

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

RAIL LOGISTICS IMPROVEMENT PROJECT

**Implemented by
MINISTRY OF TRANSPORT AND INFRASTRUCTURE
GENERAL DIRECTORATE OF INFRASTRUCTURE INVESTMENTS**

**Financed Under International Bank for Reconstruction and Development
(IBRD) Loan Agreement Numbered TR-9145**

As of December 31, 2021 and For the Year Then Ended

Prepared by

**Ekrem ALBAYRAK
Senior Treasury Controller**

**Meryem KOŞAR
Treasury Controller**

**İnanç KAPLAN
Junior Treasury Controller**

Report's Number

90/3 – 70/9 – 4/4

INDEPENDENT AUDITOR'S REPORT

June 10, 2022



CONTENTS

EXECUTIVE SUMMARY	1
A. Project Summary	2
B. Objectives of Audit	3
C. Scope of Audit	3
D. Audit Results	3
E. Management Recommendation	4
INDEPENDENT AUDITOR'S REPORT & FINANCIAL STATEMENTS OF THE PROJECT	5
INDEPENDENT AUDITOR'S REPORT	6
Opinion	6
Basis of Opinion	6
Emphasis of Matter in the Financial Statement	7
Going Concern	7
Responsibilities of Management and Those Charged with Governance or other appropriate terms for the Financial Statements	7
Auditor's Responsibilities for the Audit of the Financial Statements	7
ANNEX I: Financial Statements of the Project	9

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

A. Project Summary

Rail Logistics Improvement Project's Loan Agreement (9145-TR) was signed between the Republic of Türkiye and the International Reconstruction and Development Bank (IBRD) on July 24, 2020. Loan Agreement was approved on August 20, 2020 and Project became effective on November 3, 2020. The project is carried out by Ministry of Transport and Infrastructure (MoTI).

The objectives of the Project are to reduce transport costs in selected rail freight corridors and to strengthen institutional capacity at the Ministry of Transport and Infrastructure to deliver rail freight connectivity and manage rail-enabled logistics centers.

The project consists of the following parts:

Part 1. Construction of Railway Branch Lines and Multimodal Connections at Priority Network Nodes.

Part 2. Feasibility Studies, Detailed Engineering Designs, Environmental and Social Documentation, and Construction Supervision for Rail Last-mile Connectivity Infrastructure at Additional Freight Nodes.

Part 3. Phase 2 COVID-19 Response Support, Institutional Strengthening, Capacity Building, and Project Implementation Support.

Republic of Türkiye and IBRD signed a Loan Agreement for a loan of EUR 314.500.000,00 to assist in financing the project as described above parts. In 2021, all the uses in the project were made from the special account with the "Advance" method, and a total of EUR 1.500.000,00 was withdrawn from the loan account and EUR 275.968,71 was spent from the source withdrawn.

Project will be closed on December 31, 2026. In accordance with the Loan Agreement General Directorate of Infrastructure Investments (AYGM) of the Ministry of Transportation and Infrastructure is responsible for the implementation of the project. A PIU has been established within AYGM to oversee all aspects of project implementation across all components.



B. Objectives of Audit

The objectives of our audit are;

- a) To give an opinion on whether the financial statements, prepared as of December 31, 2021 and for the year then ended, present fairly in all material respects, the financial position of the project in accordance with the cash receipts and disbursements basis of accounting,
- b) To determine, as of December 31, 2021, whether the Ministry of Transport and Infrastructure, General Directorate of Infrastructure Investments, has complied, in all material respects, with the rules and procedures of the Loan Agreement numbered TR 9145,
- c) To examine whether adequate supporting documentation has been maintained to support expenditures incurred and to evaluate eligibility of these expenditures for financing under the IBRD Loan Agreement numbered TR 9145.

C. Scope of Audit

We have performed an audit of financial statements of the Project as of December 31, 2021 and for the year then ended in accordance with the cash receipts and disbursements basis of accounting. We have also performed a compliance audit on whether expenditures are in line with Loan Agreement.

Our audit was conducted in accordance with International Standards on Auditing published by International Federation of Accountants (IFAC) applicable to the audit of financial statements and compliance auditing.

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

D. Audit Results

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

As of December 31, 2021, Ministry of Transport and Infrastructure, General Directorate of Infrastructure Investments has complied, in all material respects, with the rules and procedures of the Loan Agreement numbered TR-9145.

