
LOAN NUMBER 9444-TR

Loan Agreement

(Climate and Disaster Resilient Cities Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

ILLER BANKASI ANONIM SIRKETI

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and ILLER BANKASI ANONIM SIRKETI (“Borrower”).

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 one hundred sixty-nine million five hundred thousand Euros (EUR 169,500,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project 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 February 15 and August 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 declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out Parts 3 and 4.B 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 Conditions of Effectiveness consist of the following:
- (a) The Borrower shall have established the Project Management Unit, with terms of reference and qualified staffing, satisfactory to the Bank, including specifically: (i) one environmental specialist; (ii) one social specialist; and (iii) one occupational health and safety specialist.
 - (b) The Borrower shall have prepared and adopted the Project Operations Manual, in form and substance satisfactory to the Bank.
 - (c) The Borrower shall have adopted and disclosed a final Environmental and Social Management Framework for the Project, in form and substance satisfactory to the Bank.
 - (d) The Borrower shall have established and operationalized a grievance mechanism for the Project, in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower’s Representative is its Director General.
- 5.02. For purposes of Section 10.01 of the General Conditions:
- (a) the Borrower’s address is:

Iller Bankasi Anonim Sirketi
Emniyet Mahallesi
Hipodrom Caddesi No: 9/21
06330 Yenimahalle
Ankara
Republic of Türkiye; and

(b) the Borrower's Electronic Address is:

Facsimile:

(90) (312) 508-7949.

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:

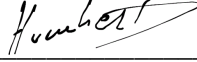
248423(MCI) or
64145(MCI).

1-202-477-6391.

AGREED as of the Signature Date.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

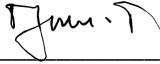
Name: J. Humberto Lopez

Title: Country Director

Date: 21-Mar-2024

ILLER BANKASI ANONIM SIRKETI

By



Authorized Representative

Name: Recep Türk

Title: Director General

Date: 21-Mar-2024

By



Authorized Representative

Name: M. Ferit Yüksel

Title: Acting Deputy Director General

Date: 21-Mar-2024

SCHEDULE 1

Project Description

The objectives of the Project are to increase access to seismic and climate resilient housing, municipal infrastructure and services in Project Provinces in Türkiye, and to respond promptly and effectively in the event of an Eligible Crisis or Emergency.

The Project consists of the following parts:

Part 1. Institutional strengthening to enable conditions for urban resilience

Provision of goods, consulting services, non-consulting services, and Training to Urban Transformation Presidency (“UTP”) and local authorities in Project Provinces and other provinces, vulnerable to disaster risks, to strengthen their capacity to develop, implement, and monitor green and resilient urban transformation programs, including, *inter alia*:

- A.** Preparation of municipal urban transformation strategies for municipalities vulnerable to climate and disaster hazards, jointly with local authorities (including city-wide climate and disaster risk assessments to inform spatial plans and investment prioritization, definition of financing modalities, implementation plans, and citizen engagement strategies for green and resilient urban transformation);
- B.** Improvement of systems and procedures for managing, monitoring, and evaluating urban transformation programs with the involvement of relevant stakeholders at national and local levels (including spatial hazard and climate risk datasets);
- C.** Preparation and execution of targeted capacity building programs (including training, knowledge exchange, and study tours) for UTP and local authorities on relevant topics (including conducting disaster and climate risk assessments, enhancing building code enforcement, integrating energy efficiency measures into resilient housing design, and using green and nature-based solutions to mitigate climate and disaster risks in the urban environment); and
- D.** Strengthening of the capacity of UTP to provide technical support to owners interested in applying for the resilient housing sub-loans under Part 2 of the Project (“Resilient Housing Sub-loans”), particularly on technical and legal matters, and on carrying out technical verifications and inspections for housing reconstructions and retrofits.

