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CTF LOAN NUMBER TF0C3913

# **Clean Technology Fund Loan Agreement**

**(Accelerating the Market Transition for Distributed Energy Program)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**acting as an implementing entity of the Clean Technology Fund**

**and**

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

**Dated** 16-May-2024

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**CTF LOAN NUMBER TF0C3913**

**CLEAN TECHNOLOGY FUND LOAN AGREEMENT**

AGREEMENT dated 16-May-2024, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund (“CTF”) 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 a Loan Agreement (“IBRD Loan 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) from the World Bank, acting as an implementing entity of the Clean Technology Fund (“CTF”), pursuant to this agreement between the World 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 World Bank hereby agree as follows:

**Article I**  
**Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) constitute an integral 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 Standard Conditions or in the Appendix to this Agreement.

**Article II**  
**Loan**

- 2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifteen million United States Dollars (USD 15,000,000) (“Loan”), to assist in financing the program described in Schedule 1 to this Agreement (“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 World Bank into an account specified by the Borrower and acceptable to the World Bank.
- 2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the CTF. In accordance with Section 3.02 of the Standard Conditions (as defined in the Appendix to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it from the CTF trust fund, and the Borrower’s right to withdraw the Loan proceeds is subject to the availability of such funds.
- 2.04. The Management Fee payable by the Borrower, pursuant to Section 4.01(a) of the Standard Conditions, shall be equal to forty-five one hundredth of one percent (0.45%) of the Loan.
- 2.05. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to one and twenty-four hundredths percent (1.24%) per annum.

- 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 the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is USD.

**Article III  
The 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 II of the Standard Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World Bank shall otherwise agree, the Borrower shall ensure that the Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article IV  
Effectiveness; Termination**

- 4.01. The Additional Condition of Effectiveness consists of the following:  

The IBRD Loan Agreement has been executed and delivered and all conditions precedent to the effectiveness of, or to the right of the Borrower to make withdrawals under, said IBRD Loan Agreement have been fulfilled.
- 4.02. The Additional Legal Matter consists of the following:  

This Agreement has been duly authorized or ratified by the Borrower and is legally binding upon the Borrower in accordance with its terms.
- 4.03. As part of the evidence to be furnished pursuant to Section 4.02, there shall be furnished to the World Bank an opinion satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing on behalf of the Borrower, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 4.04. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

**Article V**  
**Borrower's Representative; Addresses**

5.01. The Borrower's Representative referred to in Section 10.02 of the Standard Conditions is its General Manager.

5.02. The Borrower's Address referred to in Section 10.01 of the Standard Conditions is:

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

Facsimile:

E-mail:

+90-216-6301815

tkybdfi@kalkinma.com.tr.

5.03. The World Bank's Address referred to in Section 10.01 of the Standard Conditions is:

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

Telex:

Facsimile:

248423 (MCI) or  
64145 (MCI)

1-202-477-6391

*[remainder of page intentionally left blank]*

AGREED at Ankara, Republic of Türkiye, as of the day and year first above written.

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
acting as an implementing entity  
of the Clean Technology Fund**

**By**



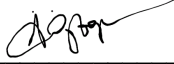
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**Authorized Representative**

**Name:** J. Humberto Lopez

**Title:** Country Director

**TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.**

**By**



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**Authorized Representative**

**Name:** Mr. İbrahim Öztıp

**Title:** CEO

**By**



\_\_\_\_\_  
**Authorized Representative**

**Name:** Mrs. E. Özlem Cinemre

**Title:** EVP

## **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 Fiduciary, Environmental and Social Systems**

1. Without limitation upon the provisions of Article II of the Standard Conditions, the Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the World Bank (“Program Fiduciary and Environmental and Social Systems”) which are designed to ensure that:
  - (a) the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
  - (b) the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

#### **B. Anti-Corruption**

Without limitation upon the provisions of Part A of this Section, the Borrower shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

#### **C. Other Program Institutional and Implementation Arrangements**

1. Program Institutions.
  - (a) Without limitation upon the generality of Part A of this Section I, unless otherwise expressly agreed to by the World Bank, the Borrower shall:
    - (i) 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 World 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”);
    - (ii) the responsibilities referred to in paragraph (i) above shall include:



- (A) overseeing the management and broad implementation of the Program;
  - (B) selecting and extending 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; and
  - (C) causing BESS Sub-borrowers to comply with the relevant terms of this Agreement and the POM, through the BESS Sub-loan Agreements, including adherence to all fiduciary, environmental and social requirements under of the Program.
- (b) The Borrower shall, throughout the implementation of the Program, comply with the applicable prudential regulations of the Guarantor.