In addition, with respect to expenditures, adequate supporting documentation has been maintained to support expenditures from Special Account; and these expenditures are eligible for financing under the IBRD Loan Agreement numbered TR-9145.



E. Management Recommendation

As we have not identified any material deficiency in internal control out of our audit, we have not issued a Management Letter.

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



INDEPENDENT AUDITOR'S REPORT

TO MINISTRY OF TRANSPORT AND INFRASTRUCTURE

ANKARA

Opinion

We have audited the Statement of Sources and Uses of Funds, Statement of Cumulative Investments and Statement of Special Account of the "Rail Logistics Improvement Project" as of December 31, 2021, and for the period then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by Ministry of Transport and Infrastructure, General Directorate of Infrastructure Investments, based on financial reporting provisions of the Loan Agreement numbered TR-9145.

In our opinion;

- a) The accompanying Statement of Sources and Uses of Funds, Statement of Cumulative Investments and Statement of Special Account present fairly, in all material respects, the financial position and cash flows of the "Rail Logistics Improvement Project" as of December 31, 2021 and for the period then ended in accordance with the provisions of the Loan Agreement Numbered TR-9145.
- b) Ministry of Transport and Infrastructure, General Directorate of Infrastructure Investments, as of December 31, 2021 has complied with, in all material respects, the requirements of the Loan Agreement numbered TR-9145.
- c) With respect to expenditures, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditures incurred, and these expenditures are eligible for financing under the Loan Agreement numbered TR-9145.

Basis of Opinion

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

We are independent of the Ministry of Transport and Infrastructure, General Directorate of Infrastructure Investments 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 MoTI General Directorate of Infrastructure Investments 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.

Going Concern

The Project’s financial statements have not been prepared using the going concern basis of accounting. The project will end on December 31, 2026.

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

Ministry of Transport and Infrastructure, General Directorate of Infrastructure Investments is responsible for the preparation and fair presentation of these financial statements in accordance with Loan Agreement numbered TR-9145, 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 financial reporting process of the Ministry of Transport and Infrastructure.

Auditor’s Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Ahmet TUTAL
Chairman of Board of Treasury Controllers

Akif Bülent BOYACIOĞLU
(Audit Partner)
Vice Chairman

Ekrem ALBAYRAK
Senior Treasury Controller

Meryem KOŞAR
Treasury Controller

İnanç KAPLAN
Junior Treasury Controller

Date: 10/06/2022

Address: Ministry of Treasury and Finance

Board of Treasury Controllers 06510, Emek, ANKARA/TÜRKİYE

ANNEX I: Financial Statements of the Project

MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE
General Directorate of Infrastructure Investments
Turkey Rail Logistics Improvement Project (P170532)
Loan Number: IBRD 9145-TR

STATEMENT OF SOURCES AND USES OF FUNDS
As of December 31, 2021 and for the year ended
(in EURO)