Part 2. Expanding access to resilient housing

Provision of support to UTP to provide Resilient Housing Sub-loans to eligible owners (“Resilient Housing Sub-borrowers”) in Project Provinces to finance civil works required for seismic resistant and climate-resilient retrofitting and in-situ reconstruction (which may include demolition) of the Resilient Housing Sub-borrowers’ housing or commercial units in risky residential or mixed-use buildings (“Resilient Housing Subprojects”) to meet Turkish Building Earthquake Code requirements and energy efficiency standards acceptable to the Bank.

Part 3. Investments in climate and disaster resilient municipal infrastructure

- A. Establishment and operation of a credit facility for ILBANK to provide sub-loans (“Municipal Sub-loans”) to eligible Project Metropolitan Municipalities and/or their affiliated utilities (collectively, “Municipal Sub-borrowers”) to finance goods, civil works, consulting services and non-consulting services in support of subprojects (“Municipal Subprojects”) for the following activities: demand-driven, resilient and green municipal infrastructure investments in Project Provinces, including, *inter alia*, the construction or rehabilitation of (1) stormwater, drainage, and flood management systems, (2) water and wastewater systems and treatment plants, and (3) urban transport systems.
- B. Provision of technical assistance to Municipal Sub-borrowers in areas including Municipal Subproject management and implementation support (which includes subproject design, procurement, contract management, construction supervision, environmental and social management, monitoring and evaluation, outreach and citizen engagement).

Part 4. Project Management, Monitoring, and Evaluation

- A. Provision of goods, consulting services, non-consulting services, and Operating Costs to UTP for Project management and supervision, including for the carrying out of Project procurement, financial management, environmental and social compliance, monitoring and evaluation, reporting, grievance redress mechanisms, and communication and outreach activities to ensure awareness of owners that may be eligible for Resilient Housing Sub-loans in Project Provinces; and provision of support for annual performance assessments of the resilient housing retrofitting or reconstruction mechanisms to identify adjustments and course-correction as needed.

- B.** Provision of goods, consulting services, non-consulting services, and Operating Costs to ILBANK for Project management and supervision, including for the carrying out of Project procurement, financial management, environmental and social compliance, monitoring and evaluation, reporting, grievance redress mechanisms, communications, and outreach.

Part 5. Contingent Emergency Response

Provision 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 shall, for the implementation of Parts 3 and 4.B of the Project (“Borrower’s Respective Parts of the Project”) and, in the specific context of the Borrower’s Respective Parts of the Project:
 - (a) maintain, until the completion of the Project, a Project Management Unit (“PMU”), established within its International Relations Department, to be responsible for the overall implementation, management, coordination and oversight of the Project, including the administrative, procurement, environmental and social requirements, disbursement, financial management, and monitoring and evaluation responsibilities, as specified in the Project Operations Manual, and providing implementation support to the Municipal Sub-borrowers under Part 3 of the Project, and their respective Project Implementation Units;
 - (b) ensure that the PMU functions at all times in a manner and with staffing, budgetary resources, and authority necessary and appropriate for the satisfactory implementation of the Project, all of which shall be acceptable to the Bank; and
 - (c) ensure the support of the Borrower’s other specialized and regional departments that shall serve to, *inter alia*, control and approve technical studies under the Project, evaluate the financial capacity of municipalities, review technical specifications as needed, and provide other technical and administrative support in areas including investment coordination, accounting and financial services, information technology, banking services and climate change, and to monitor subproject implementation.
2. No later than sixty (60) days of the Effective Date, in furtherance of Section I.A.1(b) of this Schedule, the Borrower shall hire or assign qualified personnel, with terms of reference acceptable to the Bank, for the following positions within the PMU: (a) one procurement specialist; (b) one urban resilience/disaster risk management expert; and (c) one monitoring and evaluation expert.
3. For the implementation of Part 3 of the Project, the Borrower shall ensure, or cause to ensure, that:

- (a) each Municipal Sub-borrower receiving a Municipal Sub-loan under this Project establishes no later than thirty (30) days following the effectiveness of the first Municipal Sub-loan Agreement to that respective Municipal Sub-borrower, and thereafter maintains throughout the period of Project implementation, a Project Implementation Unit (“PIU”) for the implementation of the relevant Municipal Subproject’s activities financed by this Project; and
- (b) the PIUs, established and maintained by the Municipal Sub-borrowers, have functions and responsibilities acceptable to the Bank for the implementation of the respective Subproject activities, including, *inter alia*, carrying out the administrative, procurement, environmental and social requirements, disbursement, financial management, and monitoring, evaluation and reporting requirements in accordance with the terms of this Agreement and further detailed in the Project Operations Manual.

