
LOAN NUMBER 9556-TR

Loan Agreement

(Türkiye Climate Resilient Forests Project)

between

REPUBLIC OF TÜRKİYE

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

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

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 sixty-four million two hundred thousand Euros (EUR 364,200,000), 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 April 15 and October 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower, through its General Directorate of Forestry (“OGM”), under the Ministry of Agriculture and Forestry, declares its commitment to the objectives of

the Project. To this end, the Borrower shall carry out the Project, through OGM, 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:

The Borrower, through OGM, shall have prepared and adopted the Project Operations Manual, 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 Minister of Treasury and Finance.

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

(a) the Borrower's address is:

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

(b) the Borrower's Electronic Address is:

Facsimile:

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

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

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

REPUBLIC OF TÜRKİYE

By



Authorized Representative

Name: Mr. Kerem Dönmez _____

Title: Director General _____

Date: 31-Jul-2023 _____

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: J. Humberto Lopez _____

Title: Country Director _____

Date: 27-Jul-2023 _____

SCHEDULE 1

Project Description

The objectives of the Project are to strengthen institutional capacity for integrated fire management and to increase resilience of forests and people to wildfires in Targeted Areas of 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. Strengthening Institutions and Society for Wildfire and Forest Resilience

- A. Strengthening the institutional framework for integrated fire management (“IFM”) through review and analysis.**
- (i) *Review of institutional frameworks.* Review and preparation of revisions to existing policy, legal, and institutional frameworks (i.e., policies, legislation and regulations) on forest fires and related sectors to identify and address any gaps in addressing emerging wildfire risks, and for submission to relevant authorities for decision.
 - (ii) *Preparation of Turkish national forestry program (2024-2043).* Preparation of a national IFM strategy for Türkiye and the new Türkiye’s National Forestry Program for the 2024 to 2043 period to include climate, forest and wildfire resilience considerations.
 - (iii) *Updating fire management plans for Forest Operational Directorates in Targeted Areas.* Said activities include: (a) preparation of a fire management plan template with climate change and IFM considerations; and (b) on the basis of the said template, updating of the fire management plans in the Forest Operational Directorates of the Targeted Areas.
 - (iv) *Reviewing and strengthening of the Incident Command System (“ICS”) approach for Türkiye based on international best practices.* Carrying out of said activities, including, *inter alia*, study tours, training and development of the documentation, protocols, and training materials on ICS, all based on international best practices for wildfire response management and command arrangements, adapted for the Turkish context and conditions.
 - (v) *Strengthening the capacity for fire cause investigation for Türkiye.* Review and analysis of laws, regulations, and current practices related to fire cause investigations in Türkiye and other countries; said fire cause investigation activities include, *inter alia*: (a) knowledge exchanges,

trainings, and stakeholder consultations; (b) mapping out related roles, responsibilities, and collaborations; and (c) developing a guide and training materials for fire cause investigations for Türkiye.

- (vi) *Carrying out of studies to increase knowledge on forest and wildfire resilience.* Said activities include: (a) determining the carbon stock amounts in primary tree species; (b) determining the eco-physiological behaviours in primary forest tree species; (c) determining the effects of clear cutting in red pine on hydrological parameters; (d) integrating biodiversity and ecosystem services in forest management plans; (e) developing climate change adaptation strategies for forests; (f) monitoring and evaluating permit sites and harmful factors within the scope of climate change; and (g) determining the effects of fire on water quality parameters in red pine forests.

B. Increasing readiness for IFM through Technology and capacity building.

- (i) *Development of a digital decision support system based on state-of-the-art technologies.* Provision of a said system to integrate land and air vehicles, sensors, cameras and applications used in fire management planning and resource allocation, and to enhance the forest fire danger rating and forest fire detection systems for improved wildfire prediction and resource allocation for effective response.
- (ii) *Design and delivery of training programs on IFM and ICS.* Provision of said training for fire experts of OGM and other concerned agencies, local authorities, forest villagers and other stakeholders.
- (iii) *Strengthening OGM's search and rescue teams ("SARTs") and voluntary forest fire brigade system.* Strengthening of OGM's (a) SARTs by, *inter alia*, expanding the number of SARTs in the Targeted Areas of the Project and providing them with training and equipment to respond to wildfire and other disasters, and (b) voluntary forest fire brigade system by, *inter alia*, improving protocols and procedures, skills, competencies and conditions (including occupational health and safety).
- (iv) *Public awareness campaign and educational activities on wildfires and climate change.* Carrying out of said national communications and public awareness campaign, including establishing a communication and visibility strategy for the Project, carrying out an online citizen survey and educational activities for the younger population, including establishing forestry educational schools in Targeted Areas.

