

OFFICIAL DOCUMENTS

TF 0A1619

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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August 22, 2016

Mehmet Sinan Yildirim
General Manager and President of the Board of Directors
Türkiye Elektrik İletim A.Ş.
Genel Mudurlugu
Nasuh Akar Mah. Türkocagi Cad.
No. 12 Balgat-Cankaya
Ankara
Republic of Turkey

Re: Clean Technology Fund (CTF) Grant No. TF0A1619
Renewable Energy Integration Project
Letter Agreement

Dear Sir:

In response to the request for financial assistance made on behalf of Türkiye Elektrik İletim A.Ş. ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") acting as administrator of grant funds provided by various donors ("Donors") under the Clean Technology Fund ("CTF"), proposes to extend to the Recipient for the benefit of the Republic of Turkey ("Member Country"), a grant in an amount not to exceed one million United States Dollars (US\$1,000,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

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

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

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

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: 
Johannes Zutt
Country Director
Republic of Turkey

AGREED:

TÜRKİYE ELEKTRİK İLETİM A.Ş.

By: 
Authorized Representative

Name: M. Sinan YILDIRIM

Title: General Manager

Date: 23.08.2016

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
- (3) "Guidelines: Selection and Employment of Consultants under IBRD Loans & IDA Credits & Grants by World Bank Borrowers" dated January 2011 and revised in July 2014;
- (4) World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 (Anti-Corruption Guidelines); and
- (5) "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 (revised July 2014)

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”) constitute an integral part of this Agreement.

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

- (a) “PCU” means the Recipient’s Project Coordination Unit established within its Department of Planning and Strategic Management.
- (b) “SCADA based Smartgrid System” means the Recipient’s ‘Supervisory Control and Data Acquisition’ system that is being upgraded under the World Bank funded Renewable Energy Integration Project (P144534).
- (c) “Training” means the expenses (other than those for consultants’ services) incurred by the Recipient to finance the reasonable travel costs (i.e. accommodation, transportation, travel insurance and *per diem, inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the training activities (including study tours) described in the Project, all based on the semi-annual budgets acceptable to the Bank.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to enhance capacity for generation planning, transmission planning, and grid management in the Republic of Turkey in anticipation of increased share of renewable energy in the generation mix.

The Project consists of the following parts:

Part 1: Capacity enhancement for generation and transmission planning

- (a) Reviewing the methodology, available planning tools, data requirements and training needs for comprehensive development of the Recipient’s generation and transmission planning capacity.
- (b) Providing a training workshop on available generation and transmission planning tools to select staff of the Recipient.
- (c) Purchasing a planning tool corresponding to the Recipient’s requirements.
- (d) Providing training to select staff of the Recipient on operating the new planning tools to strengthen their capability to address complex planning related to the introduction

of greater amounts of renewable energy sources, and private sector led capacity increase.

- (e) Implementing a model for planning and designing studies through: (i) the development of planning datasets; (ii) the specification of planning problem and scenarios; (iii) the analysis pertaining to the following planning studies: (A) Base Generation Planning Requirements; (B) Renewable Energy Integration for 20 GW Wind Scenario; and (C) Long Term Generation Augmentation in Turkey.

Part 2: Capacity enhancement for SCADA based Smartgrid System

- (a) Strengthening the Recipient's staff capacity for the operation of the SCADA based Smartgrid System through the provision of hardware and software training for, *inter alia*: (i) the SCADA based Smartgrid System ongoing operation; (ii) the preparation of databases and displays for the addition of new substations and power plants for the extended system; (iii) the modification of databases and displays for continual improvements; and (iv) the modification of the power system management rules and policies.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through the PCU, shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** The Recipient shall maintain the PCU, throughout the duration of the Project, in a form and with functions, staffing, resources, terms of reference and qualifications satisfactory to the World Bank.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. ***Procurement***

(a) General. All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

- (i) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Procurement Guidelines"), in the case of goods and non-consulting services;
- (ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Consultant Guidelines") in the case of consultants' services; and
- (iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

- (i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
- (ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan:
 - (A) Shopping; and
 - (B) Direct Contracting.

- (d) Particular Methods of Procurement of Consultants' Services
- (i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
 - (ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan:
 - (A) Least Cost Selection;
 - (B) Selection based on Consultants' Qualifications;
 - (C) Single-source Selection of consulting firms;
 - (D) Selection of Individual Consultants; and
 - (E) Single-source procedures for the Selection of Individual Consultants.
- (e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods, non-consulting services, consultants' services and Training, inclusive of Taxes but exclusive of Value Added Tax.

3.02. ***Withdrawal Conditions.*** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed two hundred thousand United States Dollars \$200,000 equivalent may be made for payments made prior to this date but on or after September 1, 2015, for Eligible Expenditures under the Project.

3.03. ***Withdrawal Period.*** The Closing Date referred to in Section 3.06(c) of the Standard Conditions is March 31, 2018.

Article VI Recipient's Representative; Addresses

4.01. ***Recipient's Representative.*** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its General Manager.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Türkiye Elektrik İletim A.Ş.
Genel Mudurlugu
Nasuh Akar Mah. Türkocagi Cad.
No. 12 Balgat-Cankaya
Ankara
Republic of Turkey

Telephone:

+90 312 2038063

Facsimile:

+90 312 2228160

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex:

248423 (MCI) or
64145 (MCI)

Facsimile:

1-202-477-6391