B. Project Operations Manual.

- 1. The Borrower shall maintain throughout Project implementation, a Project Operations Manual (“POM”), in substance and manner acceptable to the Bank, to carry out the Borrower’s Respective Parts of the Project; said POM shall include, *inter alia*, provisions on the following:
 - (a) the parties responsible for carrying out the respective parts of the Project;
 - (b) the coordination arrangements between the relevant parties for the day-to-day execution of the Project, including specifically between the PMU and the PIUs of the Municipal Sub-borrowers under Part 3 of the Project;
 - (c) detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
 - (d) for Municipal Subprojects under Part 3 of the Project, *inter alia*:
 - (i) the process for the Municipal Subproject applications;
 - (ii) the evaluation, prioritization and selection of Municipal Subproject applications, including the detailed qualification and selection criteria; and
 - (iii) the terms and conditions, and repayment terms, for Municipal Sub-loans and Municipal Sub-loan Agreements;

- (e) the detailed policies and procedures for Project implementation, including for the selection and management of Project activities, including specifically:
 - (i) the environmental and social obligations, Environmental and Social Instruments, and arrangements, details on the function of the grievance redress mechanism(s), and gender and citizen engagement for the Project, consistent with the provisions of Section I.D 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 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 shall carry out the Project, and cause 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. Municipal Subprojects and Municipal Sub-loans under Part 3 of the Project.

- 1. Project Provinces. In carrying out Part 3 of the Project, the Borrower shall make Municipal Sub-loans to Municipal Sub-borrowers for the carrying out of Municipal Subprojects in the specific Project Provinces of Istanbul, Izmir, Kayseri, Manisa, Sakarya; the Project Provinces for Part 3 of the Project shall be limited to

said provinces unless otherwise agreed to in writing by the Bank and incorporated in the POM.

2. *Eligibility and Selection.* In carrying out Part 3 of the Project, the Borrower shall ensure that, unless otherwise agreed to by the Bank in writing and thereafter incorporated into the POM, each Municipal Sub-borrower, and each Municipal Subproject is appraised, selected, and prioritized in accordance with standards, criteria and procedures, as specified in this Agreement and further detailed in the POM.
3. Without prejudice to the generalities of paragraph 2 above, the Borrower shall ensure that, unless otherwise agreed to by the Bank in writing and thereafter incorporated into the POM, each Municipal Subproject is selected, appraised and prioritized based on eligibility criteria acceptable to the Bank, as detailed in the POM, which shall include the considerations set forth below; specifically that the proposed Municipal Subproject shall:
 - (a) contribute to climate and disaster resilience in the relevant Project Provinces based on existing risk assessment studies and/or historical disaster records;
 - (b) align with existing municipal plans and policy documents of the relevant Project Metropolitan Municipality;
 - (c) be complementary to other investments of the Municipal Sub-borrower being financed in the relevant Project Province;
 - (d) align with the Project objective, as set forth in Schedule 1 of this Agreement;
 - (e) be demand and needs driven;
 - (f) be technically feasible;
 - (g) be economically and financially viable;
 - (h) demonstrate substantial readiness; and
 - (i) comply with, and can be designed and implemented in a manner in compliance with (i) the Bank's fiduciary requirements (including financial and procurement), (ii) the Bank's Environmental and Social Standards, Section I.D 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 (iii) 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.

