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## FOR FORMAL EMPLOYMENT CREATION PROJECT GRANT PROGRAM

### Application Guideline for Sub-Grant Applicants

**Contracting Authority: Development and Investment Bank of Turkey**

**Reference Number: TKYB/2021/FECP**

**Deadline for submission of applications: February 28, 2022 / 17.00**

**February 2, 2022 / 17.00**

**Kayist Platform: <https://basvuru.kayist.org/>**



**NOTICE 1**

*This Grant Program is financed under the “Formal Employment Creation Project” which is funded by European Union’s “Facility for Refugees in Turkey (FRIT)” program and administered by the World Bank and implemented by Development and Investment Bank of Turkey (TKYB).*

**NOTICE 2**

*Please note that only the original documents and forms that are published on TKYB’s electronic Application Platform (Kayist Platform) (<https://basvuru.kayist.org/>) and applications submitted through this platform will be legally valid.*

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## LIST OF ABBREVIATIONS

<b>CS</b>	Consulting Services
<b>E&amp;S</b>	Environmental and Social
<b>EHSG</b>	World Bank Group Environmental Health and Safety General and Industry Specific Guidelines
<b>EIA</b>	Environmental Impact Assessment
<b>ESA</b>	Environmental and Social Assessment
<b>ESF</b>	Environmental and Social Framework
<b>ESMP</b>	Environmental and Social Management Plan
<b>ESMS</b>	Environmental and Social Management System
<b>ESS</b>	Environmental and Social Standards
<b>ESSN</b>	The Emergency Social Safety Net
<b>EU</b>	The European Union
<b>FECP</b>	Formal Employment Creation Project
<b>KAYIST</b>	TKYB's Formal Employment Creation Project Electronic Application Platform
<b>FRIT</b>	EU Facility for Refugees in Turkey
<b>GIIP</b>	Good International Industry Practices
<b>GR</b>	Grievance Redress Mechanism
<b>HR</b>	Human Resources
<b>IBRD</b>	International Bank for Reconstruction and Development, the World Bank
<b>LMP</b>	Labor Management Procedure
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MoEUCC</b>	Ministry of Environment and Urbanization and Climate Change
<b>NACE</b>	Nomenclature des Activités Économiques dans la Communauté Européenne (Numbers Used for All Industries and Service Activities in the European Union)
<b>NCS</b>	Non-Consulting Services
<b>OHS</b>	Occupational Health and Safety
<b>PAPs</b>	Project Affected Parties
<b>PFI</b> s	Participating Financial Institutions
<b>PIU</b>	Project Implementation Unit

<b>SGK</b>	Social Security Institution of Turkey
<b>SME</b>	Small and Medium Enterprise
<b>SuTP</b>	Syrians under Temporary Protection
<b>TCMB</b>	Central Bank of the Republic of Turkey
<b>TKYB</b>	Development and Investment Bank of Turkey
<b>TOBB</b>	Union of Chambers and Commodity Exchanges of Turkey
<b>WB</b>	The World Bank

Overview of the Grant Program			
<b>Title of the Program</b>	Formal Employment Creation Project Sub-Grant Program		
<b>Program Reference No</b>	TKYB/2021/FECP		
<b>Overall Objective of the Program</b>	To enhance the conditions for formal job creation by firms operating in growing economic sectors with high employment potential and located in selected 24 provinces with high incidence of SuTPs for the benefit of <b>Turkish citizens</b> and <b>refugees</b> .		
<b>Program Priorities</b>	<b>Priority 1:</b> Creating and increasing formal employment for refugees and Turkish citizens <b>Priority 2:</b> Creating and increasing formal employment for women		
<b>Total Program Budget (Funded under FRIT II)</b>	EUR 70.000.000		
<b>Administrative Authority for the Grant Component</b>	The World Bank		
<b>Implementing Agency (Contracting Authority)</b>	Development and Investment Bank of Turkey (TKYB)		
<b>Selected Project Provinces (24)</b>	1. Adana 2. Adıyaman 3. Ankara 4. Batman 5. Bursa 6. Denizli 7. Diyarbakır 8. Gaziantep 9. Hatay 10. İstanbul 11. İzmir 12. Kahramanmaraş 13. Kayseri 14. Kilis 15. Kocaeli 16. Konya 17. Malatya 18. Manisa 19. Mardin 20. Mersin 21. Osmaniye 22. Sakarya 23. Şanlıurfa 24. Tekirdağ		
<b>Allocation and Percentages of Sub-grants by Firm Size</b>	<b>Small Enterprises</b> EUR 14.000.000 20%	<b>Medium Enterprises</b> EUR 22.400.000 32%	<b>Large Enterprises</b> EUR 33.600.000 48%
<b>Minimum and Maximum Sub-grant Amounts by Firm Size</b>	<b>Small Enterprises</b> Min: EUR 15.000 Max: EUR 45.000	<b>Medium Enterprises</b> Min: EUR 25.000 Max: EUR 125.000	<b>Large Enterprises</b> Min: EUR 40.000 Max: EUR 300.000
<b>Requested Sub-grant Amount</b>	The requested sub-grant amount must be between <b>50% - 70%</b> of the total eligible cost of the sub-project.		
<b>Human Resources Costs</b>	Human resources costs must be between <b>70% - 90%</b> of the total eligible cost of the sub-project.		
<b>Sub-project Period</b>	Minimum 18 months, maximum 21 months		
<b>Eligible Applicants</b>	Small Enterprises (1–49 employees) Medium Enterprises (50–249 employees) Large Enterprises (250 employees and above)		
<b>Application Deadline</b>	TKYB Sub-Grant Platform (Kayist): 28.02.2022 17.00 <del>02.02.2022 -- 17.00</del>		

Table 1: Overview of the Grant Program

# 1. BACKGROUND

## 1.1. The EU Facility for Refugees in Turkey (FRIT) and Formal Employment Creation Project

Turkey is both a transit and reception country for migrants and refugees and globally, the country hosts the highest number of refugees.<sup>1</sup> Because of the crisis in its southern border with Syria, Turkey has been hosting an increasing number of refugees and foreigners seeking international protection. In addition to hosting more than 3.6 million Syrians,<sup>2</sup> who are under temporary protection, there are an estimated 400,000 asylum seekers and refugees from other nations like Iraqis, Afghanis and others.

As part of EU response to refugee crisis in Turkey, EU Facility for Refugees in Turkey (FRIT) “FRIT Facility”<sup>3</sup> was established in 2016 in order to support the implementation of the EU-Turkey Joint Action Plan agreed on 29 November 2015 and the EU-Turkey Statement of 18 March 2016. The second tranche of FRIT Facility focuses on socio-economic support by enabling refugees and host communities to access sustainable livelihoods and employment opportunities in Turkey.

Apart from the large cities such as Ankara, Istanbul and Izmir, many of the cities hosting a high concentration of Syrians are already located in the more vulnerable or disadvantaged provinces in Turkey, which exacerbates the development challenges. Both Turkish citizens and refugees face challenges accessing formal jobs, which makes permanent formal job creation of utmost importance. Limited job creation and formal job opportunities affecting both Turkish citizens and refugees, a need to facilitate the transition of ESSN beneficiaries toward employment, limited financing options for enterprises in provinces where refugees are heavily located, and low awareness of the employability of Syrian workers by firms—motivate the need and the designing of this Sub-grant Program.

Development and Investment Bank of Turkey (TKYB)<sup>4</sup> received grant financing from European Union (EU), the European Commission Development Fund for the Formal Employment Creation Project, with a Grant Agreement (TF0B4699) signed between TKYB and International Bank for Reconstruction and Development (IBRD, The World Bank) acting as administrator of the European Commission Development Fund and TKYB on February 22, 2021 which was declared effective in the Official Gazette on August 6, 2021.

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<sup>1</sup> Directorate General of Migration Management, 2019. Project Appraisal Document uses the term refugee regardless of the country of origin, although Syrians are under temporary protection status, and non-Syrians under international protection law. <https://en.goc.gov.tr/temporary-protection-in-turkey>.

<sup>2</sup> The terms ‘Syrians’ and ‘refugees’ are used in terms of sociological context and widespread daily use and are independent of the legal context in Turkey and Turkish Law. Turkey is a party to the 1951 Refugee Convention and 1967 Protocol. Turkey retains a geographic limitation to its ratification of the 1951 United Nations Convention on the Status of Refugees, which means that only those fleeing as a consequence of ‘events occurring in Europe’ can be given refugee status. Syrian nationals, as well as stateless persons and refugees from Syria, who came to Turkey due to events in Syria after April 28, 2011, are provided with temporary protection.

<sup>3</sup> “Facility for Refugees in Turkey” means the European Union facility for refugees in Turkey established by means of the European Commission Decision of 24 November 2015 (as amended) to provide assistance to refugees and host communities in the areas of basic needs, education, health, socio-economic support, protection and municipal infrastructure.

<sup>4</sup> “Development and Investment Bank of Turkey” or “TKYB” means the development and investment bank of the Republic of Turkey, also known as Türkiye Kalkınma ve Yatırım Bankası A.Ş., established pursuant to Law No. 7147, published in the Republic of Turkey’s Official Gazette No. 30575, dated October 24, 2018 (Trade Registry No. 1988985), or any legal successor or successors thereto, acceptable to the Bank, acting as the Contracting Authority of the Sub-grant Program.

Formal Employment Creation Project combines resources from an EU grant funded under the second tranche of Facility for Refugees in Turkey (FRIT-II) for socioeconomic support and a World Bank loan to the TKYB, guaranteed by the Ministry of Treasury and Finance of the Republic of Turkey in 3 Parts:

**Part 1.** The World Bank Loan Targeting Firms with High Potential for Job Creation (Euro 316 million)

**Part 2.** The EU FRIT Funded Grant Targeting Firms Conditional on Job Creation (Euro 70 million)  
Provides access to sub-grants to eligible beneficiary firms operating in the selected provinces, conditional on formal job creation for Turkish citizens and refugees under a sub-grant program, which is based on a firm's viable business and employment plans.

**Part 3.** The EU FRIT Funded Technical and Institutional Support (Euro 5,9 million for the Grant, Euro 0,65 million for the Loan)

Provides various capacity building activities, and project implementation support to implementing institution and sub-grant beneficiary firms to access to skills through participation of beneficiary firms and employees in training programs financed by the Grant.

The Grant Program defined under Part 2 of the Formal Employment Creation Project and funded by European Union, European Development Fund under the second phase of the FRIT Facility will be administered by the World Bank and implemented by TKYB.

