
LOAN NUMBER 9648-TR

Loan Agreement

(Accelerating the Market Transition for Distributed Energy Program)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş., also known as Development and Investment Bank of Türkiye (“TKYB” or “Borrower”).

WHEREAS, in furtherance of the development objective of the program set forth in Schedule 1 of this Agreement (“Program”), TKYB expects to finance the Program as described below:

- (A) TKYB has requested the following loans and grant to assist in the financing of the Program:
- (i) a loan in an amount of three hundred million Euros (EUR 300,000,000) from the Bank to assist TKYB in financing Results Area 1 and Results Area 2.A of the Program, pursuant to this Agreement (and pursuant to a guarantee agreement to be entered into between the Republic of Türkiye (“Guarantor”) and the Bank);
 - (ii) a grant in an amount of one million five hundred thousand Dollars (USD 1,500,000) (“ESMAP Grant”) from the Bank, acting as administrator of the Energy Sector Management Assistance Program (“ESMAP”), pursuant to a grant agreement to be entered into between the Bank and TKYB (“ESMAP Grant Agreement”) to assist TKYB in the financing of Results Area 2.A of the Program; and
 - (iii) a concessional loan in an amount of fifteen million Dollars (USD 15,000,000) (“CTF Loan”) from the Bank, acting as an implementing entity of the Clean Technology Fund (“CTF”), pursuant to a loan agreement between the Bank and TKYB (“CTF Loan Agreement”) to assist TKYB in financing Results Area 2.B of the Program (and pursuant to a guarantee agreement to be entered into between the Guarantor and the Bank, acting as an implementing entity of CTF); and
- (B) TKYB intends to provide an approximate amount equivalent to fifty-three million one hundred twenty-five thousand Euros (EUR 53,125,000) as counterpart funds to assist in the financing of the Program.

WHEREAS, TKYB intends to jointly collaborate with Türkiye Sınai Kalkınma Bankası, A.Ş. (“TSKB”) in the recruitment, selection, and contracting of the Independent Verification Agent for the Program and in the credit facility activities under Results Area 2.A of the Program.

NOW, THEREFORE, 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 three hundred million Euros (EUR 300,000,000) (“Loan”), to assist in financing the Program.
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Loan Account shall be deposited by the Bank into an account specified by the Borrower and acceptable to the Bank.
- 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 June 15 and December 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 — PROGRAM

- 3.01. The Borrower declares its commitment to the objective of the Program and the MPA Program. To this end, the Borrower shall carry out the Program 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:

The Program Operational Manual has been prepared and adopted 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 General Manager.

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

(a) the Borrower's address is:

Türkiye Kalkınma ve Yatırım Bankası A.Ş.
İnkılap Mahallesi
Dr. Adnan Büyükdeniz Cd. No:10 34768 Ümraniye
İstanbul
Türkiye; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
+90-216-6301815	tkybdfi@kalkinma.com.tr

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: 16-May-2024

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

By



Authorized Representative

Name: Mr. İbrahim Öztop

Title: CEO

Date: 16-May-2024

By



Authorized Representative

Name: Mrs. E. Özlem Cinemre

Title: EVP

Date: 16-May-2024

SCHEDULE 1

Program Description

The objective of the Program is to expand Türkiye's distributed solar photovoltaic market and pilot distributed battery electricity storage to increase renewable energy.

The Program constitutes a phase of the MPA Program, and consists of the following activities:

Results Area 1: Scaling-up distributed solar photovoltaic ("DSPV").

Provision of sub-loans ("DSPV Sub-loans") directly to eligible beneficiary sub-borrowers ("DSPV Sub-borrowers") to design, supply and install eligible DSPV systems ("DSPV Subprojects").

Results Area 2: Expanding the market and promoting innovation for distributed energy, including battery energy storage systems ("BESS").

- A. Establishment and operation of a credit facility by the Borrower to provide loans ("Facility Loans") to select firms ("Facility Borrowers") to on-lend sub-loans ("Facility Sub-loans") to eligible beneficiary sub-borrowers ("Facility Sub-borrowers") for DSPV Subprojects.
- B. Provision of sub-loans ("BESS Sub-loans") directly to eligible beneficiary sub-borrowers ("BESS Sub-borrowers") to design, supply, and install eligible distributed BESS ("BESS Subprojects").