	Notes	Actual		Planned		Variance	
		YTD	Cumulative	YTD	Cumulative	YTD	Cumulative
I- IBRD 9145-TR Fund Flows							
A- Government Fund		0,00	0,00	0,00	0,00	0,00	0,00
B- Other Funds		0,00	0,00	0,00	0,00	0,00	0,00
C- IBRD 9145-TR FUNDS		1.500.000,00	1.500.000,00	288.906,71	288.906,71	1.211.093,29	1.211.093,29
1- Direct Payment		0,00	0,00	0,00	0,00	0,00	0,00
2- Special Account		1.500.000,00	1.500.000,00	0,00	0,00	1.500.000,00	1.500.000,00
a- Advance		1.500.000,00	1.500.000,00	0,00	0,00	1.500.000,00	1.500.000,00
b- Statement of Expenditures (SoE)		0,00	0,00	0,00	0,00	0,00	0,00
c- Summary Sheet		0,00	0,00	0,00	0,00	0,00	0,00
D- Refunds to a Special Account		0,00	0,00	0,00	0,00	0,00	0,00
TOTAL FUNDS		1.500.000,00	1.500.000,00	288.906,71	288.906,71	1.211.093,29	1.211.093,29
II- USAGE OF FUNDS							
Component 1- Construction of Railway Branch Lines and Multimodal Connections at Priority Network Nodes.		0,00	0,00	0,00	0,00	0,00	0,00
(a) Last-mile Multimodal Connectivity at Filyos Port.							
(b) Last-mile Rail Connectivity for Cukurova Region Industrial Zones and Iskenderun Bay Maritime Ports.							
(c) Last-mile Rail Connectivity at Additional Priority Sites.							
Component 2- Feasibility Studies, Detailed Engineering Designs, Environmental and Social Documentation, and Construction Supervision for Rail Last-mile Connectivity Infrastructure at Additional Freight Nodes.		0,00	0,00	0,00	0,00	0,00	0,00
(a) Consulting Services for Survey, Feasibility Studies and Preparation of Detailed Designs and Technical Specifications/Bills of Quantity, and Construction Supervision (6 LMC -Group 1)							
(b) Consulting Services for Survey, Feasibility Studies and Preparation of Detailed Designs and Technical Specifications/Bills of Quantity, and Construction Supervision (6 LMC -Group 2)							
(c) Consulting Services for ESF Services for New LMC's							
Component 3: Phase 2 COVID-19 Response Support, Institutional Strengthening, Capacity Building, and Project Implementation Support		275.968,71	275.968,71	288.906,71	288.906,71	-12.938,00	-12.938,00
(a) Consulting Services for the Preparation of a Strategy Document for Rail Freight Improvement							
(b) Consulting Services for the Development of an Operation Model for the Logistics Centers							
(c) Consulting Services for the Uniformization of Rail Technical Standards							
(d) Consulting Services for Impact Assessment of COVID-19 on Multimodal Logistics Sector							
(e) Project Implementation Unit for Project management and implementation, including the provision of Training and Operating Costs.		275.968,71	275.968,71	288.906,71	288.906,71	-12.938,00	-12.938,00
TOTAL USES		275.968,71	275.968,71	288.906,71	288.906,71	-12.938,00	-12.938,00
Opening Balance		0,00					
Closing Balance		1.224.031,29					

Ahmet TUNCSOY
Head of Railway Logistics Improvement Project
Project Deputy Director

Dr. Yalçın YIGÜN
Director General
General Directorate of Infrastructure Investments

MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE
General Directorate of Infrastructure Investments
Turkey Rail Logistics Improvement Project (P170532)
Loan Number: IBRD 9145-TR

STATEMENT OF CUMULATIVE INVESTMENTS
As of December 31, 2021 and for the year ended
(in EURO)

1- INVESTMENTS		Component Name				Planned				Variance	
		Actual		Cumulative		YTD		Cumulative		YTD	
		YTD									Cumulative
I- INVESTMENT COSTS											
Component 1- Construction of Railway Branch Lines and Multimodal Connections at Priority Network Nodes.											
(a) Last-mile Multimodal Connectivity at Filizos Port.		0,00		0,00		0,00		0,00		0,00	0,00
(b) Last-mile Rail Connectivity for Cukurova Region Industrial Zones and Iskenderun Bay Maritime Ports.		0,00		0,00		0,00		0,00		0,00	0,00
(c) Last-mile Rail Connectivity at Additional Priority Sites.		0,00		0,00		0,00		0,00		0,00	0,00
Component 2- Feasibility Studies, Detailed Engineering Designs, Environmental and Social Documentation, and Construction Supervision for Rail Last-mile Connectivity Infrastructure at Additional Freight Nodes.											
(a) Consulting Services for Survey, Feasibility Studies and Preparation of Detailed Designs and Technical Specifications/Bills of Quantity, and Construction Supervision (6 LMC - Group 1).		0,00		0,00		0,00		0,00		0,00	0,00
(b) Consulting Services for Survey, Feasibility Studies and Preparation of Detailed Designs and Technical Specifications/Bills of Quantity, and Construction Supervision (6 LMC - Group 2).		0,00		0,00		0,00		0,00		0,00	0,00
(c) Consulting Services for ESF Services for New LMCs		0,00		0,00		0,00		0,00		0,00	0,00
Component 3- Phase 2 COVID-19 Response Support, Institutional Strengthening, Capacity Building, and Project Implementation Support											
(a) Consulting Services for the Preparation of a Strategy Document for Rail Freight Improvement		275.968,71		275.968,71		288.906,71		288.906,71		-12.938,00	-12.938,00
(b) Consulting Services for the Development of an Operation Model for the Logistics Centers		0,00		0,00		0,00		0,00		0,00	0,00
(c) Consulting Services for the Uniformization of Rail Technical Standards		0,00		0,00		0,00		0,00		0,00	0,00
(d) Consulting Services for Impact Assessment of COVID-19 on Multimodal Logistics Sector		0,00		0,00		0,00		0,00		0,00	0,00
(e) Project Implementation Unit for Project management and implementation, including the provision of Training and Operating Costs.		275.968,71		275.968,71		288.906,71		288.906,71		-12.938,00	-12.938,00
TOTAL INVESTMENT COSTS		275.968,71		275.968,71		288.906,71		288.906,71		-12.938,00	-12.938,00
II- RECURRENT EXPENDITURES											
A- Financial Expenses		0,00		0,00		0,00		0,00		0,00	0,00
B- General and Administrative Expenses		0,00		0,00		0,00		0,00		0,00	0,00
C- Exchange Differences		0,00		0,00		0,00		0,00		0,00	0,00
TOTAL RECURRENT EXPENDITURES		0,00		0,00		0,00		0,00		0,00	0,00
PROJECT INVESTMENTS		275.968,71		275.968,71		288.906,71		288.906,71		-12.938,00	-12.938,00
2- INVESTMENT BY CATEGORY											
		Actual		Planned		Variance					
		Current Period	Cumulative	Current Period	Cumulative	Current Period	Cumulative				
1) WORKS		-	-	-	-	-	-				
2) GOODS		44.670,35	44.670,35	53.394,87	53.394,87	-	8.724,52	-	8.724,52	-	8.724,52
3) CONSULTING SERVICES		231.298,36	231.298,36	235.511,84	235.511,84	-	4.213,48	-	4.213,48	-	4.213,48
4) NONCONSULTANTING SERVICES		-	-	-	-	-	-	-	-	-	-
5) OPERATIONAL COST		-	-	-	-	-	-	-	-	-	-
TOTAL		275.968,71	275.968,71	288.906,71	288.906,71	-12.938,00	-12.938,00	-12.938,00	-12.938,00	-12.938,00	-12.938,00

