



AUGUSTE TANO KOUAME
Country Director, Turkey
Europe and Central Asia Region

May 16, 2022

Serhat Köksal, PhD
Director General of Foreign Economic Relations
Ministry of Treasury and Finance
Hazine ve Maliye Bakanligi
Inonu Bulvari No. 36
Emek – Ankara
Republic of Turkey

Re: **GFDRR Grant No. TF0B6770**
Turkey Seismic Resilience and Energy Efficiency
in Public Buildings Project
Letter Agreement

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Turkey (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“Bank”), acting as administrator of the Japan-World Bank Program for Mainstreaming Disaster Risk Management in Developing Countries, financed by the Government of Japan and managed by the Global Facility for Disaster Reduction and Recovery (“GFDRR”), proposes to extend to the Recipient a grant in an amount not to exceed seven hundred and fifty thousand United States Dollars (USD 750,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of Part 4 of the project, as said project is described in the Annex of this Agreement (“Project”).

This Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning one duly executed copy to the Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By 
Auguste Tano Kouame
Country Director, Turkey
Europe and Central Asia Region

AGREED:

REPUBLIC OF TURKEY

By 
Authorized Representative

Name Serhat Köksal, PhD

Title Director General of Foreign Economic Relations
Minister of Treasury and Finance

Date 16 MAY 2022

Enclosures:

- (1) "International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds" dated February 25, 2019
- (2) Disbursement and Financial Information Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Section:

- (a) “Annual Work Plan and Budget” means the annual work plan and budget referred to in Section 2.05 of this Annex.
- (b) “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January, 2011, and as of July 1, 2016.
- (c) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (d) “Central Government Buildings” means the public buildings owned by the Recipient’s central government, including central government affiliated buildings, such as education facilities, dormitories, and hospitals.
- (e) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project dated November 26, 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient, through MoEUCC, shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
- (f) “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.

- (g) “General Directorate for Construction Affairs” means the Recipient’s general directorate of the same name under the Ministry of Environment, Urbanization and Climate Change, established pursuant to Presidential Decree No. 1, published in the Official Gazette, dated July 10, 2018, No. 30474, or its legal successor or successors thereto acceptable to the Bank.
- (h) “Loan Agreement” means the Loan Agreement for the Turkey Seismic Resilience and Energy Efficiency in Public Buildings Project between Republic of Turkey and the International Bank for Reconstruction and Development, dated September 7, 2021 (Loan Number 9261-TR).
- (i) “Ministry of Environment, Urbanization and Climate Change” or “MoEUCC” means the Recipient’s ministry of the same name or any legal successor or successors thereto, acceptable to the Bank for the purposes of this Project.
- (j) “Operating Costs” means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Project by the Recipient, through MoEUCC; such costs may include, as relevant, the following: (a) travel, accommodation, and per diem associated with training, workshop, and study tour participants and trainers, and other training-related miscellaneous costs; (b) office supplies; (c) vehicle rental; (d) office and equipment maintenance and repair; (e) communications; (f) translation and interpretation (not covered under Training); (g) travel and Project supervision; (h) publication fees; (i) ownership of intellectual property rights; and (j) other miscellaneous expenses directly associated with the Project; said Operating Costs shall not include salaries or benefits of the Recipient’s civil servants.
- (k) “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
- (l) “Project Implementation Unit” or “PIU” means each of the Project implementation units described in Section 2.03(a) of this Annex, or any legal successor or successors to such unit satisfactory to the Bank for the purposes of this Project.
- (m) “Project Operations Manual” or “POM” means the Project Operations Manual referred to in Section 2.03(b) of this Annex, as the said manual may be amended from time to time, with the prior written approval of the Bank, and such term includes any schedules to the POM.
- (n) “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
- (o) “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
- (p) “Training” means reasonable expenditures (excluding costs of consultants’ services) incurred for Project-related capacity building activities, including study tours, training courses, seminars, workshops and other training activities such costs include travel, accommodation and *per diem* costs associated with training, workshop and study tour

participants and trainers, space and equipment rental, and other training related miscellaneous costs, all based on an Annual Work Plan and Budget agreed with the Bank.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to improve the disaster resilience and energy savings in selected central government buildings, and to strengthen the policy framework and institutional capacity to develop, finance and implement resilient and sustainable public buildings in Turkey. The Project consists of the following parts:

Part 1. Investments in Central Government Buildings for structural strengthening and energy efficiency improvement.