The Grant Program is aligned with the Turkish Government's broader response to the Syrian refugee crisis as well as its development partners' strategies towards the refugee issues. The alignments of the proposed actions with key national and multilateral strategies are as follows:

- (i) Turkey's Syrian Refugees Response Program
- (ii) New Economy Program
- (iii) ESSN Exit Strategy
- (iv) World Bank Country Partnership Strategy

By supporting enterprises to access longer term financing through sub-grants to boost their operational capacity, and making such support conditional on formal job creation, the Program will increase formal employment opportunities and contribute to formalization of employees in selected provinces. The Grant Program is meant to have a sustainable effect on immediate employment, labor market integration, labor market cohesion, long-term employability and formalization.

To reach this objective, the proposed Grant Program will support;

- (a) increased access to finance through grants conditional on job creation to firms which are with high job creation potential, and/or with an already consolidated record of sustained job creation and greater capacity to expand business funded by the Part 2 of the Project.
- (b) increased access to skills through participation of beneficiary firms and workers in training programs financed by the Part 3 of the Project.

By supporting enterprises in gaining access to grant financing, conditional on formal employment creation, in order to boost their operational capacity, and enhance decent working conditions, the



Grant Program will contribute to improving the conditions to increase formal employment<sup>5</sup> opportunities and formalization of employees in selected provinces.

The Grant Program will also contribute to the employability of the beneficiaries through formal on-the-job work experience and skills building. This will directly and/or indirectly contribute to strengthening the local economy by reducing unemployment and informality and increasing social cohesion.

Established firms, with an already consolidated record of sustained job creation, and greater capacity to expand business and firms with high job creation potential and willing to comply with the job creation conditionality will be more likely to benefit from resources made available by the Grant Program.

The Project will be implemented in selected 24 provinces that are affected mostly by a large influx of refugees (determined by taking into account the density of SuTP<sup>6</sup> population, local labor market conditions, employment creation potential and implementation agencies' capacity), shown on the map and listed in Table 2 below.



Figure 1: Selected Project Provinces on the Map

Selected Project Provinces			
1. Adana	7. Diyarbakır	13. Kayseri	19. Mardin
2. Adıyaman	8. Gaziantep	14. Kilis	20. Mersin
3. Ankara	9. Hatay	15. Kocaeli	21. Osmaniye
4. Batman	10. İstanbul	16. Konya	12. Sakarya
5. Bursa	11. İzmir	17. Malatya	23. Şanlıurfa
6. Denizli	12. Kahramanmaraş	18. Manisa	24. Tekirdağ

Table 2: Selected Project Provinces

<sup>5</sup> The definition of formal employment used here is “workers registered in the social security system through their main job.”

<sup>6</sup> “Syrians under Temporary Protection” or “SuTP” means the term as defined in Turkish Law No. 6458 on Foreigners and International Protection (2013) and Regulation No. 29153 on Temporary Protection of Syrians (2014), which provide Syrians under temporary protection access to registration and documentation and to services; all Syrians who entered the country after April 27, 2011, were retroactively placed under temporary protection.

## 1.2. Objectives of the Grant Program and Priorities

The overall objectives of the Sub-grant Program is to enhance the conditions for formal job creation by firms operating in growing economic sectors with high employment potential and located in selected 24 provinces with high incidence of Syrians under Temporary Protection (“SuTP”) for the benefit of Turkish citizens and refugees.<sup>7</sup>

The specific objective is to increase employment opportunities of refugees and Turkish citizens with a focus on encouraging women inclusive firms<sup>8</sup>, and to increase the formalization of the workforce in selected provinces by facilitating access to grant financing for well performing firms, conditional on formal job creation and retention.

The Sub-grant Program aims to achieve a well proportionate formal employment creation ratio of 50% between Turkish citizens and refugees, balancedly supporting both groups in accessing new formal employment opportunities in beneficiary firms.

The Program also aims to increase awareness among employers about the viability of employing workable and trained refugees.

The priorities of this Call for Proposals are;

- Priority 1: Creating and increasing formal employment for refugees and host communities
- Priority 2: Creating and increasing formal employment for women

### Formal Employment Conditionality and Job Retention

The Sub-grant Program will support additional investments of eligible firms (small, medium and large enterprises) and will incentivize job creation and reward compliance for long-term retention of workers. Applicant firms are required to submit the job creation targets for additional new employees with gender and nationality breakdowns for an 18-month period within 18-21 month sub-project period. Formal employment creation and retention targets specified and submitted by the Application Form and Business Plan will be recorded as a baseline together with the existing employment information. Employment records submitted by the firms will be cross-checked with official SSI (SGK) reports periodically in order to validate conditionality compliance.

During the implementation period, the TKYB will regularly review SGK employment data downloaded from e-government portal and wage records of sub-grant beneficiary firms submitted to SGK. Sub-grant disbursements will be carried out in four tranches and linked to fulfillment of employment commitment of the sub-project.

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<sup>7</sup> Refugees: refugees residing in the 24 target provinces and working in the informal sector and those work able people who will be prompted to exit from ESSN, willing and able to find formal employment.. Host communities (Turkish citizens): Turkish workers currently unemployed, about to lose their employment, or entering the labor market and seeking jobs.

<sup>8</sup> “Women-Inclusive Enterprises” means an enterprise that: (i) has at least one female shareholder with properly documented representative and managing powers; or (ii) has at least one female C-level Manager or with at least 25-percent female representation in mid-level management; or (iii) employs a ratio of women that is higher than the average ratio observed in the respective sector.

An 18 months of employment conditionality must be fulfilled within the scope of the sub-project. Applicant firms are required to submit their job creation targets for additional new employees with gender and nationality breakdowns for an **18-months duration** within 18-21 months sub-project period.

Sub-grant beneficiary firms and newly added employees will also be provided needs-based capacity building trainings to enhance their technical, analytical and socio-emotional skills to support employment retention and social cohesion.

### 1.3. Financial Allocation Provided by the Contracting Authority (TKYB)

The total overall amount made available under this Call for Proposal is EUR 70.000.000. TKYB reserves the right not to award all available funds. The funds will be allocated by company size<sup>9</sup> as in Table 3;

<b>Indicative Total Allocation of Funds by Company Size</b>				
<b>Company Size</b>	<b>Small Enterprises</b> (1–49 employees)	<b>Medium Enterprises</b> (50–249 employees)	<b>Large Enterprises</b> (250 employees or over)	<b>TOTAL</b>
<b>Total Funds to be Allocated (EUR)</b>	14.000.000	22.400.000	33.600.000	70.000.000
<b>%</b>	20%	32%	48%	100%

Table 3: Indicative Allocation of Funds by Company Size

If the allocation indicated for a specific group cannot be used due to insufficient quality or number of proposals received, the Contracting Authority and the World Bank reserve the right to reallocate the remaining funds among the above groups.

Any sub-grant requested under this call for proposals must fall between the following minimum and maximum amounts;

<b>Minimum and Maximum Sub-grant Amounts by Company Size</b>			
	<b>Small Enterprises</b> (1–49 employees)	<b>Medium Enterprises</b> (50–249 employees)	<b>Large Enterprises</b> (250 employees or over)
<b>Minimum Sub-grant Amount (EUR)</b>	15.000	25.000	40.000
<b>Maximum Sub-grant Amount (EUR)</b>	45.000	125.000	300.000

Table 4: Minimum and Maximum Sub-grant Amounts by Company Size

<sup>9</sup> Firm size is defined on the basis of number of employees in this Sub-grant Program.

Any sub-grant requested under this call for proposals must fall between the following minimum and maximum percentages:

- Minimum: **50%** of the total eligible costs of the sub-project
- Maximum: **70%** of the total eligible costs of the sub-project

The difference between the total cost of the sub-project and the amount requested from the Contracting Authority must be financed from the applicant's own resources, or from sources other than the EU general budget or European Development Fund.

Human resources costs must fall between the following minimum and maximum percentages:

- Minimum: **70%** of the total eligible costs of the sub-project
- Maximum: **90%** of the total eligible costs of the sub-project

## 2. ELIGIBILITY CRITERIA

The rules presented in this section regarding the submission, selection and implementation of sub-projects financed under this Sub-grant Program are in compliance with the provisions of “European Commission Development Fund Grant Agreement (Formal Employment Creation Project- Facility for Refugees in Turkey-TF0B4699) between International Bank for Reconstruction and Development, acting as administrator of the European Commission Development Fund and the Development and Investment Bank of Turkey (“TKYB”) and “Formal Employment Creation Project Operational Manual for Sub-Grants”.

### 2.1. Eligibility of the Applicant: who can apply

(1) In order to be eligible for a sub-grant, applicant firms must:

- (a) be a legal person and either (i) a small firm (below 50 employees), or (ii) a medium firm (between 50 and 249 employees), or (iii) large firm (equal or above 250 employees)<sup>10</sup>.
- (b) be fully privately owned enterprises.<sup>11</sup>
- (c) be officially registered in Turkey, having facilities and operating the sub-project activity in one of the Selected Project Provinces as stated in Table 2.
- (d) have been established at least two years prior to the date of Call for Proposals Notice (December 17, 2021).
- (e) have no-previous non-paid and overdue liabilities, overdue social charges and tax payment<sup>12</sup> **without exceeding the legal limits of prevailing legislation**, defaulted loans.
- (f) be experienced and able to provide information on their capacity to manage sub-projects, corresponding with the size of the sub-project for which a sub-grant is requested.
- (g) be directly responsible for the preparation and management of the sub-project, not acting as an intermediary.
- (h) not receive (or must not have received) a loan within the scope of the loan component of the Formal Employment Creation Project.

(2) Potential applicants may not participate in Call for Proposals or be awarded sub-grants if:

- (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations,
- (b) they have been convicted of an offence concerning professional conduct by a judgement which has the force of *res judicata* (i.e., against which no appeal is possible),
- (c) they are guilty of grave professional misconduct proven by any means which the TKYB can justify,
- (d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of Turkey,

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<sup>10</sup> Cooperatives, not-for-profit organizations and publicly-owned enterprises are not eligible under this call.

<sup>11</sup> Private enterprises in selected provinces: enterprises (small, medium and large) operating in localities that are mostly affected by the influx of refugees are direct beneficiaries of the Program.

<sup>12</sup> <https://www.resmigazete.gov.tr/eskiler/2020/03/20200303-6.htm>

- (e) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to the EU, the World Bank and TKYB's financial interests,
- (f) they have been declared to be in serious breach of contract for failure to comply with their contractual obligations in connection with a procurement procedure or other grant award procedure financed by the EU Community Budget, the World Bank and TKYB.

