
LOAN NUMBER 9734-TR

Loan Agreement

(Additional Financing for the Türkiye Irrigation Modernization 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”) for the purpose of providing an additional loan for the Project and activities related thereto. 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 eighty-seven million seven hundred thousand Euros, (€ 87,700,000), 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 Devlet Su İşleri (“DSİ”), declares its commitment to the objective of the Project. To this end, the Borrower, through DSI, shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date one hundred and 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 Bakanlığı
Inonu 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 1-202-477-6391.
64145(MCI)

AGREED as of the Signature Date.

REPUBLIC OF TÜRKİYE

By



Authorized Representative

Name: _____ Kerem Dönmez

Title: _____ Director General

Date: _____ 18-Dec-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: _____ J. Humberto Lopez

Title: _____ Country Director

Date: _____ 17-Dec-2024

SCHEDULE 1

Project Description

The objective of the Project is to improve irrigation service delivery, through rehabilitation and modernization of distribution infrastructure in selected schemes, and through strengthening of capacity of Water User Associations (“WUAs”).

The Project consists of the following parts:

Part 1. Irrigation Systems Modernization

Modernization of irrigation infrastructure, entailing the conversion of open-channel systems of Devlet Su İşleri (“DSI”) to pressurized systems, in irrigation schemes selected based on terms and criteria satisfactory to the Bank, and related activities, including, *inter alia*: (a) the carrying out of upstream consultations with WUAs, and incorporation of said feedback in the final design of schemes; and (b) better coordination with the relevant departments of the Ministry of Agriculture and Forestry that work on agriculture and on-farm services for the implementation of field-level activities.

Part 2. Innovation and Institutional Support

- (a) *Designing and Piloting a National Program for the Capacity Building of WUAs.*

Provision of support to DSI for the implementation of the nationwide program to improve the capacity of WUAs for water management, including: (i) upgrading of national WUAs’ database to allow for performance monitoring on various dimensions, including operations and maintenance, water conservation, financial management, governance, monitoring and evaluation, and communications; (ii) provision of equipment needed by WUAs for their participation in the said nationwide program; and (iii) training of WUAs to improve technical and financial management capacity.

- (b) *Piloting Groundwater Stewardship.*

Implementation of a sustainable energy and groundwater management system in Bolvadin (Afyon), including: (i) provision of low-cost solar energy for irrigation; and (ii) adoption of measures to increase irrigation efficiency and reliability, thereby reducing groundwater abstraction and enabling the shift to high-value crops.

Part 3. Project Management

Provision of goods, technical assistance, and Operating Costs in respect to Project management, including: (a) supervision of the Project's technical, safeguards, and fiduciary aspects; (b) carrying out of Project data collection, monitoring and evaluation; (c) carrying out of dam break analyses, preparation of Land Acquisition Plans, and conducting of beneficiary satisfaction surveys and ex-post evaluations of Project impact in selected schemes; and (d) provision of Training.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall assign the overall responsibility for Project implementation to DSI, which shall be responsible for: (a) the implementation, management, coordination, and oversight of the Project, including the Project's administrative, procurement, environmental and social safeguards, disbursement, financial management, and monitoring and evaluation responsibilities, as specified in the Project Operations Manual ("POM"); (b) the proper application of the Project-related requirements, criteria, policies, procedures, and organizational arrangements set forth in the POM; and (c) the preparation of all Project implementation documents, including Project supervision reports.
2. The Borrower, through DSI, shall ensure that DSI maintains at all times staffing, budgetary resources, and authority necessary and appropriate for satisfactory Project implementation, all of which shall be acceptable to the Bank.
3. Not later than two (2) months after the Effective Date, the Borrower, through DSI, has assigned an occupational health and safety specialist to DSI, under terms of reference and with experience and qualifications, agreed between the Borrower and the Bank.