4. Prioritization. The Borrower shall prioritize the selection of eligible Municipal Subprojects, which are identified for an individual Municipal Sub-borrower, based on the following characteristics, as may be further detailed in the POM:
 - (a) contribution to climate mitigation and/or adaptation;
 - (b) adoption of targeted approaches to strengthen resilience; and
 - (c) high degree of readiness for implementation.

5. Approval Procedures.
 - (a) The Borrower shall appraise the Subprojects, and their feasibility studies, taking into account the following: (i) technical assessment; (ii) economic and 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) The Borrower shall have assessed each proposed Municipal Sub-borrower to have minimum creditworthiness.
 - (c) The Borrower shall furnish to the Bank each Municipal Subproject proposal for review and approval, which shall occur prior to the execution of a Municipal Sub-loan Agreement and the commencement of any bidding process or civil works for the relevant Subproject; such submissions shall include the proposed Municipal Subproject's feasibility study, environment and social instruments, and procurement strategy document and procurement plan, as such requirements shall be detailed in the POM.

6. Municipal Sub-loans and Municipal Sub-loan Agreements.
 - (a) Except as the Bank shall otherwise agree, the Borrower shall provide Municipal Sub-loans to the Municipal Sub-borrowers in support of selected Municipal Subprojects on terms and conditions acceptable to the Bank, as detailed in the POM, including the terms and conditions relating to the maturity, and such additional terms and conditions specified in subsection (b) below.

- (b) The Borrower shall obtain a written agreement (“Sub-loan Agreement”) with each Municipal Sub-borrower that sets forth the terms and conditions for the Municipal Sub-loan, acceptable to the Bank, and rights adequate to protect its interests and the interests of the Bank and the Guarantor, including, *inter alia*:
- (i) require the Municipal Sub-borrower concerned to carry out and operate the facilities benefiting from the Municipal Sub-loan with due diligence and efficiency, in accordance with (A) sound technical, financial, and managerial (including in respect to the maintenance of adequate records) standards, (B) applicable environmental and social impact standards consistent with the requirements set forth in this Agreement and the Environmental and Social Commitment Plan and the Borrower’s Environmental and Social Instruments, (C) the provisions of the Anti-Corruption Guidelines applicable to recipients of finance proceeds other than the Borrower, and (D) all other relevant provisions of the POM;
 - (ii) notwithstanding the generalities of subsection (i) above, require the Municipal Sub-borrower concerned to: (A) carry out the necessary feasibility studies and project design for the Municipal Subproject(s), including specifically preparing the respective Environmental and Social Assessment and all necessary Environmental and Social Instruments; (B) ensure proper construction supervision; and (C) provide necessary technical and financial information, including collection and monitoring of results data, to the Borrower on time;
 - (iii) require that all Municipal Sub-loan financing shall be used exclusively in the financing of eligible expenditures for the Municipal Subproject;
 - (iv) inspect, by itself or jointly with representatives of the Bank or the Guarantor, if the Bank and/or the Guarantor shall so request, the Municipal Sub-project sites and expenditures financed by the Municipal Sub-loan, the operation thereof, and any relevant records and documents;
 - (v) require that the Municipal Sub-borrower concerned to take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Municipal Sub-loan to the place of use or installation, any

indemnity thereunder to be made payable in a currency freely usable by the Municipal Sub-borrower concerned to replace or repair such goods;

- (vi) obtain all such information as the Bank or the Guarantor shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Municipal Sub-borrower concerned and to the benefits to be derived from the Municipal Sub-loan; and
 - (vii) suspend and terminate the right of the Municipal Sub-borrower concerned to the use of the proceeds of the Municipal Sub-loan upon failure by such Municipal Sub-borrower to perform any of its obligations under its Municipal Sub-loan Agreement.
7. The Borrower shall exercise its rights under each Municipal Sub-loan Agreement in such manner as to protect the interests of the Borrower, Guarantor and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Sub-loan or any of the provisions of a Municipal Sub-loan Agreement.
8. All Municipal Sub-loans extended under Part 3 of the Project may be subject to ex-post review by the Bank to verify compliance with the requirements set forth in this Agreement and the POM.

