
LOAN NUMBER 9550-TR

Loan Agreement

(Public and Municipal Renewable Energy Project)

between

REPUBLIC OF TÜRKİYE

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF TÜRKİYE (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”).

WHEREAS, in furtherance of the development objective of the Project set forth in Schedule 1 to this Agreement, the Bank, acting as administrator of the Energy Sector Management Assistance Program (“ESMAP”), and the Republic of Türkiye intend to enter into a grant agreement (“ESMAP Grant Agreement”) for the purpose of providing a grant in an estimated amount of one million five hundred thousand Dollars (USD 1,500,000) (“ESMAP Grant”) to assist the Republic of Türkiye in the financing of Part 3(a)(i) and Part 3(a)(ii) the Project on the terms and conditions set forth in the Grant Agreement.

The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of two hundred fifty million Euros (EUR 250,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing Part 1, Part 3(a), and Part 4(a) of the project, as such project is described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower, through its Ministry of Environment, Urbanization and Climate Change (“MoEUCC”), declares its commitment to the objective of the Project. To this end, the Borrower, through MoEUCC, shall carry out Part 1, Part 3(a), and Part 4(a) of the Project (“Borrower’s Respective Parts of the Project”) in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, the Borrower, through MoEUCC, shall have, to the satisfaction of the Bank, prepared and adopted the Project Operations Manual, in form and substance consistent with Section I.B of Schedule 2 to this Agreement.
- 4.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower’s Representative is its Minister of Treasury and Finance.
- 5.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower’s address is:

T.C. Hazine ve Maliye Bakanligi
Inönü Bulvari No. 36
Emek – Ankara
Republic of Türkiye; and

- (b) the Borrower’s Electronic Address is:

Facsimile:

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

5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

REPUBLIC OF TÜRKİYE

By



Authorized Representative

Name: Mr. Kerem Dönmez

Title: Director General

Date: 20-Sep-2023

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: J. Humberto Lopez

Title: Country Director

Date: 20-Sep-2023

SCHEDULE 1

Project Description

The objective of the Project is to increase the use of renewable energy through self-generation in public facilities.

The Project consists of the following parts:

Part 1. Renewable energy investments in Central Government Facilities

(a) **Renewable energy investments in Central Government Facilities.**

Carrying out, through MoEUCC, of designs, design reviews, installation and civil works (including the supervision of said installation and works) for eligible renewable energy investments in Central Government Facilities (including central government affiliated facilities) used to offset the facilities' grid electricity consumption pursuant to the *Unlicensed Renewable Energy Regulation Scheme* ("RE Subprojects").

(b) **Pilot to combine renewable energy investments with heat pump installation in Central Government Facilities.**

Carrying out, through MoEUCC, of energy audits, designs, installation and civil works (including the supervision of said installation and works) for pilot subproject investments to combine solar photovoltaic ("PV") investments with electrification of heating (i.e., substituting fossil-fuel boiler capacity with heat pumps to support both heating and cooling), and investments in light-emitting diode (LED) to replace inefficient lighting technologies, to allow additional renewable energy capacity to be deployed and ultimately reduce the buildings' emissions.

Part 2. Renewable energy investments in municipalities

Establishment and operation of a financing mechanism for ILBANK to provide sub-loans ("Municipal Sub-loans") to eligible Project Municipalities and Project Enterprises (collectively "Municipal Sub-borrowers") to finance goods, civil works, consulting services and non-consulting services for the carrying out of designs, design reviews, installation and related works (including the supervision of said installation and works) for renewable energy technologies in provincial, district, and metropolitan municipalities across Türkiye ("Municipal Subprojects") to offset the relevant public facilities' overall grid electricity consumption in accordance with the *Unlicensed Renewable Energy Regulation Scheme*.