2. Program Action Plan.

- (a) The Borrower shall:
- (i) 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 World Bank;
  - (ii) 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 World Bank and the Borrower may otherwise agree in writing; and
  - (iii) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines satisfactory to the World Bank, the implementation of the Program Action Plan.
- (b) In case of any inconsistencies between the Program Action Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. Program Operational Manual.

- (a) The Borrower shall maintain a Program Operational Manual (“POM”) in form and substance satisfactory to the World Bank, and thereafter ensure that the Program is maintained and carried out in accordance with the provisions set forth in the POM, including adherence by BESS Sub-borrowers.

- (b) Said POM shall set forth the institutional, administrative, financial, technical, and operational guidelines and procedures for the implementation of the Program, including, *inter alia*:
- (i) the Program Action Plan;
  - (ii) 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; (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);
  - (iii) the Program Fiduciary and Environmental and Social Systems;
  - (iv) the Verification Protocol agreed with the World Bank for evaluating the achievement of the DLIs and their respective DLRs;
  - (v) the terms of reference and required qualifications for the Independent Verification Agent;
  - (vi) 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 templates); and
  - (vii) the protocols to ensure compliance with the Anti-Corruption Guidelines, including application of the Anti-Corruption Guidelines to and compliance by BESS Sub-borrowers; said protocols shall include operational arrangements to handle allegations, information, and investigations related to fraud and corruption.
- (c) Except as the World 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.

4. Selection of Eligible Investments.

- (a) 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.C.6 of this Schedule.
- (b) Without limitation to the generality of Section I.C.4(a) above:
  - (i) for the implementation of activities under Results Area 2.B, the Borrower shall ensure that: (A) the eligibility criteria and procedures for selecting BESS Sub-borrowers and BESS Subprojects; and (B) 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
  - (ii) for the implementation of Program activities involving solar investments, the Borrower shall ensure, and shall cause BESS Sub-borrowers to ensure that all solar investments under the Program include the following requirements:
    - (A) BESS 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
    - (B) said declarations shall follow the arrangements set forth in the POM.

5. BESS Sub-loan Agreements.

- (a) The Borrower shall make BESS Sub-loans available to BESS Sub-borrowers under BESS Sub-loan Agreements, under reasonable terms and conditions, as specified in the POM, including requiring each said Sub-borrower to:
  - (i) carry out its obligations under the respective Sub-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 World 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);
  - (ii) provide, promptly as needed, the resources required for carrying out the respective Subproject;
  - (iii) ensure that the activities supported under the respective agreement are not covered by the list of Excluded Activities;
  - (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the supported activities and the achievement of their objectives;
  - (v) enable the Borrower, the World 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
  - (vi) prepare and furnish to the Borrower, the World Bank, and/or the Guarantor, all such information as the Borrower, the World Bank, and/or the Guarantor, shall reasonably request relating to the foregoing; and
- (b) The Borrower shall ensure that the BESS Sub-borrowers shall not assign, amend, abrogate or waive any provision of the BESS Sub-loan Agreement or any of the provisions thereof in a manner that (in the opinion of the World 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.

6. Verification Arrangements.

- (a) The Borrower shall, in coordination with TSKB, contract, 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 World Bank (“Independent Verification Agent”) to undertake the DLR verification process referred to in Section I.C.6(b) below.
- (b) The Borrower shall ensure that the Independent Verification Agent:
  - (i) 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
  - (ii) submit to the Borrower the corresponding verification reports in a timely manner and in form and substance satisfactory to the World Bank.