D. Environmental and Social Standards.

1. The Borrower shall ensure that the Project is 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 shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower 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 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 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 Parts 3 and 4.B of the Project, (iii) any violent labor unrest or dispute between the Borrower or security forces (assigned to protect the Project) and local communities, (iv) any case of sexual exploitation and abuse, sexual harassment and violence against minors, or (v) any incidents in or related to or any 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 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 shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, 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.

E. Annual Work Plan and Budget

1. The Borrower shall:

- (a) prepare and furnish to the Bank not later than December 15 of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under 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 Project is 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

1. The Borrower 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 (a) to finance Eligible Expenditures, and (b) to pay (i) the Front-end Fee, and (ii) each Interest Rate Cap or Interest Rate Collar premium, 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) Sub-loans under Part 3 of the Project	166,576,250	100%
(2) Goods, non-consulting services, consulting services, Training, and Operating Costs for Part 4.B of the Project	2,500,000	100%
(3) Front-end Fee	423,750	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	169,500,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is October 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 February 15 and August 15 Beginning February 15, 2028 through August 15, 2052	2.0%

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the annual work plan and budget referred to in Section I.E of Schedule 2 of 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 3 and 4.B of the Project.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “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.
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated August 31, 2022, 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 shall carry out or cause to be carried out to address the potential environmental and social risks and impacts 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.
7. “Environmental and Social Instruments” means, collectively, the Borrower’s environmental and social instruments for the Project, as specified in the Environmental and Social Commitment Plan.
8. “Environmental and Social Management Framework” or “ESMF” means the final document disclosed by the Borrower and the Bank that sets forth (a) the modalities for site-specific environmental and social screening and procedures for the preparation and implementation of environmental and social management plans under the Project, including the criteria (and forms) for social screening to exclude any activities that may cause physical or economic displacement, (b) the set of mitigation, monitoring, and institutional measures and procedures required in order to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, and (c) the actions needed to implement said measures, and as the same may be amended from time to time with the Bank’s prior written approval.

9. “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 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.

10. “Excluded Activities” means, collectively:
 - (a) Investments and activities inconsistent with the requirements set forth in the ESCP;
 - (b) Investments and activities for facilities with a commercial character, including private, commercial and entertainment facilities, as further detailed in the POM;
 - (c) Investments and activities for buildings that have a cultural heritage designation;
 - (d) Investments and activities for public buildings related to defense, judiciary, law enforcement, security, correctional facilities, and other related areas as detailed in the POM;
 - (e) Investments and activities that would impact natural habitats (ESS6), biodiversity conservation and sustainable management of living natural resources;
 - (f) 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;

- (g) Investments or activities classified as a high risk in respect to potential environmental and social impacts, in accordance with the provisions of the POM;
 - (h) Investments or activities that involve child or forced labor;
 - (i) Investments or activities that involve the potential use of, or discharge into, any waterways as defined and applicable under World Bank Operational Policy 7.50 (or detailed design and engineering studies of such investment), as such waterways shall have been described more specifically in the POM;
 - (j) Investments or activities that involve the construction of a new dam or a dam under construction; and
 - (k) Investments or activities that involve any other exclusions agreed to by the Bank and the Borrower and set forth in the Environmental and Social Management Framework and the POM.
11. “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).
12. “Guarantor” means the Republic of Türkiye.
13. “İller Bankası Anonim Şirketi” or “İLBANK” 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.
14. “International Relations Department” means the department of the same name of the Borrower, or any legal successor of such department thereto.
15. “Ministry of Environment, Urbanization, and Climate Change” or “MoEUCC” means the Republic of Türkiye’s ministry of the same name or any legal successor or successors thereto acceptable to the Bank.
16. “Municipal Sub-borrower” means an eligible Project Metropolitan Municipality and/or its affiliated utility, represented by the general directorate of water and wastewater administration, also referred to as *Su ve Kanalizasyon İdaresi*, established with an autonomous budget in affiliation with a respective metropolitan municipality to carry out the water supply and sanitation for the respective Project Municipality, that receives a Municipal Sub-loan under Part 3

of the Project; “Municipal Sub-borrowers” means collectively all such sub-borrowers.