Additionally, applicant is excluded from participating in Call for Proposals or the awarding of the sub-grants if, it:

- (g) is subject to a conflict of interest,
- (h) is guilty of misrepresentation in the information required by TKYB as a condition of participation in the Call for Proposals or fail to supply this information,
- (i) has attempted to obtain confidential information or influence the Grant Evaluation Committee, PIU or TKYB in general during the evaluation process of Call for Proposals.

In the cases referred to in points (a), (c), ~~(d)~~, (f), (h) and (i) above, the exclusion applies for a period of two years from the time when the infringement is established. In the cases referred to in points (b) and (e), the exclusion applies for a period of four years from the date of notification of the judgement. There is no applicable time limitation for cases regarding (g).

Applicants must supply with their applications a Declaration of the Applicant to confirm that they do not fall into any of the above categories (a) to (f).

## 2.2. Eligibility of Sub-Projects: types of activity

Sub-projects in line with the Environmental and Social Standards (ESS) shall comply with the provisions of E&S documents required under Project ESCP, Environmental and Social Management System (ESMS)<sup>13</sup>, Stakeholder Engagement Plan (SEP), Labor Management Procedures (LMP) and any other E&S documents<sup>14</sup> required specifically for the sub-project.

**Sector:** There are no categorical restrictions on eligible economic sectors or firms except for the sectors excluded according to the World Bank Safeguard Regulations<sup>15</sup> and the Exclusion List of TKYB<sup>16</sup> and the World Bank.

**Environmental and Social Risk Category:** The sub-projects must be implemented in compliance with the Environmental and Social Commitment Plan (ESCP)<sup>17</sup> of the Project and Environmental and Social Standards of The World Bank<sup>18</sup>.

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<sup>13</sup> ESMS means the environmental and social management system, adopted by TKYB to identify, assess, manage and monitor the environmental and social risks and impacts of Sub-projects, that has been assessed by the Bank to be satisfactory in accordance with the Environmental and Social Standards.

<sup>14</sup> The ESCP, ESMS, SEP, LMP and other E&S documents are available in Project website.

<sup>15</sup> World Bank Safeguard Regulations: Exclusion List of TKYB is; Ineligible sectors and sub-projects include commercial activities involving habitats and products prohibited within the framework of the Convention on International Trade in Endangered Species of Wild Fauna and Flora; the release of genetically modified organisms into the wild; the production, distribution, or sale of pesticides that fall under the World Health Organization's Recommended Classification of Pesticides by Hazard Classes 1a (extremely hazardous) and 1b (highly hazardous) or annexes A and B of the Stockholm Convention on Persistent Organic Pollutants or that are restricted by the Government of Turkey, or herbicides; trawl fishing; radioactive products; hazardous waste storage, processing, and disposal; the production of equipment and materials containing chlorofluorocarbons or other substances regulated under the Montreal Protocol on Substances that Deplete the Ozone Layer; the manufacture of electrical equipment containing more than 0.005 percent polychlorinated biphenyls by weight; the manufacture of products containing asbestos; nuclear reactors and parts; processed or unprocessed tobacco and tobacco processing machinery; the significant conversion or degradation of critical natural habitats; significant damage to nonreplicable cultural property; involuntary land acquisition and any activity on land or affecting land over which the ownership, tenure, or user rights is disputed; any land-based activity that is considered dangerous because of security hazards or the presence of unexploded mines or bombs; weapons including (but not limited to), mines, guns, and ammunition; and any activity that supports drug crop production or the processing of such crops. [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/company-resources/ifcexclusionlist](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist)

<sup>16</sup> It is included in "Development Investment Bank of Turkey Environmental and Social Policy" <https://kalkinma.com.tr/bizim-taniyin/cevreci-kalkinma/cevresel-ve-sosyal-politikalar>

<sup>17</sup> "ESCP" means the environmental and social commitment plan for the Project, acceptable to the Bank, dated March 3, 2020, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Bank, and such term includes any annexes or schedules to such plan.

<sup>18</sup> "Environmental and Social Standards" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>.

All sub-project activities must be in compliance with Turkish law and legislations.

Only the following risk category sub-project activities are eligible in this Sub-grant Program.

- World Bank Moderate Risk (TKYB Category B-)
- World Bank Low Risk (TKYB Category C)

#### **Category B- (Moderate E&S Risk)**

A sub-project is categorized B- if it is likely to have potential adverse risks and impacts on human populations and/or the environment that are not likely to be significant. This is because the sub-project is not complex and/or large, does not involve activities that have a high potential for harming people or the environment, and is located away from environmentally or socially sensitive areas.

#### **Category C (Low E&S Risk)**

A sub-project is categorized C when it is likely to have minimal or no adverse environmental and social impacts.

**Duration:** The sub-projects' period can be 18 to 21 months. The sub-projects are expected to create and maintain formal **employment for 18 months duration within 21 months period.**

**Location of the Sub-Projects:** The sub-project must be implemented in Selected Project Provinces given in Table 2.

**Number of Proposals:** Each applicant **firm as a legal entity** can submit only 1 (one) sub-project proposal within the scope of the Call for Proposals.

**Examples of Sub-Project Topics:** The activities listed below are by way of example only and eligible activities are not limited by these types of activities.

- Expansion of existing capacity of the facilities in manufacturing or services sectors
- Modernization of existing facility
- New investments
- Production and service diversification
- Adopting to crisis such as pandemic conditions

All sub-projects are expected to ensure gender mainstreaming and particular added-value elements and cross-cutting issues (such as innovation, best practices and sustainable results) in the sub-project activities. These points will be subject to evaluation in the relevant sections of the Evaluation Grid.

Sub-project activities must not include the following elements, in addition to the activities in the Exclusion List:

- Primary agricultural activities
- Political or ethnic activities
- Activities contrary to the law, public order, general health and the general morality of the society



- Activities involving currency speculation and financial speculation; stock market investments
- Real estate investments
- Projects having granting purposes, providing grants (monetary or in-kind) or credit to other persons or organizations
- Academic research and feasibility studies
- Sub-project costs initiated before signing a sub-grant contract with TKYB or financed from other grants for the same activity

### **2.3. Eligibility of Costs: costs that can be included**

Only “eligible costs” can be covered by the sub-grant. The categories of costs that are eligible and non-eligible are indicated below. The Sub-project Budget is both a cost estimate and an overall ceiling for “eligible costs”.

The Sub-grant Budget given in Annex B of the Application Form and Business Plan must be prepared in line with the Sub-Grant Employment Plan and Performance Indicators.

- Only eligible costs stated in the Sub-project Budget can be covered by the sub-grant.
- Sub-project Budget will be prepared in Euro currency.
- Eligible costs should be based on actual costs verified by supporting documents (such as invoices, payrolls, bank statements etc.) and should be incurred during sub-project implementation period.
- No lump-sum costs will be considered as eligible except for Indirect Costs (Incidental and Administrative costs).
- Unit costs which are clearly identified by reference to an amount per unit should be stated in the relevant budget item/heading.
- Flat-rate financing that is applying a percentage fixed rate at the proposal stage is only allowed for incidental and administrative costs.

In order for the costs incurred to be considered as eligible, they must meet the following criteria:

1. The costs should be compatible with the general and specific objectives of the sub-project and should be included in the sub-project budget,
2. All costs should be based on actual costs and actually incurred by the beneficiary,
3. The costs must be generated during the implementation period of the sub-grant (except the costs related to final reports and auditing at the closing). Costs incurred before or after the sub-project period will not be considered as eligible costs.
4. Each budget item and heading must describe the information and methods used to establish the amounts of unit costs, lump sum costs and/or flat rate to which costs refer.
5. In case of arithmetical errors or inaccuracies, unrealistic costs and ineligible costs are revealed before the sub-grant contract signing, the Contracting Authority may revise the budget downwards to address such mistakes or inaccuracies. However, it is not possible to increase the sub-grant amount or the percentage of sub-grant financing as a result of such corrections.
6. The costs should be reasonable, justified and clearly explained, verified and financially sound, especially with regard to economy and efficiency, and also should comply with effective management principles.
7. The applicant should provide a realistic and cost-effective sub-grant budget.

8. "Human Resources" budget heading must be between 70% - 90% of the sub-project budget and should be formulated as *Total Employer Cost*.
9. All expenditures done and procedures followed should be recorded in writing with correct and appropriate expenditure and based on supporting documents such as:
  - i. Withholding Tax and Monthly Premium Service Statement, Social Security Institution (SSI) Statement of Employment, SSI Service Breakdown Statement for each employee, payrolls, employment contracts etc. for "Human Resources" budget heading,
  - ii. Invoice, bank receipt, final acceptance certificate for machinery and equipment, certificate of substantial completion for small-scale construction work, utility bills etc. for other budget items,
  - iii. All invoices, receipts, certificates or other documents must be related to the relevant budget item clearly,
  - iv. Other additional documents requested by TKYB if deemed necessary.
10. All expenditures made within the scope of the sub-project should be made via electronic funds transfer (EFT), money order from the sub-project designated bank accounts or credit cards. Payment methods such as checks, bonds are not acceptable. Cash payment only for administrative costs with appropriate documentation will be acceptable.
11. The costs should comply with the requirements of national legislations including tax and social security regulations.
12. Costs of new equipment and supplies purchased specifically for the sub-project are considered as eligible costs.
13. Market research documents should be taken no more than two months before the date of application and market research documents for each budget item should be grouped and associated with the relevant budget items clearly.
14. "Small-scale construction work and auxiliary service facilities" budget item costs can be up to 5% of the total direct eligible costs envisaged in the sub-project budget.
15. At the proposal stage, the applicant should submit an estimated budget through market research based on preferably proforma invoices for goods, works and services (except for Human Resources, Administrative Costs, Incidental Costs and utilities under Working Capital). One (1) market research document (preferably proforma invoices, offer letters, e-mails, minutes etc.) for each budget item should be submitted in order to ensure the cost-effectiveness of the estimations.
16. Costs arising directly from the requirements of the sub-grant contract (dissemination, certified translations, insurances etc.) are eligible.
17. The foreign exchange selling rate of the Central Bank of the Republic of Turkey (TCMB) will be used in the cost estimation in the sub-project budget at the relevant date.
18. Incidental Costs are limited to a flat-rate of 3% of total direct eligible costs of the sub-project.
19. Administrative costs is limited to a flat-rate of 3% of the total direct eligible costs of the sub-project budget.

There are two types of eligible costs, *eligible direct costs* and *eligible indirect costs*, and which are defined below:

### 2.3.1. Eligible Direct Costs

The eligible direct costs are costs that meet the criteria of eligibility set out above, are identifiable as specific costs directly linked to the performance of sub-project and can therefore be attributed to it directly.