**Section II. Excluded Activities**

- A. The Borrower shall ensure that the Program excludes any activities that:
  - 1. in the opinion of the World 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; Audits**

**A. Program Reports; Completion Report**

- 1. The Borrower shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 2.06 of the Standard Conditions. Each Program Report shall cover the period of one calendar semester and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

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

**B. Program Financial Audits**

1. Without limitation on the generality of Section I.A of this Schedule 2 and Section 2.07 of the Standard Conditions, the Borrower shall have the Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Unless otherwise agreed with the World Bank, each such audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article III of the Standard Conditions, this Section, and such additional instructions as the World Bank may specify from time to time by notice to the Borrower to finance: (a) the Management Fee in accordance with Section 2.04 of this Agreement and Section 4.01(a) of the Standard Conditions; and (b) the results (“Disbursement Linked Results” or “DLRs”) achieved by the Borrower, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); 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:

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Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in USD)
<b>Results Area 2: Expanding the market and promoting innovation for distributed energy</b>		
(1) DLI #6: Commitment and disbursement of BESS Sub-loans to BESS Sub-borrowers for BESS Subprojects.		DLI #6: USD 10,000,00 Split as set forth below
	DLR #6.1 (Scalable): BESS Sub-loan Agreements signed between TKYB and BESS Sub-borrowers to finance BESS Subprojects	USD 0.33 for each USD 1.00 of the total Sub-loan amounts committed under duly signed Sub-loan Agreements, up to USD 5,000,000
	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	USD 0.33 for each USD 1.00 of the total Sub-loan amount for each BESS Sub-loan that has achieved fifty percent (50%) disbursement, up to USD 5,000,000
(2) DLI #7: Battery energy storage capacity Commissioned under BESS Sub-projects financed by BESS Sub-loans		DLI #7 USD 4,932,500 Split as set forth below
	DLR #7 (Scalable): Watt hours of storage capacity Commissioned	USD 0.16 per watt hour of capacity, up to USD 4,932,500
(3) Management Fee payable in accordance with Section 2.04 of this Agreement and Section 4.01(a) of the Standard Conditions		USD 67,500
<b>TOTAL AMOUNT</b>		<b>USD 15,000,000</b>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) from the Loan Account until the World Bank has received payment in full of the Management Fee; or
  - (b) for any DLRs under Categories (1) and (2) until and unless the Borrower has furnished evidence satisfactory to the World Bank that said DLRs has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Categories (1) and (2) has not been achieved, the World 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 said Categories which, in the opinion of the World Bank, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in Category (1); (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.
3. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 30, 2029.



**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Loan repayable (expressed as a percentage)</b>
On each June 15 and December 15:	
commencing June 15, 2032, to and including December 15, 2053	<b>2.27273%</b>

## APPENDIX

### Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
2. “BESS” means battery energy storage systems.
3. “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.
4. “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.
5. “BESS Subproject” means the type of subproject described in Results Area 2.B; “BESS Subprojects” means collectively all such subprojects.
6. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. “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.
8. “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.
9. “CTF Loan” means the concessional loan amount extended under this Agreement.
10. “CTF Loan Agreement” means this Loan Agreement.
11. “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.

12. “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.
13. “DSPV” means distributed solar photovoltaic.
14. “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.
15. “DSPV Sub-loan” means a sub-loan extended by the Borrower to DSPV Sub-borrowers to finance DSPV Subprojects under Results Area 1; “DSPV Sub-loans” means collectively all such sub-loans.
16. “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.
17. “DSPV Subproject” means the type of subproject described in Results Area 1 and Results Area 2.A; “DSPV Subprojects” means collectively all such subprojects.
18. “Environmental and Social Management System” or “ESMS” means the system, acceptable to the World 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 World Bank, and such term includes any schedules or annexes to the ESMS.
19. “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.
20. “ESMAP” means the Energy Sector Management Assistance Program.
21. “ESMAP Grant” means the grant provided under the ESMAP Grant Agreement and referred to in the preamble of this Agreement.

22. “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 as 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.
23. “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](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 involve large-scale physical and economic displacement, (ii) that adversely impact sensitive habitats and species, (iii) that adversely impact cultural heritage, or (iv) that involve child or forced labor, as such terms are defined by World Bank policy and set out in the POM;
  - (d) any 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.C.4(b)(ii), 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.
24. “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.
25. “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.
26. “Facility Operational Manual” means the manual prepared and adopted by TSKB and TKYB to implement the credit facility under Results Area 2.A activities.
27. “Facility Sub-borrower” means a sub-borrower that receives a Facility Sub-loan from a Facility Borrower for a DSPV Subproject under Results Area 2.A.