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. Unless otherwise expressly agreed to by the Bank, the Borrower shall:
 - (a) maintain, throughout the Program implementation period, within the Borrower's regular administrative system, a Program team, with terms of reference, composition and resources satisfactory to the Bank for the implementation of the Program, responsible for, *inter alia*, day-to-day Program management, coordination and monitoring of the Program's progress, and composed of representatives set forth in the Program Operational Manual ("POM");
 - (b) the responsibilities referred to in (a) above shall include:
 - (i) overseeing the management and broad implementation of the Program;
 - (ii) selecting and extending: (A) DSPV Sub-loans to DSPV Sub-borrowers for DSPV Subprojects; (B) Facility Loans to Facility Borrowers; and (C) BESS Sub-loans to BESS Sub-borrowers for BESS Subprojects, all in compliance with the criteria and terms set forth in this Agreement and the POM, including the Facility Operational Manual; and
 - (iii) causing DSPV and BESS Sub-borrowers and Facility Borrowers to comply with the relevant terms of this Agreement and the POM, through the respective DSPV Sub-loan Agreement, BESS Sub-loan Agreement, Facility Loan Agreement, including adherence to all fiduciary, and environmental and social requirements of the Program.
2. The Borrower shall, throughout the implementation of the Program, comply with the applicable prudential regulations of the Republic of Türkiye.
3. No later than sixty (60) days after the Effective Date, the Borrower shall have:
 - (a) executed and delivered the CTF Loan Agreement; and
 - (b) executed and delivered the ESMAP Grant Agreement.

B. Program Action Plan

1. The Borrower shall:
 - (a) carry out the Program Action Plan, and cause the Program Action Plan to be carried out, in accordance with the schedule set out in the said Plan and in a manner satisfactory to the Bank.
 - (b) not assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, the Program Action Plan, or any provision thereof, except as the Bank and the Borrower may otherwise agree in writing; and
 - (c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines satisfactory to the Bank, the implementation of the Program Action Plan.
2. In case of any inconsistencies between the Program Action Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Program Operational Manual

1. The Borrower shall maintain a Program Operational Manual (“POM”) in form and substance satisfactory to the Bank, and thereafter ensure that the Program is maintained and carried out in accordance with the provisions set forth in the POM, including ensuring adherence by the DSPV Sub-borrowers, BESS Sub-borrowers, and Facility Borrowers (which shall include causing the respective Facility Sub-borrowers’ adherence to the POM).
2. Said POM shall set forth the institutional, administrative, financial, technical, and operational guidelines and procedures for the implementation of the Program, including, *inter alia*:
 - (a) the Program Action Plan;
 - (b) for the implementation of Results Area 1 of the Program: (i) the eligibility criteria for selecting the beneficiary DSPV Sub-borrowers; (ii) the eligibility criteria for selecting DSPV Sub-projects; (iii) the terms and conditions for the Borrower’s provision of DSPV Sub-loans to DSPV Sub-borrowers; (iv) the procedures for approving DSPV Sub-projects; and (v) the documentation requirements (including the standard DSPV Sub-loan application and DSPV Sub-loan Agreement);

- (c) for the implementation of Results Area 2.A of the Program, a Facility Operational Manual, which provides the policies and procedures for the management of the credit facility under Results Area 2.A, incorporated into the POM once concluded and adopted by TSKB and TKYB, all in form and substance satisfactory to the Bank; said Facility Operational Manual shall include: (i) the eligibility criteria for selecting Facility Borrowers; (ii) the terms and conditions for the Borrower's provision of Facility Loans to Facility Borrowers (including the eligibility criteria to be applied by Facility Borrowers for the selection of Facility Sub-borrowers and DSPV Sub-projects, and the terms and conditions of the Facility Sub-loans to Facility Sub-borrowers), (iii) the documentation (including standard Facility Loan and Facility Sub-loan Agreements) required for the said Facility; (iv) the terms of reference and minimum requirements for the awareness and outreach workshops to be provided to potential Facility Borrowers to increase firms' awareness of the credit facility for DSPV Subprojects under Results Area 2.A ("Awareness and Outreach"), and (v) the terms of reference and minimum requirements for the training to be provided to potential and selected Facility Borrowers to build their capacity to participate in the said facility activities ("Facility Training Curriculum");
- (d) for the implementation of Results Area 2.B of the Program: (i) the eligibility criteria for selecting beneficiary BESS Sub-borrowers; (ii) the eligibility criteria for selecting BESS Sub-projects; (iii) the terms and conditions for the Borrower's provision of BESS Sub-loans to BESS Sub-borrowers; and (iv) the procedures for approving BESS Sub-projects; and (v) the documentation requirements (including the standard BESS Sub-loan application and BESS Sub-loan Agreement);
- (e) the Program fiduciary, procurement, environmental and social systems;
- (f) the Verification Protocol agreed with the Bank for evaluating the achievement of the DLIs and their respective DLRs;
- (g) the terms of reference and required qualifications for the Independent Verification Agent;
- (h) the requirements and standards specified in this Agreement to prevent the use or engagement of forced labor in any Program activities, and in particular, in carrying out any solar investments under the Program (including declaration form templates); and

