REPORT NO.: RES41331

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

EU/IPA ENERGY SECTOR TECHNICAL ASSISTANCE PROGRAM - PHASE 2 PROJECT

APPROVED ON JUNE 19, 2015

TO

REPUBLIC OF TURKEY

ENERGY & EXTRACTIVES
EUROPE AND CENTRAL ASIA

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Practice Manager/Manager: Sameer Shukla
Task Team Leader(s): Ayse Yasemin Orucu
I. BASIC DATA

Product Information

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Financing Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>P151934</td>
<td>Investment Project Financing</td>
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</table>

<table>
<thead>
<tr>
<th>Original EA Category</th>
<th>Current EA Category</th>
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<tbody>
<tr>
<td>Partial Assessment (B)</td>
<td>Partial Assessment (B)</td>
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<table>
<thead>
<tr>
<th>Approval Date</th>
<th>Current Closing Date</th>
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<tbody>
<tr>
<td>19-Jun-2015</td>
<td>31-May-2020</td>
</tr>
</tbody>
</table>

Organizations

Borrower: Republic of Turkey
Responsible Agency: Ministry of Energy and Natural Resources

Project Development Objective (PDO)

Original PDO

Project Development Objective is to develop the administrative and technical capacity of relevant institutions to achieve an increasing alignment with the EU Acquis and the Europe 2020 targets in the areas of (1) energy efficiency, (2) internal energy market, and (3) long-term energy planning and modelling.

Summary Status of Financing

<table>
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<tr>
<th>Ln/Cr/Tf</th>
<th>Approval</th>
<th>Signing</th>
<th>Effectiveness</th>
<th>Closing</th>
<th>Net Commitment</th>
<th>Net Disbursed</th>
<th>Net Undisbursed</th>
</tr>
</thead>
</table>

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES
Summary
The restructuring focuses on changes required to the EC funded IPA Energy Sector TA grant (Phase 2 Project). The proposed change is an extension of the closing date from May 31, 2020 to May 28, 2021. The extension is to ensure the implementing agency is able to complete all project activities, and thereby achieve the grant objectives and project development objectives.

Background
Turkey EU/IPA Energy Sector Technical Assistance Program - Phase 2 Project of the World Bank Group Trust Fund (No. TF72280) was established on September 15, 2014 with funding from the European Commission (EC) in the amount of Euro12.875 million. The Grant Agreement with Republic of Turkey was signed on June 19, 2015 and the recipient executed trust fund became effective on November 24, 2015. The current grant project closing date is May 31, 2020.

Project Status
Following the effectiveness, The Phase 2 Project started to provide technical support to Republic of Turkey Ministry of Energy and Natural Resources (MENR) and other relevant institutions for developing their capacity in the areas of energy efficiency in electricity transmission and generation; energy efficiency in natural gas transmission; efficient operation of electricity and gas markets; long-term energy scenario building and establishment of an energy data center. The Project had suffered from implementation delays in the start-up phase. However, implementation challenges have been resolved and the recipient has built capacity to fully implement the project. The proposed extension will allow time for the implementation of already planned activities.

The proposed extension will allow Phase 2 Project (P151934) to be completed and to fully meet its objectives. The disbursement rate for the EU/IPA TF Grant is at 79%. To date contracting is completed for all of the grant funds. Out of the 19 contracts under the Project, the implementation of 8 contracts has already been completed corresponding to 15% of the budget (EUR 1.75 million). All other active contracts are progressing steadily. The ongoing 11 contracts (EUR 9.8 million, 85% of total budget) are at various stages of implementation and most are nearing completion. Implementation and Disbursement Plans are in place to fully utilize all the remaining funds within the 12-month extension period.

The Project has no outstanding audit reports as of April 2020. All the audit reports have been received. The latest audit report was prepared by the Treasury Controllers for the financial statements as of December 31, 2018. The auditors issued an unmodified (clean) opinion

Proposed Changes
The proposed change is to extend the closing date by one year from May 31, 2020 to May 29, 2021. An extension request letter from the Recipient, Ministry of Energy and Natural Resources, was received by email on April 8, 2020. This is the first extension of the grant. MENR has developed a clear work plan, procurement plan, and disbursement plan for the proposed extension period. Extending the project closing date would allow MENR to complete planned activities and scale up additional activities that will have a positive impact on achieving the project development objectives.

In the interests of time, the consolidated package for amendment to the Trustee Level TF is being submitted in parallel to this restructuring paper and the overall package has been cleared by the relevant departments for submission to CD for approval.
The clearances are subject to the signing of the Amendment to the Administrative Agreement between the EC and the World Bank.

Once the Amendment to the Trustee Level Administrative Agreement is signed, the TTL will request TACT to extend the Bank Executed TF.

## II. DETAILED CHANGES

### LOAN CLOSING DATE(S)

<table>
<thead>
<tr>
<th>Ln/Cr/Tf</th>
<th>Status</th>
<th>Original Closing</th>
<th>Revised Closing(s)</th>
<th>Proposed Closing</th>
<th>Proposed Deadline for Withdrawal Applications</th>
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<td>Effective</td>
<td>31-May-2020</td>
<td></td>
<td>28-May-2021</td>
<td>28-Sep-2021</td>
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