#### 2.3.1.1. Human Resources

- In the Human Resources budget heading, only the cost of the *newly hired employees* within the scope of the sub-project can be considered as eligible cost. The human resources costs of existing registered employees cannot be covered in the sub-project budget.
- Overall human resources cost refers to “*employer’s cost*”. Breakdowns of new employee costs are given below as an example. In the implementation phase, additional insurance, deductions and other elements may be included.

Net Salary Paid to the Employee	GROSS SALARY	TOTAL EMPLOYER COST (Eligible cost)
Social Security Premium (Employee’s Contribution)		
Unemployment Insurance (Employee’s Contribution)		
Income Tax (- Minimum Living Allowance)		
Stamp Tax		
Social Security Premium (Employer’s Contribution)		
Unemployment Insurance (Employer’s Contribution)		

Table 5: Total Employer Cost - Gross Salary

- The salaries set for new employees must be in line with the salaries paid within the beneficiary firm. The qualifications required by the position and salaries should not be higher than those formed in the market. The costs shall not exceed those normally borne by the beneficiaries.
- Human Resources budget heading can consist of minimum 70% and maximum 90% of total eligible costs of the sub-project budget.
- The Sub-grant Program aims to achieve a balanced formal job creation between Turkish citizens and refugees. The percentage of additional women employment and additional refugee employment over additional total employment and number of additional formal employment will be taken into consideration at the evaluation process.
- All employment within the scope of the sub-project must be registered by SSI and employment contract must be signed with each employee. Social security premium and service breakdown statements will be provided to TKYB on a monthly basis by the beneficiary firms for the entire sub-project duration.
- No transfer can be made to/from Human Resources budget heading from/to other budget headings except for Incidental Expenditures (see 2.3.2.2. Incidental Expenditures).

#### *2.3.1.2. Working Capital Costs*

Working Capital Costs budget heading covers all operating costs estimated for the Sub-project. It consists of multiple Sub-project budget items as:

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

Working Capital Costs should be estimated realistically in accordance with the sub-project activities.

#### *2.3.1.3. Fixed Investment Costs*

Fixed Investment Costs are the costs needed for new investments and/or expansion/modernization of existing facilities and covers multiple sub-project budget items as:

- i. Machinery-equipment, vehicle, furniture, computer equipment, installation costs, spare parts etc.
  - ii. Small-scale construction work and auxiliary service facilities can be up to 5% of the total eligible direct costs in the sub-project budget. Major construction work costs except for the small renovations for installation of the necessary equipment/machinery are not eligible costs.
  - iii. Cost of software and related IT licenses.
  - iv. Other various investment expenditures
- Only the above-mentioned expenditures listed in the approved Application Form are considered as eligible fixed costs.
  - Used/second hand/refurbished/repaired machinery equipment are not regarded as eligible costs.
  - The budget items cannot reference any specific brand, model or origin while preparing the sub-grant budget at the proposal stage.

#### *2.3.1.4. Other Costs, Services*

Expenses related to consultancy, publication, research, audit, evaluation, visibility actions, promotional activities, work permit fees, other employment related legal fees etc. incurred during the implementation of the sub-project are indicated under this budget heading.

Activities related to the procurement of a service are expressed in this budget heading only if the entire service is outsourced.

### **2.3.2. Eligible Indirect Costs**

The indirect costs incurred in carrying out the action may be eligible for flat-rate funding, but the total must not exceed the percentage of the estimated total eligible direct costs stated in the respective section. Indirect costs are eligible provided that they do not include costs assigned to another budget heading in the sub-grant budget.

#### *2.3.2.1. Administrative Costs*

General administrative costs that are not budgeted in the sub-project but incurred in connection with the eligible direct costs during the sub-project implementation period. They are limited to a flat rate of 3% of the total direct eligible costs. These can include stationery and office supplies, mailing postage, telephone, internet and fax costs, heating, electricity or other forms of energy, water, office furniture and any other expenditure necessary for the successful completion of the sub-project.

- Indirect costs should not include an expenditure budgeted as direct eligible cost under any item of the sub-project budget.
- No transfer can be made to/from Administrative Costs budget headings from/to other budget headings under any circumstances.

#### *2.3.2.2. Incidental (contingency reserves) Expenditures*

The amount of incidental expenditures is limited to a flat rate of 3% of total direct eligible costs of the sub-project. The use of the incidental expenditures is subject to an administrative order and written approval of TKYB. The administrative order should include the justification and a calculation regarding the use of incidental expenditures.

### **2.3.3. Ineligible Costs**

The following costs are not eligible:

1. Debts and debt service charges (interest and commission)
2. Provisions for losses or potential future liabilities
3. Costs declared by the beneficiary(ies) and financed by another sub-grant or work program receiving European Union (including European Development Fund) grant
4. Purchases of land or buildings
5. Credit and grant to third parties
6. Taxes, including value added taxes
7. Customs and import duties, or any other charges
8. Purchase, rent or leasing of land and buildings, fines, financial penalties and expenses of litigation
9. Second-hand machinery and equipment
10. Bank charges, costs of guarantees and similar charges
11. Conversion costs and exchange losses associated with any of the Euro accounts related to sub-project (The costs arising from any currency losses).
12. Contributions in kind
13. Any leasing costs
14. Depreciation costs

15. Costs incurred by those other than the beneficiary firm
16. Vehicle purchase or rental costs for personal use
17. Costs of preparatory work (such as project consultancy for the application) and other activities before the start of the sub-project
18. Other expenses not related to the sub-project

#### **2.3.4. In-kind Contributions**

Contributions in kind mean the provision of goods or services to beneficiaries free of charge by a third party. As contributions in kind do not involve any expenditure for beneficiaries, they are not eligible costs. Therefore, these contributions cannot be considered as co-financing provided by the beneficiary.

#### **2.3.5. Double Ceiling Rule**

Application of the double ceiling rule limits the sub-grant amount both to the percentage of the total eligible costs and to the maximum amount requested in the sub-project budget. The Sub-grant amount awarded with cannot exceed an overall ceiling expressed as a percentage and an absolute value which is to be established on the basis of estimated eligible costs.

#### **2.3.6. Non-Retroactivity**

The sub-project as a whole or the expenditure items within the scope of the sub-project should not be realized before the signing of sub-grant contract. In this case, expenditures incurred before the signing of sub-grant contract are not eligible for financing. This rule is also applied to the employment costs.

### **2.4. Procurement Plan**

Procurement Plan must be submitted at the application stage. The following rules should be taken into account for the preparation of the **Procurement Plan**:

- Procurements of goods, works, consulting services and non-consulting services are planned and submitted under the Procurement Plan within the Application Form and Business Plan.
- Changes in the Procurement Plan are subject to prior approval by TKYB.
- All the procurement items (except Human Resources, Administrative Costs and Incidental Budget and Utilities under Working Capital) should be included in the Procurement Plan.
- The beneficiaries should comply with the procurement rules which are formulated in accordance with the World Bank Procurement Regulations for IPF Borrowers in order to ensure a smooth and thorough procurement process throughout the sub-project implementation phase. During the implementation phase, detailed information and documents regarding the procurement procedures will be included in the Implementation Guideline.

## 3. APPLICATION PROCESS

### 3.1. How to Apply and Procedures to Follow

Applications must be prepared in accordance with this Guideline. The Sub-grant Application Form & Business Plan, its annexes and all supporting documents must only be submitted electronically through Kayist Sub-Grant Platform which is an online sub-grant management application developed and managed by TKYB.

The applications can be submitted either in Turkish or English. All application documents will be available both in Turkish and English. The Application Form and Business Plan and the Application Guideline will also be available in Arabic for information purposes only in project website.

The Turkish translation of all application package under this Call for Proposals, the original of which is in English, has been prepared for informational purposes. In case of any conflict between Turkish and English documents, the English Sub-grant Application Guideline and its Annexes will be binding.

Kayist Sub-Grant Platform: <https://basvuru.kayist.org/>

Please follow the guidance and further explanations for the application process on the Website: <http://www.kayist.org>.

Unless extended by a notice on the Kayist Platform, the deadline for the submission of applications is ~~02.02.2022~~ 28.02.2022 at 17.00 and will also be stated in the Call for Proposals Notice. Kayist Platform will not be available for proposal submission after 17.00 on the deadline date.

The applicant can revise its **uncompleted** proposal on the Kayist Platform until the deadline of the Call for Proposals. **However, the applicant cannot revise or update on its completed proposal through the Platform.** The applicants will not have access to the Kayist Platform for revision after the application deadline.

Please remember the system can be overloaded towards the deadline so it is recommended to upload your application before the last hours. No exceptions to the deadline will be accepted even if the delay is caused by technical glitches.

## 3.2. Application Documents

Applications will be submitted in accordance with the instructions in this Guideline and Application Form and Business Plan.

Please complete the full Application Form carefully and as clearly as possible so that it can be assessed properly. Any error related to the points listed in the Administrative and Eligibility Checklist (please see section 4.1. Step 1 – Administrative and Eligibility Check) or major discrepancy related to the documents or any major inconsistency in the application (e.g. if the amounts in the sub-grant budget are inconsistent) may lead to the rejection of the application.

Applicants must verify that their application is complete using the Administrative Checklist (please see section 4.1. Step 1 – Administrative and Eligibility Check).

Clarifications may be requested from the applicants when the information provided is unclear and thus prevents the Contracting Authority from conducting an objective assessment.

The instructions, rules and restrictions stated in this Guideline must be taken into account while preparing the Application Form and Business Plan and other application Annexes.

Official documents obtained from public institutions may be provided in original language.

All applicants must prepare and submit the following documents in the Kayist Sub-grant Platform which are Annexes of the Guideline.

### **Application Documents**

- ***Annex A – Application Form and Business Plan***
- ***Annex B – Sub-Grant Budget***
- ***Annex C – Sub-Grant Employment Plan and Performance Indicators***
- ***Annex D – The Procurement Plan***
- ***Annex E – Logical Framework Matrix***

In addition to the Grant Application Form and Business Plan (Annex A), The Sub-Project Budget (Annex B), Annex C – Sub-Grant Employment Plan and Performance Indicators, Annex D – The Procurement Plan and Annex E – Logical Framework Matrix, the applicant must submit the following documents in order to allow the Contracting Authority to verify the eligibility of the applicants.

All supporting documents listed below must be prepared and uploaded to the Kayist Platform together with the Application Form and Application Annexes. In case any of them is not available or applicable, please clarify and upload relevant document.

Originals of these documents (where possible) will be requested by the Contracting Authority before the signature of the sub-grant contract.