B. Project Operations Manual.

1. The Borrower, through DSI, shall maintain, throughout Project implementation, a POM, which shall consist of different schedules setting forth rules, methods, guidelines, specific development plans, standard documents, and procedures for the carrying out of the Project. The POM shall include, *inter alia*, provisions on the following:
 - (a) the detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
 - (b) the parties responsible for carrying out the respective parts of the Project;
 - (c) the detailed qualification and selection criteria and processes, as relevant, for the respective parts of the Project, including specifically the criteria acceptable to the Bank for the selection of irrigation schemes under Part 1 of the Project, which shall include consideration of, *inter alia*, whether the

irrigation scheme (i) has high irrigation demand and high return on investments, (ii) involves rehabilitation or modernization, and not development of new irrigation areas, (iii) has design studies completed or near completion, and (iv) is not located in internationally shared hydrological basins;

- (d) the safeguards instruments and arrangements, including the grievance redress mechanism, for the Project;
 - (e) the financial management arrangements for the Project as set forth in a financial management manual portion of the POM;
 - (f) the coordination arrangements between the relevant parties for the day-to-day execution of the Project; and
 - (g) Project monitoring, evaluation, reporting, and communications.
2. The Borrower, through DSI, shall carry out the Project, or 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 consent of the Bank; the POM may only be amended in consultation with, and after approval of, the Bank.

C. Safeguards.

1. Without limitation to the provisions of Section 5.01 of the General Conditions, the Borrower, through DSI, shall carry out the Project, and cause the Project to be carried out, as the case may be, in accordance with the provisions and recommendations of the Environmental and Social Management Framework (“ESMF”) and the Land Acquisition and Resettlement Policy Framework (“LARPF”), and to this end, shall maintain throughout Project implementation, dedicated teams to, respectively, (a) ensure the Project’s compliance with the ESMF and the subsequently prepared Environmental and Social Management Plans (“ESMPs”), and (b) carry out any acquisition of land required under the Project in accordance with the LARPF and the subsequently prepared Land Acquisition Plans (“LAPs”) and Land Consolidation Action Plan (“LCAP”), as the case may be, all of which shall be acceptable to the Bank.
2. The Borrower, through DSI, shall incorporate within the terms of reference of any technical services the requirements of the Bank’s Safeguards Policies then in force

and ensure that the Bank's Safeguard Policies are applied to the advice conveyed through such technical assistance.

3. The Borrower, through DSI, shall:
 - (a) ensure that scheme-specific ESMPs are prepared and completed in a manner acceptable to the Bank;
 - (b) ensure that scheme-specific ESMPs are integrated into the relevant bidding documents during the time of bidding advertisement;
 - (c) submit to the Bank for its prior approval (i) the proposed design for civil works under the Project, and (ii) the proposed contract for said works to ensure that the provisions of the Safeguard Instruments, as relevant, are adequately included in said contract;
 - (d) ensure that any contractor carrying out civil works under the Project shall perform such work in accordance with the technical and environmental practices applicable to the Project, as set forth in the Safeguard Instruments, and under terms of reference and with qualifications and experience necessary to satisfactorily carry out the design and construction of the Project, and all of which shall be acceptable to the Bank; and
 - (e) ensure that any contracts for civil works under the Project include Codes of Conduct in form and substance acceptable to the Bank.
4. The Borrower, through DSI, shall:
 - (a) take all necessary actions to minimize, to the extent possible, any Involuntary Resettlement, in carrying out the Project; and
 - (b) for this purpose, whenever implementation of Project activities would give rise to Involuntary Resettlement with respect to civil works related to said activities: (i) prepare the LAP(s) for sites where pre-screening has identified Involuntary Resettlement impacts, in accordance with the principles and procedures set forth in the LARPF; (ii) thereafter, provide said LAP(s) to the Bank for review; and (iii) commence and implement such works only after completing the implementation of the relevant parts of the LAP(s) as shall have been accepted by the Bank as being satisfactory, including, in the case of any Involuntary Resettlement, to commence the related Project activities only after the respective Displaced Persons have been compensated in accordance with the relevant LAP(s).
5. The Borrower, through DSI, shall ensure that the Safeguard Instruments, and any provision thereof, shall not be amended, suspended, abrogated, terminated or

waived or permitted to be amended, suspended, abrogated, terminated or waived, except with the prior written consent of the Bank.