A. *Retrofitting and Renovation.*

Provision of goods, works, consulting services and non-consulting services to support:

- (i) the preparation of all technical documentation for investments on priority Central Government Buildings, including energy and structural audits, technical design and construction supervision, commissioning and energy monitoring for both renovation and demolition or reconstruction; and
- (ii) retrofitting and renovation of buildings through:
 - (a) structural strengthening measures;
 - (b) energy efficiency measures (including building-level renewable energy); and
 - (c) other measures necessary to improve the accessibility, safety, and operation of buildings (including universal access improvements for all categories of visitors and staff, water efficiency improvements, cool or green roofs, measures to improve fire safety, electricity supply, and fire detection, warning and safe egress).

B. *Demolition and Reconstruction.*

Provision of goods, works, consulting services and non-consulting services to support the demolition and reconstruction of Central Government Buildings, for which structural strengthening through retrofitting and renovation is not technically and economically feasible.

Part 2. Advanced technical assistance and capacity building.

Development of a long-term, investment program to increase energy efficiency, structural strength, and multi-hazard resilience in public buildings; said development includes establishing a prioritized investment plan and the key elements for implementation.

- (i) *Data collection and improved systems.* Collection and development of data related to the energy, safety, resilience, occupancy, and service provision of Central Government Buildings.
- (ii) *Building evidence, developing guides and designs, and documenting best practices.* Development and dissemination of case studies that document

investment costs, measures implemented, lessons learned, and experience gained in optimizing energy efficiency and structural strengthening, including approaches to minimize service disruption during works.

- (iii) *Improved regulatory environment.*
 - (A) Review of existing Recipient regulations associated with structural strengthening, disaster and climate resilience and energy efficiency improvements, and associated compliance, assessed against global best practice.
 - (B) Determination of the need for regulatory improvements to accelerate, improve, enforce or monitor enhanced energy efficiency, safety and resilience of both public and private buildings in Turkey.
- (iv) *Increased pool of trained professionals through capacity building and outreach.* Development and delivery of training programs for building renovations – for structural strengthening and energy efficiency – for engineering, energy and architectural professionals working in government agencies and in design and construction firms to serve both public and private buildings.
- (v) *Assessment of capacity to test and verify materials and equipment for structural safety and energy efficiency.*
 - (A) Assessment of current capacity constraints in laboratory testing of equipment and materials for structural safety and energy efficiency.
 - (B) Determination of the necessary technical requirements and recommendation of implementation options, with consideration for sustainability, efficiency, and value for money.

Part 3. Project management

Provision of goods, consulting services, non-consulting services, Operating Costs and Training to support Project management and implementation activities, including, *inter alia*: (a) engineering, architectural, occupational health and safety, and other technical expertise; (b) Subproject supervision; (c) Project monitoring and evaluation; (d) communications with Project beneficiaries; and (e) training of PIU staff.

Part 4. Support under the Japan-World Bank Program for Mainstreaming Disaster Risk Management in Developing Countries

Provision of consulting services, Training, and Operating Costs in support of the following technical assistance activities:

- (a) Identifying innovative engineering approaches for strengthening existing buildings, innovative technologies and approaches to the design and construction of new disaster resilient and energy efficient buildings, and development of handbooks and guidelines for the application of these approaches in Turkey;
- (b) Training and capacity building on innovative engineering approaches for professionals from public and private sectors; and
- (c) Exploring global best practices for engineering assessments related to the safety of buildings.

2.02. **Project Execution Generally.** The Recipient, through MoEUCC, declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through MoEUCC, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines; and (c) this Article II.

2.03. **Institutional and Other Arrangements**

(a) **Project Implementation Unit**

- (i) The Recipient, through MoEUCC, shall be responsible for the overall implementation, management, coordination and oversight of the Project; and maintain, throughout Project implementation, a Project Implementation Unit (“PIU”) under the General Directorate of Construction Affairs, with functions and responsibilities acceptable to the Bank, for the implementation of the Project, including, *inter alia*: (i) promoting awareness of the Project; (ii) coordinating with the relevant ministries and beneficiaries; and (iii) carrying out the Project’s administrative, procurement, environmental and social requirements, disbursement, financial management, and monitoring, evaluation and reporting requirements; all shall be carried out in accordance with the terms of this Agreement and further detailed in the Project Operations Manual.
- (ii) The Recipient, through MoEUCC, shall maintain at all times qualified staffing, budgetary resources, and authority necessary and appropriate for the satisfactory implementation of the Project, all with terms of reference and qualifications acceptable to the Bank.