## Supporting Documents

1. **Declaration by the Applicant with wet signature** (The template is available on [www.kayist.org](http://www.kayist.org) and Kayist Platform)
2. **Declaration of Consent to Information Sharing** (The template is available on [www.kayist.org](http://www.kayist.org) and Kayist Platform)
3. **Declaration about the statement of no finalized seized transactions** (The template is available on [www.kayist.org](http://www.kayist.org) and Kayist Platform)
4. **The document regarding the result of the inquiry made through the link** <https://www.turkiye.gov.tr/kik-yasakli-sorgula>
5. **Certificate of Activity** provided at ~~least~~ **most** three months before the application date / NACE Code (signed, stamped)
6. **Capacity Report obtained from TOBB**
7. **Up-to-date Trade Registry Gazette** showing company address and trade registry information (signed, stamped)
8. **Share Ledger showing the ownership structure** (signed, stamped, notarized)
9. **Copy of identity card / passport** (if not Turkish citizen) and certificate of residence (signed, stamped) belonging to partners holding 25% or more shares
10. **Tax Signboard by Revenue Administration** (signed, stamped)
11. **Latest Withholding Tax and Monthly Premium Service Statement** showing the number of employees of the applicant and latest **SSI Statement** submitted to Revenue Administration
12. - **The Applicant's Corporate Income Tax Return** of the end of 2019 and 2020 Fiscal Year approved by the tax office or certified public accountant
  - **Provisional tax return with the latest date of 2021**, in comparison with the same period of the previous year approved by the tax office or certified public accountant
  - **Audit reports** of the end of 2019, 2020 and ~~the latest date of~~ 2021  
Audit report produced by an approved external auditor where it is available, and always in cases where a statutory audit is required by EU or national law. That report shall include and certify the accounts for the last 2 financial years available.
  - In all other cases, the applicant shall provide a self-declaration signed by its authorised representative (YMM (Certified Public Accountant), SMMM (Independent Accountant and Financial Advisor)) including and certifying the validity of its accounts for the last 2 financial years.
13. **A copy of notarized document and certified signature(s) for the authorized representative(s)** of the applicant showing that it has been decided to apply to the sub-grant and the sub-project will be implemented when the firm is found eligible to receive sub-grant (e.g. Board decision with Signature Circular)
14. **Authorization or other licenses** necessary for the implementation of the sub-project (trademark, patent, quality certificate, etc. if required by law) (if any)
15. **Document on debt status of the applicant issued by tax authorities and Social Security Institution** received no more than 15 days before the application date (electronic letter with barcode or Inquiry number is applicable) (Document showing that the debt has been structured should be submitted.)
16. **Market research documents taken** no more than two months before the date of application (**A single market research document** for each budget item including planned procurements of goods, works and services) (except for Human Resources, Administrative Costs, Incidental Costs main budget items and utilities sub-budget item at Working Capital Costs main budget item) (*Preferably*

*proforma invoices, web search print-outs showing the dates, e-mails, minutes, etc.). (For each budget item should be grouped and associated with the relevant budget items clearly.)*

**17. CVs of Project key staff** in the format available on the [www.kayist.org](http://www.kayist.org) and Kayist Platform

### ***E &S Preliminary Compliance Documents***

The applicant has to submit the documents below for E&S Preliminary Compliance Checklist. Items of 18., 19., 20., 21. and 22. are required for the administrative and eligibility check stage.

**18. Exclusion List Statement** (*The template is available on [www.kayist.org](http://www.kayist.org) and Kayist Platform*)

**19. Commercial Workplace Opening and Operating License Permit**

**20. Environmental Impact Assessment (EIA) Decision** (EIA Positive / Out of Scope of EIA / EIA is not required) (if applicable)

- EIA Report (For EIA Positive projects, full EIA Report should be submitted.)
- Project Introductory File (PIF) (For EIA is not required projects, PIF Report should be submitted.)

Sanitary Business License (Sihhi Müessesese Ruhsatı) (If the applicant facilities are not subject to the EIA Regulation, submission of Sanitary Business License is a must)

**21. Environmental License and Permit;** or Environmental License and Permit is not required letter from Provincial Directorate of MoEU (If applicable)

**22. Commitment Letter of the Applicant;**

- to Provide Environmental and Social Risk Assessment Documents
- to fill out Environmental and Social Assessment Questionnaire

*(The templates are available on [www.kayist.org](http://www.kayist.org) and Kayist Platform.)*

***Please note that below E&S Documents will be requested from applicants for the E&S Assessment at Step 3.***

**23. Waste Management Plan**

**24. Waste Declaration Form**

**25. Wastewater Discharge Permits / Channel Connection Permission**

**26. Wastewater Analysis Results**

**27. Air Emission Report**

**28. Noise Measurement Results**

**29. Noise Permit Exemption Letter**

**30. Odor Emission Measurement Results (H2S Measurement)**

**31. Occupational Accident Records**

**32. SGK Occupational Accident Notification Form**

**33. OHS Management Plan / Procedures**

**34. OHS Risk Assessment**

**35. Emergency Response Plan**

**36. Grievance Redress Mechanism Policy/Procedure**

**37. Company's website information**

**38. ISO 14001 – ISO 45001 / OHSAS 18001 Certificates**

**39. Human resources policy and procedures**

**40. Litigation Records**

### 3.3. Further Information about Applications

Information sessions on this Call for Proposals will be held either as face to face or online between January 17~~0~~ – February 9 ~~10~~, 2022 indicatively. Also, a separate online Project Cycle Management (PCM) training will be organized to support the applicants for their proposal preparation.

Please follow web-site: <http://www.kayist.org> for the dates of the info days and PCM training.

Questions may be sent by e-mail no later than 20 days before the deadline for the Call for Proposals to the email address below. The Contracting Authority has no obligation to provide clarifications to questions received after this date.

E-mail address: [kayist@kalkinma.com.tr](mailto:kayist@kalkinma.com.tr)

Clarifications to questions will be given no later than 10 days before the deadline for Call for Proposals.

To ensure equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of applicants, applications, a sub-project or specific activities.

No individual replies will be given to questions. All questions and answers as well as other important notices to applicants during the course of the application process will be published on the website of [www.kayist.org](http://www.kayist.org). It is therefore advisable to consult the above mentioned website regularly in order to be informed about the questions asked applicants and answers given by TKYB.

Please note that the Contracting Authority may decide to extend the deadline of applications or cancel the Call for Proposals at any stage according to the conditions set out in the Grant Agreement signed between European Commission Development Fund, IBRD and TKYB.

## 4. EVALUATION AND SELECTION OF APPLICATIONS

Applications will be examined and evaluated by TKYB with the assistance of external assessors. All applications will be assessed according to the following steps and criteria.

1. Step 1 – Administrative and Eligibility Check
2. Step 2 – Technical and Financial Evaluation
3. Step 3 – Environmental and Social Assessment
4. Step 4 – Sub-Grant Contract Signing

If the examination of the application reveals that the proposed action does not meet the eligibility criteria stated in Section 2, the application will be rejected on this sole basis at any stage of the evaluation.

### 4.1. Administrative and Eligibility Check

For all applications submitted via Kayist Platform, an administrative check will be conducted. Compliance with the eligibility criteria (the applicant, eligibility of sub-project, duration and costs, environmental and social) set out in section 2 and administrative aspects will be checked for all applications.

The declaration by the applicant will be cross-checked with the supporting documents provided by the applicant. Any missing document or any incoherence between the declaration by the applicant and the supporting documents may lead to the rejection of the application.

If any of the ineligibility issues are detected at any stage of the evaluation process, the applications will be rejected immediately, and if this is detected after the contract is signed, the sub-grant contract will be terminated.

- Administrative and Eligibility Check is conducted on the applications received through Kayist Platform by TKYB as per the following checklist (applicant, sub-project budget and supporting documents, etc.) eligibility (Checklist Section 1-2-3-4).
- For E&S Preliminary Compliance Checklist (Checklist Section 4), only items of 4.1., 4.2., 4.3., 4.4. and 4.5. are required for the administrative and eligibility check.
- If any of the requested information is missing or incorrect, the application may be rejected on that sole basis and the application will not be further evaluated.
- TKYB may request additional information or documents for clarification regarding the application and its supporting documents. The applicant must provide additional information within 5 working days following TKYB's notification through Kayist Platform and check its e-mail address provided in the application. If additional information is not provided within this period, the application will be automatically rejected.

Number	ADMINISTRATIVE AND ELIGIBILITY CHECKLIST	Status		
		Yes	No	Explanation
	<b>ELIGIBILITY CHECKLIST</b>			
<b>1.</b>	<b>The applicant is eligible.</b>			
<b>1.1.</b>	The applicant has correctly indicated the size of the firm according to the number of employees in accordance with the firm size criteria specified in the Guideline.			
<b>1.2.</b>	The applicant firm is privately owned.			
<b>1.3.</b>	The applicant firm is registered in Turkey, and has facilities and carry out the sub-project in one of the Selected Project Provinces			
<b>1.4.</b>	The applicant firm has been established at least two years prior to the date of the Call for Proposals Notice (December 17, 2021).			
<b>1.5.</b>	The applicant firm has no-previous non-paid and overdue liabilities, overdue social charges and tax payment <b>without exceeding the legal limits of prevailing legislation</b> , defaulted loans.			
<b>2.</b>	<b>The Sub-project is eligible for the activities, duration and costs.</b>			
<b>2.1.</b>	The Sub-project activities will be implemented in one of the selected 24 provinces.			
<b>2.2.</b>	The Sub-project duration is between 18-21 months.			
<b>2.3.</b>	The Sub-project budget has been prepared according to the Guideline (Rules on cost of Human Resources, Indirect Costs, etc.).			
	<b>ADMINISTRATIVE CHECKLIST</b>			
<b>3.</b>	<b>The applicant has submitted its application and supporting documents as stated below.</b>			
<b>3.1.</b>	Application Form and Business Plan, Sub-Project Budget and Expected Sources of Funding, Sub-grant Employment Plan and Performance Indicators, Procurement Plan and Logical Framework Matrix have been filled and submitted completely on the Kayist Platform.			

