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مُمَوَّل من الاتحاد الأوروبي

**FORMAL EMPLOYMENT CREATION
PROJECT
GRANT PROGRAM
IMPLEMENTATION GUIDELINE FOR
SUB-GRANT BENEFICIARIES**

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DEFINITIONS

Addendum: Refers to the document submitted to TKYB for approval by the Grant Beneficiary by notifying TKYB of the changes to be made in the Grant Contract.

Administrative and Eligibility Check: The process in which the project applications are checked in accordance with the rules specified in the Application Guideline and in accordance with the information listed in the Administrative and Eligibility Check List, and the applicants are notified in order to complete the missing/incorrect/incorrectly submitted documents,

Administrative Costs: Costs specified at the project application stage; but not budgeted in detail and incurred in connection with eligible direct costs during the project implementation period; stationery and office supplies, postage, telephone, internet and fax costs, heating, electricity or other forms of energy, water, office furniture and all necessary for the successful completion of the project, limited to a fixed rate of no more than 3% of the total direct eligible costs,

Advance Payment: The payment made at the rate of 10% of the grant support amounts to the eligible Grant Beneficiaries after the first monitoring visits in line with the Grant Contract,

Application Form and Business Plan: The document prepared by the Grant Beneficiary at the application stage outlines all planned activities within the project scope and the corresponding implementation period,

Applicant: Real or legal persons who apply to TKYB to receive grant support with the project submitted within the scope of the Formal Employment Creation Project, the rules of which are determined within the framework of the procedural provisions,

Bank: Development and Investment Bank of Türkiye (TKYB),

Commercial Practices: The capacity to purchase the goods or services needed in the procurement processes at the best price available in the market,

Consultant Firm: A real or legal person who can receive consultancy services in the fields of expertise such as technical and financial, environmental and social, education, procurement, etc. in the implementation of grant programs,

Co-Financing: The contribution committed to be provided by the Grant Beneficiary to be spent on projects or activities supported by TKYB,

Currency Type: The currency in which the amount linked to the Grant Contract will be paid, and the official currency of the European Union is the currency represented by the phrases EURO "€", "EUR", "euro",

Disbursement Request Form: The form showing the amount requested to be paid for the activities carried out in the relevant period within the scope of the project,

Employment and Other Performance Indicators Progress Report: The report of the Grant Beneficiary presenting the employment activities to be carried out within the scope of the Project and the training activities attended,

Environmental and Social Action/Action Plan (ESAP): The document that includes the findings identified within the scope of the Environmental and Social Risk Assessment during the project implementation phase and the deficiencies to be completed, and the works/processes that the firm should follow in order to eliminate/complete these findings and deficiencies,

Environmental and Social Assessment (ESA): The stage in which the environmental and social suitability of applications that have successfully passed the pre-assessment and independent evaluation stages within the framework of the principles specified in the Project Operations Manual (POM) is examined in detail.

Environmental and Social Monitoring: Impartial guidance and follow-up activities carried out in order to identify environmental and social risks in advance and to take corrective and preventive measures in the project activities that have been implemented by signing Grant Contracts, and to ensure that the information that will enable audit activities to be carried out is recorded,

Environmental and Social Commitment Plan (ESCP): The plan adopted by the World Bank, which determines the important measures and actions to be taken in order to carry out the Formal Employment Creation Project in accordance with the provisions of the World Bank Environmental and Social Standards, the special documents or plans to be prepared, and the timing for each of them,

Environmental and Social Compliance: Within the framework of the principles specified in the Environmental and Social Commitment Plan (ESCP) and the Project Operations Manual (POM), the stage that examines whether the applicant companies are not included in the list of prohibited activities and whether the relevant compliance is met in line with the legislation,

Expenditure Verification Report: A report in which an official approves that the expenditures made in the relevant period within the scope of the Grant Contract are correct, real and suitable for the Project,

Final Employment Plan and Performance Indicators: The plan showing the current status of the Grant Beneficiary at the application stage, including the details of the additional employment conditioned by the signing of the Grant Contract,

Final Report: The report submitted by the Grant Beneficiary at the end of the project implementation period in accordance with the procedures and principles stipulated in the Implementation Guide,

Foreigners Under International Protection: Refugees, conditional refugees and foreigners who have international protection status within the scope of subsidiary protection,

Formal Employment Creation Project Grant Scheme (Kayist Grant Program): The objective is to enhance the social and economic autonomy of citizens of the Republic of Türkiye and foreign individuals (SuTP and Foreigners under International Protection) in order to facilitate their employability and access to the labor market, gradually diminish their reliance on social assistance programs, and augment their integration and contribution to the Turkish economy. The Grant Scheme is financed by the European Union, managed by the World Bank, and carried out by TKYB,

Formal Employment Creation Project Grant Program Application Guideline (Application Guideline): Real and legal persons who can benefit from the support, the conditions required for those who can apply, the forms and conditions of application and benefiting from the grant, the fields of activity and project subjects to be supported, the appropriate costs that can be met from the support, the selection and evaluation criteria, the formal employment and co-financing obligations, the standard application prepared by TKYB for the applicants. guides and annexes that set out in detail the explanation of documents and other necessary information,

Grant Beneficiary: Company that is entitled to receive grant support within the scope of the Formal Employment Creation Project,

Grant Contract: The Contract and its annexes signed between TKYB and the Grant Beneficiary which regulates the principles and rules of benefiting from the support, the payment procedures and principles, the rights and obligations of the parties, and the consequences and sanctions of the violation of these obligations,

Grant Support: Cash payment to be provided by TKYB at the amount and rate of the project budget to be spent on projects or activities supported within the scope of KAYİST,

Implementation Guideline for Formal Employment Creation Project Beneficiaries (Implementation Guideline): The guideline prepared by TKYB for the Grant Beneficiary, which explains in detail the implementation methods and conditions of the activities and grant payments to be carried out by the companies that will benefit from the grant support during the Project implementation process, the procurement principles and rules, the reporting and information obligations and other necessary information, and published on the Project website (www.kayist.org),

Kayist Platform: Software developed by TKYB to help external consultants plan, assign, monitor, report and manage work within the scope of grant programs,

Labor Management Procedures (LMP): The Workforce Management Procedures (https://kalkinma.com.tr/assets/uploads/pdf/TKYB_LMP_21July2020_Turkish.pdf of TKYB in accordance with the World Bank Environmental and Social Standard regarding the workforce and working conditions to be applied throughout the life cycle of the project),

Monitoring Expert: Internal or external resource experts who will periodically monitor and report that the Grant Beneficiary companies implement their activities specified in the application in accordance with the Grant Contract and the procedures and principles specified in the Implementation Guideline,

Monitoring Visit: A visit to the Grant Beneficiary by the Consultant Firms, TKYB, the World Bank and/or the European Union to monitor the progress, compliance, risks and problems in the project,

Non-Financed Activities under the Grant Scheme: All of the Non-Funded Activities specified within the scope of TKYB's Environmental and Social Management Framework (<https://kalkinma.com.tr/bizim-taniyin/cevreci-kalkinma/cevresel-ve-sosyal-politikalar>, <https://kayist.org/proje-dokumanlari/kayitli-istihdam-yaratma-projesi-dokumanlari>),

Procurement Arrangements for World Bank Investment Project Financing Borrowers: Arrangements to be applied for the procurement, construction works, non-consultancy services and the provision of consultancy services for operations to be partially or wholly financed by the World Bank,

Procurement Plan: The plan prepared by the Grant Beneficiary for the procurement activities planned to be carried out within the scope of the Project,

Procurement Report: The report prepared by the Grant Beneficiary detailing the procurement activities carried out within the scope of the Project,

Project: The whole of activities that are submitted to TKYB in order to benefit from grant support within the scope of the Formal Employment Creation Project Grant Program and are called projects during the application process which are focused on a specific purpose, are fixed-term and regular, and are integrated with the budget,

Project Account: Bank account in Euro provided by the Grant Beneficiary, to which the grant support to be used by the Grant Beneficiary entitled to grant support is transferred to carry out the Project activities,

Syrians under Temporary Protection (SuTP): Persons defined in the Law No. 6458 on Foreigners and International Protection (2013), which provides access to temporary protection to Syrians, and the Regulation on Temporary Protection of Syrians No. 29153 (2014), which provides access to registration and documentation to Syrians under temporary protection,

Technical and Financial Monitoring: To help achieve the envisaged goals and objectives, with priority given to formal employment creation in the project activities that have been implemented by signing Grant Contracts, to ensure that the implementation is carried out in accordance with the determined principles and rules, procedures and principles and the provisions of the Grant Contract, to identify the risks in advance, to take corrective and preventive measures, and to ensure that the information that will enable audit activities to be carried out is recorded. The follow-up activity carried out,

Technical and Financial Progress Report: The report prepared and submitted by the Grant Beneficiary for the Project implementation period in accordance with the procedures and principles specified in the Implementation Guideline, as of the periods specified in the Grant Contract,

The World Bank (IBRD): The international financial institution serves as the managing institution of the European Commission Development Fund in the Formal Employment Creation Project,

The World Bank Environmental and Social Standards: System/policy aimed at managing direct and indirect environmental and social impacts that may arise as a result of operational activities and financial services (standards published on <https://www.worldbank.org/en/Projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards> as of October 1, 2018),

Warning Letter: The document in which TKYB conveys the actions to be taken by the Grant Beneficiary for the sustainability of the Project to the Grant Beneficiary who is unable or has difficulty in fulfilling the employment and other commitments of the Project,

1. FORMAL EMPLOYMENT CREATION PROJECT

1.1. Purpose and Scope of the Grant Program

The Formal Employment Creation Project Grant Program (KAYIST) is funded by the European Union and implemented by the Development and Investment Bank of Türkiye with the management support of The World Bank.

The aim of the Formal Employment Creation Project is to improve the formal employment creation conditions of companies operating in provinces where Syrians under Temporary Protection (SuTP) are concentrated, for the benefit of Turkish citizens and foreigners.¹

In order to achieve this goal, Kayist;

- a) Increasing access to financing through employment-conditional grants for companies with high employment creation potential and/or an existing record of sustainable job creation and high business development potential,
- b) Enables the grant beneficiary firms and their employees to develop their knowledge and skills through participation in training programmes funded under the technical assistance component.

1.2. Purpose and Scope of the Implementation Guide

The Implementation Guideline for Kayist Grant Program Beneficiaries (Implementation Guideline) contains details on how companies financed by the Kayist Grant Program will benefit from the grants they are entitled to receive. The purpose of the guideline is to provide information for a better understanding of the project implementation according to the applicable rules and regulations.

The Implementation Guideline includes the following topics to ensure effective management of projects:

- Contract Signing,
- General Rules and Procedures of the Implementation Process,
- Expenditure Verification and Procurement Rules,
- Monitoring, Reporting and Payment Process,
- Environmental and Social Monitoring,
- Amendments to be made in the Grant Contract,
- Suspension and Termination of the Grant Contract,
- Grievance Management.

2. CONTRACT SIGNING

2.1. Announcement of Successful Firms and Submission of Requested Grant Contract Documents to TKYB

TKYB informs the applicants in the main and reserve lists about their status in the project via the Kayist Platform and e-mail.

TKYB publishes the Grant Contract and Annexes on Kayist Platform. The Grant Beneficiary uploads the Grant Contract supporting documents to Kayist Platform before being invited to contract signing of the Grant Contract. If it is determined that the documents or information submitted during the Grant Contract signing process are missing, additional time is given to the relevant Grant Beneficiary to correct the deficiency. If necessary, the process can be repeated.