Part 2. Investments in Climate Resilient Forests in Targeted Areas

A. Scaling-up wildfire risk reduction.

- (i) *Supporting the maintenance of the forest road network to improve forest access.* Provision of machinery (bulldozers and graders, and trailers for their transport) to carry out forest road maintenance activities for improving forest access.
- (ii) *Silvicultural interventions to increase wildfire and forest resilience in existing forests.* Provision of silvicultural interventions includes, *inter alia*: carrying out stand maintenance activities to reduce the amount of combustible materials; creating fuel reduced areas (through weeding, tree spacing and pruning and living cover clearing) between forests, urban settlements and agricultural areas; establishing lines and firebreaks consisting of trees, shrubs and bushes; and establishing mixed forests with species suitable for the region that are more resilient to wildfires
- (iii) *Engagement of local communities and stakeholders in risk reduction activities through training and awareness raising.*
 - (a) Provision of education and awareness raising activities for local people including, *inter alia*, consultation with local leaders to educate and train forest villagers on (1) fire preparedness (including daily fire danger analysis, fire behavior principles, evacuation principles), and (2) ICS, fire suppression priorities and procedures, and safety principles.
 - (b) Provision of dedicated training for women on development of economic activities in the forest sector, and occupational health and safety issues in wildfire management.

B. Strengthening operational systems for response.

- (i) *Improving forest fire detection and capacity through unmanned fire watchtowers.* Modernization of surveillance and detection approaches through the installation of unmanned watchtowers in Targeted Areas.
- (ii) *Improving response time for forest fires through digital surveillance and communication systems.* Enhancement of communications and dispatching systems through the establishment of a digital radio communication system in Targeted Areas and adjacent Regional Directorates of Forestry.

- (iii) *Upgrading and increasing land vehicles and machinery for wildfire suppression.* Upgrading and increasing of vehicle and machinery inventory and locations to strengthen forest fire suppression capacity, and response and recovery capacity in the event of other disasters.

C. Resilient recovery of landscapes and livelihoods affected by wildfires.

- (i) *Establishment of laboratory for identification and production of climate and wildfire resilient species.* Establishment of a dedicated laboratory to, *inter alia*: (a) carry out research and development (“R&D”) for the identification and production of climate and fire-resilient tree species, while ensuring the protection of biodiversity, (b) carry out R&D for innovation studies against climate change and fire and for sustainable practices, and (c) to serve as a seed gene bank for climate resilient tree species.
- (ii) *Resilient landscape restoration of areas burned by wildfire.* Restoration of areas burned by wildfire using appropriate techniques to (a) increase resilience to climate change and other stressors (such as pests) by establishing mixed forests with afforestation works with more fire resilient species suitable for the region, (b) creating fuel reduced areas (through, *inter alia*, weeding, tree spacing, pruning, and living cover clearing), and (c) establishing lines and firebreaks comprising trees, shrubs and bushes.
- (iii) *Supporting livelihood and employment opportunities for forest villages – Grants and Microcredits.* Provision of Grants and Microcredits to support livelihood and employment opportunities for forest villages by providing Grants and Microcredits for a select menu of investments to incentivize sustainable management of natural resources in line with IFM plans (“Subprojects”).

Part 3. Project Management, Monitoring, and Evaluation

Provision of goods, consulting services, non-consulting services, and Operating Costs to OGM for Project management and supervision, including support for: (A) project management to OGM’s Project Implementation Unit (“PIU”), including strengthening technical, fiduciary, environment and social capacities; (B) compliance with environmental and social risk management, including grievance redress, gender aspects, and citizen engagement; (C) maintenance of a Project communication and visibility plan; and (D) monitoring and evaluation.