3.2.	Declaration by the Applicant with wet signature <i>(The template is available on <a href="http://www.kayist.org">www.kayist.org</a> and Kayist Platform.)</i>			
3.3.	Declaration Consent to Information Sharing <i>(The template is available on <a href="http://www.kayist.org">www.kayist.org</a> and Kayist Platform.)</i>			
3.4.	Statement of No Finalized Seizured Transactions <i>(The template is available on <a href="http://www.kayist.org">www.kayist.org</a> and Kayist Platform.)</i>			
3.5.	The document regarding the result of the inquiry made through the link <a href="https://www.turkiye.gov.tr/kik-yasakli-sorgula">https://www.turkiye.gov.tr/kik-yasakli-sorgula</a>			
3.6.	Certificate of Activity / NACE Code provided at <del>least</del> <b>most</b> three months before the application date (signed, stamped)			
3.7.	Capacity Report obtained from TOBB			
3.8.	Up-to-date trade registry gazette showing company address and trade registry information (signed, stamped)			
3.9.	Share Ledger showing the ownership structure (signed, stamped, notarized)			
3.10.	Copy of identity card / passport (if not Turkish citizen) and certificate of residence (signed, stamped) belonging to partners holding 25% or more shares			
3.11.	Tax Signboard by Revenue Administration			
3.12.	Latest Withholding Tax and Monthly Premium Service Statement showing the number of employees of the applicant and latest SSI Statement submitted to Revenue Administration			
3.13.	<ul style="list-style-type: none"> <li>a) The Applicant's Corporate Income Tax Return of the end of 2019 and 2020 Fiscal Year approved by the tax office or certified public accountant</li> <li>b) Provisional tax return with the latest date of 2021, in comparison with the same period of the previous year approved by the tax office or certified public accountant</li> <li>c) Audit reports of the end of 2019, 2020 and <del>the latest date of</del> <b>2021</b></li> </ul>			
3.14.	Authorization or other licenses necessary for the implementation of the sub-project (If applicable) (trademark, patent, quality certificate, etc.)			

3.15.	A copy of notarized document and certified signature(s) for the authorized representative(s) of the applicant showing that it has been decided to apply to the sub-grant and the sub-project will be implemented when the firm is found eligible to receive sub-grant (e.g. Board decision and Signature Circular)			
3.16.	Document on debt status of the applicant issued by tax authorities and Social Security Institution received no more than 15 days before the application date (electronic letter with barcode or Inquiry number is applicable) (Document showing that the debt has been structured should be submitted.)			
3.17.	Market research documents taken no more than two months before the date of application ( <b>A single market research document</b> for each budget item including planned procurements of goods, works and services) ( <i>except for Human Resources, Administrative Costs, Incidental Costs Main Budget Items and Utilities Sub-budget Item at Working Capital Costs</i> ) (Preferably proforma invoices, web search print-outs showing the dates, e-mails, minutes, etc.). (For each budget item should be grouped and associated with the relevant budget items clearly.)			
3.18.	CVs of Project key staff in the format available on the <a href="http://www.kayist.org">www.kayist.org</a> and Kayist Platform			
	<b>E&amp;S PRELIMINARY COMPLIANCE CHECKLIST</b>			
4.	<b>Necessary preliminary information and documents for the E&amp;S Assessment have been uploaded by the applicant.</b>			
4.1.	Exclusion List Statement ( <i>The template is available on <a href="http://www.kayist.org">www.kayist.org</a> and Kayist Platform.</i> )			
4.2	<del>Commercial Workplace</del> Opening and Operating <b>Permit License</b>			
4.3.	Environmental Impact Assessment (EIA) Decision (EIA Positive / Out of Scope of EIA / EIA is not required) (if applicable) <ul style="list-style-type: none"> <li>EIA Report (For EIA Positive projects, full EIA Report should be submitted.)</li> <li>Project Introductory File (PIF) (For EIA is not required projects, PIF Report should be submitted.)</li> </ul> Sanitary Business License (Sihhi Müessese Ruhsatı) (If the applicant facilities are not subject to the EIA Regulation, submission of Sanitary Business License is a must.)			
4.4.	Environmental License and Permit; or Environmental License and Permit is not required letter from Provincial Directorate of MoEU (If applicable)			

<b>4.5.</b>	Commitment Letter of the Applicant; <ul style="list-style-type: none"> <li>• to Provide Environmental and Social Risk Assessment Documents</li> <li>• to Fill out Environmental and Social Assessment Questionnaire</li> </ul> <i>(The templates are available on <a href="http://www.kayist.org">www.kayist.org</a> and Kayist Platform.)</i>			
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*Table 6: Administrative and Eligibility Checklist*

Upon completion of the Administrative Check for submitted applications, TKYB will draw the lists of eligible and ineligible applications and prepare the Administrative Check Report.

Applications that meet all the eligibility criteria specified in the Guideline and contain administrative documents pass to the technical and financial evaluation (Step 2).

## **4.2. Technical and Financial Evaluation**

All applications that pass the administrative evaluation proceed to the technical and financial evaluation.

### **4.2.1. Technical and Financial Evaluation**

The technical and financial evaluation process will be carried out by independent assessors under the supervision of TKYB. Sub-project proposals are evaluated objectively in terms of technical and financial qualifications in line with the evaluation criteria as shown in the below Evaluation Grid.

The relevance of the sub-project subject to the objectives and priorities of the Sub-grant Program, the quality and validity of the proposed method, the sustainability of the sub-project after support ended, and cost effectiveness of the proposed sub-project budget will be taken into consideration.

The application will receive an overall score out of 100 using the breakdown in the evaluation grid below. The evaluation criteria are divided into headings and subheadings. Each subheading will be given a score between 1 and 5 as follows: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

An application with an overall score below 65 (sixty-five) and a score less than 20 (twenty) points in the methodology section (section 3 of the evaluation grid) will be disqualified.

**The award criteria** help to evaluate the quality of the applications in relation to the objectives and priorities set forth in the guidelines and awards grants to sub-projects which maximize the overall effectiveness of the Call for Proposals. They help to select applications which comply with the Contracting Authority’s objectives and priorities. They cover the relevance of the action, its consistency with the objectives of the Call for Proposals, quality, expected impact, sustainability and cost-effectiveness.

Applications will be ranked according to the score obtained based on the Evaluation Grid, starting with the highest scoring proposal (see sub-section 4.2.1.1 below). Grants will be allocated to those applications with the highest score within the program's total budget specified in this guideline. In the case of applications with equal total scores, the number of total, refugee and women employment



created will be taken into account for ranking respectively. If there is still tie again, the requested Sub-grant amount will be the decision criteria and lower sub-grant amounts will be preferred.

#### 4.2.1.1 Evaluation Grid

##### Scoring

The evaluation criteria are divided into sections and subsections. Each subsection will be evaluated according to scores assigned to them. Each subsection will be given a score in a weighting system and some scores are multiplied by different coefficients according to their importance to the project objectives.

##### Scoring for Section 3:

3.2. Does the proposal include additional refugee employment? (max score 5) % of additional employment;			3.3. Does the proposal include additional employment of any women employee? (max score 5) % of additional employment;		
Scale	% of additional employment	Final Score	Scale	% of additional employment	Final Score
very poor (1)	none	score*0.00	very poor (1)	none	score*0.00
poor (2)	≤10%	score*0.30	poor (2)	≤10%	score*0.30
adequate (3)	≤30%	score*0.50	adequate (3)	≤30%	score*0.50
good (4)	<50%	Score*0.70	good (4)	<50%	Score*0.70
very good (5)	≥50%	Score*1,00	very good (5)	≥50%	Score*1,00
3.4. Does the proposal include sufficient number of additional employment? (max score 25)					
a. Small : 6.2500 points for 4 and more additional employment					
b. Medium : 1.5625 points for 16 and more additional employment					
c. Large : 0.6250 points for 40 and more additional employment					

Table 7: Methodology Section of the Grid

<b>SUB-GRANT EVALUATION GRID</b>																	
<b>Applicant Firm Size</b>	<b>Small / Medium / Large</b>																
<b>SECTION</b>	<b>The Score of the Applicant</b>	<b>Maximum Score</b>															
<b>1. Relevance</b>	<b>Sub-score</b>	<b>10</b>															
1.1. How relevant is the proposal to the objectives (formal employment, refugee employment and women employment) and one or more of the priorities of the call for proposals? Have the needs of the target groups proposed and the final beneficiaries been clearly defined and does the proposal address them appropriately?		5															
1.2. Does the proposal contain specific elements of added value, such as innovative approaches, models for good practice in formal employment, promotion of refugee employment, gender equality and equal opportunities, environmental protection?		5															
<b>2. Financial and Operational Capacity</b>	<b>Sub-score</b>	<b>15</b>															
2.1. Does the applicant have sufficient operational and management capacity & technical expertise?		5															
2.2. Does the applicant have stable and sufficient sources of finance?		5															
2.3. Is the proposed action and business plan appropriate, clear, feasible, and consistent with the objectives and expected results?		5															
<b>3. Methodology (Formal Employment Creation)</b>	<b>Sub-score</b>	<b>45</b>															
3.1. How coherent is the overall design of the action? Is the action feasible and consistent in relation to the objectives and expected results?  (in particular, does it reflect the analysis of the problems involved, take into account external factors, risks, competition, market trends and create employment according to program objectives?)		10 (5*2)															
3.2. Does the proposal include additional refugee employment?  The percentage (%) of additional refugee employment is; (i.e. additional refugee employment /total additional employment*100)		5															
<table border="1"> <tbody> <tr> <td>None</td> <td>very poor (1)</td> <td>5*0.00=0.00</td> </tr> <tr> <td>Less than or equal to 10%</td> <td>poor (2)</td> <td>5*0.30=1.50</td> </tr> <tr> <td>Less than or equal to 30%</td> <td>adequate (3)</td> <td>5*0.50=2.50</td> </tr> <tr> <td>Less than 50%</td> <td>good (4)</td> <td>5*0.70=3.50</td> </tr> <tr> <td>More than or equal to 50%</td> <td>very good (5)</td> <td>5*1.00=5.00</td> </tr> </tbody> </table>	None	very poor (1)	5*0.00=0.00	Less than or equal to 10%	poor (2)	5*0.30=1.50	Less than or equal to 30%	adequate (3)	5*0.50=2.50	Less than 50%	good (4)	5*0.70=3.50	More than or equal to 50%	very good (5)	5*1.00=5.00		
None	very poor (1)	5*0.00=0.00															
Less than or equal to 10%	poor (2)	5*0.30=1.50															
Less than or equal to 30%	adequate (3)	5*0.50=2.50															
Less than 50%	good (4)	5*0.70=3.50															
More than or equal to 50%	very good (5)	5*1.00=5.00															