Among the applications that are entitled to sign a Grant Contract, those who complete their supporting documents on the Kayist Platform are invited to the General Directorate of TKYB to sign a Grant Contract.

¹ In this document, the term refugee is used, regardless of the country of origin, although Syrians are under temporary protection status and non-Syrians are covered by international protection law. <https://www.goc.gov.tr/>.

The Grant Beneficiary, who is entitled to receive support, is obliged to notify TKYB of a defined bank account where grant payments will be made during the project implementation period during the contract signing process.

If there is any inconsistency in the information or documents submitted to the Kayist Platform, it may prevent the signing of the Grant Contract. In the event that there is a discrepancy in the supporting documents submitted by a firm on the final list or the firm waives the project, another Applicant will be invited to sign a contract to the extent permitted by the grant budget, starting with the highest score from the reserve list.

2.2. Signing Grant Contracts

The mediation of the provision of grant support by TKYB and the fulfillment of the duties and responsibilities of the Grant Beneficiary during the implementation phase of the project are stipulated by the Grant Contract. The Grant Contract consists of the text of the articles of association and eighteen (18) annexes.

Successful applicants are given a written response and the officials of the firms on the final list are called to the TKYB premises and the contract signing phase is started.

Grant Contracts enter into force as of the date of signature, and projects are carried out within the time period specified in the Grant Contract. **TKYB notifies the Grant Beneficiary in writing in case of project implementation extension.**

The Grant Contract and its Annexes are signed and stamped in two printed copies, one copy of which remains with the parties to the contract, with wet signature by the officials of TKYB and the Grant Beneficiary firm.

3. GENERAL RULES AND PROCEDURES OF THE IMPLEMENTATION PROCESS

3.1. General Rules

3.1.1. Co-Financing

The Grant Beneficiary is expected to implement the project in accordance with the project budget submitted during the project application process. The co-financing rate of the projects will be signed with the Grant Contract in accordance with the budget submitted in the application and this amount will be expected to be provided from the Grant Beneficiary's own resources. The ratio of the human resources budget submitted at the application stage and finalized by the contract in the total budget will also be monitored during the implementation phase of the project.

3.1.2. Prohibition of Double Financing

Each project should be financed as a whole or through only one grant mechanism for the expenditure items within the scope of the project. The Grant Beneficiary is required to comply with the "Annex-4 Wet Signed Declaration of the Grant Beneficiary Firm- Letter of Commitment" submitted within the scope of the Grant Contract and its Annexes. Financial support should not be requested from other institutions and organizations for the entire project financed under the Kayist Grant Program or for expenditure items within the scope of the project. If such a situation is encountered, the project or the related expenditure may be deemed ineligible.

3.1.3. Non-Retroactivity

Expenditures incurred prior to the signing of the Grant Contract are not considered eligible costs. **However, additional employments made following the invitation notifications made to the Grant Beneficiaries on 29 December 2023 through the Kayist Platform will be deemed eligible; the cost of such employment will be considered as an eligible cost as of the date of signing the Grant Contract.**

3.1.4. Project Implementation Period

The duration of implementation period is 12 months. Accordingly, the project closure date, which was specified as 31.12.2024 in the Grant Contract signed between TKYB and the Grant Beneficiary, has

been extended by TKYB and revised as one (1) year from the date of signature/²effectiveness. The project implementation period can be extended, provided that it remains within the closing date of Kayist.

3.1.5. Grant Payments

Payments to be made to the Grant Beneficiary companies are calculated on the basis of the expenditures realized by the progress payment method depending on the progress of the project and the formal employment creation condition committed in the Final Employment Plan and Performance Indicators³ and paid to the bank account provided by the Grant Beneficiary.

Payments are in *the form of an advance payment*, an interim payment *to be made on the expenses incurred by the progress payment method*, and the final payment *to be made at the end of the Project*.

In order to make progress payment, it is important to meet the commitments of the main performance indicator of the project.

For payments other than advance payments, the rate of realization of employment commitment and costs is taken into account.

Following the first monitoring visit to be carried out after the signing of the Grant Contract, *10% of the total grant amount is* transferred to the bank account of the Grant Beneficiary as an advance payment.

In order for the projects that have the status of "conditionally successful" *as a result of the Environmental and Social Assessment (E&S)* to receive the advance payment subject to the Grant Contract;

- Workplace Opening and Operating Permit,
- Environmental Impact Assessment Report
- Environmental License and Permit are expected to be provided.

Additional grant support will be provided to the Grant Beneficiary firms that successfully carry out their projects during the project implementation process within the Program budget in line with the conditions to be decided jointly by TKYB and the World Bank.

Details of payments are detailed under the heading "5. Monitoring, Reporting and Payment Processes".

3.1.6. Project Account

The interim payment and final payment to be made in the period following the advance payment are transferred to the euro account provided by the Grant Beneficiary. In the reports to be prepared for the project activities, the foreign exchange sales rate of the Central Bank of the Republic of Türkiye on the date of the relevant expenditure is used for the cost of each activity.

The Grant Beneficiary is obliged to ensure the accuracy of the Bank account to which the project payment will be made during the implementation period. Any changes to be made in the account information are submitted to TKYB through the "Annex-16: Notification Letter Form" and the relevant information is updated by the Grant Beneficiary on the Kayist Platform.

3.2. Eligibility of Costs

Only eligible costs can be covered by grant support. Therefore, the total budget submitted is both a cost estimate and a ceiling. Eligible costs are accrued during the project implementation period, based on actual costs verified by supporting documentation (invoices, payrolls, bank statements, etc.).

There are two types of eligible costs, eligible direct costs and eligible indirect costs:

² TKYB and the World Bank; It reserves the right to make changes regarding the scope, process and duration of the Grant Program.

³ As a result of the Kahramanmaraş Earthquakes on February 6, 2023, it will be considered appropriate to protect the existing employment in the projects to be implemented in the earthquake affected provinces.

3.2.1. Eligible Direct Costs

Eligible direct costs are defined as specific costs that are directly linked to the performance of the project, provided that they meet the eligibility criteria mentioned above, and are therefore costs directly attributable to it.

3.2.1.1. Human Resources

- Under the heading of the Human Resources budget item, *the cost of the new personnel* hired within the scope of the project is considered as the eligible cost.
- **The personnel employed by the Grant Beneficiary firm operating in the earthquake zone before the signing of the Grant Contract will be considered as eligible costs, provided that they comply with the committed employment plan.**
- The overall employee cost includes the employer contribution and additional benefits provided as a usual practice. In practice, there may be additional insurances, deductibles and other elements.
- The Human Resources budget item *must be between* 70% and 90% of the total eligible costs of the project budget.
- In the expenditures within the scope of the Human Resources budget item, the total number of days worked by each employee in the relevant month is taken into account. In this case, the supporting documents to be submitted are checked and the expenses incurred for the people employed in the project are monitored.
- In case of dismissal or resignation, new employment is expected to be made without changing performance indicators. Interim and final payments of grant support are made on the basis of SGK (Social Security Institution) records.
- The employments carried out within the scope of the project must be registered by SGK and an employment contract must be signed for each employee.
- The Grant Beneficiary is directly responsible for obtaining the Withholding Tax and Monthly Premium Service Statement, SGK Employment Statement, SGK Service Statement, payroll, employment contracts documents and uploading them to the Kayist Platform on a monthly basis and submitting them to TKYB as often as TKYB requests. **These documents will be checked by monitoring experts and project payments will be calculated on these records along with other expenses.**
- In order to request the Human Resources payment, the following documents (additional documents if deemed necessary) are to be submitted to TKYB:
 - Withholding and Monthly Premium Service Declaration (Employment Declaration),
 - SGK Employment Declaration,
 - SGK Service Breakdown for each employee,
 - Payroll (signed by the employee),
 - Work Permit Application for foreign personnel,
 - Work Permit Certificate for foreign personnel,
 - Employment/Employment contracts⁴ and amendments to contracts.

3.2.1.2. Working Capital Costs

The Working Capital Costs budget covers all projected operating costs for the project implementation process. It consists of the following items:

- i. Production materials such as raw materials, auxiliary materials, components, subassemblies, etc.,
- ii. Utilities (such as electricity, water and fuel),
- iii. Maintenance costs.

During the implementation period, the proof and documentation of expenditures related to Working Capital Costs varies according to the content of the budget headings.

⁴For templates of employment contracts, please visit the <https://www.csgeb.gov.tr/uigm/belgeler/is-sozlesmesi/>.

Working Capital Costs should not be confused with indirect (administrative) costs. Since Working Capital Costs are covered by the Project's direct costs, they must be directly attributed to the project.

3.2.1.3. Fixed Investment Costs

Fixed Investment Costs are the costs required for new investments and/or expansion/modernization of existing facilities and cover multiple project budget items such as:

- i. Machinery-equipment, vehicles, furniture, computer hardware, costs, spare parts, etc.,
- ii. Small-scale construction work and ancillary utility facilities can be up to 5% of the total eligible cost. The costs of major civil works, except for minor modifications for the installation of necessary equipment/machinery, are not eligible costs.
- iii. The cost of software and related IT licenses,
- iv. Miscellaneous other investment expenditures,

Used/second-hand/refurbished/repaired machinery equipment is not considered as eligible cost.

3.2.1.4. Other Costs, Services

Expenses related to consultancy, publication, research, audit, evaluation, visibility activities, promotional activities, work permit fees, other related legal fees, and other expenses agreed with TKYB during the implementation of the project are shown under this budget heading.

The costs to be incurred for work permits, expenditure approval authority service procurement, environmental and social consultancy services and other consultancy activities related to the project, which are included under the relevant budget heading, can be supported, provided that they are justified appropriately and remain within the budget limits, when necessary. Similar activities that are not included in the current budget can be included in the budget by amending the contract with an addendum request.

Activities related to the procurement of a service are included in **this budget title only if** the entire service is outsourced.

3.2.2. Eligible Indirect Costs

Eligible indirect costs are incidental costs that are not budgeted in the direct costs of the project, but are incurred in connection with the general administrative costs and eligible direct costs incurred during the project implementation period. These are limited to 3% of the budget.

3.2.2.1. Administrative Costs

The Administrative Costs are listed below:

- **Office Expenses:** Electricity, water, heating, telephone, fax and internet usage expenses, stationery materials, computer consumables, cleaning, minor repairs, insurance, security and building dues expenses,
- **Transportation Expenses:** Additional transportation expenses incurred by the project personnel and not included in other items of the budget,
- **Visibility Expenses:** Signage, posters, roll-ups, booklets, brochures and others,
- **Other Operating Expenses:** Advertising expenses, postage, cargo, transportation costs, translation costs of documents that are not included in other items of the budget during tender processes, visibility costs not included in other items of the budget, visa fees and participation fees such as training/conference/etc., intellectual and industrial rights registration application fees, quality certificate and accreditation application fees.

Proof and documentation of expenditures related to Administrative Costs varies according to the content of the product or service purchased. Depending on the nature of the expenditure, an invoice or receipt may be requested to justify it.

Administrative Costs must not include an expense budgeted as a direct expense under any item of the project budget.

3.2.2.2. Incidental Costs

The use of incidental costs is subject to TKYB approval. The use of the budget for incidental expenses must be justified in the technical and financial progress report by the Grant Beneficiary.