17. “Municipal Sub-loan” means a sub-loan provided to a Municipal Sub-borrower for a Municipal Subproject under Part 3 of the Project and as further described under Section I.C.6 of Schedule 2 to this Agreement; “Municipal Sub-loans” means, collectively, all such sub-loans.
18. “Municipal Sub-loan Agreement” means a sub-loan agreement provided to eligible Municipal Sub-borrowers under Part 3 of the Project and as further described under Section I.C.6 of Schedule 2 to this Agreement; “Municipal Sub-loan Agreements” means, collectively, all such sub-loan agreements.
19. “Municipal Subproject” means a subproject under Part 3 of the Project and as further described under Section I.C.1 of Schedule 2 to this Agreement; “Municipal Subprojects” means, collectively, all such subprojects.
20. “Operating Costs” means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Project by the Borrower; such costs may include, as relevant, and as the Bank may agree, for the following:
 - (a) Project audits;
 - (b) office supplies;
 - (c) office rental;
 - (d) vehicle rental;
 - (e) office and equipment maintenance and repair;
 - (f) communications;
 - (g) translation and interpretation (not covered under Training);
 - (h) travel associated with Project supervision;
 - (i) publication fees;
 - (j) ownership of intellectual property rights; and
 - (k) other miscellaneous expenses directly associated with the Project and agreed between the Bank and the Borrower, but excluding salaries of officials and employees of the Borrower.

21. “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.
22. “Project Implementation Units” or “PIUs” means, collectively, the Project implementation units of the Municipal Sub-borrowers as said PIUs are described in Section I.A.3 of Schedule 2 to this Agreement, or any legal successor or successors to such unit satisfactory to the Bank for the purposes of this Project; “Project Implementation Unit” or “PIU” means each such unit.
23. “Project Management Unit” or “PMU” means the means the Borrower’s Project management unit described in Section I.A.1 of Schedule 2 to this Agreement, or any legal successor or successors to such unit satisfactory to the Bank for the purposes of this Project.
24. “Project Metropolitan Municipalities” means the metropolitan municipalities, the main public entities providing municipal services in this administrative area, of Istanbul, Izmir, Kayseri, Manisa, and Sakarya in the territory of the Republic of Türkiye; “Project Metropolitan Municipality” means one such municipality.
25. “Project Operations Manual” or “POM” means the Project Operations Manual referred to in Schedule 2, Section I.B, of 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.
26. “Project Provinces” means, collectively, the provinces of Istanbul, Izmir, Kahramanmaras, Kayseri, Manisa, Sakarya and Tekirdag for Parts 1, 2, and 3 of the Project, and as further defined in Schedule 2, Section I.C.1, of this Agreement for the specific purpose of Part 3 of the Project.
27. “Resilient Housing Sub-loan” means a sub-loan under Part 2 of the Project of this Agreement; “Resilient Housing Sub-loans” means, collectively, all such Sub-loans.
28. “Resilient Housing Subproject” means a subproject provided under Part 2 of the Project; “Resilient Housing Subprojects” means, collectively, all such subprojects.
29. “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.
30. “Training” means reasonable expenditures (excluding costs of goods, consulting services and non-consulting services) incurred for Project-related capacity building activities, including study tours, training courses, seminars, workshops and other training activities such costs 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 and covered under the Procurement Plan.

31. “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.
32. “Urban Transformation Presidency” or “UTP” means the Borrower’s public legal entity of the same name, established pursuant to Presidential Decree No. 153 (published in the Official Gazette), dated October 16, 2023, in affiliation with MoEUCC.