(b) **Project Operations Manual**

- (i) The Recipient, through MoEUCC, shall maintain throughout Project implementation, a Project Operations Manual (“POM”), in substance and manner acceptable to the Bank; said POM shall include, *inter alia*, detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto, including, *inter alia*:
 - (A) the parties responsible for carrying out the respective parts of the Project;
 - (B) the detailed qualification and selection criteria and processes;
 - (C) the detailed policies and procedures for Project implementation, including for the selection and management of Project activities;
 - (D) the environmental and social obligations, Environmental and Social Instruments, and arrangements, details on the functioning of the grievance redress mechanism(s), and gender and citizen engagement for the Project, consistent with the provisions of Section 2.04 of this Annex and the Environmental and Social Commitment Plan;
 - (E) the financial management arrangements, requirements and detailed procedures consistent with the provisions of Section 2.07 of the Standard Conditions, including the functions, staffing, job descriptions (with special emphasis on the segregation of duties), workflows, internal controls and all financial management arrangements for the Project;

- (F) guidelines and procedures for procurement consistent with the provisions of the Procurement Regulations;
 - (G) the requirements of the Anti-Corruption Guidelines;
 - (H) the coordination arrangements between the relevant parties for the day-to-day execution of the Project; and
 - (I) the requirements and procedures for Project monitoring, evaluation, reporting, and communications, including specifically, the frequency and content of environmental and social monitoring reports.
- (ii) The Recipient, through MoEUCC, shall carry out the Project, and cause the Project to be carried out, in accordance with the arrangements, procedures and guidelines set forth in the POM, provided, however, that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.
 - (iii) The POM, and any provision thereof, shall not be assigned, amended, abrogated or waived, nor shall be permitted to be assigned, amended, abrogated or waived, without the prior written consent of the Bank; the POM may only be amended in consultation with, and after the approval of, the Bank.

2.04. ***Environmental and Social Standards***

- (a) The Recipient, through MoEUCC, shall and shall cause the PIU to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
- (b) Without limitation upon paragraph (a) above, the Recipient, through MoEUCC, shall and shall cause the PIU to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient, through MoEUCC, shall and shall cause the PIU to, ensure that:
 - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (ii) sufficient funds are available to cover the costs of implementing the ESCP;
 - (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Recipient, through MoEUCC, shall and shall cause the PIU to, ensure that:

- (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) The Recipient, through MoEUCC, shall and shall cause the PIU to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

2.05 ***Annual Work Plan and Budget***

The Recipient, through MoEUCC, shall:

- (a) prepare and furnish to the Bank not later than June 30th of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under the Project during the following year; (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing; and (iii) a consolidated training plan for any training activities that may be required under the Project including, *inter alia*, the type of training, the purpose of the training, the length of the training, the number of trainees, and the projected cost;
- (b) afford the Bank a reasonable opportunity to exchange views on each such proposed Annual Work Plan and Budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with such Annual Work Plan and Budget as shall have been approved by the Bank; and
- (c) not make or allow to be made any change to the approved Annual Work Plan and Budget without the Bank's prior written approval.

2.06. ***Project Monitoring, Reporting and Evaluation.*** The Recipient, through MoEUCC, shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after each calendar semester, covering the calendar semester.

Article III
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Consulting services, Training, and Operating Costs for Part 4 of the Project	750,000	100%
TOTAL AMOUNT	750,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the Signature Date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date is November 30, 2024.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the conditions specified below have been satisfied.

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

(b) If the Bank so requests, the condition of the PIU, as represented or warranted to the Bank at the date of this Agreement, has undergone no material adverse change after such date.

(c) The Loan Agreement has been declared effective.

(d) The POM, originally prepared pursuant to the Loan Agreement, has been updated and adopted by the Recipient, through MoEUCC, to address the activities and the related implementation arrangements covered under Part 4 of the Project, all in form and substance satisfactory to the Bank.

4.02. Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may

postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect one hundred twenty (120) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article V Recipient's Representative; Addresses

5.01. *Recipient's Representative.* The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Treasury and Finance.

5.02. *Recipient's Address.* For purposes of Section 7.01 of the Standard Conditions: (a) the Recipient's Address is:

Hazine ve Maliye Bakanligi
Inonu Bulvari No. 36
Emek – Ankara
Republic of Turkey; and

(b) the Recipient's Electronic Address is:

Facsimile:
(90) (312) 204-7366
(90) (312) 204-7367.

5.03. *Bank's Address.* For purposes of Section 7.01 of the Standard Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	1-202-477-6391