Incidental costs cannot exceed a maximum of 3% of the total costs of the project budget that can be covered directly. The amount of the incidental cost budget is determined on the basis of the incidental budget rate included in the budget submitted at the application stage.

The fact that incidental costs are included in the project budget does not necessarily mean that they will be used. At the end of the project, if the incidental budget amount in the total project budget is not spent, no payment will be made to the Grant Beneficiary. Therefore, the budget item under this heading can be used during the implementation of the project according to the justification submitted by the Grant Beneficiary and approved by TKYB.

The proof and documentation of the costs to be made within the scope of the budget item regarding incidental costs varies according to the content of the item or service purchased. Depending on the nature of the expenditure, an invoice or receipt may be requested to justify it.

In order for the costs incurred within the scope of the project implementation process to be considered eligible, they must meet the following criteria:

1. Costs must be incurred during the implementation period of the grant. Costs that accrue before the project implementation period are considered ineligible costs.
2. Costs should be included in the project budget. All expenses incurred for activities that are not included in the activity description or that are not approved by an addendum / notification letter are ineligible costs.
3. Any expenditure that is not expressly related to project activities or incurred outside of reported activities is ineligible costs.
4. Duties, fees, taxes and other expenses related to the mere contract, guarantees and financial payments between TKYB and the Grant Beneficiary are not eligible costs.
5. Value Added Tax (VAT) and Stamp Duty are not an affordable cost for applicants.

Project expenditures should be made in accordance with sound financial management principles. Costs must be recorded in the Grant Beneficiary's accounting records and must be verifiable with the originals of supporting documents. In order to check the appropriateness of the costs, the Expenditure Verification Report prepared by the authorized persons (CPA) must be submitted to TKYB.

In the Disbursement Request Form (DRF) to be prepared for the project activities, the Central Bank of the Republic of Türkiye foreign exchange sales rate is used for the cost of each activity.

All expenses are recorded in writing based on supporting documents such as:

- i. Withholding and Monthly Premium Service Breakdown, SGK Employment Statement, SGK Service Breakdown for each employee, payroll for the "Human Resources" budget title, employment contract, etc.,
- ii. Invoice, bank receipt for machinery and equipment and completion for small-scale construction works, electricity bill for other budget items, etc.,
- iii. All invoices, receipts, certificates or other documents must clearly refer to the relevant budget item.
- iv. Other additional documents requested by TKYB if deemed necessary.

All documentation relating to the justification of costs shall be retained by the Grant Beneficiary for ten (10) years following the final payment. All expenditures made within the scope of the project are made via electronic funds transfer (EFT) or wire transfer from the designated bank account.

Costs must comply with the requirements of national tax legislation and social security legislation.

3.2.3. Ineligible Costs

The following costs are not eligible:

1. Foreign exchange losses,
2. Penalties, interest and other expenses arising from the faults and negligence of the Grant Beneficiary and the persons involved in the project,
3. Debts and debt service fees (interest and commission),
4. Interest debts,
5. Expenses incurred by persons other than the Grant Beneficiary,
6. The costs of transfers charged by a beneficiary's bank,
7. In-kind contributions from the Grant Beneficiary and/or third parties,
8. Items that are currently financed under another fund,
9. Costs of purchasing a car for personal use or renting a car,
10. Procurement of used/second-hand/refurbished/repaired machinery and equipment,
11. Costs of preparatory work and other activities before the start date of the project,
12. All kinds of taxes, duties, fees and other expenses, including Value Added Tax (VAT), related to the mere contract, guarantees and financial payments between TKYB and the Grant Beneficiary,
13. Customs and import duties or other charges,
14. Depreciation and leasing expenses,
15. Loans/grants to third parties,
16. Expropriation costs,
17. Other expenses not related to the project.
18. Expenditures made outside the project account without the prior approval of TKYB.

3.2.4. Double Ceiling Rule

The double ceiling rule limits the grant amount to both the percentage of eligible costs and the maximum amount specified in the grant budget. In other words, unless otherwise decided by TKYB and the World Bank, the grant amount may not exceed the percentage to be determined on the basis of estimated eligible costs and the ceiling expressed as an absolute value.

3.2.5. VAT Exemption Certificate

There is a tax exemption for the grants to be distributed within the scope of the General Communiqué of the IPA II Framework Contract, which entered into force in line with the procedures and principles regarding tax exemptions of the Instrument for Pre-Accession No:1 Assistance (IPA II) Framework Contract signed between Turkey and the European Union on 11/2/2015. The tax exemption to be applied within the scope of the KAYIST Project has been determined by the General Communiqué of the IPA II Framework Contract, which was published in the Official Gazette dated 13/02/2016 and numbered 29623 and entered into force⁵.

Grant Beneficiaries are responsible for the entire process to be carried out in order to benefit from the relevant exemption. Grant Beneficiaries carry out the tax exemption process through the tax offices to which they are affiliated. Grant Beneficiaries submit a request to TKYB for the "Information Form on the Union Contractor and the Union Contract to Benefit from the Value Added Tax Exemption within the Scope of the IPA II Framework Contract Approved by Law No. 6647". TKYB shares the relevant form, signed and stamped by the authorities, with the Grant Beneficiaries. It is the responsibility of the Grant Beneficiary to check the accuracy of the relevant form and submit it to the tax office to which it is affiliated, together with the signed/stamped "Value Added Tax Exemption Request Petition".

The Grant Beneficiary is obliged to notify the relevant institutions of all procurements subject to exemption made under the Kayist Grant Program within the period specified in the law. In Grant Contracts whose duration exceeds the calendar year, the notifications to be made in the following years will be cumulative, including the previous periods, and the last notification will be made electronically

⁵ For the relevant Communiqué: <https://www.resmigazete.gov.tr/eskiler/2016/02/20160213-4.htm>

(cd, DVD, flash disk, etc.). If there is no procurement, this issue will be notified to the relevant authority in a letter by the Grant Beneficiary within the same periods. The steps to be followed for tax exemption will be carried out with the guidance of the tax office to which the Grant Beneficiary is affiliated.

In the event that there is a change in the Tax Exemption Certificate obtained within the scope of the Kayist Grant Project that requires an addendum due to TKYB, TKYB notifies the Grant Beneficiaries of the relevant change and directs the Grant Beneficiary to the addendum process to be carried out specifically for the exemption certificate.

3.2.6. Work Permit Application for Foreign Employees

Work permits of foreign personnel to be employed under the project are obtained by the Grant Beneficiary. Work permit applications are made to the General Directorate of International Labor Force electronically with an electronic signature by the Grant Beneficiary. It is the responsibility of the Grant Beneficiary to prepare the required documents of the foreign personnel to whom the permit application will be made, upload them to the system, approve them and pay the relevant fees. After obtaining a work permit, the foreign personnel to be employed must be registered for insurance from SGK and their insurance premiums must be paid regularly during the period they are employed within the scope of the project. If work permit applications or permit-related expenses are included in the project budget, these costs can be covered from the project budget. No payment will be made from the grant budget for foreign personnel who do not have a work permit or are employed without insurance.

4. PROCUREMENT RULES

Procurement is the timely provision of goods, services and works budgeted under the project. Procurement processes include a series of processes such as cooperation and negotiation with suppliers, choosing the cost-effective one among the appropriate offers and keeping a detailed record of the process.

4.1. General Procurement Rules for Grant Beneficiaries

Grant Beneficiaries will carry out the procurement process in accordance with the terms and conditions set out in the Grant Contract and the agreed Procurement Plans and as stipulated in this Implementation Guideline. The Procurement Rules are designed to ensure the smooth and complete implementation of the "Commercial Practices" to be followed by the Grant Beneficiaries and have been formulated taking into account the relevant articles of the World Bank's Procurement Arrangements for IPF Borrowers. It is the responsibility of the Grant Beneficiaries to ensure that their procurement activities are consistent with the requirements of national legislation and the World Bank's Basic Procurement Regulations.

Grant Beneficiaries have to pay attention to the fact that the firms they will procure are not in the status of prohibited firms. Prohibited firms are defined as follows:

- i. Those who are on the list of Debarred and Cross-Debarred Firms and Individuals,
- ii. Those on the United Nations (UN) Sanctions List,
- iii. Those who are temporarily (during the project period) or permanently prohibited from participating in public tenders,

Table 1: Information on Prohibited Companies

Name of the Document	Organizing Institution	Link
Debarred and Cross-Debarred Firms and Individuals	The World Bank	Click here
UN Sanctions List	The United Nations Security Council	Click here
E-Kap Banned Firm List	Public Procurement Authority	Click here

It is the responsibility of the Grant Beneficiary to ensure that procurement under the Project is carried out in accordance with the rules and in a timely manner and to maintain good relations with suppliers, contractors and service providers. TKYB is responsible for guiding the Grant Beneficiary through the implementation process and conducting the final review (and preliminary review where necessary) through on-site and online monitoring activities.

All procurement actions must be in accordance with the Procurement Plan submitted to TKYB during the application process, and changes in the Procurement Plan must be submitted to TKYB with an addendum, and procurement must not be made according to unapproved addendums. The responsibility in this regard belongs to the Grant Beneficiary.

Records of all procurement actions made by Grant Beneficiaries should be kept and submitted to TKYB when requested in accordance with the terms and conditions of the Grant Contract.

Procurement activities to be made throughout the project will be carried out according to "Commercial Practices". Grant Beneficiaries are obliged to report all the details of their procurements through supporting documents. Grant Beneficiaries are obliged to keep all documents related to procurement activities (commercial documents such as invoices; payment documents such as receipts, tender documents, final acceptance reports, market research documents such as photographs and video recordings of the relevant goods, services or work, contracts, etc.) and upload these documents and/or copies to the Kayist Platform for review and record keeping and submit them to TKYB upon request.

Procurement of goods and services, consultancy services and non-consultancy services are planned under the Procurement Plan. Grant Beneficiaries are responsible for keeping the "Annex 13-Procurement Report Form" in the contract annexes up-to-date. The Procurement Plan is associated with the corresponding Project budget item. Revisions in the Procurement Plan subject to an addendum and require the approval of TKYB. Human Resources, Working Capital Costs, Administrative Costs and Incidental Costs are not subject to project budget items, Procurement Plan and procurement implementation.

Procurement contracts should be prepared for the consultancy services to be received by the Grant Beneficiaries within the scope of the project. There is no standard template for the Procurement Contract. The Grant Beneficiary is obliged to prepare a contract containing the details of the procurement activity and upload it to the Kayist Platform.

4.2. Evaluation of Procurement Capacity

TKYB will evaluate the capacity of Grant Beneficiaries to efficiently conduct procurements, the availability of internal guidelines for handling procurement-related matters, good record-keeping and documentation availability in accordance with the Procurement Rules through an assessment of their accountability with respect to procurement decisions.

5. MONITORING, REPORTING AND PAYMENT PROCESSES

5.1. Technical and Financial Monitoring and Reporting Responsibilities

The main purpose of the monitoring is to verify that the grant support is used for the purposes specified in the Grant Contract. Monitoring includes the implementation of the Project in accordance with the rules set out in the Implementation Guideline, identifying the problems that may arise during the implementation of the project and providing support to the Grant Beneficiary regarding these problems. The implementation of the project will be closely monitored in terms of procedures and principles, progress, problems and needs.

