135.563,28	0,00	0,00		135.563,28	0,00	
Total Sources of Funds		33.367.427,26	222.300.000,00	222.300.000,00	15,01%	89.867.427,26	108.986.231,72	17,67%
Uses of Funds								
1 By components								
Component 1: Irrigation Systems Modernization	10	33.651.139,57	219.653.571,43	219.653.571,43	15,32%	86.329.437,80	108.489.228,09	20,43%
Component 3: Project Management	10	156.896,03	2.646.428,57	2.646.428,57	5,93%	514.416,01	497.003,63	-3,50%
Total		33.808.035,60	222.300.000,00	222.300.000,00	15,21%	86.843.853,81	108.986.231,72	20,32%
2 By expenditure category								
Category 1: Goods, works, non-consulting services, consulting services, operating costs, and Training for Parts 1 and 3 of the Projects		33.808.035,60	222.300.000,00	222.300.000,00	15,21%	86.843.853,81	108.986.231,72	20,32%
Total		33.808.035,60	222.300.000,00	222.300.000,00	15,21%	86.843.853,81	108.986.231,72	20,32%

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GENERAL DIRECTORATE of STATE HYDRAULIC WORKS
TURKEY IRRIGATION MODERNIZATION PROJECT
DESIGNATED ACCOUNT STATEMENT
ACCOUNT NO: 89190-TR
For the year ended. December 31, 2023
(In EURO)

	<i>Notes</i>		
Opening Balance (01.01.2023)	7		3.464.181,79
Reimbursements to DA		33.231.863,98	33.231.863,98
Refunds to DA	5	135.563,28	135.563,28
Available Funds		33.367.427,26	36.831.609,05
Payments Made for Expenditures		33.808.005,60	
Service charges for the account	9	30,00	
Total Project Investments		33.808.035,60	33.808.035,60
Closing Balance (31.12.2023)	7		3.023.573,45

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MINISTRY OF AGRICULTURE AND FORESTRY
GENERAL DIRECTORATE OF STATE HYDRAULIC WORKS (DSI)
TÜRKİYE IRRIGATION MODERNIZATION PROJECT
(Project Loan No: 89190-TR)
As of the Year Ended on 31/12/2023
NOTES TO THE PROJECT FINANCIAL STATEMENTS OF THE PROJECT

1. PROJECT OBJECTIVES AND STRUCTURE

The Loan Agreement for Türkiye Irrigation Modernization Project (TIMP) was signed by International Bank for Reconstruction and Development (IBRD) on February 4, 2019 and by the Ministry of Treasury and Finance on behalf of the Republic of Türkiye on February 15, 2019.

Having approved by the Presidency of the Republic of Türkiye on April 16, 2019, the Loan Agreement came into force on May 30, 2019; therefore project implementations began in 2019.

Project Duration: 7 years. Project completion is (closure) on February 27, 2026 and financial closure is on December 31, 2026.

Project Budget: Republic of Türkiye and IBRD signed a Financing Agreement for a loan of EUR 222.300.000,00 (approximately USD 252.000.000,00) and a grant of USD 2.000.000,00.

Objective of the Project: The objective of the project is to improve irrigation service delivery, through rehabilitation and modernization of distribution infrastructure in selected schemes, and through strengthening the capacity of Water User Associations (WUAs).

Secondary objectives of the Project would include:

- Integration of measures to improve irrigation operations, beneficiary participation, and linkages to enhance agricultural productivity,
- A systematic approach to strengthening the capacity of WUAs,
- Increasing the efficiency of water use and reducing the total water consumption,
- Increasing the incomes of the farmers engaged in low-value agriculture,
- Contribution to general economic growth in the project implementation areas.

Project's Target Group: Approximately 17.300 water users (of which approximately 3 percent are women) will be direct beneficiaries of the irrigation modernization investments under Component 1. Direct beneficiaries of the GEF-funded activities include farmers at the nation-wide level (covering 3,08 m ha), who will benefit from improved water management at the field-level and higher capacity of WUAs. Beneficiaries also include approximately 100 staff from DSI's regional offices and 600 staff from 378 WUAs, who will be equipped and trained in the use of the SUTEM irrigation information system, which will strengthen WUA's capacity for operation and maintenance (O&M), water conservation, financial management, governance, monitoring and evaluation (M&E), and communications.