- (i) the protocols to ensure compliance with the Anti-Corruption Guidelines, including application of the Anti-Corruption Guidelines to and compliance by DSPV Sub-borrowers, BESS Sub-borrowers, Facility Borrowers, and Facility Sub-borrowers; said protocols shall include operational arrangements to handle allegations, information, and investigations related to fraud and corruption.
- 3. Except as the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive, or otherwise fail to enforce the POM or any provision thereof. In case of any conflict between the terms of the POM and this Agreement, the provisions of this Agreement shall prevail.

D. Selection of Eligible Investments

- 1. The Borrower shall select eligible investments for inclusion under the Program in accordance with the selection criteria, conditions and procedures set forth in the POM, as such criteria and conditions shall include, *inter alia*, the proposed activities' compliance with the environmental, safety and social management systems and requirements set forth in the ESMS, which shall be consistent with the ESSA. In supporting the achievement of one or more DLRs, such eligible investments shall be subject to further verification by the Independent Verification Agent in accordance with the process referred to in Section I.F.2 of this Schedule.
- 2. Without limitation to the generality of Section I.D.1 above:
 - (a) the Borrower shall ensure that only DSPV Subprojects connected to the grid (if at all) at 36 kV or below shall be eligible for financing under the Program;
 - (b) for the implementation of activities under Results Area 1, the Borrower shall ensure that (i) the eligibility criteria and procedures for selecting DSPV Sub-borrowers and DSPV Subprojects, and (ii) the terms and conditions for the Borrower's provision of DSPV Sub-loans to DSPV Sub-borrowers are included in the POM and followed;
 - (c) for the implementation of activities under Results Area 2.A, unless otherwise expressly agreed to by the Bank:
 - (i) by no later than the Transition Date, the Borrower shall, in coordination with TSKB, have formally established the referenced credit facility, including the preparation and adoption of a Facility Operational Manual, as described in Section I.C.2(c) of this Schedule, all to the satisfaction of the Bank;

- (ii) the Borrower shall ensure that (A) the eligibility criteria and procedures for selecting Facility Borrowers, (B) the terms and conditions for the Borrower's provision of Facility Loans to Facility Borrowers, (C) the eligibility criteria and procedures for Facility Borrowers to select Facility Sub-borrowers, and (D) the terms and conditions for the provision of Facility Sub-loans to Facility Sub-borrowers are included in the POM and Facility Operational Manual and are followed; and
- (iii) further to paragraph (ii) above, only Facility Loan Agreements signed by the Borrower and Facility Borrowers after the Transition Date shall qualify for financing under the Program;
- (d) for the implementation of activities under Results Area 2.B, the Borrower shall ensure that: (i) the eligibility criteria and procedures for selecting BESS Sub-borrowers and BESS Subprojects; and (ii) the terms and conditions for the Borrower's provision of BESS Sub-loans to BESS Sub-borrowers are included in the POM and followed; and
- (e) for the implementation of Program activities involving solar investments, the Borrower shall ensure, and shall cause (i) DSPV and BESS Sub-borrowers to ensure, and (ii) the Facility Borrowers to ensure through their respective Facility Sub-borrowers, that all solar investments under the Program include the following requirements:
 - (i) DSPV and BESS Sub-borrowers and Facility Sub-borrowers shall require their respective contractors, subcontractors, suppliers and/or manufacturers providing solar panels and/or solar panel components to provide a declaration that they have not used or engaged forced labor in their respective workforce, and are committed to not use or engage forced labor in their respective workforce when carrying out activities under the Program; and
 - (ii) said declarations shall follow the arrangements set forth in the POM.