Part 3. Technical assistance and project implementation support

(a) ***Technical assistance and project implementation support for MoEUCC.***

Support of MoEUCC:

(i) *Under the ESMAP Grant:* to certify greenhouse gas credits for activities under Part 1 of the Project;

(ii) *Under the ESMAP Grant and this Loan:*

(A) to prepare feasibility studies, and provide technical inputs for procurement packages, for RE Subprojects under Part 1 of the Project; and

(B) to build the capacity of Project beneficiaries on the operations and maintenance (“O&M”) of Project investments under Part 1 of the Project; and

(iii) *Under this Loan:*

(A) to carry out early Subproject development activities under Part 1 of the Project, including marketing and outreach (but excluding related activities financed under Part 3(a)(ii) of the Project);

(B) to carry out day-to-day Project management activities, including contract management, supervision of installation and works, financial management, compliance with environmental and social framework requirements, Project monitoring and evaluation, and communications (but excluding related activities financed under Part 3(a)(ii) of the Project); and

(C) to provide training, capacity building, and knowledge sharing for MoEUCC’s Project Implementation Unit (“MoEUCC PIU”) staff and for contractors, building administrators, women in the renewable energy field, and other relevant project stakeholders (but excluding related activities financed under Part 3(a)(ii) of the Project).

(b) ***Technical assistance and Project implementation support for ILBANK.***

Support of ILBANK:

(i) *Under the ESMAP Grant:*

- (A) to install an online Supervisory Control and Data Acquisition (SCADA) database for Municipal Subproject monitoring; and
- (B) to support pursuing certification of greenhouse gas credits for Project activities, including, *inter alia*, developing documentation required to register the Project, and developing a measurement, reporting and verification framework;

(ii) *Under the ESMAP Grant and the Loan:* to extend support to Municipal Sub-borrowers, through consulting services, for activities including (A) the selection of project management consultant(s) to support Municipal Sub-borrowers in carrying out procurement activities for Municipal Subprojects under Part 2 of the Project, and (B) the hiring of said project management consultant(s); and

(iii) *Under the Loan:*

- (A) to support early Municipal Subproject development, including marketing and outreach, and preparation and/or technical review of feasibility studies;
- (B) to carry out the management of ILBANK's Respective Parts of the Project, through consulting services, including hiring of project management consultant(s) to support Municipal Sub-borrowers, and consultants to support financial management, environmental and social framework compliance requirements, project monitoring and evaluation, and communications (but excluding related activities financed under Part 3(b)(ii) of the Project); and
- (C) to provide training, capacity building, and knowledge sharing for Project Management Unit staff and for contractors, building administrators, Project Municipalities and Project Enterprises and other relevant Project stakeholders.

Part 4. Contingent Emergency Response Component

- (a) Provision, through MoEUCC, of immediate response to an Eligible Crisis or Emergency, as needed.
- (b) Provision, through ILBANK, of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower, through MoEUCC, shall, throughout Project implementation and to the satisfaction of the Bank, be responsible for the overall management of the Borrower's Respective Parts of the Project; said responsibility shall include:
 - (a) overseeing the overall implementation and management of the Borrower's Respective Parts of the Project, including ensuring close coordination with all relevant agencies in the preparation and implementation of the technical aspects of the related Project activities, as detailed in the Project Operations Manual ("POM");
 - (b) ensuring the proper application of the requirements, criteria, policies, procedures, and organizational arrangements of the Borrower's Respective Parts of the Project, as set forth in this Agreement and detailed in the POM; and
 - (c) preparing, and furnishing to the Bank, as may be relevant, all implementation documents, including supervision reports, for the Borrower's Respective Parts of the Project.
2. The Borrower, through MoEUCC, shall maintain throughout Project implementation the MoEUCC PIU, under its General Directorate of Construction Affairs, with terms of reference, qualified staffing, authority and budgetary resources necessary and appropriate to, in the Bank's opinion, effectively carry out the Borrower's Respective Parts of the Project to the satisfaction of the Bank.
3. By no later than ninety (90) days following the Effective Date, the Borrower shall have executed and delivered the ESMAP Grant Agreement and have fulfilled all conditions precedent to the effectiveness of, or to the right of the Borrower to make withdrawals under, said ESMAP Grant Agreement.
4. In furtherance of Section I.A.2 above, no later than ninety (90) days following the Effective Date, the Borrower, through MoEUCC, shall hire or assign the following, as part of the MoEUCC PIU, to support Project implementation: one (1) procurement specialist; one (1) financial management specialist; one (1) electrical engineer; one (1) environmental engineer; one (1) occupational health and safety specialist; and one (1) social specialist.