Part 4. 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, through OGM, shall:
 - (a) be responsible for the overall implementation, management, coordination and oversight of the Project, including the administrative, procurement, environmental and social, disbursement, financial management, and monitoring and evaluation requirements specified in this Agreement, and as may be further elaborated in the Project Operations Manual; and
 - (b) maintain, throughout Project implementation, a Project Implementation Unit (“PIU”), with functions and responsibilities acceptable to the Bank, including maintaining qualified staffing, budgetary resources, and authority necessary and appropriate for the satisfactory implementation of the Project, with the involvement of OGM’s relevant departments.

B. Project Operations Manual.

1. The Borrower, through OGM, shall maintain throughout Project implementation, a Project Operations Manual (“POM”), in substance and form acceptable to the Bank, to carry out 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;
 - (c) the detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
 - (d) the detailed policies and procedures for Project implementation and management of Project activities, including specifically:
 - (i) the selection and management of Project activities;
 - (ii) the environmental and social obligations and arrangements for the Project that shall include, *inter alia*: the environmental and social

requirements set forth in this Agreement, the Environmental and Social Commitment Plan, the Environmental and Social Instruments, and the details on the environmental and social screening, monitoring and reporting procedures for the Project activities in line with the Environmental and Social Standards;

- (iii) a financial management manual, covering 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;
 - (iv) the guidelines and procedures for procurement consistent with the provisions of the Procurement Regulations;
 - (v) the requirements of the Anti-Corruption Guidelines; and
 - (vi) the requirements and procedures for Project monitoring, evaluation, reporting, and communications.
2. The Borrower, through OGM, 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. Subprojects, and Grant and Microcredit financing, under Part 2.C(iii) of the Project.**
1. Grants and Microcredits Manual. The Borrower, through OGM, shall maintain throughout Project implementation, a Grants and Microcredits Manual, satisfactory in form and substance to the Bank, for selecting, appraising, and approving Subprojects under Part 2.C(iii) of the Project, and the related Grant and Microcredit applications, and for supervising the implementation of the said Subprojects; said Grants and Microcredits Manual shall include, *inter alia*, the policies and procedures for:

- (a) the selection of eligible beneficiaries of Grants and Microcredits (“Beneficiaries”);
 - (b) the selection of Subproject investments to ensure alignment with the objectives of the Project, including the criteria specified for Subprojects under paragraphs 4 to 6 of this Section I.C;
 - (c) the terms and conditions for the provision of Grants and Microcredits for said Subprojects, including those specified under paragraphs 7 to 8 of this Section I.C;
 - (d) the implementation mechanisms and requirements, including specifically for: (1) the cost sharing requirements for the different types of activities, (2) the mechanisms for applying, evaluating, selecting, approving, awarding and extending the Grants and Microcredits, (3) the mechanisms for disbursing Grant and Microcredit payments, accounting, documentation, internal controls and other financial management arrangements; (4) the Environmental and Social requirements for Subproject implementation and supervision; (5) the mandatory provisions that shall exclude the financing of Excluded Activities; (6) the procurement implementation arrangements for Subprojects; and (7) the mechanisms for Subproject monitoring, evaluation, and reporting; and
 - (e) the standard documentation, including: the Grant and Microcredit application templates and instructions; and templates for the Grant and Microcredit Agreement, and the Grant Agreement.
2. The Borrower, through OGM, shall supervise, monitor, and report on the carrying out of the Subprojects financed by the Grants and Microcredits in accordance with the Grants and Microcredits Manual.
 3. The Borrower, through OGM, shall not assign, amend, abrogate or waive, or permit to assign, amend, abrogate or waive the Grants and Microcredits Manual, or any provision thereof, in a manner which, in the opinion of the Bank, may materially and adversely affect the implementation of Part 2.C(iii) of the Project; the Grants and Microcredits Manual may only be amended in consultation with, and after approval of, the Bank; in case of any conflict between the terms of the Grants and Microcredits Manual and those of this Agreement, the terms of this Agreement shall prevail.
 4. Subproject eligibility, selection, and monetary limits. The Borrower, through OGM, shall ensure that, unless otherwise agreed to by the Bank in writing and thereafter incorporated into the Grants and Microcredits Manual, all Subprojects are appraised and selected based on eligibility requirements set forth in

paragraphs 5 and 6 below, as may be further detailed in the Grants and Microcredits Manual.