Implementation Area: The Loan will finance investments to modernize DSI's irrigation systems in selected schemes. The selected set of schemes includes Atabey (Isparta), Ereğli-İvriz (Konya), Alaşehir (Manisa), and Uzunlu (Yozgat), with combined area of approximately

50.000 hectares. The GEF grant will finance design and implementation activities for developing a national program for WUA's capacity-building for water management. The GEF grant will also support the implementation of a sustainable energy and groundwater management pilot in Bolvadin, Afyon.

Main Approaches of the Project:

- Co-deciding with locals, a participatory approach,
- Supporting collective acting rather than individuality,
- Creating awareness between stakeholders,
- Encouraging more women to participate in the labour force.

The Project consists of 3 main components.

1. Irrigation Systems Modernization (IBRD, US\$249 million): This component will finance investments to modernize DSI's irrigation systems in following schemes:
 - a) Alaşehir (Manisa), 13.650 hectares,
 - b) Atabey (Isparta), 13.834 hectares,
 - c) Ereğli-İvriz (Konya), 15.280 hectares,
 - d) Uzunlu (Yozgat), 8.000 hectares.
2. Innovation and Institutional Support (GEF, US\$2 million): Financed by GEF grant this component will provide direct design and implementation support to DSI in the following areas:
 - a) Designing and Piloting a National Program for WUA Capacity-Building (Nation-wide),
 - b) Groundwater Stewardship Pilot (Bolvadin, Afyon).
3. Project Management (IBRD, US\$3 million): This component will finance the multiple activities required for coordination and management of the project; and will include, *inter alia*, measures for enhancing dam safety in the project schemes, community consultations and partnership program, communications, grievance redress mechanisms, monitoring and evaluation, and environmental and social management.

2. MAIN ACCOUNTING POLICIES

2.1. Applied Accounting Standard and Accounting Basis

The accounts and financial statements have been prepared in accordance with Cash Basis, Financial Reporting under the cash basis of accounting. Under that basis, a separate accounting system has been established for Türkiye Irrigation Modernization Project. Project Management Team (PMT), which is currently organized within the General Directorate of State Hydraulic Works (DSI), recorded the amount withdrawn from the loan account and paid the amount to the contractor based on the cash basis. Income is recognized when funds are received and expenses are recognized when payment is made. The accounting policies have been applied consistently throughout the period.



2.2. Designated Accounts

There are two separate Designated Accounts at TR Central Bank for IBRD Loan (940832042) and GEF Grant (940701054) for the amounts of credit and grant to be used under the Project.

2.3. Currency

Presentation currencies and accounting records are stated as Euro for IBRD Loan which are the currencies provided by the Loan Agreement between the World Bank and the Republic of Türkiye.

2.4. Exchange Rates

Transactions made in currencies other than Euro are accounted for at the current Euro exchange rate of the transaction that is published by the Central Bank of Republic of Türkiye for IBRD Loan.

3. FINANCIAL STATEMENTS

In accordance with the Loan Agreement between the Turkish Government and IBRD, the uses of funds available in the Designated Accounts are restricted to project purposes only. Project funds still unused at the end of the project will be returned to the Ministry of Treasury and Finance for distribution to providers in accordance with the provisions of the corresponding financing agreement.

4. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT LOAN

In pursuance with the financing agreement signed between the Government of Türkiye and IBRD on 4 February 2019 (IBRD) – 15 February 2019 (Ministry of Treasury and Finance), IBRD committed to lend a loan equivalent to EUR 222.300.000,00 (approximately USD 252.000.000,00).

Principal repayments of the Loan No. of 89190-TR will be started on July 15, 2024, and will be completed on July 15, 2029.