5. In carrying out Part 1 of the Project, the Borrower, through MoEUCC, shall, unless otherwise agreed to in writing by the Bank and thereafter incorporated in the POM, include in the subcontractor terms of reference a one-year O&M period to: (a) monitor the production and correct any deviations in the facilities; (b) provide capacity building to the beneficiary entities that will take over operations and maintenance responsibilities after the initial one-year period; and (c) carry out power generation verification and evaluation to verify the effectiveness and sustainability of the investments.
6. The Borrower, through MoEUCC, shall appoint representatives to, and maintain its regular participation in, the Consultative Group for Distributed Renewal Energy, which will serve to exchange lessons learned from the implementation of distributed renewable energy projects that receive government and World Bank support.
7. In carrying out the Borrower's Respective Parts of the Project, the Borrower, through MoEUCC, shall ensure that: (a) all expenditures financed under this Agreement are directly incurred on account of the implementation, management, and monitoring of the Borrower's Respective Parts of the Project; and (b) in the event that the goods, consulting services, non-consulting services, Training, or Operating Costs are shared with other projects or events, such expenditures are properly prorated to the respective budgets of the relevant projects and/or events.

B. Project Operations Manual.

1. The Borrower, through MoEUCC, shall maintain throughout Project implementation, a POM, which shall consist of different schedules setting forth rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Borrower's Respective Parts of the Project, all in substance and manner acceptable to the Bank; said POM shall include, *inter alia*, provisions on the following:
 - (a) the parties responsible for carrying out the Borrower's Respective Parts of the Project;
 - (b) the coordination arrangements between the relevant parties for the day-to-day execution of the Borrower's Respective Parts of the Project;
 - (c) the detailed description of all activities under the Borrower's Respective Parts of the Project supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
 - (d) for RE Subprojects under Part 1 of the Project, *inter alia*:

- (i) the terms of reference for RE Subproject feasibility studies; and
 - (ii) the evaluation, prioritization and selection of proposed RE Subprojects, including the detailed qualification and selection criteria;
- (e) the detailed policies and procedures regarding for the implementation of the Borrower's Respective Parts of the Project, including specifically:
- (i) the environmental and social obligations, Environmental and Social Instruments, and the arrangements for the functioning of the grievance redress mechanism(s), and gender and citizen engagement, for the Borrower's Respective Parts of the Project, consistent with the provisions of Section I.E of this Schedule 2 and the Environmental and Social Commitment Plan;
 - (ii) the financial management arrangements, requirements and detailed procedures consistent with the provisions of Section 5.09 of the General Conditions, including the functions, staffing, job descriptions (with special emphasis on the segregation of duties), workflows, internal controls and all financial management arrangements for the Borrower's Respective Parts of the Project;
 - (iii) the guidelines and procedures for procurement consistent with the provisions of the Procurement Regulations;
 - (iv) the requirements of the Anti-Corruption Guidelines; and
 - (v) the requirements and procedures for Project monitoring, evaluation, reporting, and communications, including specifically, the frequency and content of environmental and social monitoring reports.
2. The Borrower, through MoEUCC, shall carry out the Borrower's Respective Parts of the Project, and cause the said Parts of the Project to be carried out, in accordance with the arrangements, procedures and guidelines set forth in the POM, provided, however, that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The POM, and any provision thereof, shall not be assigned, amended, abrogated or waived, nor shall be permitted to be assigned, amended, abrogated or waived, without the prior written consent of the Bank; the POM may only be amended in consultation with, and after the approval of, the Bank.