The monitoring of the Project activities and expenditures made within the scope of the Project is carried out through the reports to be prepared by the Grant Beneficiary as specified in the Implementation Guideline and the monitoring visits to be organized by TKYB and/or the Consultant Firm authorized by TKYB.

The Technical and Financial Monitoring Experts, who will carry out monitoring activities under the auspices of the Consultant Firm, monitor the financial and technical realizations of the projects,

employment activities, performances, risks, problems and needs through on-site visits and regular contacts with the Grant Beneficiaries throughout the implementation period.

In case the World Bank and the European Union conduct an on-site monitoring visit to the Grant Beneficiary, the visit is coordinated with TKYB and the Grant Beneficiary.

During the implementation, the status of the personnel to be employed in the Project (retained employment/newly hired employment), gender, nationality, date of birth, employment status, education status and information about the work permits of foreigners (application date, application result date, etc.) are followed. Documents and records related to such information are uploaded to the Kayist Platform and updates, if any, are made through the Kayist Platform.

In addition to the employment supported under the project, data such as number, gender, age and educational status of the existing personnel employed within the Grant Beneficiary firm before the grant support may be requested.

It is the responsibility of the Grant Beneficiary to submit each document uploaded to the Kayist Platform to the technical and financial monitoring expert during monitoring visits.

The first monitoring visit is conducted after the signing of the Grant Contract, on the date agreed with the Grant Beneficiary.

The dates of the monitoring visits to be carried out are planned with the Consultant Firm officials and Grant Beneficiaries during the first monitoring visit in accordance with the procedures and principles specified in the Implementation Guideline. In addition, TKYB and/or the Consultant Firm may organize ad-hoc monitoring visits without informing the Grant Beneficiary, especially for the monitor of employment, procurement, equipment, services and construction works, if any, provided under the Project. The data obtained during these visits are also reflected to the Monitoring Reports.

A total of three planned site visits are carried out with the first monitoring visit after the Grant Contract is signed. In the case of force majeure or if it is very difficult or dangerous to make a site visit; online monitoring can be realized by informing TKYB.

All reports to be prepared by the Grant Beneficiary during the implementation period must be submitted in Turkish.

Grant implementation topics to be monitored within the scope of technical and financial monitoring are as follows:

- Compliance with procurement⁶ and tender rules,
- Eligibility of costs,
- Compliance with visibility rules,
- Document preparation and archiving,
- Record keeping and accounting,
- Reporting obligations,
- Contract changes,
- Irregularities and risks in the project implementation process,
- Technical and financial progress of project implementation,
- Progress in performance indicators (fulfillment of employment commitment),
- Other relevant issues related to the implementation of projects.

The following list outlines the duties and responsibilities of the Grant Beneficiary under the implementation process:

⁶ TKYB Formal Employment Creation Project Procurement Rules have been formulated in accordance with paragraphs 6.46 and 7.26 of the World Bank's Procurement Arrangements for IPF Borrowers (Procurement Regulations) and the World Bank's Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans, IDA Loans and Grants (Anti-Corruption Guides) (see IDA Loans and Grants (Anti-Corruption Guides), 4. Purchase Rules).

First Monitoring Visit

It is essential;

1. That the project key personnel (in particular the project manager, accountant, and reporting officer) be present during the monitoring visit,
2. To provide the monitoring team with accurate, current information about the project, accompanied by relevant documentation, during the monitoring visit,
3. To determine the schedule for regular monitoring visits in collaboration with the monitoring team,
4. That the monitoring team will assist in the review of the performance indicators set out in the application, and will propose any new indicators that may be required (It is not possible to change the performance indicators and targets set at the time of application),
5. To determine project implementation needs with the assistance of the monitoring team,
6. To determine the key dates of procurement activities in the project with the support of the monitoring team,
7. To notify the Technical and Financial Monitoring Expert in the event of unavailability on the scheduled date of the visit.

Periodic Monitoring Visits

It is essential;

1. To inform the Technical and Financial Monitoring Expert in case of unavailability on the date of the visit,
2. To ensure the availability of key personnel and the necessary documents during the visit.,
3. To inform the monitoring team about the needs and problems of the project.
4. To be consulted by Monitoring Experts on issues related to the implementation and reporting of the project.

Interim and Final Reports

It is expected that:

1. To prepare the Technical and Financial Progress Report and the Final Report according to standard forms,
2. To submit the final reports, forward the draft versions to the Technical and Financial Monitoring Experts of the Project for their review,
3. To revise and submit the Technical and Financial Progress Reports to TKYB via the Kayist Platform, along with the Expenditure Verification Reports and Payment Requests in accordance with the recommendations of the Technical and Financial Monitoring Expert,
4. To revise the Final Report, together with all supporting documents, Expenditure Verification Reports and Payment Requests, in line with the opinions of the Technical and Financial Monitoring Expert, and submit it to TKYB via the Kayist Platform.

Notification Letter (If Required)

1. It is expected by the Grant Beneficiary to consult the Technical and Financial Monitoring Expert and/or TKYB about the necessity of the Notification Letter,
2. Grant Beneficiary prepares a Notification Letter through the Kayist Platform,
3. Grant Beneficiary revises the letter in line with the opinions of the Technical and Financial Monitoring Expert and/or TKYB and submitting it to TKYB via the Kayist Platform together with the necessary supporting documents.

Addendum (If Required)

1. Grant Beneficiary consults the Technical and Financial Monitoring Expert and/or TKYB about the necessity of the addendum,
2. Grant Beneficiary prepares an addendum using the Draft Addendum Request Form (Grant Contract-Annex-17: Addendum Request Form),
3. Grant Beneficiary submits the addendum request to the Technical and Financial Monitoring Expert and/or TKYB,

4. Grant Beneficiary revises the addendum in line with the opinions of the Technical and Financial Monitoring Expert and/or TKYB and submitting it to TKYB via the Kayist Platform together with the necessary supporting documents,

Documentation and Archiving

1. All documents should be ready when requested by TKYB and the Technical and Financial Monitoring Expert,
2. All documents should be kept for ten (10) years after the completion of the Project.

The reports to be submitted by the Grant Beneficiary are listed below:

Table 2: Reports to be submitted by the Grant Beneficiary

#	Type of Report	Description of the Report	Submission Frequency
1	<p>Technical and Financial Progress Report and Disbursement Request</p>	<p>Technical and Financial Progress Report The Technical and Financial Progress Report is a document that provides information on the activities, current status, and outputs of the project. It is prepared by the Grant Beneficiary for the monitoring process in accordance with the format specified in Annex 10 of the Grant Contract. In accordance with the terms of the Grant Contract, the Grant Beneficiary is required to submit a report via the Kayist Platform under the guidance of the Technical and Financial Monitoring Expert.</p> <p>The report consists of technical and financial parts:</p> <p>The technical section of the report should include the following information: project activities regarding the realizations of the employment, project management, visibility, an overall evaluation of the project, and minor contract changes, if any, as well as any amendments to the Grant Contract.</p> <p>The financial section of the report should include comprehensive data regarding expenditures incurred during the specified reporting period. This should include actual expenditures, the budgeted amount for the project, and a detailed account of the employment commitment, aligned with the approved budget. In addition, the financial report must be accompanied by the relevant supporting documentation and the interim payment request.</p> <p>Disbursement Request The request for payment is the amount requested for expenses for the activities carried out for the project. It should be submitted as an annex to the Technical and Financial Progress Report to be submitted during the project implementation period.</p> <p>The payment requests outlined in Annex 10, which is an integral part of the Grant Contract, must be submitted to TKYB for approval by the Grant Beneficiary through the Kayist Platform. The Grant Beneficiary is required to submit the Technical and Financial Progress Report to Technical and Financial Monitoring Expert for the project, for review prior to TKYB approval. Upon approval of the Technical and Financial Progress Report and Payment Requests by the Technical and Financial Monitoring Expert, a second Technical and Financial monitoring visit will be conducted to the Grant Beneficiary. Following the monitoring visit conducted by the Consultant Firm, the Technical and Financial Monitoring Report is prepared and submitted for approval by TKYB via the Kayist Platform, together with the Technical and Financial Progress Report. Once TKYB has given its approval, the interim payment will be made to the bank account of the Grant Beneficiary that has been previously defined.</p>	<p>Once During the Project Period</p>

#	Type of Report	Description of the Report	Submission Frequency
		<p><u>Supporting Documents to be Submitted with the Payment Request:</u></p> <p>The following documents must be provided as proof of payment: invoice, receipt, delivery report, withholding and premium service statement, payroll, SSI statements, salary payment receipts, SSI payment receipts, work permit documents, machinery equipment visuals, and any other supporting documents that prove the expenditure has been made and paid.</p> <p>Supporting documents for the procurement of services within the scope of the project (Non-Consultancy (NCS) & Consultancy Service (CS) Contracts, procurement and minor renovation works).</p>	
2	Employment and Other Performance Indicators Progress Report	<p>It is the responsibility of the Grant Beneficiary to prepare the employment activities to be carried out under the Project in accordance with the requirements set forth in Annex 14⁷ of the Grant Contract. The relevant report must be submitted with the following supporting documentation:</p> <p><i>The Withholding and Monthly Premium Service Statement</i> is a monthly premium and service document that must be accompanied by a short statement in accordance with tax laws.</p> <ul style="list-style-type: none"> • <i>SGK Monthly Premium Service Certificate</i> is a document that is routinely submitted to SGK by the employer on a monthly basis. It contains pertinent information regarding current and additional employees. The relevant document must be submitted to SGK on a monthly basis. Failure to report this document to the SGK in a timely manner may result in the employer being deemed to have employed personnel without the requisite registration. • A <i>payroll</i> is a document that reflects the payments made by the Grant Beneficiary for each additional employee involved in the project. • <i>Performance indicators</i> are the section that includes details such as gender, employment status, number of current employees, and number of additional planned employments. This demonstrates the progress made in line with the performance indicators specified in Annex 14, the Employment and Other Performance Indicators Progress Report, which is an annex to the Grant Contract. 	At Least Twice During the Project Period and When TKYB Requests
3	Procurement Report	<p>The Grant Beneficiary is required to prepare a report on the procurements to be made under the procurement plan in the Annex 13 form.</p> <p>It is essential that the Procurement Plan is kept up to date in line with the activities that the Grant Beneficiary intends to carry out. Any changes to be made within the addendum should be reflected in the relevant plan.</p>	At least 2 times

⁷ There is no need to fill in the template attached to the Grant Contract Annex 14. It will be sufficient to enter the necessary information into the Platform.