28. “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.
29. “IBRD Loan” means the loan provided by the IBRD referenced in the preamble of this Agreement.
30. “IBRD Loan Agreement” means the loan agreement between TKYB and the IBRD as such loan agreement is referred to in the preamble of this Agreement, and as such IBRD Loan Agreement may be amended from time to time; “IBRD Loan Agreement” includes the General Conditions referenced therein, and all appendices, schedules, and agreements.
31. “Independent Verification Agent” means the competitively selected, independent consultant to be selected/appointed in accordance with the provision of Schedule 2, Section I.C.6, to this Agreement by the Borrower and TSKB for the purposes of certifying the achievement of DLIs and DLRs.
32. “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.
33. “MPA Program” means the multiphase programmatic approach program designed to increase renewable energy capacity in participating countries of the Europe and Central Asia region.
34. “Program Action Plan” means the Borrower’s plan dated January 19, 2024, and referred to in Schedule 2, Section I.C.2, to this Agreement, agreed between the Borrower and the World 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 may be amended from time to time with the agreement of the World Bank.
35. “Program Beneficiaries” means, collectively, DSPV Sub-borrowers, Facility Sub-borrowers, and BESS Sub-borrowers.
36. “Program Fiduciary and Environmental and Social Systems” means the Borrower’s systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.
37. “Program Operational Manual” or “POM” means the Borrower’s manual referred to in Schedule 2, Section I.C.3, to this Agreement, as the same may be amended from time to time with the agreement of the World Bank.

38. “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.
39. “Results Area” means the respective areas of activity described in Schedule 1 to this Agreement.
40. “Standard Conditions” means the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds, dated February 18, 2014, with the modifications set forth in Section II of this Appendix.
41. “Sub-loan” means generally a loan to be provided by the Borrower to a Sub-borrower for DSPV Subproject or a BESS Subproject.
42. “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 World Bank.
43. “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 World Bank for the purposes of the Program.
44. “Verification Protocol” means the protocol agreed upon by the World 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 World Bank.

## **Section II. Modifications to the Standard Conditions**

The Standard Conditions are modified as follows:

1. Wherever used throughout the Standard Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “the Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; and the term “Eligible Expenditure” is modified to read “Program Expenditure”.

2. Section 3.03, *Special Commitment by the World Bank*, is deleted in its entirety, and the subsequent Sections in Article III are renumbered accordingly.
3. In Section 3.03 (originally numbered as Section 3.04), the phrase “or to request the World Bank to enter into a Special Commitment” is deleted.
4. The section originally numbered as Section 3.05, *Designated Accounts*, is deleted in its entirety, and the subsequent Sections in Article III are renumbered accordingly.
5. Paragraph (a) of Section 3.04 (originally numbered as Section 3.06), *Eligible Expenditures* (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Loan in accordance with the provisions of the Legal Agreements;”.
6. Paragraph (a) of Section 3.05 (originally numbered as Section 3.07), *Financing Taxes*, is modified to read: “(a) The Loan Agreement may specify that the proceeds of the Loan may not be withdrawn to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Program Expenditures, or on their importation, manufacture, procurement or supply. In such case, if the amount of any such Taxes decreases or increases, the World Bank may, by notice to the Borrower, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Loan specified in the Loan Agreement, as required to ensure consistency with such limitation on withdrawals.”
7. The last sentence of Section 3.05 (originally numbered as Section 3.07), *Financing Taxes*, is modified to read: “To that end, if the World Bank at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the World Bank may, by notice to the Borrower, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Loan specified in the Loan Agreement, as required to ensure consistency with such policy of the World Bank.”
8. Section 3.07 (originally numbered as Section 3.09), *Reallocation*, is modified to read: “Notwithstanding any allocation of an amount of the Loan to a withdrawal category under the Loan Agreement, the World Bank may, by notice to the Borrower, reallocate any other amount of the Loan to such category if the World Bank reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.”
9. Section 7.01, *Cancellation by the Borrower*, is modified to read: “The Borrower may, by notice to the World Bank, cancel any Unwithdrawn Loan Balance.”



10. Paragraph (d) of Section 7.03, *Cancellation by the World Bank*, titled “Misprocurement,” is deleted, and the subsequent paragraphs (e) and (f) are re-lettered accordingly.
11. Section 7.04, *Amounts Subject to Special Commitment Unaffected*, is deleted in its entirety, and subsequent Sections in Article VII and references to such Sections are renumbered accordingly.
12. In the **Appendix**, *Definitions*, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term “Special Commitment” set forth in paragraph 52 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.