E. DSPV Sub-loan Agreements, BESS Sub-loan Agreements, and Facility Loan Agreements

1. The Borrower shall make DSPV Sub-loans, BESS Sub-loans, and Facility Loans available to DSPV Sub-borrowers, BESS Sub-borrowers, and Facility Borrowers, respectively, under DSPV Sub-loan Agreements, BESS Sub-loan Agreements, and Facility Loan Agreements, respectively, under reasonable terms and conditions, as specified in the POM, including requiring each said Sub-borrower and Facility Borrower to:

- (a) carry out its obligations under the respective Sub-loan Agreement or Facility Loan Agreement with due diligence and efficiency, and in accordance with sound technical, economic, financial, managerial, and environmental and social standards and practices under the Program, which has been assessed as satisfactory by the Bank (including the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower and the requirements of the POM);
 - (b) provide, promptly as needed, the resources required for carrying out the respective Subproject;
 - (c) ensure that the activities supported under the respective agreement are not covered by the list of Excluded Activities;
 - (d) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the supported activities and the achievement of their objectives;
 - (e) enable the Borrower, the Bank, and/or the Guarantor to inspect the supported activities and any relevant records and documents and to conduct verifications of the reported information and data of the supported activities; and
 - (f) prepare and furnish to the Borrower, the Bank, and/or the Guarantor, all such information as the Borrower, the Bank, and/or the Guarantor, shall reasonably request relating to the foregoing.
2. The Borrower shall ensure that the DSPV Sub-borrowers, the Facility Borrowers, and the BESS Sub-borrowers shall not assign, amend, abrogate or waive any provision of the respective DSPV or BESS Sub-loan Agreement or Facility Loan Agreement or any of the provisions thereof in a manner that (in the opinion of the Bank) would materially and adversely affect, or is likely to materially and adversely affect, the implementation of the Program or the achievement of its objective.
3. The Borrower shall cause the Facility Borrowers to exercise the Facility Sub-borrowers' rights under each Facility Sub-loan Agreement in such manner as to protect the interests of the Borrower, the Bank, and the Guarantor to accomplish the purposes of the Loan.

F. Verification Arrangements

1. The Borrower shall, in coordination with TSKB, contract, not later than ninety (90) days after the Effective Date, and thereafter maintain, throughout Program implementation, a competitively selected, third-party, independent verification agent or agency with assigned verification agents that have experience and qualifications and terms of reference acceptable to the Bank (“Independent Verification Agent”) to undertake the DLR verification process referred to in paragraph 2 below.
2. The Borrower shall ensure that the Independent Verification Agent: (a) verifies the data and other evidence supporting the achievement of one or more DLRs set forth in Section IV.A.2 of this Schedule, and recommend corresponding payments to be made, as applicable, in accordance with the Verification Protocol; and (b) submits to the Borrower the corresponding verification reports in a timely manner and in form and substance satisfactory to the Bank.

Section II. Excluded Activities

- A. The Borrower shall ensure that the Program excludes any activities that:
1. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people, including the Excluded Activities defined in this Agreement; or
 2. involve the procurement of: (a) works, estimated to cost one hundred fifteen million Dollars (USD 115,000,000) equivalent or more per contract; (b) goods, estimated to cost seventy-five million Dollars (USD 75,000,000) equivalent or more per contract; (c) non-consulting services, estimated to cost seventy-five million Dollars (USD 75,000,000) equivalent or more per contract; or (d) consulting services, estimated to cost thirty million Dollars (USD 30,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

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

Section IV. Withdrawal of Loan Proceeds

A. General

1. 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 (a) finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Borrower, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”), and (b) pay the Front-end Fee, all as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Loan (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Loan to each Category:

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
Results Area 1: Scaling up DSPV		
(1) DLI #1: Commitment and disbursement of DSPV Sub-loans to DSPV Sub-borrowers		DLI #1: EUR 145,000,000 Split as set forth below
	DLR #1.1 (Scalable): DSPV Sub-loan Agreements signed between TKYB and DSPV Sub-borrowers before the Transition Date	EUR 0.27 for each EUR 1.00 of the total DSPV Sub-loan amounts committed under duly signed DSPV Sub-loan Agreements, up to EUR 72,500,000
	DLR #1.2 (Scalable): DSPV Sub-loans disbursed under the DSPV Sub-loan Agreements referenced in DLR #1.1, for which, in each case, at least the first fifty percent (50%) of the said Sub-loan has been disbursed	EUR 0.27 for each EUR 1.00 of the total Sub-loan amount for each DSPV Sub-loan that has achieved fifty percent (50%) disbursement, up to EUR 72,500,000
(2) DLI #2: Generation capacity Commissioned under DSPV Sub-projects financed by DSPV Sub-loans		DLI #2: EUR 56,250,000 Split as set forth below
	DLR #2 (Scalable): Watts peak of generation capacity Commissioned	EUR 0.17 per watt of capacity, up to EUR 56,250,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
Results Area 2: Expanding the market and promoting innovation for distributed energy		
(3) DLI #3: Increase eligible institutions' awareness of and capacity to participate in the credit facility for DSPV Subprojects under Results Area 2.A		DLI #3: EUR 10,500,000 split as set forth below
	DLR #3.1 (Scalable) Awareness and Outreach delivered (in accordance with terms of reference specified in the POM, as described in Section I.C.2(c)(iv) of this Schedule) to potential Facility Borrowers on the credit facility for DSPV Subprojects under Results Area 2.A, with a collective TSKB and TKYB target of a minimum of ten (10) potential Facility Borrowers	0
	DLR #3.2 (Scalable) Facility Training Curriculum delivered (in accordance with terms of reference specified in the POM, as described in Section I.C.2(c)(v) of this Schedule) to potential and/or selected Facility Borrowers on the credit facility for DSPV Subprojects under Results Area 2.A, with a collective TSKB and TKYB target of a minimum of four (4) such potential and/or selected Facility Borrowers	EUR 2,625,000 for each potential or selected Facility Borrower to which the Facility Training Curriculum is fully delivered documented in a results report prepared by the Borrower and/or TSKB, up to EUR 10,500,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
<p>(4) DLI #4:</p> <p>Commitment and disbursement of Facility Loans to Facility Borrowers to finance Facility Sub-loans for DSPV Sub-projects</p>		<p>DLI #4: EUR 65,000,000 Split as set forth below</p>
	<p>DLR #4.1 (Scalable): Facility Loan Agreements signed between TKYB and Facility Borrowers</p>	<p>EUR 0.30 for each EUR 1.00 of the total Facility Loan amounts committed under duly signed Facility Loan Agreements between TKYB and Facility Borrowers, up to EUR 32,500,000</p>
	<p>DLR #4.2 (Scalable): Facility Loans disbursed under Facility Loan Agreements referenced in DLR #4.1, for which, in each case, at least the first fifty percent (50%) of the said Facility Loan has been disbursed</p>	<p>EUR 0.30 for each EUR 1.00 of the total Facility Loan amount, for each Facility Loan that has achieved fifty percent (50%) disbursement, up to EUR 32,500,000</p>
<p>(5) DLI #5:</p> <p>Generation capacity Commissioned under DSPV Sub-projects financed by Facility Sub-loans</p>		<p>DLI #5: EUR 22,500,000 Split as set forth below</p>
	<p>DLR #5 (Scalable): Watts peak of generation capacity Commissioned</p>	<p>EUR 0.17 per watt of capacity, up to EUR 22,500,000</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
<p>(6) DLI #6:</p> <p>Commitment and disbursement of BESS Sub-loans to BESS Sub-borrowers for BESS Subprojects</p>		<p>DLR #6: 0</p>
	<p>DLR #6.1 (Scalable): BESS Sub-loan Agreements signed between TKYB and BESS Sub-borrowers to finance BESS Subprojects</p>	<p>0</p>
	<p>DLR #6.2 (Scalable): BESS Sub-loans disbursed under BESS Sub-loan Agreements referenced in DLR #6.1, for which, in each case, at least the first fifty percent (50%) of the said Sub-loans have been disbursed</p>	<p>0</p>
<p>(7) DLI #7:</p> <p>Battery energy storage capacity Commissioned under BESS Sub-projects financed by BESS Sub-loans</p>		<p>DLI #7: 0</p>
	<p>DLR #7 (Scalable): Watt hours of storage capacity Commissioned</p>	<p>0</p>
<p>(8) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions]</p>		<p>EUR 750,000</p>
TOTAL AMOUNT		EUR 300,000,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) on the basis of DLRs achieved prior to the Signature Date; and/or
 - (b) for any DLR under Categories (1), (2), (3), (4), (5), (6) and (7), until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLR has been achieved in accordance with the provisions of the Verification Protocol agreed with the Bank.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Borrower may withdraw: (i) an amount not to exceed seventy-five million Euros (EUR 75,000,000) as an advance; provided, however, that if the DLRs, in the opinion of the Bank, are not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance (or portion of such advance as determined by the Bank in accordance with the provisions of paragraph 3 of this Part B) to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Borrower.
3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Categories (1), (2), (3), (4), (5), (6), and (7) have not been achieved, or have not been achieved by such date as the Bank has established by notice to the Borrower, the Bank may, by notice to the Borrower: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to the Category of the corresponding DLI of said DLR, which, in the opinion of the Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in in the table of paragraph A.2 of this Section; (b) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.
4. The Closing Date is March 30, 2029.