C. RE Subproject Eligibility and Requirements under Part 1 of the Project.

1. Eligibility and Selection. In carrying out Part 1 of the Project, the Borrower shall, through MoEUCC, ensure that, unless otherwise agreed to by the Bank in writing and thereafter incorporated into the POM, each Subproject is appraised, selected and prioritized in accordance with standards, criteria and procedures acceptable to the Bank, as specified in this Agreement and detailed in the POM; such requirements shall include, inter *alia*, the following:
 - (a) the property for the proposed RE Subproject is owned by, or has been legally assigned to, the central government;
 - (b) on the basis of the building administrator's confirmation, the RE Subproject facility (property) is not planned for relocation, closure, demolition or privatization;
 - (c) the property is not located in an area exposed to high flood risk, as determined based on the assessment criteria set forth in the POM;
 - (d) the proposed renewable energy investments are qualified for unlicensed electricity production pursuant to the *Unlicensed Electricity in the Electricity Market Production Regulation*;
 - (e) the renewable energy technology proposed for the RE Subproject is either solar PV, solar water heating, wind, or battery storage in combination with renewable energy;
 - (f) the feasibility study carried out by the Borrower, through MoEUCC, evidences the financial viability of the investment, with a maximum simple payback period of fifteen (15) years;
 - (g) for rooftop solar PV RE Subprojects:
 - (i) the facility is considered structurally and seismically safe, based on the official assessment of a civil engineer (registered with the Turkish Chamber of Civil Engineers) as structurally and seismically safe in accordance with Turkish Building Earthquake Code; and
 - (ii) the facility has adequate energy performance, based on a Class C energy performance certificate or higher, obtained within the ten (10) years immediately prior to the date MoEUCC received the RE Subproject application or request from the beneficiary; and

- (h) proposed RE Subproject investments shall: (1) be aligned with the Project objective, as set forth in Schedule 1 of this Agreement; (2) be technically feasible; (3) be financially viable; (4) be demand driven; (5) demonstrate substantial readiness for implementation; and (6) be in compliance with, and can be designed and implemented in a manner in compliance with (A) the Bank's fiduciary requirements (including financial and procurement), (B) the Bank's Environmental and Social Standards, Section I.E of this Schedule, the Environmental and Social Commitment Plan, and the Environmental and Social Instruments (as such instruments, in the judgment of the Bank, may need to be amended to appropriately address the environmental and social considerations relevant to the proposed investments), and (C) all other relevant terms of this Agreement, including the exclusion of Excluded Activities as defined in this Agreement and as may be further elaborated in the POM.
2. Prioritization. Technical and/or financial prioritization criteria set forth in the POM shall be applied in the selection of RE Subprojects in the event that the demand for financing of RE Subprojects exceeds available financing under the Project.
3. Approval Procedures.
- (a) The Borrower, through MoEUCC, shall appraise and select RE Subproject investments with appropriate consideration of the feasibility studies carried out by MoEUCC, taking into account the: (i) technical assessment; (ii) financial analysis; (iii) institutional capacity and implementation arrangements; (iv) financial management assessment; (v) procurement assessment; (vi) social and environmental assessment; (vii) risk assessment; and (viii) readiness for implementation.
 - (b) Without prejudice to the review requirements set forth, respectively, in the ESCP and the Procurement Regulations, the Borrower, through MoEUCC, shall furnish to the Bank for review and prior approval the first two (2) subprojects, in each of the following categories: (i) rooftop solar; (ii) ground-mounted solar; (iii) canopy solar PV on parking lots; (iv) solar water heating; (v) wind; and (vi) battery storage in combination with renewable energy; such submissions shall include the proposed RE Subproject's feasibility study, the MoEUCC's assessment of the said subproject's eligibility, as such requirements shall be detailed in the POM. Said Bank review and approval shall occur prior to the execution of the respective RE Subprojects.
 - (c) All RE Subprojects may be subject to ex-post review by the Bank to verify compliance with the requirements set forth in this Agreement and detailed in the POM.