6. The Borrower, through DSI, shall, all in form and substance acceptable to the Bank:
 - (a) prepare semi-annual ESMP, LAP, and LCAP monitoring reports; and
 - (b) by no later than six (6) months before the Closing Date, submit to the Bank the LAP and LCAP completion report, which details the land acquisition, land consolidation, and asset loss that have occurred within the scope of the Project.
7. The Borrower, through DSI, shall, throughout Project implementation, maintain and publicize the availability of a Project feedback and grievance redress mechanism, as set forth in the ESMF and LARPF, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all feedback and complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by said feedback and grievance redress mechanism, in a manner satisfactory to the Bank.
8. The Borrower, through DSI, shall:
 - (a) as soon as reasonably practicable, but no later than forty-eight (48) hours after the occurrence of a Significant Event, inform the Bank by any electronic means of the nature of the incident, accident, or circumstance and any effect or impact (whether on-site or off-site) resulting or likely to result therefrom, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by any contractor and/or supervising firm, as appropriate;
 - (b) as soon as reasonably practicable, but no later than thirty (30) calendar days after such Significant Event, provide the Bank with a report that includes a description of such Significant Event, and the measures, if any, that the Borrower is taking or plans to take to address such Significant Event and to prevent any future similar event; and
 - (c) keep the Bank informed of the on-going implementation of the said measures and plans.

D. Safety of Dams.

To ensure the proper management and safety of the dams supplying water to the selected irrigation schemes under the Project, the Borrower, through DSI, shall:

- (a) have DSI experts acceptable to the Bank, carry out a safety inspection of each of the above-mentioned dams at intervals of not less than once every year, during the implementation of the Project; and
- (b) not later than December 31, 2024, in accordance with terms of reference satisfactory to the Bank, and all to the satisfaction of the Bank, prepare emergency preparedness plans for the above-mentioned dams.

Section II. Project Monitoring, Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each six-month period, covering the period.

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, Operating Costs, and Training for Part 1 of the Project	87,700,000	0% until the amount of the original loan allocated to Category 3 of the table set out in the amendment letter to the original loan agreement is fully disbursed, then 100% thereafter
TOTAL AMOUNT	87,700,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is December 31, 2028.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

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

Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15 Beginning October 15, 2031 through October 15, 2037	7.14%
On April 15, 2037	7.18%

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in 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.
2. “Codes of Conduct” means the codes of conduct referred to in Section 1.C.3 (e) of Schedule 2, detailing, *inter alia*, measures on environment, health and safety, and preventing and responding to matters of violence (e.g., gender-based, and against minors).
3. “Devlet Su İşleri” or “DSI” means the General Directorate of State Hydraulic Works, the Borrower’s primary executive state agency established by the Law 6200 (published in the Official Gazette dated December 25, 1953, and amended by the Presidential Decree No. 4 published in the Official Gazette dated July 15, 2018), under the aegis of the Ministry of Agriculture and Forestry, to be responsible for water resources planning, development and management, including the irrigation schemes within the Borrower’s territory, or any legal successor or successors thereto.
4. “Displaced Persons” means persons who, as a result of the execution of the Project, would be subject to Involuntary Resettlement; “Displaced Person” means any of such Displaced Persons.
5. “Environmental and Social Management Framework” or “ESMF” means the framework prepared by the Borrower and disclosed by the Borrower on its website on August 30, 2018, and in the Bank’s website on September 5, 2018, which framework sets forth, *inter alia*, policies and procedures for screening of proposed Project activities, preparation of environmental assessment and environment management plans therefor, consultation and disclosure and monitoring and reporting during the implementation of the Project, as said framework may be amended from time to time with the prior concurrence of the Bank.
6. “Environmental and Social Management Plan” or “ESMP” means a site-specific environmental management plan, prepared in accordance with the ESMF and the provisions of Section I.C of Schedule 2 to this Agreement and acceptable to the Bank, and giving details the specific actions, measures, and policies designed to facilitate the achievement of the objective of the ESMF.
7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project

Financing,” dated December 14, 2018 (Last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.