<p>3.3. Does the proposal include additional employment of any women employees? The percentage (%) of additional women employment is; (i.e. additional women employment /total additional employment*100)</p> <table border="1" data-bbox="244 367 1123 542"> <tr> <td>None</td> <td>very poor (1)</td> <td>5*0.00=0.00</td> </tr> <tr> <td>Less than or equal to 10%</td> <td>poor (2)</td> <td>5*0.30=1.50</td> </tr> <tr> <td>Less than or equal to 30%</td> <td>adequate (3)</td> <td>5*0.50=2.50</td> </tr> <tr> <td>Less than 50%</td> <td>good (4)</td> <td>5*0.70=3.50</td> </tr> <tr> <td>More than or equal to 50%</td> <td>very good (5)</td> <td>5*1.00=5.00</td> </tr> </table>	None	very poor (1)	5*0.00=0.00	Less than or equal to 10%	poor (2)	5*0.30=1.50	Less than or equal to 30%	adequate (3)	5*0.50=2.50	Less than 50%	good (4)	5*0.70=3.50	More than or equal to 50%	very good (5)	5*1.00=5.00		5
None	very poor (1)	5*0.00=0.00															
Less than or equal to 10%	poor (2)	5*0.30=1.50															
Less than or equal to 30%	adequate (3)	5*0.50=2.50															
Less than 50%	good (4)	5*0.70=3.50															
More than or equal to 50%	very good (5)	5*1.00=5.00															
<p>3.4. Does the proposal include sufficient number of additional formal employment?</p> <p>a. Small : 6.25005 points for 4 additional employment (max 6.250*4) b. Medium : 1.5625 points for 16 additional employment (max 1.5625*16) c. Large : 0.62500 points for 40 additional employment (max 0.625*40) (Percentages will be rounded to full point)</p>		25 (5*5)															
<b>4. Cost-effectiveness</b>	<b>Sub-score</b>	<b>15</b>															
<p>4.1. Is the ratio between the estimated costs and the expected results satisfactory? (employment numbers will be proportionated with the total grant amount new employment over grant amount)</p>		7.5 (5*1.5)															
<p>4.2. Are the proposed activities (employment/investment/working capital) appropriately reflected in the budget?</p>		7.5 (5*1.5)															
<b>5. Sustainability</b>	<b>Sub-score</b>	<b>15</b>															
<p>5.1. Is the action likely to have a tangible impact on its target groups and sustainable (financially, institutionally, environmentally and socially) Each subsection has score of 2,5</p> <p>a. Financially (how will the activities be financed after the EU funding ends?) b. Institutionally (will structures allowing the activities to continue be in place at the end of the action?) c. Environmentally (is the action environmentally sustainable?) d. Socially (especially does the additional or the present employment include any vulnerable person?)</p>		10 (5*2)															
<p>5.2 Is the proposal likely to have multiplier effects? (Including scope for replication and extension of the outcome of the action and dissemination of information.)</p>		5															
<b>TOTAL SCORE</b>		<b>100</b>															

Table 8: Evaluation Grid

#### 4.2.2. Provisional Selection and Approval of the Grant Evaluation Committee

After all proposals are examined and scored by independent assessors, a table will be drawn up listing the applications. The applications that obtain an overall score of 65 or above (and 20 or above in the methodology section), will be ranked according to their scores. The highest scoring applications will be provisionally selected until the available budget for this Call for Proposals is reached. In addition, a reserve list will be drawn up considering the same criteria. This list will be used if more funds become available during the validity period of the reserve list. The Grant Evaluation Committee will examine the table and accept or make revisions in the scoring according to the published criteria. All revisions by the Grant Evaluation Committee will be made in writing.

#### 4.2.3. Budget Revision

Independent assessors and/or the Grant Evaluation Committee may recommend budget revisions due to errors, inaccuracies, arithmetical errors, unrealistic costs and ineligible costs during the evaluation phase. The checks may give rise to requests for clarification and may lead the Contracting Authority to impose modifications or reductions in the sub-project budget to address such mistakes or inaccuracies. As a result of the budget revision, the total eligible cost of the sub-project and the sub-grant amount may decrease, but the requested sub-grant contribution percentage remains constant.

After completion of the budget revisions, the Grant Evaluation Committee will submit the list of provisionally selected and reserve list of proposals to the World Bank for review and request a first “No Objection” for continuing the evaluation process with Environmental and Social Assessment step.

### 4.3. Environmental and Social Assessment

All provisionally selected and reserve list of proposals receiving the first “No Objection” from the World Bank will be assessed by environmental and social assessors with respect to compliance with environmental and social framework of World Bank and TKYB. Environmental and Social assessment review documents for proposals that are provisionally selected and in the reserve list will be requested from the applicants.

Please note that following additional documents will be requested for Environment and Social Assessment (ESA).

Number	E&S Assessment Documents	Status		
		Yes	No	Not Applicable
1	Waste Management Plan			
2	Waste Declaration Form			
3	Wastewater Discharge Permits / Channel Connection Permission			
4	Wastewater Analysis Results			
5	Air Emission Report			
6	Noise Measurement Results			
7	Noise Permit Exemption Letter			
8	Odor Emission Measurement Results (H <sub>2</sub> S Measurement)			
9	Occupational Accident Records			
10	SGK Occupational Accident Notification Form			

11	OHS Management Plan / Procedures			
12	OHS Risk Assessment			
13	Emergency Response Plan			
14	Grievance Redress Mechanism Policy/Procedure			
15	Company's website information			
16	ISO 14001 – ISO 45001 / OHSAS 18001 Certificates			
17	Human resources policy and procedures			
18	Litigation Records for OHS			
19	Other Documents Required for E&S Evaluation			

Table 9: ESA Documents

#### 4.4. Notification of the Contracting Authority's Decision

The applicants will be informed in writing of the Contracting Authority's decision concerning their application and, if rejected, the reasons for the negative decision.

An applicant believing that it has been harmed by an error or irregularity during the award process may lodge a complaint in Contracting Authority's website (<https://kalkinma.com.tr/en/contact-us/contact-information>).

Applicants will be checked from early detection and exclusion system (EDES), and communicated to the persons and entities concerned in relation to the award before the signing of a sub-grant contract.

For more information, you may read the privacy statement available on:

[http://ec.europa.eu/budget/explained/management/protecting/protect\\_en.cfm](http://ec.europa.eu/budget/explained/management/protecting/protect_en.cfm)

#### 4.5. Sub-grant Contract Signing

Proposals passing the Environmental and Social Assessment in provisionally selected and reserve lists will proceed to final approval and the second "No Objection" of the World Bank. Proposals which are granted the second "No Objection" from the World Bank will be the final contract list and will be invited to sub-grant contract signing by the Contracting Authority.

The Grant Evaluation Committee may recommend eligibility checking for top ranked provisionally selected proposals by the Contracting Authority before sub-grant contract signing. If any of the ineligibility issues are detected at any stage of the evaluation process, the applications will be rejected immediately, and if this detection occurs after the contract is signed, the sub-grant contracts will be terminated.

The declaration by the applicant will be re-examined and cross-checked with the supporting documents provided by the applicant at this stage. Any missing document or any incoherence between the declaration by the applicant and the supporting documents may lead to the rejection of the application on that sole basis. Any rejected application will be replaced by the next best placed application on the reserve list that falls within the available budget for this call for proposals.

Applicants whose applications have been provisionally selected or placed on the reserve list will be informed in writing by the Contracting Authority. It will be requested to supply the Application Form and Business Plan and its Annexes and supporting to verify the eligibility of the applicant. Documents

must be supplied in the form of originals, photocopies or scanned versions (i.e. showing legible stamps, signatures and dates) of said originals. Where such documents are not in English or Turkish (For example; Arabic), official translation into English or Turkish must be attached.

If the documents submitted are false or incoherent with the information and documents submitted at the application, the sub-grant contract will not be signed with the applicant. In this case, any rejected application will be replaced by the next best placed application on the reserve list that falls within the available budget for this call for proposals.

The Contracting Authority may request additional documents and/or information from the applicant before the sub-contract signing. Some of them are the following: articles of association, audit reports, designated project bank account information for sub-grant payments, notarized document with the name of the authorized representative, certificate of tax registration, document from the relevant tax office showing that obligations have been fulfilled, document from social security office showing that obligations have been fulfilled.

If the above mentioned supporting documents are not provided before the deadline indicated in the request sent to the applicant by the Contracting Authority, the application may be rejected.

After verifying the supporting documents, the Grant Evaluation Committee will make a final recommendation to the Contracting Authority, which will decide on the awarding of grants.

#### 4.6. Indicative Timetable

Action	Indicative Date	Time
1. Information meetings	To be announced (*)	To be announced (*)
2. Deadline for requesting any clarifications from the Contracting Authority	08.02.2022 <del>10.01.2022</del>	17:00
3. Last date on which clarifications are issued by the Contracting Authority	18.02.2022 <del>21.01.2022</del>	
4. Deadline of the submission of applications	28.02.2022 <del>02.02.2022</del>	17:00
5. Administrative check (Step 1)	31.03.2022 <del>15.03.2022</del>	
6. Technical and financial evaluation (Step 2)	15.05.2022	
7. Environmental and social assessment (Step 3)	15.07.2022	
8. Notification decision of awarding (Step 4)	1.08.2022	
9. Sub-grant contract signature	15.09.2022	

Table 10: Indicative Timetable

(\*) Exact date(s) and location(s) of the information meeting(s) will be published on the website of the Project [www.kayist.org](http://www.kayist.org).

This indicative timetable refers to provisional dates and may be updated by the contracting authority during the procedure. In such cases, the updated timetable will be published on the Project web site [www.kayist.org](http://www.kayist.org).

## 5. CONDITIONS FOR IMPLEMENTATION

Following the decision to award a grant, the beneficiary will be offered a contract based on the Grant Agreement signed between European Commission Development Fund, International Bank for Reconstruction and Development (IBRD) and Development and Investment Bank of Turkey (TKYB) and general rules and provisions specified in this Guideline. By signing the Application Form (Annex A of this Guideline), the applicants agree, if awarded a grant, to accept the contractual conditions of the sub-grant contract.

### 5.1. General Principles

#### 1. Liability

Contracting authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the beneficiaries while the sub-project activities are being carried out or as a consequence of the sub-project. Contracting authority will not, therefore, accept any claim for compensation or increase in payments in connection with such damage or injury.

Beneficiaries shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the sub-project activities are being carried out or as a consequence of the sub-project actions. The beneficiaries shall discharge Contracting Authority of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the beneficiaries or the beneficiaries' employees or individuals for whom those employees are responsible, or as a result of violation of a third party's rights. For the purpose this provision, the employees of the beneficiaries shall be considered third parties.

#### 2. Communication and Visibility Actions

Beneficiaries should take the necessary measures in accordance with the "Visibility Manual" published on the Program web-site ([www.kayist.org](http://www.kayist.org)) in order to promote the financial support provided by TKYB, World Bank and EU and make it visible.<sup>19</sup>

Beneficiaries must comply with the objectives and priorities and guarantee the visibility of the EU financing (see the Communication and Visibility Manual for EU external actions specified and published by the European Commission at:

- [https://ec.europa.eu/international-partnerships/system/files/communication-visibility-requirements-2018\\_en.pdf](https://ec.europa.eu/international-partnerships/system/files/communication-visibility-requirements-2018_en.pdf)
- <https://www.avrupa.info.tr/tr/avrupa-birligi-gorunurluk-ilkelerini-ogrenin-16>

Detailed information will be included in the Implementation Guideline.