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 June 15 and December 15 Beginning June 15, 2034 through June 15, 2048	3.33%
On December 15, 2048	3.43%

APPENDIX

Definitions

1. “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 Program-for-Results Financing,” dated February 1, 2012 and revised July 10, 2015.
2. “Awareness and Outreach” means the awareness building and outreach activities to potential Facility Borrowers specified in the POM as described in Schedule 2, Section I.C.2(c), to this Agreement.
3. “BESS” means battery energy storage systems.
4. “BESS Sub-borrower” means a party (determined eligible under the POM) that receives a BESS Sub-loan from the Borrower to finance a BESS Subproject under Results Area 2.B; “BESS Sub-borrowers” means collectively all such sub-borrowers.
5. “BESS Sub-loan” means a sub-loan extended by the Borrower to a BESS Sub-borrower to finance a BESS Subproject under Results Area 2.B; “BESS Sub-loans” means collectively all such sub-loans.
6. “BESS Sub-loan Agreement” means a sub-loan agreement between the Borrower and a BESS Sub-borrower to finance a BESS Subproject under Results Area 2.B; “BESS Sub-loan Agreements” means collectively all such sub-loan agreements.
7. “BESS Subproject” means the type of subproject described in Results Area 2.B; “BESS Subprojects” means collectively all such subprojects.
8. “Category” means a category set forth in the table in Schedule 2, Section IV.A.2, to this Agreement.
9. “Co-financier” means (a) the Clean Technology Fund for the CTF Loan, and (b) the Energy Sector Management Assistant Program for the ESMAP Grant.
10. “Co-financing” means, for purposes of paragraph 17 of the Appendix to the General Conditions, collectively comprising (a) an amount of fifteen million Dollars (USD 15,000,000) in the form of a concessional loan (“CTF Loan”) and (b) an amount of one million five hundred thousand Dollars (USD 1,500,000) in the form of a grant (“ESMAP Grant”), to be provided by the respective Co-financier to assist in financing the Program.

11. “Co-financing Agreements” means collectively the CTF Loan Agreement and the ESMAP Grant Agreement, as specified in preamble.
12. “Commercial Bank” means a legal entity registered and operating as a bank under the Guarantor’s Banking Law (Law No. 5411 published in the Official Gazette dated November 1, 2005, No. 25983, as amended) and other applicable laws and regulations of the Guarantor pertaining to banking.
13. “Commissioned” means, for a DSPV or BESS facility under, respectively, a DSPV or BESS Subproject, that said facility is complete and operational in compliance with the requirements and procedures under the *Regulation on Acceptance of Electricity Generation and Electricity Storage Facilities* with the documentation specified in the Verification Protocol.
14. “CTF” means Clean Technology Fund
15. “CTF Loan” means the concessional loan provided under the CTF Loan Agreement referred to in the preamble of this Agreement and in paragraph 11(a) of this Appendix.
16. “CTF Loan Agreement” means the loan agreement between TKYB and the World Bank, acting as an implementing entity for the CTF, for the Program, as such CTF Loan Agreement is referred to in the preamble of this Agreement, and may be amended from time to time; “CTF Loan Agreement” includes the Standard Conditions referenced therein, and all appendices, schedules, and agreements.
17. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Schedule 2, Section IV.A.2, to this Agreement; “Disbursement Linked Indicators” or “DLIs” means collectively all such disbursement linked indicators.
18. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Schedule 2, Section IV.A.2, to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of said Section IV; “Disbursement Linked Results” or “DLRs” means collectively all such disbursement linked results.
19. “Distribution Company” means a legal entity that is registered and operating as a distribution company under the Guarantor’s Electricity Market Law (Law No. 6446, published in the Official Gazette dated March 30, 2013, No. 28603) and other applicable laws and regulations of the Guarantor pertaining to electricity distribution.
20. “DSPV” means distributed solar photovoltaic.