8. “Involuntary Resettlement” means any direct economic and social impact caused by: (a) the involuntary taking of land resulting in (i) relocation or loss of shelter, (ii) loss of assets or access to assets, and (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of such person.
9. “Land Acquisition and Resettlement Policy Framework” or “LARPF” means the Land Acquisition and Resettlement Policy Framework prepared by the Borrower and disclosed in the Borrower’s website on August 8, 2018, and the Bank’s website on August 8, 2018, which framework sets out the policies and procedures for land acquisition, land consolidation, resettlement, compensation and rehabilitation of Displaced Persons, preparation of resettlement and land consolidation action plans therefor, consultation, disclosure, grievance redress, and monitoring and reporting during Project implementation, as said framework may be revised from time to time with the prior agreement of the Bank.
10. “Land Acquisition Plans” or “LAPs” means site-specific resettlement action plans relating to land acquisition and/or resettlement or economic displacement of Displaced Persons, as the case may be, prepared in accordance with the LARPF and the provisions of Section I.C.4 (b) of Schedule 2 to this Agreement and acceptable to the Bank.
11. “Land Consolidation Acquisition Plan” or “LCAP” means the site-specific action plan, prepared in accordance with the LARPF, that (a) specify the procedures to be followed and the actions that will be taken to mitigate adverse effects of land consolidation activities of the Project; (b) defines how to compensate person(s) affected by land consolidation for any related losses; and (c) sets out the development benefits for persons and communities affected by the consolidation.
12. “Ministry of Agriculture and Forestry” means the Borrower’s ministry of the same name or any legal successor or successors thereto.
13. “Ministry of Treasury and Finance” means the Borrower’s ministry of the same name or any legal successor or successors thereto.
14. “Operating Costs” means reasonable incremental expenses directly incurred in respect to Project implementation, management and monitoring, including office supplies, publication of procurement notices, communication, translation and interpretation, publication fees, and other miscellaneous expenses directly associated with the Project and agreed between the Bank and the Borrower, but excluding salaries of officials and employees of the Borrower.

15. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
16. “Project Operations Manual” or “POM” means the Project Operations Manual referred to in Section I.B of Schedule 2 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.
17. “Safeguard Instruments” means, collectively, the ESMF, LARPF, and, as relevant, any ESMP(s), LAP(s), and LCAP.
18. “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.
19. “Significant Event” means: (a) any significant social, labor, health and safety, security or environmental incident, accident, or circumstance involving the Project, including, without limitation, explosions, spills, and any workplace accidents that result in death, serious or multiple injury, material pollution, or any violent labor unrest or dispute between the Borrower or security forces (assigned to protect the Project) and local communities; or (b) any other event or circumstance having, or which could reasonably be expected to have, a material adverse effect on the implementation or operation of the Project in accordance with the Safeguard Instruments.
20. “Training” means the reasonable costs directly associated with training and workshops, including travel and subsistence for training and workshop participants, costs associated with securing the services of trainers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course or workshop (but excluding costs of consulting services and any costs financed by other donors and financing sources).
21. “Water User Associations” or “WUAs” means the public entities established by Law 6172, published in the Official Gazette dated March 22, 2011, or any legal successor or successors thereto.

Section II. Modifications to the General Conditions

1. Section 3.01 (*Front-end Fee; Commitment Charge; Exposure Surcharge*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07(b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

(b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from the date of the Loan Agreement or the date which falls on the fourth anniversary of the date of approval of the Loan by the Bank, whichever is later, to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07(c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.”

2. Section 3.04 (*Prepayment*) is modified to read as follows:

“Section 3.04. *Prepayment*

(a) After giving not less than forty-five (45) days’ notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

(b) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply.”

3. In paragraphs originally numbered 75 and 81 of the Appendix, the terms “Loan Payment” and “Payment Date” respectively are modified to read as follows:
 - “75. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
 - “81. “Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest, Commitment Charge and other Loan charges and fees (other than the Front-end Fee) are payable, as applicable.”
4. Definitions in paragraphs 4 (Allocated Excess Exposure Amount); 53 (Exposure Surcharge); 99 (Standard Exposure Limit) and 105 (Total Exposure) of the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.