5. Selected Subprojects shall:
 - (a) be aligned with the Project objective, as set forth in Schedule 1 of this Agreement;
 - (b) be technically feasible;
 - (c) be economically and financially viable;
 - (d) be demand and needs driven;
 - (e) demonstrate substantial readiness for implementation;
 - (f) be environmentally and socially sustainable; and
 - (g) be in compliance with, and can be designed and implemented in a manner in compliance with (i) the Bank's fiduciary (including financial and procurement) requirements, (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 all Excluded Activities, as defined in the Appendix to this Agreement.

6. Without prejudice to the general requirements referred to in paragraph 5 above, in carrying out Part 2.C(iii) of the Project, Subprojects eligible for Grant and Microcredit financing shall be: (a) for one or more investments listed below, unless the list of eligible investments has been modified with the written approval of the Bank, and upon such approval, incorporated by the Borrower, through OGM, in the Grants and Microcredits Manual; and (b) within the respective monetary limits specified below, recognizing that the Borrower, through OGM, shall include in the Grants and Microcredits Manual, and update annually with the prior approval of the Bank, the monetary limits for each type of Subproject, including all sub-activities:
 - (i) housing improvements (including roof covers, sheathing, electrical interior installations, floor heating) that support energy efficiency and resilience, with an upper limit of USD 5,000 per Subproject;

- (ii) solar photovoltaic systems that support energy efficiency and resilience, with an upper limit of USD 5,000 per Subproject;
- (iii) technical beekeeping (30 hives per household) that improves resilience of ecosystem services through pollination, with an upper limit of USD 5,000 per Subproject;
- (iv) forestry mechanization (including tractor, chainsaw and protective suit, logging winch, stacker loaders, and logging machines) that support forest management in line with IFM, with an upper limit of USD 50,000 per Subproject;
- (v) climate-smart animal production, with an upper limit of USD 20,000 per Subproject;
- (vi) herbal production, with an upper limit of USD 15,000 per Subproject;
- (vii) Grants for forest-based entrepreneurial initiatives led by women living in forest villages, with an upper limit of USD 2,000 per Subproject;
- (viii) silkworm breeding, with an upper limit of USD 10,000 per Subproject; and
- (ix) support for cooperatives for the evaluation of regional products, and the strengthening of related production and value chain opportunities (including packing facilities, cold storage, and milk collection centers), with an upper limit of USD 2,000,000 per Subproject.

7. Grants and Microcredits – Terms and Conditions. The Borrower, through OGM, shall provide Grants and Microcredits to eligible Beneficiaries for the financing of eligible Subproject investments as specified in paragraph 6 of this Section I.C, all in accordance with eligibility criteria and procedures, and with terms and conditions relating to maturity and repayment (for Microcredits), and such additional terms and conditions specified in this Section I.C.

8. Grants and Microcredits – ratios and limits. In furtherance of paragraph 6 of this Section I.C, the Borrower, through OGM, shall extend Grants and Microcredits on a differentiated schedule as follows, unless such schedule is modified with the express approval of the Bank and incorporated in the Grants and Microcredits Manual:

- (a) *For eligible forest village households other than those listed in (b) and (c) below:* approved Subprojects shall be financed by a Grant covering 20 percent of the projected Subproject costs, matched by a Microcredit sub-loan covering 80 percent of the projected Subproject costs;