Ahmet TURKSOY
Head of Railway Construction Department
Project Deputy Director

Dr. Yalçın EYİGÜN
Director General
General Directorate of Infrastructure Investments


MINISTRY OF TRANSPORTATION AND INFRASTRUCTURE

**General Directorate of Infrastructure Investments
Turkey Rail Logistics Improvement Project (P170532)
Loan Number: IBRD 9145-TR**

**SPECIAL ACCOUNT TO:941432021
AT CENTRAL BANK OF REPUBLIC OF TURKEY
As of December 31, 2021 and for the year ended
(in Euro)**

Opening Balance (01.01.2021)		0,00
Transfers to Special Account		1.500.000,00
a) Advance		1.500.000,00
b) SOE method		0,00
c) Summary Sheet method		0,00
Refunds to SA		0,00
		0,00
Available Funds		1.500.000,00
Payments Made for Expenditures		275.968,71
Services charges for the Account		0,00
Total Project Investments		275.968,71
Closing Balance (31.12.2021)		1.224.031,29


Ahmet TUNC SOY
Head of Railway Construction Department
Project Deputy Director


Dr. Yalçın EYİGÜN
Director General
General Directorate of Infrastructure Investments

REPUBLIC OF TURKEY
MINISTRY OF TRANSPORT AND INFRASTRUCTURE
GENERAL DIRECTORATE OF INFRASTRUCTURE INVESTMENTS

RAIL LOGISTICS IMPROVEMENT PROJECT
LOAN NO: IBRD 9145-TR

NOTES FOR THE PROJECT FINANCIAL STATEMENTS FOR THE PERIOD
ENDED DECEMBER 31, 2021

1. OBJECTIVES AND NATURE OF THE PROJECT

Rail Logistics Improvement Project's Loan Agreement (9145-TR) was signed between the Republic of Turkey and the International Reconstruction and Development Bank (IBRD) on July 24, 2020. Loan Agreement was approved on August 20, 2020 and Project became effective on November 3, 2020. Project will be closed on December 31, 2026.

In accordance with the Loan Agreement General Directorate of Infrastructure Investments (AYGM) of the Ministry of Transportation and Infrastructure is responsible for the implementation of the project. A PIU has been established within AYGM to oversee all aspects of project implementation across all components. The PIU is led by the Deputy Director-General of AYGM, and the Deputy PIU Director is the Head of the AYGM Railway Construction Department. The PIU is staffed by a total of 27 members, of whom 22 are current AYGM staff; the remaining 5 PIU members—a procurement specialist, financial management specialist, social development specialist, environmental specialist, and an administrative assistant.