21. “DSPV Sub-borrower” means a party (determined eligible under the POM) that receives a DSPV Sub-loan from the Borrower to finance a DSPV Subproject under Results Area 1; “DSPV Sub-borrowers” means collectively all such sub-borrowers.
22. “DSPV Sub-loan” means a sub-loan extended by the Borrower to a DSPV Sub-borrower to finance a DSPV Subproject under Results Area 1; “DSPV Sub-loans” means collectively all such sub-loans.
23. “DSPV Sub-loan Agreement” means a sub-loan agreement between the Borrower and a DSPV Sub-borrower to finance a DSPV Subproject under Results Area 1; “DSPV Sub-loan Agreements” means collectively all such sub-loan agreements.
24. “DSPV Subproject” means the type of subproject described in Results Area 1 and Results Area 2.A; “DSPV Subprojects” means collectively all such subprojects.
25. “Environmental and Social Management System” or “ESMS” means the system, acceptable to the Bank, prepared and adopted by the Borrower, setting forth, *inter alia*, measures to be taken to implement effective measures for environmental and social risk management and to enhance the Borrower’s environmental and social management systems, capacity and performance; as said ESMS may be modified from time to time with the prior written agreement of the Bank, and such term includes any schedules or annexes to the ESMS.
26. “Environmental and Social Systems Assessment” or “ESSA” means the Environmental and Social Systems Assessment, dated January 19, 2024, setting forth, *inter alia*, the description of the Program’s activities, assessing the Borrower’s environmental and social management systems, detailing the Program’s environmental and social benefits, risks and impacts, and recommending remedial measures to strengthen the Borrower’s social and environmental systems performance.
27. “ESMAP” means the Energy Sector Management Assistance Program.
28. “ESMAP Grant” means the grant provided under the ESMAP Grant Agreement and referred to in the preamble of this Agreement and in paragraph 11(b) of this Appendix.
29. “ESMAP Grant Agreement” means the grant agreement between TKYB and the Bank, acting as administrator of ESMAP, for an ESMAP Grant, as such ESMAP Grant Agreement is referred to in the preamble of this Agreement, and may be amended from time to time; “ESMAP Grant Agreement” includes the Standard Conditions referred to therein and all appendices, schedules, and agreements supplemental to the ESMAP Grant Agreement.

30. “Excluded Activities” means, collectively:
- (a) Any investment or activity that is classified as high risk, in respect to potential environmental and social impacts, in accordance with the provisions of the POM;
 - (b) 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 which shall include:
 - (i) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora;
 - (ii) Production or trade in weapons and munitions;
 - (iii) Production or trade in alcoholic beverages (excluding beer and wine);
 - (iv) Production or trade in tobacco;
 - (v) Gambling, casinos and equivalent enterprises;
 - (vi) Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded;
 - (vii) Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent; and
 - (viii) Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
 - (c) any investment or activity (i) that involves large-scale physical and economic displacement, (ii) that adversely impact sensitive habitats and species, (iii) that adversely impacts cultural heritage, or (iv) that involves child or forced labor, as such terms are defined by Bank policy and set out in the POM;

- (d) any DSPV Subproject or BESS Subproject where the power producer and/or utility or its subcontractor fails to sign a declaration on the prevention of force labor in the supply chain with terms consistent with Schedule 2, Section I.D.2(e), to this Agreement;
 - (e) any investment or activities related to, or used for, or are intended to be used for, defense, judiciary, law enforcement, security, correctional facilities, and specifically police, prison, and military facilities, including dormitories used by the personnel providing these functions, and other related areas as may be included in the POM;
 - (f) any investment or activity 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; and
 - (g) any investment or activity that involves the construction of a new dam or a dam under construction.
31. “Facility Borrower” means a select Commercial Bank, Leasing Company, Distribution Company, or other type of institution eligible under the laws of Türkiye to lend as specified in the Facility Operational Manual, that meets the eligibility criteria specified in the Facility Operational Manual for receiving a Facility Loan to on-lend to a Facility Sub-borrower; “Facility Borrowers” means collectively all such borrowers.
32. “Facility Loan” means a loan extended by the Borrower to a Facility Borrower under Results Area 2.A; “Facility Loans” means collectively all such loans.
33. “Facility Loan Agreement” means a loan agreement between the Borrower and a Facility Borrower to provide Facility Loans under Results Area 2.A; “Facility Loan Agreements” means collectively all such loan agreements.
34. “Facility Operational Manual” means the manual prepared and adopted by TKYB and TSKB to implement the credit facility under Results Area 2.A activities as described in Schedule 2, Section I.C.2(c), to this Agreement.
35. “Facility Sub-borrower” means a party (determined eligible under the requirements set forth in the POM) that receives a Facility Sub-loan from a Facility Borrower for a DSPV Subproject under Results Area 2.A; “Facility Sub-borrowers” means collectively all such sub-borrowers.