#	Type of Report	Description of the Report	Submission Frequency
4	Expenditure Verification Report	<p>Expenditure verification is mandatory in order to pay for the expenditures to be incurred by the Grant Beneficiary under the Project.</p> <p>The report serves to approve the expenditures made under the Grant Contract during the relevant period, confirming their accuracy, authenticity, and suitability for the Project.</p> <p>At least two (2) Expenditure Verification Reports will be requested from the Grant Beneficiary, one in the interim reporting period and the other in the final reporting period.</p> <p>The report contains all the information required to demonstrate the appropriateness and accuracy of the expenditures made under the terms of the Grant Contract.</p> <p>Upon reaching the sixth month from the commencement of project implementation, the Grant Beneficiary is required to prepare and submit the Technical and Financial Progress Report, Disbursement Request Form and Expenditure Verification Report to TKYB. These documents must include details of expenditures and employment developments. Following this, the disbursement request must be submitted. TKYB will then examine the disbursement request, calculate the progress payment amount based on the Grant Support Rate, which is based on the actual eligible costs, deduct the advance payment amount from this amount, and then pay the remaining amount to the Grant Beneficiary.</p>	At least 2 times
5	Notification Letter and Addendum	<p>Notification Letter: It is the report in which minor changes in the Grant Contract are notified to TKYB. The Grant Beneficiary should prepare the changes to be made with the Notification Letter under the project according to the form specified in Annex-16.</p> <p>Addendum: It is the report which includes comprehensive changes in the Grant Contract approved by TKYB. The Grant Beneficiary should prepare the changes to be made with the Addendum under the project according to the form specified in Annex-17.</p> <p>It is essential that the Grant Beneficiary implements the Project in accordance with the provisions of the Grant Contract signed with TKYB. After the signature of the Grant Contract, the Grant Contract may be amended at any stage of its implementation in the event of unforeseen and unexpected circumstances that complicate or delay the implementation of the Project, or in the event of force majeure as defined in the Grant Contract. The procedures and principles for amendment are explained in Section 7 (Amendment of the Grant Contract) of this Implementation Guideline.</p>	When Deemed Necessary
6	Final Report	<p>It is the report that covers the project activities and outputs, employment status and other performance indicators, training and procurement activities, and the overall technical and financial progress of the projects during the project implementation process. This report is a prerequisite for the final payment and includes the final payment request. The Final Payment Request Grant Contract must be prepared in accordance with the form in Annex 11.</p>	Once

5.2. Payment Process

Grant payments are made in a total of three installments an advance payment, an interim payment and a final payment. The interim and final payments will be made on a progress payment basis.

5.2.1. Advance Payment

An advance payment of 10% of the grant amount will be made to the Grant Beneficiary if no risk to project implementation is detected after the initial monitoring visits. Firms whose projects are in the status of "Conditionally Successful" are expected to provide the Workplace Opening and Operating Permit, Environmental Impact Assessment Report and Environmental License and Permit in order to receive the advance payment.

In order for the corresponding payment to be made the Monitoring Visit Report and the Environmental and Social Monitoring Form prepared by the Technical and Financial Monitoring Expert and the Environmental and Social Monitoring Expert must be uploaded to the Kayist Platform and approved by TKYB. After both approvals are obtained, advance payment will be made to the designated bank account of the Grant Beneficiary.

5.2.2. Interim Payment

The interim payment is made for the expenditures covering the **first six (6) months** from the date of signature of the Grant Contract.

The interim payment is made on the basis of the Grant Support Rate on the appropriate costs based on the reports and expenditures submitted by the Grant Beneficiary and on the balance calculated by deducting the advance payment amount from this amount.

It is expected that at least twenty-five percent (25%) of the committed employment activities will be fulfilled during the first six (6) months of the project in order to receive the interim payment. TKYB may warn the Grant Beneficiary regarding the fulfillment of these employment activities.

In order for the Grant Beneficiary to receive the interim payment, the following documents must be submitted to TKYB:

- Annex-10 Technical and Financial Progress Report and Payment Request,
- Annex-13 Procurement Report,
- Annex-12 Expenditure Verification Report,
- Employment Records (Withholding and Monthly Premium Service Statement, SGK Monthly Premium Service Certificate),
- Payment documents (supporting documents such as invoices, receipts, payrolls, fixture reports, etc.),
- Invoices for market research,
- Documents for the procurement of services carried out within the scope of the project (Non-Consultancy (NCS) & Consultancy Service (CS) Contracts, procurement of goods and minor works),
- Other Supporting Documents.

If the Technical and Financial Progress Interim Report submitted by the Grant Beneficiary, the Technical and Financial Monitoring Report submitted by the Consultant Firms, the Environmental and Social Monitoring Form and the Interim Payment Request are approved by TKYB, the interim payment is transferred to the designated bank account of the Grant Beneficiary.

The interim payment also verifies whether the advance payment has been spent and whether all the employment costs and other expenses incurred in the relevant period have been realized.

5.2.3. Final Payment

The final payment will be made in accordance with the relevant progress payments if the contract period is completed from the date of the signature of the Grant Contract.

TKYB may carry out a monitoring visit in the field of activity of the Grant Beneficiary without prior notice in similar cases, including, but not limited to, the following items;

- If supporting documents and reports are not submitted or if there is doubt about the report(s) and the Project implementation requires on-site monitoring,
- When the need for any verification arises regarding non-compliance with the essential obligations of the Grant Contract,
- If it is determined that the visibility or communication rules of the Grant Contract are not complied with.

In such cases mentioned above, TKYB may request clarification, changes or additional information.

Since the final payment is the last payment for the project, all procurement, documentation and reporting must be completed prior to the final payment.

The final payment will be made after the project has been completed and fulfilled the conditions of employment and of co-financing by the Grant Beneficiary.

TKYB takes into account the information contained in the Kayist Platform and the results of the monitoring visits in its expenditure verifications. If, as a result of the review of the expenditure documents, ineligible costs are found, the corresponding amounts will be deducted from the payments to be made to the Grant Beneficiary. In order for the Grant Beneficiary to receive the final payment, the following documents must be submitted to TKYB:

- Annex-11 Final Report and Payment Request,
- Annex-13 Procurement Report,
- Annex-12 Expenditure Verification Report,
- Employment Records (Withholding and Monthly Premium Service Statement, SSI Monthly Premium Service Certificate),
- Payment documents (supporting documents such as invoices, receipts, waybills, waybills, fixture reports, etc.),
- Invoices for market research,
- Documents for the procurement of services carried out within the scope of the project (Non-Consultancy (NCS) & Consultancy Service (CS) Contracts, procurement of goods and minor works),
- Other Supporting Documents.

TKYB takes into account the documents uploaded to the Kayist Platform and the monitoring visits (on site and online) when approving the reports and disbursement requests submitted by the Grant Beneficiary.

5.2.4. Financial Responsibilities of the Grant Beneficiary

The Expenditure Verification Report must be submitted to TKYB by the Grant Beneficiary for the expenditure for the period covered by the Disbursement Request. The Expenditure Verification Report must be prepared by the Expenditure Verification Officer of the Grant Beneficiary. Expenditure Verification Report must be prepared in accordance with the report format in the Service Contract. The name, address and telephone number of the official who will confirm the expenditures to be made during the implementation period are notified to TKYB and the Consultant Firm by the Grant Beneficiary.

The Grant Beneficiary shall ensure that the financial sections of the Technical and Financial Progress Report and the Final Report are in line with the Project budget and accounting records.

5.2.5. Financial Responsibilities of the Grant Beneficiary

TKYB and the World Bank may examine the documents of the official in charge of verifying the expenditure of the Grant Beneficiary. They may also visit the Grant Beneficiary's premises and conduct an audit to verify the proper implementation of the Project. These audits by the World Bank may take place up to ten (10) years after the final disbursement of the grant amount.

6. ENVIRONMENTAL AND SOCIAL MONITORING

6.1. General Rules

Environmental and Social Monitoring Experts monitor grant projects to assess their environmental and social performance, risks, and requirements, and to ensure that projects comply with TKYB's Environmental and Social Management System (ESMS), Environmental and Social Commitment Plan, World Bank Environmental and Social Standards, Labor Management Procedure and Grievance Redress Mechanism procedures.

On-site monitoring will be carried out at least three times in total, with interim and final Environmental and Social Monitoring visits, one of which will be the first monitoring visit before the advance payment. The Grant Beneficiary will agree the date of the visit with the Monitoring Expert prior to the relevant visits. The Grant Beneficiary is obliged to provide the environmental and social documents and information requested by the Monitoring Expert during the visit.

All monitoring experts (Environmental Monitoring Expert, Social Monitoring Expert and Occupational Health and Safety Monitoring Expert) conduct site visits, prepare monitoring reports and upload them to the Kayist Platform for review by TKYB's Sustainability and Environmental Social Impact Management Team.

In order to keep the monitoring database up to date, all monitoring experts regularly record the data collected during monitoring and/or site visits on the Kayist Platform. The monitoring experts provide technical support to the Grant Beneficiary regarding the environmental and social standards and monitoring reporting requirements of the project.

The monitoring experts prepare the tables, analyses, information and reports requested by TKYB in relation to the monitoring visits, if requested, in order to make additional evaluations by TKYB. The monitoring expert ensures that the beneficiaries fully comply with and adhere to national legislation, the World Bank's Environmental Social Framework, Environmental Social Standards and TKYB's Environmental and Social Policies and Procedures. In addition, other issues and reports are submitted to TKYB in a timely manner by the Environmental and Social Monitoring Expert.

6.2. Environmental and Social Requirements

During the monitoring visit, the "Environmental and Social Monitoring Form" containing the environmental and social requirements will be filled by the Monitoring Experts and the relevant form will be completed after the site visit according to the information, documents and field observations received from the Grant Beneficiary during the site visits. Under the Kayist Project, the eligibility criteria for the issues included in the "Environmental and Social Monitoring Form" are summarized below in order of priority:

6.2.1. Workplace Opening and Operating Permit

Workplace Opening and Operating Permit must be submitted by the Grant Beneficiary to the Environmental and Social Monitoring Expert during the monitoring and/or site visit.

If there has been a change in the title, address or other information of the workplace, the Grant Beneficiary should inform the Environmental and Social Monitoring Expert about the issue. If there is an application made to official institutions based on the changes made in the title, address or other information of the workplace, the application document and the registration petition should be submitted to the Environmental and Social Monitoring Expert.

Grant Beneficiaries who do not currently have a Workplace Opening and Operating Permit and who upload the application documents they have made to the relevant institutions within the scope of the Workplace Opening and Operating Permit to the Kayist Platform during the grant application process should inform the Monitoring Experts about the process. The information provided by the Grant Beneficiary to the Monitoring Expert about the process is recorded by the Monitoring Expert in the Environmental and Social Monitoring Form.

Grant Beneficiary who is unable to submit the Workplace Opening and Operating Permit or the registered petition/application document submitted to official institutions and organizations during the monitoring and/or site visit will not be eligible to receive a grant under the World Bank's Formal Employment Creation Project Grant Program.

According to Article 14 within the scope of the Regulation on Workplace Opening and Operating Permit (Official Gazette Date: 10.08.2005 Official Gazette Number: 25902), "During the licensing of sanitary workplaces, in addition to the general conditions specified in this Regulation, the conditions specified in Annex-1 are sought according to their classes and characteristics." Accordingly, EIA Opinion and Environmental Permit and License opinion are not required in Sanitary Establishments (except for accommodation places such as hotels, holiday villages, etc. and health centers such as hospitals).

6.2.2. Environmental Impact Assessment (EIA) Opinion

An EIA Opinion must be submitted by the Grant Beneficiary to the Monitoring Expert.

If there has been a change in the information of the workplace belonging to the Grant Beneficiary due to the workplace title, address, activity, capacity increase or other reasons in accordance with the Environmental Impact Assessment Regulation (RG-29/7/2022-31907), the Grant Beneficiary should inform the Monitoring Expert during the monitoring and/or site visit. If there is an application made to the Ministry of Environment, Urbanization and Climate Change/Provincial Directorate based on the changes, the application document or registration petition must be submitted to the Monitoring Expert.