PROJECT DESCRIPTION

The objectives of the Project are to reduce transport costs in selected rail freight corridors and to strengthen institutional capacity at the Ministry of Transport and Infrastructure to deliver rail freight connectivity and manage rail-enabled logistics centers.

The project consists of the following parts:

Part 1. Construction of Railway Branch Lines and Multimodal Connections at Priority Network Nodes.

A. Last-mile Multimodal Connectivity at Filyos Port.

Provision of double-track rail connectivity and dual carriageway highway connectivity at the last mile to provide direct access to/from the greenfield, large-scale maritime port of Filyos, on Turkey's Black Sea coast, and its adjacent industrial zone, including the related engineering design review and construction supervision; the related civil works include (i) Gokceler Rail Station expansion, (ii) on-dock rail and stations between the Filyos port complex and the main national highway and railway linehaul networks, (iii) new Filyos Port Rail Station, (iv) rail and road bridges, (v) rail box culverts, (vi) rail underpasses and bridges, (vii) road box culvert, and (viii) multi-layer road interchange to connect with the main highway line.



B. Last-mile Rail Connectivity for Çukurova Region Industrial Zones and Iskenderun Bay Maritime Ports.

Provision of branch line rail links to and from selected operational and prospective industrial zones and free zones in the Çukurova region of South-Central Turkey on the Mediterranean Coast (specifically, in the sub-area formed by southern Osmaniye Province, southeastern Adana Province, and northwestern Hatay Province) and adjacent maritime ports in Iskenderun Bay, including the related engineering design review and construction supervision; the related civil works include (i) double-tracked, electrified railway branch lines, (ii) connection of electrified lines linking the two branch lines, (iii) intermodal stations and sidings, (iv) new rail stations (Osmaniye OlZ, Yukariburnaz, Adana Yumurtalık Free Zone (TAYSEB), and Erzin Port), (v) expansion and modernization of the Erzin city station, (vi) rail bridges, (vii) box culverts, (viii) underpasses, and (ix) overpasses.

C. Last-mile Rail Connectivity at Additional Priority Sites.

Provision of additional demand-driven investments, approved by the Bank, for last-mile rail connectivity to cargo generation-attraction nodes of similar nature as those targeted under Part 1.A and Part 1.B of the Project (i.e. organized industrial zones, logistics clusters, manufacturing clusters, free zones, and/or maritime ports) that remain disconnected from the national railway network ("Subprojects").

Part 2. Feasibility Studies, Detailed Engineering Designs, Environmental and Social Documentation, and Construction Supervision for Rail Last-mile Connectivity Infrastructure at Additional Freight Nodes.

A. Provision of technical assistance to produce feasibility studies (including the environmental and social dimensions of Project feasibility) for potential last-mile rail Subprojects, which have been approved by the Bank.

B. Development of detailed engineering designs and environmental and social documentation for Subprojects determined to be feasible, in-principle, based on the feasibility studies carried out under Part 2.A of the Project.

C. Provision of consulting services for construction supervision of Subprojects under Part 1.C of the Project.

Part 3. Phase 2 COVID-19 Response Support, Institutional Strengthening, Capacity Building, and Project Implementation Support.

Provision of support to:

- A. MoTI to diagnose the medium-term and long-term impacts of COVID-19 on multimodal logistics on the demand and supply sides, and design public, public-private, and/or purely private interventions (including interventions aimed to tackle behavioral and occupational aspects of risk prevention) to mitigate impacts;
- B. the Directorate-General of Infrastructure Investments ("DGII") on the uniformization of rail technical standards across the national rail network;
- C. MoTI (specifically, DGII, Directorate-General of Transport Services Regulation ("DGTSR"), and Turkish State Railways ("TCDD")) on the preparation of a strategy document for rail freight sector performance improvement;
- D. TCDD, through the development of an operational and management model for rail-enabled



- logistics centers consistent with international best practice properly contextualized to the Turkish environment; and
- E. the Project Implementation Unit for Project management and implementation, including the provision of Training and Operating Costs.

Project Duration: The Closing Date is December 31, 2026.