#### 3. Grievance Redress Mechanism (GRM)

The GRM for sub-project beneficiaries is accessible via TKYB's official website and Program website [www.kayist.org](http://www.kayist.org) and aims to collect and address grievances.

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<sup>19</sup> [https://www.avrupa.info.tr/sites/default/files/2017/06/VisibilityGuidelines\\_May2017\\_FRIT\\_EN\\_20170605\\_Final\\_TR.docx](https://www.avrupa.info.tr/sites/default/files/2017/06/VisibilityGuidelines_May2017_FRIT_EN_20170605_Final_TR.docx)

#### **4. Value Added Tax (VAT) Exemption Certificate**

Successful beneficiaries will be eligible for VAT Exemption after the signature of the sub-grant contract.<sup>20</sup>

#### **5. Sub-Grant Disbursements**

The sub-grant is conditional on formal employment creation and 18 months of retention of created employment. Formal employment records will be crosschecked with SSI data and beneficiary firm's employment statements on a monthly basis.

Sub-grant disbursements will be made to beneficiary firms in accordance with the milestones of the sub-project and with conditional on job creation committed at the Application Form and Business Plan. Advance payment of 10% (first tranche) of the sub-grant will be disbursed after the Sub-grant Contract is signed and first monitoring visit is realized. The 2nd and 3rd tranches will be disbursed as 40% and the last tranche will be disbursed as 10% at the completion within 18-21 months. All tranches except the first tranche will be progress payments in 6 months intervals and linked to formal employment creation realization.

The contracting authority will require for an expenditure verification report before each payment made to the beneficiary. The final report will include a detailed breakdown of expenditures covering the whole cost of sub-project.

The sub-grant disbursements will be paid in Euros to beneficiaries. A designated bank account or an account denominated in Euros specific to the sub-project will be assigned by the beneficiary for sub-grant payments. The disbursement and reporting process will be explained in Implementation Guideline in detail.

#### **6. Procurement Rules**

The beneficiaries should comply with the procurement rules which are formulated in accordance with the World Bank Procurement Regulations for IPF Borrowers in order to ensure a smooth and thorough procurement process throughout the sub-project implementation phase. During the implementation phase, detailed information and documents regarding the procurement procedures will be included in the Implementation Guideline.

#### **7. Sub-Project Monitoring Process**

Sub-projects are subject to two types of monitoring: (1) technical and financial, (2) environmental and social. On-site visits as well as monthly employment checks will be carried throughout the sub-project implementation. The beneficiary is obliged to provide real and up-to-date information with supporting documents or other document related to the sub-project and ensure effective monitoring.

Technical and financial monitoring will be based on formal employment realization and actual costs incurred and recorded in the accounts of the beneficiary firm as well as physical site visit and on-the-spot checks. The Environmental and Social monitoring will check beneficiary firms's and sub-projects' compliance with the Environmental and Social Commitment Plan of the Sub-grant Program. The monitoring process will be explained in detail in the Implementation Guideline and will be published in the Sub-grant Program web-site ([www.kayist.org](http://www.kayist.org)).

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<sup>20</sup> <https://www.resmigazete.gov.tr/eskiler/2016/02/20160213-4.htm>



## 5.2. Ethical Provisions and Codes of Conduct

### 5.2.1. EU Regulations

#### a) Absence of conflict of interest

The applicant must not be affected by any conflict of interest and must have no equivalent relation in that respect with other applicants or parties involved in the sub-project. Any attempt by an applicant to obtain confidential information, enter into unlawful agreements with competitors or influence the evaluation committee or the Contracting Authority during the process of examining, clarifying, evaluating and comparing applications will lead to the rejection of its application and may result in administrative penalties according to local regulations in force.

#### b) Respect for human rights as well as environmental legislation and core labour standards

The applicant and its staff must comply with human rights. In particular and in accordance with the applicable act, applicants who have been awarded contracts must comply with the environmental legislation including multilateral environmental agreements, and with the core labour standards as applicable and as defined in the relevant International Labour Organisation conventions (such as the conventions on freedom of association and collective bargaining; elimination of forced and compulsory labour; abolition of child labour).

#### **Zero tolerance for sexual exploitation, abuse and harassment**

The European Commission applies a policy of 'zero tolerance' in relation to all wrongful conduct which has an impact on the professional credibility of the applicant.

Physical abuse or punishment, or threats of physical abuse, sexual abuse or exploitation, harassment and verbal abuse, as well as other forms of intimidation shall be prohibited.

#### c) Anti-corruption and anti-bribery

The applicant shall comply with all applicable laws and regulations and codes relating to anti-bribery and anti-corruption. The European Commission reserves the right to suspend or cancel sub-project financing if corrupt practices of any kind are discovered at any stage of the award process or during the execution of a contract and if the Contracting Authority fails to take all appropriate measures to remedy the situation. For the purposes of this provision, 'corrupt practices' are the offer of a bribe, gift, gratuity or commission to any person as an inducement or reward for performing or refraining from any act relating to the award of a contract or execution of a contract already concluded with the contracting authority.

#### d) Unusual commercial expenses

Applications will be rejected or contracts terminated if it emerges that the award or execution of a contract has given rise to unusual commercial expenses. Such unusual commercial expenses are commissions not mentioned in the main contract or not stemming from a properly concluded contract referring to the main contract, commissions not paid in return for any actual and legitimate service, commissions remitted to a tax haven, commissions paid to a payee who is not clearly identified or commissions paid to a company which has every appearance of being a front company.

Sub-grant beneficiaries found to have paid unusual commercial expenses on projects funded by the European Union are liable, depending on the seriousness of the facts observed, to have their contracts terminated or to be permanently excluded from receiving EU/EDF funds.

e) Breach of obligations, irregularities or fraud

The Contracting Authority reserves the right to suspend or cancel the procedure, where the award procedure proves to have been subject to breach of obligations, irregularities or fraud. If breach of obligations, irregularities or fraud are discovered after the award of the contract, the Contracting Authority may refrain from concluding the contract.

### **5.2.2. World Bank Regulations**

The World Bank is the administrative authority of this Sub-grant Program. International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds, dated February 25, 2019 applies to the Sub-grant Program.

Each Sub-grant shall be provided by written agreement (“Sub-grant Contract”) with the beneficiary firm and TKYB, and the sub-grant beneficiary firm shall be required to meet and comply with the following conditions.

If the beneficiary firm fail to comply with or perform any of its obligations under the Sub-grant Contract, TKYB may suspend and terminate the right of the beneficiary firm to the use of proceeds of the sub-grants.

The Contracting Authority will require the beneficiary firm;

- (a) to carry out and operate the facilities financed under the Sub-project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards,
- (b) to comply with the Standard Conditions defined as in the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
- (c) to carry out the sub-project in accordance with the provisions of the Anti-Corruption Guidelines (IBRD Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016) and maintain adequate records,
- (d) to carry out and operate the Sub-project with due regard to applicable environmental and social requirements, the Environmental and Social Commitment Plan (ESCP) (March 3, 2020), and the Environmental and Social Management System (ESMS)<sup>21</sup>, in line with the Environmental and Social Standards (ESS),
- (e) to comply with the “Procurement Regulations” the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers,” dated November 2020.
- (f) to use proceeds of the sub-grant to finance exclusively the goods, works, non-consulting services and consulting services under the sub-project.

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<sup>21</sup> “Environmental and Social Management System” or “ESMS” means the environmental and social management system, adopted by TKYB to identify, assess, manage and monitor the environmental and social risks and impacts of Subprojects, that has been assessed by the Bank to be satisfactory in accordance with the Environmental and Social Standards.

## 6. ANNEXES

### DOCUMENTS TO BE COMPLETED

*Annex A: Sub-grant Application Form and Business Plan*

*Annex B: Sub-grant Budget*

*Annex C: Sub-Grant Employment Plan and Performance Indicators*

*Annex D: The Procurement Plan*

*Annex E: Logical Framework Matrix*

### PROJECT DOCUMENTS

- ***World Bank Formal Employment Creation Project***

<https://kalkinma.com.tr/en/what-we-do/project-funding-and-corporate-loans/wholesale-banking-apex>

- ***Stakeholder Engagement Plan***

[https://kalkinma.com.tr/assets/uploads/pdf/TKYB\\_SEP\\_27July2020\\_English.pdf](https://kalkinma.com.tr/assets/uploads/pdf/TKYB_SEP_27July2020_English.pdf)

- ***Labor Management Plan***

[https://kalkinma.com.tr/assets/uploads/pdf/TKYB\\_LMP\\_21July2020\\_English.pdf](https://kalkinma.com.tr/assets/uploads/pdf/TKYB_LMP_21July2020_English.pdf)

- ***Environmental and Social Commitment Plan***

[https://kalkinma.com.tr/assets/uploads/pdf/TKYB\\_ESCP\\_25March2020\\_English.pdf](https://kalkinma.com.tr/assets/uploads/pdf/TKYB_ESCP_25March2020_English.pdf)

- ***TKYB's Environmental and Social Policy***

<https://kalkinma.com.tr/assets/uploads/pdf/TKYB-environmental-and-social-policy.pdf>

- ***TKYB's Environmental and Social Risk Assessment Procedure***

<https://kalkinma.com.tr/assets/uploads/pdf/environmental-and-social-risk-evaluation-in-credit-process.pdf>

### DOCUMENTS FOR INFORMATION

*European Commission EXACT - EU External Action Wiki ePRAG 6. Grants*

<https://wikis.ec.europa.eu/display/ExactExternalWiki/6.+Grants#id-6.Grants-6.Grants>

*General conditions applicable to European Union-financed grant contracts for external actions  
Annex II*

[https://wikis.ec.europa.eu/download/attachments/33522135/e3h2\\_gencond\\_en.pdf](https://wikis.ec.europa.eu/download/attachments/33522135/e3h2_gencond_en.pdf)

**Useful links:**

***Project Cycle Management Guidelines***

[http://ec.europa.eu/europeaid/aid-delivery-methods-project-cycle-management-guidelines-vol-1\\_en](http://ec.europa.eu/europeaid/aid-delivery-methods-project-cycle-management-guidelines-vol-1_en)

***The implementation of grant contracts A Users' Guide***

<http://ec.europa.eu/europeaid/companion/document.do?nodeNumber=19&locale=en>

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