D. Contingent Emergency Response Component.

1. To ensure the proper implementation of contingent emergency response activities under Part 4(a) of the Project (“Contingent Emergency Response Component” or “CERC”), the Borrower, through MoEUCC, shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted by in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Component, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Component; (ii) specific activities that may be included in the Contingent Emergency Response Component, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Component; (iv) procurement methods and procedures for the Contingent Emergency Response Component; (v) documentation required for withdrawals of Loan amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Component; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
 - (c) the Emergency Response Component is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual nor the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Borrower, through MoEUCC, shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Component, with adequate staff and resources satisfactory to Bank.
3. The Borrower, through MoEUCC, shall ensure that:
 - (a) the Environmental and Social Instruments required for the Contingent Emergency Response Component are prepared, disclosed and adopted in

accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and

(b) the Contingent Emergency Response Component is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.

4. Activities under the Contingency Emergency Response Component shall be undertaken only after an Eligible Crisis or Emergency has occurred.

E. Environmental and Social Standards.

1. The Borrower, through MoEUCC, shall ensure that the Borrower's Respective Parts of the Project are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

2. Without limitation upon paragraph 1 above, the Borrower, through MoEUCC, shall ensure that the Borrower's Respective Parts of the Project are implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower, through MoEUCC, shall ensure that:

(a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

(b) sufficient funds are available to cover the costs of implementing the ESCP;

(c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

(d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Borrower, through MoEUCC, shall ensure that:

(a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the

environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Borrower's Respective Parts of the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers (including, (i) explosions, spills, and any workplace accidents that result in death, serious or multiple injury, or pollution, (ii) any issues or grievances arising from the surveillance and/or monitoring activities under the Borrower's Respective Parts of the Project, (iii) any violent labor unrest or dispute between the Borrower or security forces (assigned to protect the Borrower's Respective Parts of the Project) and local communities, (iv) any case of sexual exploitation and abuse, sexual harassment and violence against minors, or (v) incidents in or related to any waterways as defined and applicable under World Bank Operational Policy 7.50 or disputed areas, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards).

- 5. The Borrower, through MoEUCC, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 6. The Borrower, through MoEUCC, shall ensure that all bidding documents and contracts for civil works under the Borrower's Respective Parts of the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

F. Annual Work Plan and Budget

- 1. The Borrower, through MoEUCC, shall:
 - (a) prepare and furnish to the Bank not later than December 30th of each year during the implementation of the Borrower's Respective Parts of the Project, a proposed Annual Work Plan and Budget containing: (i) all

activities to be carried out under the Borrower's Respective Parts of the Project during the following year; and (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing;

- (b) afford the Bank a reasonable opportunity to exchange views on each such proposed Annual Work Plan and Budget, and shall thereafter ensure that the Borrower's Respective Parts of the Project are implemented with due diligence during said following year, in accordance with such Annual Work Plan and Budget as shall have been approved by the Bank; and
- (c) not make or allow to be made any change to the approved Annual Work Plan and Budget without the Bank's prior written approval.

Section II. Project Monitoring, Reporting and Evaluation

The Borrower, through MoEUCC, shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services for Part 1 of the Project	246,358,000	100%
(2) Consulting services for Part 3(a)(ii) of the Project	728,000	0% until Category 2 under the ESMAP Grant is fully withdrawn; and 100% thereafter
(3) Goods, non-consulting services, consulting services, Training, and Operating Costs for Part 3(a)(iii) of the Project	2,914,000	100%
(4) Emergency Expenditures under Part 4(a) of the Project	0	100%
TOTAL AMOUNT	250,000,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for:
 - (b) payments made prior to the Signature Date; and
 - (c) for Emergency Expenditures under Category (4), unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (4); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
 - (ii) the Borrower, through MoEUCC, has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.
2. The Closing Date is December 31, 2028.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15 Beginning October 15, 2028 through April 15, 2033	9.09%
On October 15, 2033	9.10%