- (b) *For eligible forest village households in earthquake affected areas (as defined in the Grant and Microfinance Manual):* approved Subprojects shall be financed by a Grant covering 50 percent of the projected Subproject costs, matched by a Microcredit sub-loan covering 50 percent of the projected Subproject costs;
 - (c) *For forest-based entrepreneurial initiatives led by women living in forest villages:* approved Subprojects shall be financed by a Grant covering 100 percent of the projected Subproject costs.
- 9. Records. The Borrower, through OGM, shall retain, and furnish to the Bank, at the Bank's request:
 - (a) the description and appraisal of the Grant and Microcredit Subproject proposals, including a description of the expenditures proposed to be financed out of the proceeds of the Grants and Microcredits;
 - (b) evidence that the proposed Subprojects and related Grants and Microcredits have been evaluated in accordance with criteria and procedures acceptable to the Bank, as set forth in this Agreement and the Grants and Microcredits Manual, and that, in each case, the Borrower, through OGM, as relevant, has determined that the said criteria and requirements are satisfactorily met; and
 - (c) such other information as the Bank shall reasonably request.
- 10. Grant Agreements and Microcredit Agreements. The Borrower, through OGM, shall:
 - (a) make Grants and Microcredits available to eligible Beneficiaries, in each case, under a Grant and Microcredit Agreement, or a Grant Agreement, as may be relevant, on terms and conditions acceptable to the Bank, and as set forth in the Grants and Microcredits Manual;
 - (b) obtain, through the Grant and Microcredit Agreement, or the Grant Agreement, as may be relevant, rights adequate to protect the interests of the Borrower and the Bank, including requiring the Beneficiary to:
 - (i) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including compliance with the Environmental and Social Standards, the ESCP, and the Environmental and Social Instruments, and the provisions of the

Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;

- (ii) provide, promptly as needed, the matching resources required for the purpose of the Subproject;
 - (iii) as may be relevant, procure the goods, works and services to be financed out of the Grant and the Microcredit, as may be relevant, in accordance with the provisions of this Agreement;
 - (iv) enable the Borrower, through OGM, and the Bank to inspect the Subproject, its operation and any relevant records and documents;
 - (v) prepare and furnish to the Borrower, through OGM, and the Bank all such information as the Borrower, through OGM, or the Bank shall reasonably request relating to the foregoing; and
 - (vi) reserve the right to suspend or terminate the right of the Beneficiary's use of the proceeds of the Microcredit and/or the Grant, as may be relevant, and the right of the Borrower, through OGM, to obtain a refund of all or any part of the amount of the Microcredit and/or the Grant, as may be relevant, then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Grant and Microcredit Agreement, or the Grant Agreement, as may be relevant; and
- (c) exercise its rights and carry out its obligations under each Grant and Microcredit Agreement, and Grant Agreement, in such manner as to protect the interests of the Borrower, through OGM, and the Bank and to accomplish the purposes of the Project, and except as the Bank shall otherwise agree, the Borrower, through OGM, shall not assign, abrogate, amend, suspend, terminate, waive or otherwise fail to enforce any Grant and Microcredit Agreement, and Grant Agreement, or any provisions thereof, and in case of any inconsistency between the provisions of any Grant and Microcredit Agreement, or Grant Agreement, and those of this Agreement, the provisions of this Agreement shall prevail.
11. Prior review. Unless otherwise agreed to by the Bank, the Borrower, through OGM, shall submit to the Bank for prior review and approval the first two (2) Subprojects (with the financing terms recommended by OGM) for each sub-activity listed in paragraph 6 above that OGM proposes to approve for Grant and/or Microcredit financing.
12. Ex-post reviews. All Grants and Microcredits extended under Part 2.C(iii) 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 Grants and Microcredits Manual.

D. Environmental and Social Standards.

1. The Borrower, through OGM, 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, through OGM, 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, through OGM, shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower, through OGM, 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 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) incidents in or related to any waterways as defined and applicable under World Bank Operational Policy 7.50 or disputed areas, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Borrower, through OGM, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 6. The Borrower, through OGM, 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. Contingent Emergency Response.

- 1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Contingent Emergency Response Component”), the Borrower, through OGM, shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted by in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Component, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Component; (ii) specific activities which may be included in the Contingent Emergency Response Component, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for

such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Component; (iv) procurement methods and procedures for the Contingent Emergency Response Component; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Component; and (vii) a template Emergency Action Plan;

- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
 - (c) the Emergency Response Component is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Borrower, through OGM, shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Component, with adequate staff and resources satisfactory to Bank.
3. The Borrower, through OGM, shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Component are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
 - (b) the Contingent Emergency Response Component is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.
4. Activities under the Contingency Emergency Response Component shall be undertaken only after an Eligible Crisis or Emergency has occurred.