36. “Facility Sub-loan” means a sub-loan financed under a Facility Loan and extended by a Facility Borrower to a Facility Sub-borrower for a DSPV Subproject under Results Area 2.A; “Facility Sub-loans” means collectively all such sub-loans.
37. “Facility Sub-loan Agreement” means an agreement entered into between a Facility Borrower and a Facility Sub-borrower for a Facility Sub-loan; “Facility Sub-loan Agreements” means collectively all such sub-loan agreements.
38. “Facility Training Curriculum” means the training curriculum to be provided to firms and Facility Borrowers specified in the POM, as described in Schedule 2, Section I.C(2)(c)(v), to this Agreement.
39. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Program-for-Results Financing”, dated December 14, 2018 (last revised on July 15, 2023).
40. “Guarantor” means the Republic of Türkiye.
41. “Independent Verification Agent” means the competitively selected, independent consultant to be selected and appointed in accordance with the provisions of Schedule 2, Section I.F, to this Agreement by the Borrower and TSKB for the purposes of certifying the achievement of DLIs and DLRs.
42. “Leasing Company” means a legal entity that is registered and operating as a leasing company under the Guarantor’s Financial Leasing, Factoring and Financing Company Law (Law No. 6361 published in the Official Gazette dated December 13, 2012, No. 28496, as amended) and other applicable laws and regulations of the Guarantor pertaining to leasing.
43. “Ministry of Energy and Natural Resources” means the Guarantor’s ministry of the same name, or any legal successor or successors thereto acceptable to the Bank for the purposes of the Program.
44. “MPA Program” means the multiphase programmatic approach program designed to increase renewable energy capacity in participating countries of the Europe and Central Asia region.
45. “Program Action Plan” means the Borrower’s plan dated January 19, 2024, and referred to in Schedule 2, Section I.B, to this Agreement, agreed between the Borrower and the Bank, which details the gaps identified during the Borrower’s system assessment, including, *inter alia*, financial management, procurement, and environmental and social matters, attached to the POM, as said plan may be amended from time to time with the agreement of the Bank.

46. “Program Operational Manual” or “POM” means the Borrower’s manual referred to in Schedule 2, Section I.C, to this Agreement, as the same may be amended from time to time with the agreement of the Bank.
47. “Regulation on Acceptance of Electricity Generation and Electricity Storage Facilities” means the regulation of the same name published in the Official Gazette, No. 31044, dated February 19, 2020.
48. “Results Area” means the respective areas of activity described in Schedule 1 to this Agreement.
49. “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.
50. “Sub-loan” means generally a loan to be provided by the Borrower to a Sub-borrower for DSPV Subproject or a BESS Subproject.
51. “Transition Date” means the date for the Borrower’s transition from direct lending under Results Area 1 to lending through the credit facility under Results Area 2.A; said date being either (a) seven hundred thirty (730) days following the Effective Date of this Agreement, or (b) a date agreed to by the Bank and the Borrower that is earlier than the one defined in (a) of this paragraph, in each case following the Borrower’s formal establishment of the referenced credit facility, and the preparation and adoption of a Facility Operational Manual.
52. “Türkiye Kalkınma ve Yatırım Bankası A.Ş.” or “TKYB” means the development and investment bank of the Republic of Türkiye, also known as Development and Investment Bank of Türkiye, established pursuant to Law No. 7147, published in the Guarantor’s Official Gazette No. 30575, dated October 24, 2018 (Trade Registry No. 1988985), or any legal successor or successors thereto, acceptable to the Bank.
53. “Türkiye Sınai Kalkınma Bankası A.Ş.” or “TSKB” means Industrial Development Bank of Türkiye, a joint-stock company established pursuant to the statutes published in Trade Registry Gazette no. 7046 dated June 2, 1950 (Trade Registry No. 42527), or any legal successor or successors thereto acceptable to the Bank for the purposes of the Program.
54. “Verification Protocol” means the protocol agreed upon by the Bank and the Borrower to verify the data and other evidence supporting the achievement of one or more DLRs as specified in the POM. Such protocols may be modified from time to time with the agreement of the Bank.