Project Budget: Republic of Turkey and IBRD signed a Financing Agreement for a loan of EUR 314.500.000,00 to assist in financing the project as described above parts.

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs for the Project	314.500.000	100%
TOTAL AMOUNT	314.500.000	

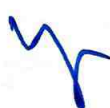
2. MAIN ACCOUNTING POLICIES

(a) The accounting system of Rail Logistic Improvement Project is based on funds accounting since the aim of the accounting is to monitor the funds allocated and used funding sources. The accounting procedure of projects financed by external loans from the World Bank is kept on a cash basis since the MoTI is a general budget public institution. According to the cash basis accounting; it is essential that the invoice is paid or that the funds and expenditures are formed in cash. Income is recorded when cash is received, expenses are recorded when cash is paid out.

(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 Rail Logistics Improvement Project, the transactions from the International Bank for Reconstruction and Development (IBRD) Loan Agreement are recorded and monitored in terms of EUROS. Transactions made in other currencies are converted into EUROS taking as basis the currency-selling exchange rate of the Central Bank of the Republic of Turkey effective one day before the interim payment date.

(d) Project sources and uses of funds are monitored in line with the chart of accounts recommended by the Board of Treasury Controllers integrated a computerized accounting system. Expenditures of the project are booked in the accounting software and project financial tables and statements are automatically from the accounting software. Electronic archiving of the accounting journals and supporting documents is also kept in the accounting software. Back-up of accounting data on accounting software is set up in the Ministry's main server and is being backed up automatically at midnight daily



3. FINANCIAL STATEMENTS

In accordance with the Loan 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 loan agreement. Unaudited interim financial statements regarding project uses of funds for each calendar quarter are submitted to the World Bank.

4. IBRD LOAN

The project is disbursing on traditional disbursement methods. The authorized signatories for disbursements from the loan account to the Designated Account at the Central Bank are the General Director, Deputy General Director and Railways Construction Department Head the methods that can be applied for spending from credit are defined as Direct Payment, Special Commitment, Reimbursement, and Advance in the Disbursement Letter. As of the end of the review period, all the uses in the project were made from the special account with the "Advance" method, and a total of 1.500.000,00 EUR was withdrawn from the loan account and 275.968,71 EUR was spent from the source withdrawn. In the fiscal year 2020, no resources were used within the scope of the Rail Logistic Improvement Project. The initial advance was withdrawn on January 20, 2021. Therefore, the first fiscal year for the review period started as of 2021.

The Project finances 100% of expenditures by IBRD Fund. There is no Government Funds contributions or Other Source other than IBRD Loans of Project.

5. CASH AVAILABILITY

Other than deposit in the special account, there is no cash held under the project. The existing cash balance expressed in Euro on 31 December 2021 is as follows:

Designated Account 94 14 32 021	IBRD Fund
Closing Balance (31.12.2021)	1.224.031,29

6. SPECIAL ACCOUNT


The only bank account is the Euro denominated Designated Account opened at the Central Bank of Turkey to execute project transactions. Central Bank of the Republic of Turkey (CBRT) Directorate General of Central Operations Information Administration of the Funds and Banking Operations Directorate, which opened in the Special Account of the project is given below. Project Special Account is the designated bank account opened in the Central Bank of the Republic of Turkey Administrative Center of the General Directorate of Operations Funds and Banking Operations Directorate. The account numbers is 941432021 (Euro).

Rail Logistics Improvement Project (9145-TR) Advance balance ceiling amount is EUR 17.000.000,00.



As of the end of the review period, a total of 1.500.000,00 EUR has been drawn from IBRD Loan 9145-TR Credit Account to the project special account number 94 14 32 021 and a total of 275.968,71 EUR has been spent from the said special account. The account balance of the special account at the end of the period is 1.224.031,29 EUR. During the review period; 1.500.000,00 EUR advance withdrawal from IBRD 9145-TR Loan is done in the said period, progress payments were made for Rail Logistics Improvement Project Consultancy and Goods purchases. All withdrawals from World Bank are completed in the World Bank's Client Connection System by filling an electronic form. The application is electronically signed by authorized officials and submitted to the World Bank. For withdrawal applications, the form in the Authorized Signatures Disbursement Letter is filled and submitted to the World Bank. Transfer of funds from the Designated Account is done with two authorized signatories. The Project has no other bank account.


Ahmet TUNGSOY
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Project Deputy Director


Dr. Yalçın EYİGÜN
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