The Grant Beneficiary who is currently required to obtain an EIA Opinion but does not submit it to the Monitoring Expert and uploads the application documents submitted to the Ministry of Environment, Urbanization and Climate Change/Provincial Directorate as part of the EIA Opinion to the Kayist platform during the grant application process should inform the monitoring experts about the process. Information about the process will be recorded in the Environmental and Social Monitoring Form by the Monitoring Expert during the monitoring and/or site visit.

A Grant Beneficiary who does not submit the EIA Opinion or the registered petition made to the Ministry of Environment, Urbanization and Climate Change/Provincial Directorate, the application document or the screenshot taken from the "e-EIA" portal of the Ministry of Environment, Urbanization and Climate Change system during the monitoring and/or field visits to the monitoring expert cannot benefit from the grant support within the scope of the World Bank Formal Employment Creation Project Grant Program. (The relevant point applies to non-sanitary establishments. Environmental Permit Opinion and Environmental Impact Assessment Decision are not required in sanitary establishments.)

According to Article 14 within the scope of the Regulation on Workplace Opening and Working Licenses (Official Gazette Date: 10.08.2005 Official Gazette Number: 25902), "During the licensing of sanitary workplaces, in addition to the general conditions specified in this Regulation, the conditions specified in Annex 1 are sought according to their classes and characteristics." Accordingly, EIA Opinion and Environmental Permit and License opinion are not required in Sanitary Establishments (except for accommodation places such as hotels, holiday villages, etc. and health centers such as hospitals).

6.2.3. Environmental Permit and License Opinion

During monitoring and/or site visits by the Grant Beneficiary, an Environmental Permit and License Opinion must be provided to the Monitoring Expert.

In accordance with the Environmental Permit and License Regulation (RG-10/9/2014-29115), if there is a change in the workplace information due to the title, address, activity, capacity increase or other reasons, the Monitoring Expert should be informed by the grant recipient. If an application is made to the Ministry of Environment, Urbanization and Climate Change/Provincial Directorate based on the change, the application document and registration petition should be submitted to the monitoring expert.

The Grant Beneficiary who is currently required to obtain an Environmental Permit and License Opinion but does not submit the relevant document to the Monitoring Expert during the monitoring and/or site visits, and uploads the application documents submitted to the Ministry of Environment,

Urbanization and Climate Change/Provincial Directorate as part of the Environmental Permit and License Opinion to the Kayist Platform during the grant application process, should inform the Monitoring Expert about the process. Information about the process will be recorded in the Environmental and Social Monitoring Form by the monitoring expert.

A Grant Beneficiary that does not submit an Environmental Permit and License opinion or a registered application to the Ministry of Environment, Urbanization and Climate Change/Provincial Directorate, an application document, or a screen shot taken from the Ministry of Environment, Urbanization and Climate Change's "e-permit" system during the monitoring and/or field visits will not be eligible to receive a grant under the World Bank's Formal Employment Creation Project Grant Program. (This item applies to non-sanitary facilities. Environmental permit opinion and environmental impact assessment decision are not required for sanitary facilities).

According to Article 14 of the Regulation on the Workplace Opening and Operating Permit (Official Gazette Date: 10.08.2005 Official Gazette Number: 25902), "For the licensing of sanitary work places, in addition to the general conditions specified in this Regulation, the conditions specified in Annex 1 shall be required according to their classes and characteristics". Accordingly, EIA Opinion and Environmental Permit and License opinion are not required in sanitary facilities (except for accommodation places such as hotels, holiday villages, etc. and health centers such as hospitals).

Other Permits and Documents Expected to Be Obtained During the Project Implementation Period

6.2.4. Environmental License and Permits

If the current activity of the Grant Beneficiary is subject to an Environmental License and Permit, the most recent Mass Balance Report made by the Grant Beneficiary should be provided with the Monitoring Expert.

Since the Grant Beneficiary is required to apply for an Environmental Permit 180 calendar days before the expiry of the Temporary Activity Certificate, the obligations within the scope of Annex-3C of the Environmental Permit and License Regulation (RG-10/9/2014-29115) (Information and documents to be submitted during the completion of the Environmental Permit or Environmental Permit and License process) are fulfilled by the beneficiary, The e-permit portal in the e-EIS system of the Ministry of Environment, Urbanization and Climate Change After the supporting document for the application and the Temporary Activity Certificate are obtained, the latest Mass-Balance Report should be submitted to the Monitoring Expert.

6.2.4.1. Environmental Permit on Air Emission

If the current activity of the Grant Beneficiary is subject to the Environmental Permit on "Air Emissions", the Grant Beneficiary is expected to share the current Emission Measurement Summary Report with the Monitoring Expert during monitoring and/or site visits.

Since the Beneficiary is required to apply for an Environmental Permit 180 calendar days prior to the expiration of the Temporary Activity Certificate, the Emission Measurement Summary Report prepared during the application process or the supporting documentation for the application through the MELBES portal in the e-EIS system of the Ministry of Environment, Urbanization and Climate Change must be submitted to the Monitoring Expert upon request.

6.2.4.2. Environmental Permit on Environmental Noise

If the Grant Beneficiary's current activity is subject to a "Noise" Environmental Permit, the Grant Beneficiary is expected to provide the Monitoring Expert with the current Acoustic Measurement Report.

Since the Beneficiary is required to apply for an Environmental Permit 180 calendar days prior to the expiration of the Temporary Activity Certificate, the Acoustic Measurement Report prepared during the application process or the supporting documentation for the application through the MELBES portal in the e-EIS system of the Ministry of Environment, Urbanization and Climate Change must be submitted to the Monitoring Expert upon request.

6.2.4.3. Environmental Permit for Wastewater Discharge

If the current activity of the Grant Beneficiary is subject to the Environmental Permit on "Wastewater Discharge", the Grant Beneficiary is expected to share the current Wastewater Analysis Reports with the Monitoring Expert.

Since the Beneficiary is required to apply for an Environmental Permit 180 calendar days prior to the expiration of the Temporary Activity Certificate, the Wastewater Analysis Reports prepared during the application process or the supporting documentation for the application must be submitted to the Monitoring Expert upon request through the MELBES portal in the e-EIS system of the Ministry of Environment, Urbanization and Climate Change.

6.2.5. Wastewater Management

Wastewater generated as a result of the current activity of the Grant Beneficiary,

- If the Wastewater is treated at the Grant Beneficiary's Wastewater Treatment Plant and discharged to the receiving environment, the Grant Beneficiary is expected to submit the Wastewater Treatment Plant Identity document to the Monitoring Expert.
- If the Grant Beneficiary discharges directly into the sewer system of the relevant organized industrial zone or into the municipal sewer system, etc., the Grant Beneficiary is expected to submit the Discharge Permit / Channel Participation Permit to the Monitoring Expert.
- If the wastewater is collected in a sealed septic tank and withdrawn by the Grant Beneficiary, the Grant Beneficiary is expected to provide the Monitoring Expert with the wastewater receipt for the last withdrawal.

6.2.6. Waste Management

6.2.6.1. Waste Declaration Form

As a result of the current activity, the Grant Beneficiary is required to make the waste declarations of the wastes generated in the previous year regularly every year through the Waste Management Application (TABS/MoTAT/KDS) in the e-EIS affiliated to the Ministry of Environment, Urbanization and Climate Change. The Grant Beneficiary is expected to provide the Waste Declaration Form for the last year to the monitoring experts during the monitoring and/or site visits.

According to the Waste Management Regulation (RG-02/4/2015-29314), "The collection, transportation, recovery and/or disposal of wastes shall be carried out by facilities that have obtained the necessary permits and/or environmental licenses from the Ministry and/or provincial directorates, producers/authorized organizations, carriers authorized/licensed to transport waste, within the scope of their permits/licenses. It is forbidden to carry out collection, transportation, recovery and/or disposal activities of wastes by third parties other than these companies/facilities, and to burn them by mixing them with other substances and fuels. The Grant Beneficiary is expected to transport the wastes with licensed companies and dispose them through licensed companies.

6.2.6.2. Waste Management Plan

If the Grant Beneficiary is included in the Annex-1 list of the Environmental License and Permit Regulation (RG-10/9/2014-29115), it is required to prepare a Waste Management Plan in accordance with the format of the Ministry and have the Waste Management Plan approved by the Provincial Directorate of Environment, Urbanization and Climate Change. During the monitoring studies, it is expected that the Waste Management Plan and Approval letter and/or the application petition with barcode (document registration number) will be presented to the Monitoring Expert during the monitoring and/or site visits.

If the Grant Beneficiary is included in the Annex-2 list of the Environmental License and Permit Regulation (RG-10/9/2014-29115) or if there is an Environmental Permit "Out of Scope" decision, it is required to prepare the Waste Management Plan prepared in the format of the Ministry. There is no obligation to have the prepared Waste Management Plan approved by the Provincial Directorate of Environment, Urbanization and Climate Change. During the monitoring studies, the Waste Management Plan is expected to be submitted to the Monitoring Expert.

6.2.6.3. Temporary Storage Permit

According to the Waste Management Regulation (RG-02/4/2015-29314), "Waste producers who generate one thousand kilograms or more of hazardous waste per month shall obtain a temporary storage permit from the provincial directorate for the areas/containers where they temporarily store their hazardous waste." If an average of 1000 kg or more of hazardous waste is generated monthly as a result of the current activity of the Grant Beneficiary, it is expected to submit the Waste Temporary Storage Permit or the application petition with barcode (document registration number) from the Provincial Directorate of Environment, Urbanization and Climate Change to the Monitoring Expert during the monitoring studies.

6.2.6.4. Zero Waste

If the Grant Beneficiary is on the list of Requirements to Transition to the Zero Waste Management System in accordance with the Zero Waste Regulation (RG-12/7/2019-30829), it is expected to submit the Zero Waste Certificate, which is still valid, or the screenshot of the application made through the Zero Waste Information System in the e-EIS affiliated to the Ministry of Environment, Urbanization and Climate Change, to the Monitoring Expert during the monitoring and/or site visits.

6.2.6.5. Hazardous Materials and Hazardous Waste Liability Insurance

According to the Waste Management Regulation (RG-02/4/2015-29314), "Hazardous Substances and Hazardous Waste Compulsory Liability Insurance is taken out in accordance with the provisions of Article 16 for hazardous waste temporary storage areas/containers, regardless of the amount." The Grant Beneficiary is expected to submit the Hazardous Materials and Hazardous Waste Liability Insurance, if any, to the Monitoring Expert during monitoring and/or site visits.

6.2.6.6. Recovery Participation Share (GEKAP)

In accordance with the Regulation on Recycling Participation Share, if the beneficiary includes the products listed in Annex-1 of the Environmental Law, he/she shall pay the Recycling Participation Share (GEKAP) to the Tax Office. The Grant Beneficiary is expected to submit the Recovery Participation Share (GEKAP) declarations to the Monitoring Expert within the scope of monitoring studies.

6.2.7. Chemical Management

If the Grant Beneficiary is storing chemicals, they should explain the characteristics of the storage areas to the Monitoring Expert. In this context, in accordance with the Regulation on Reducing the Risks of Major Industrial Accidents (BEKRA), they should make their declarations through the BEKRA Notification System in the e-EIS affiliated to the Ministry of Environment, Urbanization and Climate Change. During monitoring, the notifiers concerned must submit the BEKRA Notification Statement to the Monitoring Expert upon request.