F. Annual Work Plan and Budget.

1. The Borrower, through OGM, shall:
 - (a) prepare and furnish to the Bank not later than October 15th of each year (as such date may be revised with the prior agreement of the Bank and incorporated in the POM) 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

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

Section III. Withdrawal of Loan Proceeds

A. General.

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

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, and Operating Costs for the Project, except Part 2.C(iii)	277,337,000	100%
(2) Grants and Microcredits under Part 2.C(iii) of the Project	86,863,000	100%
(3) Emergency Expenditures	0	100%
TOTAL AMOUNT	364,200,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date;
 - (b) for payments under Category (2), unless and until the Borrower, through OGM, has prepared and adopted a Grants and Microcredits Manual in accordance with Section I.C.1 of this Schedule, acceptable to the Bank;
 - (c) for Emergency Expenditures under Category (3), unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (3); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
 - (ii) the Borrower, through OGM, has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.
2. The Closing Date is January 31, 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 April 15 and October 15 Beginning October 15, 2028 through April 15, 2033	9.09%
On October 15, 2033	9.10%

APPENDIX

Definitions

1. “Annual Work Plan and Budget” means the annual work plan and budget referred to in Section I.F of Schedule 2 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. “Beneficiaries” means collectively beneficiaries who are eligible for Microcredits and/or Grants for the financing of Subprojects as set forth in Schedule 2, Section C, to this Agreement.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “CERC Manual” means the manual referred to in Schedule 2, Section I.E.1(a), to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the Project Operations Manual.
6. “Contingent Emergency Response Component” or “CERC” means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.
7. “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 Borrower, associated with a natural or man-made crisis or disaster.
8. “Emergency Action Plan” means the plan referred to in Schedule 2, Section I.E.1(b), to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
9. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Schedule 2, Section I.E.1(a), to this Agreement and required for the Contingent Emergency Response Component.

10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 18, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower, through OGM, 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.
11. “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.
12. “Environmental and Social Management Framework” or “ESMF” means the final document disclosed by the Borrower, through OGM, 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, (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.
13. “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.

14. “Excluded Activities” means, collectively:
- (a) Any of the activities listed, or activities that produce and/or use materials listed, in the World Bank Group/International Finance Corporation Exclusion List (see https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist), and such other activities and/or materials listed in the POM and which are classified and referred to as part of the negative list in said manual;
 - (b) Investments or activities classified as high risk in respect to potential environmental and social impacts, in accordance with the provisions of the POM and the ESMF;
 - (c) Investments that involve large-scale physical and economic displacement as described in Land Acquisition, Restrictions on Land Use, or Involuntary Resettlement (as defined under ESS 5); that adversely impacts sensitive habitats and species as described in Biodiversity Conservation and Sustainable Management of Living Natural Resources (as defined under ESS 6); that adversely impacts Cultural Heritage (as defined under ESS 8); or that involves child or forced labor;
 - (d) 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;
 - (e) Investments or activities that involve the construction of a new dam or a dam under construction; and
 - (f) Investments or activities that involve any other exclusions agreed to by the Bank and the Borrower, through OGM, and set forth in the Environmental and Social Management Framework and the POM.
15. “Forest Operational Directorates” means OGM’s 246 Forest Operational Directorates that operate in field locations across Türkiye and are overseen by OGM’s 28 Regional Directorates, or any legal successor or successors thereto acceptable to the Bank.
16. “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).