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the annual work plan and budget referred to in Section I.F of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.
3. “Borrower’s Respective Parts of the Project” or “its Respective Parts of the Project” means Parts 1, 3(a), and 4(a) of the Project.
4. “Category” means a category set forth in the table in Schedule 2, Section III.A, to this Agreement.
5. “Central Government Facilities” means the public facilities owned by the Borrower’s central government, including central government affiliated facilities, such as education facilities, dormitories, and hospitals, but excluding such facilities related to defense, law enforcement and security, as indicated in the Excluded Activities list defined in this Appendix to the Agreement.
6. “CERC Manual” means the manual referred to in Schedule 2, Section I.D.1(a), to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which will be an integral part of the Project Operations Manual.
7. “Consultative Group for Distributed Renewal Energy” means the group referred to in Schedule 2, Section I.A.6, the terms of reference for which shall be set forth in the POM.
8. “Contingent Emergency Response Component” or “CERC” means any activity or activities to be carried out under Part 4(a) of the Project to respond to an Eligible Crisis or Emergency.
9. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Republic of Türkiye, associated with a natural or man-made crisis or disaster.
10. “Emergency Action Plan” means the plan referred to in Schedule 2, Section I.D.1(b), to this Agreement, detailing the activities, budget,

implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.

11. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Schedule 2, Section I.D.1(a), to this Agreement and required for the Contingent Emergency Response Component.
12. “Energy Sector Management Assistance Program” means ESMAP as defined in this Appendix to the Agreement.
13. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Borrower’s Respective Parts of the Project, dated May 16, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower, through MoEUCC, shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Borrower’s Respective Parts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
14. “Environmental and Social Instruments” means, collectively, the environmental and social instruments of the Borrower, through MoEUCC, for the Borrower’s Respective Parts of the Project, as specified in the Environmental and Social Commitment Plan.
15. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African 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”; said ESSs which became effective on October 1, 2018, as published by the Bank.

16. “ESMAP” means the Energy Sector Management Assistance Program, a partnership between the World Bank and 24 partners that help low and middle-income countries reduce poverty and boost growth through sustainable energy solutions.
17. “ESMAP Grant” means the grant amount referred to in the preamble of this Agreement or such final grant amount reflected in the ESMAP Grant Agreement formally executed by the Republic of Türkiye and the Bank, as administrator of the ESMAP grant funds.
18. “ESMAP Grant Agreement” means the grant agreement referred to in the preamble of this Agreement, and as such agreement may be amended from time to time; “ESMAP Grant Agreement” includes the Standard Conditions referenced therein and all appendices, schedules and agreements supplemental to the ESMAP Grant Agreement.
19. “Excluded Activities” means, collectively:
 - (a) any of the activities listed, or activities that produce and/or use materials listed, in the World Bank Group/International Finance Corporation Exclusion List (see https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist), and such other activities and/or materials listed in the POM and which are classified and referred to as part of the negative list in said manual;
 - (b) an investment that is classified as a substantial or high risk, in respect to potential environmental and social impacts, in accordance with the provisions of the POM and the Environment and Social Management Framework;
 - (c) an investment: that involves large-scale physical and economic displacement as described in Land Acquisition, Restrictions on Land Use, or Involuntary Resettlement (as defined under ESS 5); that adversely impacts sensitive habitats and species as described in Biodiversity Conservation and Sustainable Management of Living Natural Resources (as defined under ESS 6); that adversely impacts Cultural Heritage (as defined under ESS 8); or that involves child or forced labor;
 - (d) an investment that involves private buildings with public agency tenants, and facilities used for, or are intended to be used for, law enforcement, security or defense related purposes, and specifically police, prison, and military facilities, including dormitories used by the personnel providing these functions; and
 - (e) an investment that involves any other exclusions agreed to by the Bank and the Borrower as set forth in the POM.

20. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
21. “General Directorate of Construction Affairs” means the general directorate of the same name, under the Borrower’s Ministry of Environment, Urbanization and Climate Change, or its legal successor or successors thereto acceptable to the Bank.
22. “ILBANK’s Respective Parts of the Project” or “its Respective Parts of the Project” means Part 2, Part 3(b), and Part 4(b) of the Project.
23. “*İller Bankası Anonim Şirketi*” or “ILBANK” means the development and investment bank of the same name of the Republic of Türkiye that has the status of a joint stock company and functions under Law No. 6107, published in the Republic of Türkiye’s Official Gazette on February 8, 2011, or any legal successor or successors thereto acceptable to the Bank.
24. “Ministry of Environment, Urbanization and Climate Change” or “MoEUCC” means the Borrower’s ministry of the same name or any legal successor or successors thereto.
25. “MoEUCC’s Project Implementation Unit” or “MoEUCC PIU” means the project implementation unit under MoEUCC for the implementation of Parts 1, 3(a) and 4(a) of the Project, as described in Schedule 2, Section I.A.2 and 4, to this Agreement.
26. “Municipal Sub-borrower” means a Project Municipality or Project Enterprise that receives a Municipal Sub-loan or Sub-loans; “Municipal Sub-borrowers” means, collectively, all such sub-borrowers.
27. “Municipal Sub-loan” means a sub-loan provided by ILBANK to a Municipal Sub-borrower for the financing of Municipal Subproject activities under Part 2 of the Project; “Municipal Sub-loans” means, collectively, all such sub-loans.
28. “Municipal Subproject” means a subproject for activities under Part 2 of the Project; “Municipal Subprojects” means, collectively, all such subprojects.
29. “O&M” means operations and maintenance.

30. “Operating Costs” means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Borrower’s Respective Parts of the Project by the Borrower, through MoEUCC; such costs may include, as relevant, and as the Bank may agree, for the following:
- (a) office supplies;
 - (b) office rental;
 - (c) vehicle rental;
 - (d) office and equipment maintenance and repair;
 - (e) communications;
 - (f) translation and interpretation (not covered under Training);
 - (g) travel and Project supervision;
 - (h) publication fees;
 - (i) ownership of intellectual property rights; and
 - (j) other miscellaneous expenses directly associated with the Project and agreed between the Bank and the Borrower, through MoEUCC.
31. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
32. “Project Enterprise” means a public business concern, including public utilities and public transport companies, that (a) is affiliated with a municipality in the territory of the Republic of Türkiye, (b) satisfies the eligibility criteria approved by the Bank, as set forth in this Agreement and as may be further detailed in the POM and agreed to by the Bank, and (c) is participating under this Project; “Project Enterprises” means, collectively, all such public enterprises.
33. “Project Management Unit” means ILBANK’s Project management unit referred to in Part 3(b)(iii)(C) of the Project and any legal successor thereto.
34. “Project Municipality” means a municipality in the territory of the Republic of Türkiye that is participating under this Project; “Project Municipalities” means collectively all such municipalities.
35. “Project Operations Manual” or “POM” means the Project Operations Manual referred to in Schedule 2, Section I.B, to this Agreement, as the said manual may be amended from time to time, with the prior written approval of the Bank, and such term includes any schedules to the POM.
36. “PV” means photovoltaic.
37. “RE Subproject” means a renewable energy subproject under Part 1 and Part 2 of the Project; “RE Subprojects” means, collectively, all such subprojects.

38. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
39. “Supervisory Control and Data Acquisition” or “SCADA” means a computer-based system for gathering and analyzing real-time data to monitor and control equipment that deals with critical and time-sensitive materials or event.
40. “Training” means the reasonable expenditures directly incurred on account of Project-related capacity building activities, including study tours, training courses, seminars, and workshops; such eligible expenditures (excluding goods, consulting services and non-consulting services in the Procurement Plan) include travel, accommodation and *per diem* costs associated with training, workshop and study tour participants and trainers, space and equipment rental, and other training related miscellaneous costs, all based on an Annual Work Plan and Budget agreed with the Bank.
41. “Turkish Building Earthquake Code” means the Republic of Türkiye’s code of the same name entered into force on January 1, 2019, published in the Official Gazette No. 30364, dated March 18, 2018.
42. “Unlicensed Electricity in the Electricity Market Production Regulation” means Türkiye’s Regulation No. 30772, published in the Official Gazette, dated May 12, 2019, as amended.
43. “Unlicensed Renewable Energy Regulation Scheme” means the scheme set forth in Türkiye’s *Unlicensed Electricity in the Electricity Market Production Regulation* that provides the list of electricity generation options, including distributed solar photovoltaic (PV), both rooftop and ground-mounted, for which a license to operate would not be required if used mainly for self-consumption pursuant the regulatory framework for unlicensed generation.