Within the scope of the Regulation on the Control of Soil Pollution and Point Source Contaminated Sites, the Grant Beneficiary must fill in the Annex-3 Activity Preliminary Information Form through the Contaminated Sites Information System in the e-ÇİS affiliated to the Ministry of Environment, Urbanization and Climate Change and apply to the Ministry. Proof of application or approval of the declaration is expected to be submitted to the Monitoring Expert.

6.2.8. OHS Management

During the monitoring, the Grant Beneficiary shall submit the Occupational Health and Safety Management Plan, Occupational Health and Safety Risk Assessment, Emergency Action Plan (Emergency Team Assignments and Training Forms, Emergency Evacuation Plan (sketch), Emergency Drill Reports, Fire Instructions, Fire Extinguishers), Occupational Hygiene measurements and periodic control reports of machinery/equipment, SGK Notification Forms for occupational accidents that have occurred in the last 3 years, Submit Accident or Near Miss Incident Reports and Root Cause Analysis (if available).

6.2.9. Social Requirements

Child labor/forced labor should not be involved by the Grant Beneficiary, either within its own structure or within the scope of the activity and in the supply chain, including subcontractors. It is expected that

all necessary information and substantiating/supporting documents will be provided by the Grant Beneficiary to the Monitoring Expert as part of the monitoring studies.

There should be no risk of expropriation/physical or economic involuntary resettlement within the scope of the grant project, and if additional building construction, construction activities for equipment placement and land acquisition transactions are undertaken within the scope of the project, the necessary information and substantiating/supporting documents should be provided by the Grant Beneficiary to the Monitoring Expert upon request within the scope of the monitoring studies.

Whether the project area is located in or near the National/International Nature Conservation Area should be indicated by the Grant Beneficiary and the necessary determinations should be made by monitoring experts during the monitoring and/or site visits.

The cumulative environmental and social impacts of the Grant Beneficiary's current activity / Grant project facility in the nearby settlements / ecosystem and if there are sensitive groups located near the facility area, whether it causes negative interaction with these sensitive groups should be determined by the Monitoring Expert within the scope of monitoring studies. All necessary information and substantiating/supporting documents should be provided to the Monitoring Expert upon request within the scope of monitoring studies by the Grant Beneficiary.

The current activity of the Grant Beneficiary / project should not have a negative interaction with cultural heritage resources. Necessary determinations should be made by Monitoring Experts during monitoring and/or site visits. All necessary information and substantiating/supporting documentation should be provided to the Monitoring Expert upon request as part of the monitoring studies by the Grant Beneficiary.

The Grant Beneficiary should provide a safe and healthy working environment for its employees. The Grant Beneficiary should ensure that employees under the age of 18 are not engaged in hazardous work and that their health, working conditions and working hours are regularly monitored. There should be a grievance redress mechanism prepared by the Grant Beneficiary for the employees. Suggestion/complaint boxes should be provided in a place accessible to the workers so that suggestions and complaints can be submitted. If there are a number of complaints, requests/suggestions/complaints recorded, all necessary information and evidence/supporting documents should be submitted to the Monitoring Expert as requested by the Grant Beneficiary during the monitoring studies. Necessary determinations should be made by Monitoring Experts during monitoring and/or site visits.

If any socio-economic benefits such as employment, scholarships, etc. are provided by the Grant Beneficiary to the local population in the vicinity of the Facility, it is expected that the necessary information and evidence/supporting documentation on the socio-economic benefits provided will be provided to the Monitoring Expert during the monitoring studies. Necessary determinations should be made by the Monitoring Experts during monitoring and/or site visits.

If there has been any non-compliance with the Labor Law and employment regulations in the last two years, the necessary information and evidence/supporting documents should be provided to the Monitoring Expert upon request by the Grant Beneficiary under the monitoring visits. If any penal action has been taken or a lawsuit has been filed regarding labor and working conditions in the last two years, the necessary information and proof/supporting documents should be provided to the Monitoring Expert upon request under the monitoring visits. Necessary determinations should be made by the Monitoring Experts during monitoring and/or site visits.

The firm should support the rights of employees regarding the freedom of association. The necessary information and evidence/supporting documents should be submitted to the Monitoring Expert by the Grant Beneficiary within the scope of monitoring studies. During monitoring and/or on-site visits, the monitoring experts should make the necessary determinations.

If undocumented immigrants and temporary workers are employed by the beneficiary in the firm, the necessary information and proof/evidence should be provided to the Monitoring Expert upon request during the monitoring studies. The firm should provide equal opportunities to citizens of the Republic of Turkey and immigrants under temporary protection in the recruitment process. The necessary

information and evidence/supporting documents should be provided by the beneficiary to the Monitoring Expert during the monitoring studies. During the monitoring and/or on-the-spot visits, the Monitoring Experts should make the following necessary findings.

The Grant Beneficiary must provide the right to rest at least one day per week (24 hours of rest after six consecutive days of work). The firm must provide adequate and appropriate social facilities (e.g. drinking water, toilets, washing facilities, canteens, separate facilities for men and women, changing rooms, rest areas). The firm must comply with the legal limit of 270 hours of overtime per year. The necessary information and supporting documentation should be provided by the beneficiary to the Monitoring Expert as part of the monitoring visits. During monitoring and/or on-site visits, the Monitoring Expert should make the necessary determinations.

6.2.10. Environmental and Social Action Plan (ESAP)

One of the main objectives of the Environmental and Social Action Plan (ESAP) is to ensure that the Grant Beneficiary follows up on all identified environmental and social actions. During the preparation of the ESAP, all environmental actions are included in the scope of the ESAP and it is important to identify the environmental and social actions for the firm and to ensure the follow-up of these actions. There should also be measurable monitoring of whether the beneficiary has fulfilled the environmental and social actions. It is necessary to track the information/documents/evidence contained in the actions included in the scope of the ESAP, to request them from the Grant Beneficiary within the time limits specified in the ESAP and to have the Grant Beneficiary submit the relevant document. In this context, the ESAPs prepared for the Grant Beneficiaries under the World Bank Formal Employment Creation Project - Grant Program should be reviewed and followed up accordingly.

6.2.11. Compliance with Environmental and Social Policies

In the event of any situation that is not in compliance with the rules established within the framework of the environmental and social policies and rules of the World Bank and TKYB, the Grant Beneficiary is obliged to inform TKYB within 24 hours.

7. AMENDMENTS TO THE CONTRACT

Any amendments to the Grant Contract and its annexes must be through the Kayist Platform. The Grant Contract can only be amended during the project implementation period, no retroactive changes can be made.

Any amendments to the Grant Contract must be made via a Notification Letter or Addendum, which the Grant Beneficiary is responsible for preparing. The Notification Letter or Addendum is an annex to the Grant Contracts signed with the Grant Beneficiaries. These annexes are used when an Amendment is closely related to and related to the nature of the Project under the Grant Contract.

As TKYB has the right not to approve the Notification Letter and the Addendum, the risks regarding the eligibility of the expenses incurred prior to TKYB's approval are borne by the Grant Beneficiary. The Grant Beneficiary may request payment of the relevant costs only after the approval of the Notification Letter or Addendum by TKYB.

In the event that a grant amount is not utilized within the specified project implementation period, the grant amount outlined in the Grant Contract may be increased with the approval of the World Bank, TKYB, and the relevant parties. Should the need arise to increase the grant amount, this can be done through a contract amendment.

7.1. Notification Letter

The Notification Letter is the notification given in writing by the Grant Beneficiary to TKYB regarding the changes in the Grant Beneficiary's general information, field of activity, ownership structure, contact and address information, bank account information, etc.

The Notification Letter prepared and submitted by the Grant Beneficiary is not subject to TKYB approval and becomes effective on the date of notification. However, the content of the notification letter is subject to examination in terms of both procedure and substance. In the event that any

nonconformity is identified with regard to the content of the Notification Letter, which is evaluated in terms of both procedure and substance, TKYB will inform the Grant Beneficiary of the method and content of the change request. The Grant Beneficiary must notify TKYB of the change request via the Kayist Platform.

The Notification Letter can be submitted in the following cases:

Table 3: Situations in which the notification letter will be submitted

<p>Changes Regarding the General Information of the Grant Beneficiary Firm</p>	<p>Changes in the Title and Legal Status of the Grant Beneficiary Firm should be notified to TKYB via the Notification Letter. Relevant changes are made by initiating the Notification Letter process on the Kayist Platform. Both the Notification Letter is uploaded to the Kayist Platform and the necessary changes are made on the Platform. Supporting documents showing the relevant change (trade registry gazette, activity certificate, etc.) It is uploaded to the Platform.</p>
<p>Changes in the Field of Activity of the Grant Beneficiary Firm</p>	<p>In the event of a change in the sector in which the Grant Beneficiary Firm operates, it is the responsibility of the firm to notify TKYB of the change via the Notification Letter. Please note that any relevant changes should be made by initiating the notification letter process on the Kayist Platform.</p>
<p>Changes in the Ownership Structure of the Grant Beneficiary Firm</p>	<p>In the event of a change in the shareholding structure of the Grant Beneficiary firm, the notification letter containing the new partnership structure, shares, and information about the partners must be submitted to TKYB. The relevant changes are made by initiating the notification letter process on the Kayist Platform.</p>
<p>Changes in the Contact Information of the Grant Beneficiary Firm</p>	<p>In the event of changes to the official address, telephone number, website, name, e-mail address, or telephone number of the contact person, please forward the updated information to TKYB via the Notification Letter process. Please note that any relevant changes should be made by initiating the notification letter process on the Kayist Platform.</p>
<p>Changes in the Supporting Documents of the Grant Beneficiary Firm</p>	<p>In the event of amendments to the supporting documentation of the Grant Beneficiary firm, these documents are to be submitted via the notification letter and uploaded to the Kayist Platform. The relevant changes are made by initiating the notification letter process on the Kayist Platform. The notification letter is uploaded to the Kayist Platform, and the requisite changes are made.</p>

<p>Changes in the Expenditure Confirmation Authority of the Grant Beneficiary Firm</p>	<p>Changes (if any) of the Expenditure Verification Authority that will confirm the expenditure of the project should be submitted to TKYB with a Notification Letter, and the certificate of the new expenditure Verification officer and the sub-service contract should be uploaded to the Kayist Platform.</p>
<p>Changes in the Bank Account Information of the Grant Beneficiary Firm</p>	<p>If the Grant Beneficiary has not submitted the Bank Account Information at the time the Grant Contract is signed or if there has been a change in the bank information provided, he/she submits the new bank account information through the Notification Letter and makes the relevant changes on the Kayist Platform.</p>

- The Grant Beneficiary is responsible for preparing the notification letter in accordance with the specifications outlined in Annex 16-Notification Letter Form.
- When preparing the Notification Letter, the Grant Beneficiary consults with the Technical and Financial Monitoring Expert responsible for the project regarding the necessity and appropriateness of the Notification Letter.
- The change in the content of the Notification Letter and the reasons for the change are stated in detail.
- The Notification Letter and supporting documents are uploaded to the system via the Kayist Platform and forwarded to TKYB. It is sufficient for the Notification Letter to be uploaded to the Kayist Platform with a wet signature by the authorized person of the Grant Beneficiary. Unless otherwise stated, there is no need to physically send the relevant Notification Letter and supporting documents to TKYB.
- The proposed changes outlined in the Notification Letter are initially reviewed by the Technical and Financial Monitoring Expert, and then by TKYB through the Kayist Platform.
- The Notification Letter, which is uploaded to the Kayist Platform together with its supporting documents and forwarded to TKYB, becomes effective as of the date the letter is received by TKYB. TKYB does not request revisions to this document.
- In the event of a failure to notify TKYB in a timely manner, which results in a disruption to the implementation process of the project, TKYB reserves the right to suspend and cancel the project.