17. “General Directorate of Forestry” or “OGM” means the general directorate of the same name, also known as *Orman Genel Müdürlüğü*, under the Borrower’s Ministry of Agriculture and Forestry, established pursuant to Law 3204, dated 1937 and amended by Presidential Decree No. 4, published in the Official Gazette, dated July 15, 2018, No. 30479, or OGM’s legal successor or successors thereto acceptable to the Bank.
18. “Grant” means a grant to be provided by the Borrower, through OGM, to a Beneficiary from the proceeds of the Loan, in accordance with Schedule 2, Section I.C, to this Agreement, to carry out activities under Part 2.C(iii) of the Project; “Grants” means collectively all such grants.
19. “Grant Agreement” means an agreement between the Borrower, through OGM, and a Grant Beneficiary as specified in Schedule 2, Section I.C.10 of this Agreement; “Grant Agreements” means collectively all such agreements.
20. “Grant and Microcredit Agreement” means an agreement between the Borrower, through OGM, and a Beneficiary as specified in Schedule 2, Section I.C.10 of this Agreement; “Grant and Microcredit Agreements” means collectively all such agreements.
21. “Grants and Microcredits Manual” means the manual referred to in Schedule 2, Section I.C.1, to this Agreement, that details the eligibility criteria and application, selection and approval procedures for the selection of Beneficiaries and the Subproject activities to be financed by Grants and Microcredits, as well as the terms and conditions applicable to the Grants and Microcredits.
22. “IFM” means integrated fire management.
23. “Incident Command System” or “ICS” means a systematic tool used for the command, control, and coordination of emergency response, that allows agencies to work together using common terminology and operating procedures.
24. “Microcredit” means sub-loan financing provided by the Borrower, through OGM, to a Beneficiary from the proceeds of the Loan, in accordance with Schedule 2, Section I.C to this Agreement, to carry out activities under Part 2.C(iii) of the Project; “Microcredits” means collectively all such sub-loan financing.
25. “Ministry of Agriculture and Forestry” means the Borrower’s ministry of the same name or any legal successor or successors thereto acceptable to the Bank.
26. “National Forestry Program” means Türkiye’s program of the same name that sets forth the country’s priorities, policies, measures and targets in the forestry sector.

27. “Operating Costs” means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Project by the Borrower, through OGM; such costs may include, as relevant, and as the Bank may agree, for the following:
- (a) office supplies;
 - (b) office rental;
 - (c) vehicle rental;
 - (d) office and equipment maintenance and repair;
 - (e) communications;
 - (f) translation and interpretation (not covered under Training);
 - (g) travel and other expenses directly associated with Project implementation and supervision (not covered under Training);
 - (h) publication fees;
 - (i) ownership of intellectual property rights; and
 - (j) other miscellaneous expenses directly associated with the Project and agreed between the Bank and the Borrower, through OGM, but excluding salaries of officials and employees of the Borrower.
28. “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.
29. “Project Implementation Unit” or “PIU” means the unit established within the OGM for the management and implementation of the Project pursuant to Schedule 2, Section I.A.1(b), to this Agreement.
30. “Project Operations Manual” or “POM” means the Project Operations Manual referred to in Schedule 2, Section I.B, to this Agreement, as the said manual may be amended from time to time with the prior written approval of the Bank, and such term includes any schedules to the POM.
31. “R&D” means research and development.
32. “Regional Directorates” means OGM’s 28 Regional Directorates of Forestry that oversee the 246 Forest Operational Directorates and field offices across Türkiye, or any legal successor or successors thereto acceptable to the Bank.
33. “SARTs” means search and rescue teams.
34. “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.

35. “Subproject” means a subproject referred to in Part 2.C(iii) of the Project, and as defined in Schedule 2, Section I.C.4-6, to this Agreement; “Subprojects” means collectively such Subprojects.
36. “Targeted Areas” means the areas under the Regional Directorates of Adana, Antalya, Balıkesir, Çanakkale, Hatay, İzmir, Kahramanmaraş, Mersin, and Muğla (administratively covering the provinces of Adana, Antalya, Aydın, Balıkesir, Çanakkale, Edirne, Gaziantep, Hatay, İzmir, Kahramanmaraş, Kilis, Manisa, Mersin, Muğla and Osmaniye), unless the identified Targeted Areas are otherwise agreed to in writing by the Bank and thereafter incorporated by the Borrower, through OGM, in the POM; all of said Targeted Areas shall have been rated as “very high risk” according to OGM’s forest fire risk rating system acceptable to the Bank.
37. “Training” means the reasonable expenditures directly incurred on account of Project-related capacity building activities, including study tours, training courses, seminars, and workshops; such eligible expenditures (excluding goods, consulting services and non-consulting services in the Procurement Plan) include travel, accommodation and *per diem* costs associated with training, workshop and study tour participants and trainers, space and equipment rental, and other training related miscellaneous costs, all based on an Annual Work Plan and Budget agreed with the Bank.