5. SOURCES OF FUNDS

Sources of funds in year 2023 is shown below:

	Current Period (Euro)	Cumulative (Euro)
IBRD LOAN (Advance)	495.458,24	14.999.502,78
IBRD LOAN (WA)	32.736.405,74	74.732.361,20
Refund of miswritten payment of TIMP-YAP-02 (Progress Payment 8)	135.553,28	135.553,28
Deposit value that needed to be manually paid due to the Change of Intermediary Bank	10,00	10,00
Total sources of funds	33.367.427,26	89.867.427,26

There is no Government contribution nor beneficiary contribution as a source of fund in Türkiye Irrigation Modernization Project.

As a consequence of miswriting the EK-3 document, related amount returned back to the Designated Account. Also, due to the change of intermediary bank 10 Euro was charged as a service fee and it was manually paid to the Designated Account.

6. PENDING APPLICATIONS

There is no pending application in 2023.

7. CASH BALANCES

For IBRD Loan Account:

Cash available at January 1, 2023, expressed in Euro, included:

	Funds Available (In Euro)
Loan Account at TR Central Bank (Euro)	3.464.181,79
TOTAL	3.464.181,79

Cash available at December 31, 2023, expressed in Euro, included:

	Funds Available (In Euro)
Loan Account at TR Central Bank (Euro)	3.023.573,45
TOTAL	3.023.573,45

8. WITHDRAWAL APPLICATIONS

TSMP-KR-25 – on 29.12.2022, TSMP-KR-25 in the amount of EUR 2.317.863,98 was sent to IBRD. IBRD transferred EUR 2.317.863,98 to the Designated Account on 4.01.2023

TSMP-KR-26 – on 30.01.2023, TSMP-KR-26 in the amount of EUR 5.000.000,00 was sent to IBRD. IBRD transferred EUR 5.000.000,00 to the Designated Account on 3.02.2023

TSMP-KR-27 – on 7.04.2023, TSMP-KR-27 in the amount of EUR 5.000.000,00 was sent to IBRD. IBRD transferred EUR 5.000.000,00 to the Designated Account on 17.04.2023

TSMP-KR-28 – on 7.07.2023, TSMP-KR-28 in the amount of EUR 5.000.000,00 was sent to IBRD. However, due to change of intermediary bank, EUR 5.000.000,00 could not be transferred to the Designated Account.

TSMP-KR-28B – on 14.08.2023, TSMP-KR-28B in the amount of EUR 5.000.000,00 was sent to IBRD. IBRD transferred EUR 5.000.000,00 to the Designated Account on 22.08.2023

TSMP-KR-29 – on 28.09.2023, TSMP-KR-29 in the amount of EUR 10.000.000,00 was sent to IBRD. IBRD transferred EUR 10.000.000,00 to the Designated Account on 11.10.2023

TSMP-KR-30 – on 21.11.2023, TSMP-KR-30 in the amount of EUR 5.914.000,00 was sent to IBRD. IBRD transferred EUR 5.914.000,00 to the Designated Account on 29.11.2023

9. OPERATIONAL COSTS (SERVICE CHARGES)

As it is mentioned in the Loan Agreement there was an operating cost caused by the intermediary bank which was 30,00 Euro in 2023 and 200,00 Euro cumulatively.

10. COMPONENT BUDGETS IN EURO

In Project Appraisal Document (PAD) the amount of loan is determined as 222.3 million Euro (252 million USD). PAD uses USD to show shares of components as 249 million USD for Component 1 and 3 million USD for Component 3. Since we have a Designated Account based on Euro, we converted the amounts related to the components from USD to Euro accordingly $[(249/252)*222.3 = 219.65$ million Euro for Component 1 and $(3/252)*222.3 = 2.65$ million Euro for Component 3].

11. CHANGE OF INTERMEDIARY BANK

Withdrawal application numbered KR28, made in July 2023, was approved and completed by the World Bank, but due to the change of intermediary bank, the amount of 5 million Euro was not transferred to the Designated Account. Therefore, the statement of expenditure (SOE) made in this withdrawal application has been approved by the World Bank. Since our application worth 5 million Euro was not transferred to the special account due to the change of intermediary bank, the World Bank was contacted and as a result of the instructions of the relevant parties, the KR28B application was made without making an expenditure notification (so that the SOE amount would be 0) and a transfer worth 5 million Euro was made to Designated Account.

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