7.2. Addendum

It is the responsibility of the Grant Beneficiary to implement the project in accordance with the specifications outlined in the grant application and the terms of the Grant Contract. However, the Grant Contract may be amended during the implementation period of the Project with the Contract of TKYB and the Grant Beneficiary. The Grant Contract may be replaced by an addendum attached to the contract. Should the Grant Beneficiary require an amendment to the Grant Contract, this can be requested via the Kayist Platform with the assistance of a duly qualified Technical and Financial Monitoring Expert. The request should be accompanied by a detailed explanation of the reasons for the amendment and the relevant supporting documentation. TKYB will then examine the request and, if it deems it appropriate and approves it, the addendum will enter into force.

The Grant Beneficiary is required to prepare the addendum in the format specified in the "Annex 17-Addendum Request Form," which is one of the annexes of the Grant Contract, and submit it to TKYB via the Kayist Platform with a wet signature. The addendum should include a detailed explanation of the requested change and the reasons for it. The key differentiator between the addendum and the notification letter is that the addendum is subject to TKYB approval and depends on the nature of the requested changes.

It is essential that the Grant Beneficiaries implement their projects in accordance with the Project duration specified in the Grant Contract. However, in the presence of force majeure specified in the

Grant Contract, which will complicate or delay the implementation of the Project after the Grant Contract is signed, the Parties may make changes to the contract at any stage of the implementation period.

If a new activity or budget item is requested to be added to the Project, it must be justified that this is essential to achieve the Project objectives. Changes that threaten the financial stability, accountability or purpose of the Project may not be approved by TKYB. If the amendment is not approved, the Grant Beneficiary must carry out its activities in line with the final Project budget.

The request for amendment of the Grant Contract must not create the purpose or effect of amending the Grant Contract in a way that calls into question the decision to grant the grant or is contrary to equal treatment between applicants and Grant Beneficiaries, and must not defeat the purpose of the Project.

Grant Contracts can only be amended during the implementation period. No changes can be made retrospectively to cover activities completed before the date of the addendum.

Additional grant support can be provided with a budget increase for firms with successful employment performance.

The amendment to the Grant Contract cannot be implemented before the approval of TKYB. The validity date of the addendum is the date on which TKYB review the relevant addendum and approves it on the Kayist Platform.

The main situations that require an addendum are:

Table 4: Cases in which the addendum will be submitted

The Situation That Forms the Basis for the Addendum Request	Requested Supporting Documents and Rules
Changes in the Project's Employment Plan (number, status, gender, etc.)	The content of the requested change should be included in the Addendum Request Form and a new employment plan must be created on the Kayist Platform. ⁸
Changes to the Budget Plan	The Grant Beneficiary is required to submit a detailed justification for any changes to the budget plan submitted in the application phase. These changes must be made on the Kayist Platform in the appropriate section of the addendum. <i>As a general rule, transfers can be made from the Human Resources budget to other main budget items, provided that the ratio remains between 70-90% (HR Budget/Total Budget) and the number of committed positions is maintained.</i> It is possible to transfer funds from other budget items to the Human Resources budget item, provided that the total does not exceed 90% of the total project budget. A transfer between other budget items is permitted, provided that the total budget is not exceeded and the relevant budget ratios are adhered to. Should the Grant Beneficiary wish to add new budget items, they must state that they no longer require some of the budget items included in the budget plan submitted during the application period. The goods and/or services included in the new budget items must be directly related to the operation of the project and limited to the amount of the abandoned budget items. To increase the budget with an

⁸ Addendum letters prepared for additional foreign employment are accepted by TKYB. Beneficiary companies in the earthquake zone are expected to show their protected employment within the scope of the project from foreign employees as much as possible.

The Situation That Forms the Basis for the Addendum Request	Requested Supporting Documents and Rules
	<p>addendum in approved project budgets, which are also included in signed Grant Contracts, the Grant Beneficiary must demonstrate good employment performance and obtain TKYB approval. However, in any case, transfers can be made between budget items with an addendum, new items can be added, and existing items can be removed. Relevant budget changes should be included in detail in the Addendum Request Form and budget arrangements should be made on the Kayist Platform. The purchases of goods/machinery/services requested by the budget change should be reflected in the Procurement Plan and the Procurement Plan should also be revised. If there are new goods/machinery/services purchased in the addendum request, supporting documents such as proforma invoice, market research document regarding the amount of this goods/machinery/services should also be uploaded to the Kayist Platform together with the addendum and submitted to TKYB for approval.</p>
<p>Changes to be made due to force majeure</p>	<p>In the event that the success of the project is hindered by unforeseen circumstances or force majeure, the reasons for the request to temporarily halt the project for a period of up to three months (in whole or in part) should be clearly outlined in the addendum and submitted to TKYB for review. In the event that the 12-month employment period cannot be fulfilled during the project period and an extension is requested, the relevant documentation should be submitted to TKYB together with the addendum.</p>
<p>Changes to the Procurement Plan</p>	<p>A statement included in the text of the Addendum Request must be submitted and relevant changes must be made in the Kayist Platform.</p>

8. SUSPENSION AND TERMINATION OF THE CONTRACT

8.1. Suspension of the Contract

In the event that the Grant Beneficiary fails to fulfill any of its obligations under the Grant Contract; TKYB reserves the right to suspend, revoke and/or terminate the right to use grant revenues.

8.2. Termination

In the event that either party deems the Grant Contract to be no longer effectively or appropriately executable, it shall notify the other party in writing, providing detailed explanations. In the event that the parties are unable to reach an agreement on a solution, the Grant Beneficiary or TKYB may terminate the Grant Contract by written notice, without the need to pay compensation to the other party.

In the event that the request for termination of the Grant Contract comes from the Grant Beneficiary, the latter is required to submit an addendum request to TKYB. This addendum request must include a detailed explanation of the termination request and the reasons for it, as well as should be signed and stamped. If the request is deemed appropriate, the Grant Contract will be mutually terminated. In the event of a force majeure situation, TKYB may elect to provide financial support to the Grant Beneficiary for completed parts of the project. In this instance, the Grant Beneficiary is required to submit a payment request and a final report.

In the event that the Grant Beneficiary engages in any act or situation as set forth below, TKYB reserves the right to terminate the Grant Contract without any compensation:

- a) The Grant Beneficiary fails to fulfill any obligation set forth in the Grant Contract without providing an explanation, and despite being notified in writing by TKYB to comply with these obligations, the Grant Beneficiary shall have thirty (30) days from receipt of the letter/notification to fulfill its obligations or provide a satisfactory explanation,
- b) The Grant Beneficiary is in bankruptcy or liquidation; that their affairs are managed by the courts; has entered into any arrangements with creditors; has suspended its business or activities; being the subject of litigation or prosecution in relation to these matters; In the event that there is a legal proceeding that will endanger the implementation of the project, due to a legal procedure that has a place in the current legislation and regulations, such as the seizure or pledge of the materials and equipment or assets to be purchased within the scope of the project, or in a similar situation,
- c) The Grant Beneficiary or administrative or management officer is found guilty of serious professional misconduct by any relevant institution or individual,
- d) The Grant Beneficiary has been found guilty of fraud, corruption, involvement in a criminal organization, money laundering or terrorist financing by a final judgment or administrative decision, has been found guilty of fraud, corruption, involvement in criminal organization or terrorist financing, terrorism-related offences, child labor or other forms of human trafficking, or has been involved in fraud or corruption, including the creation of a new legal entity for this purpose, or is a member of a criminal organization or has if it is determined that he is involved in an illegal activity,
- e) A change in the legal, financial, technical, organizational or firm management control of the Grant Beneficiary or the termination of its status and the existence of other circumstances that significantly affect the implementation of the Grant Contract or result in non-compliance with the terms and conditions of the grant,
- f) The Grant Beneficiary provides inaccurate or incomplete information or fails to provide information related to the Project that is requested by TKYB within the specified timeframe,
- g) Failure of the Grant Beneficiary to fulfill its obligations regarding the payment of social security contributions or taxes in accordance with the provisions of the current legislation,
- h) TKYB has evidence that the Grant Beneficiary or any relevant institution or person has breached its obligations, committed irregularities, or engaged in fraud in the implementation of the project,
- i) In accordance with the terms of the Grant Contract, the Grant Beneficiary is subject to administrative penalties due to the sanction of exclusion from all grants financed by the European Union and the World Bank,
- j) TKYB has identified a potential conflict of interest on the part of the Grant Beneficiary,
- k) There is evidence by TKYB that the Grant Beneficiary has made systematic or repeated errors or irregularities, fraud or serious breaches of obligation under other grants funded by various funding agencies and organizations and awarded to the Grant Beneficiary under similar circumstances, provided that the Grant Beneficiary's errors, irregularities, fraud or serious breaches of obligation have a material impact on this grant,
- l) There is a failure to comply with Article 10- Conflict of Interest and Professional Ethics, Article-16 Project Implementation and Article-24 Accounts, Technical and Financial Controls in the Grant Contract,
- m) In the case of change of legal personality, if it is not determined by the Notification Letter,
- n) Attitudes and actions that may mislead TKYB or cause misunderstanding, making false or incomplete statements or submitting reports that do not reflect the truth in order to receive the grant,
- o) Using the grant supported by TKYB for other purposes, even temporarily,
- p) It is deemed unbeneficial to provide the Grant Beneficiary an extension of the Project implementation period or there is no improvement in project implementation,
- q) The Grant Beneficiary engages in other illegal and/or fraudulent activities,

- r) The Grant Beneficiary is in serious breach of the Grant Contract due to its failure to comply with the obligations of the Grant Contract in relation to a procurement procedure financed by the EU Budget, the World Bank and TKYB, or any other grant procedure,

In the event that the Grant Beneficiary is terminated due to the circumstances outlined in Article 18.3 of the Grant Contract and other reasons for which the Grant Beneficiary is at fault, the Grant Beneficiary may be required to reimburse the total amount of support paid to them until that time on the date of the initial request.

9. GRIEVANCE MANAGEMENT FOR FORMAL EMPLOYMENT CREATION PROJECT

In accordance with the Formal Employment Creation Grant Program, any complaints will be managed in accordance with MDY.01-P Complaint Management Procedure to be applied in projects carried out with International Financial Institutions.

During the implementation of the Grant Program, any questions, suggestions, grievances, or information requests from the Grant Beneficiary firms should be submitted via the online grievance form, which can be accessed at www.kayist.org, or by emailing kayist@kalkinma.com.tr. For more information, visit the official website of TKYB. In this regard, the requests received are evaluated by the relevant units and answered in accordance with the established grievance management procedure. The relevant parties are duly informed.

TKYB has four different channels for receiving complaints:

- a) **Grievance Form:** By filling out the grievance form (<https://kalkinma.com.tr/en/contact-us/contact-bilgi>, <https://kayist.org/iletisim>),
- b) **Fax:** By sending a fax to +90 (216) 6301815,
- c) **E-mail:** By sending an e-mail to kayist@kalkinma.com.tr,
- d) By applying to the bank with a petition.

Responding to Complaints

TKYB responds to the grievances, by taking the opinions of the relevant departments, through the same channel the grievance is received from.