

CONFORMED COPY

LOAN NUMBER 7715-TU

Loan Agreement

(Private Sector Renewable Energy and Energy Efficiency Project)

between

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated June 9, 2009

LOAN NUMBER 7715-TU

LOAN AGREEMENT

AGREEMENT, dated June 9, 2009 between TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. ("Borrower" or "TSKB") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS: (A) Republic of Turkey (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 1 to this Agreement, have requested the Bank to assist in the financing of Part A of the Project;

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the Loan Payment obligations of the Borrower in respect of the Loan;

(C) by an agreement of even date herewith (the CTF Loan Agreement), the Bank, acting as the implementing agency of the Clean Technology Fund (CTF) has agreed to make a loan (the CTF Loan) to the Borrower in the amount of seventy million Dollars (\$70,000,000) to assist in financing Part A of the Project on the terms and conditions set forth in the CTF Loan Agreement; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

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) 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 General Conditions, or in the Appendix to this Agreement.

ARTICLE II - LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement: (a) the amount of two hundred ten million Dollars (\$210,000,000); and (b) the amount of one hundred nine million and six hundred thousand Euros (€109,600,000), as such amounts may be converted from time to time through a Currency Conversion in accordance with the provisions of Section

2.07 of this Agreement (the Loan), to assist in the financing of Part A of the project described in Schedule 1 to this Agreement (the “Project”).

- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedules 3 to this Agreement.
- 2.07.
 - (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
 - (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions, the Conversion Guidelines and the Currency Conversion Letter.
 - (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on

behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III - PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out Part A of the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower, the Guarantor and the Bank shall otherwise agree, the Borrower shall ensure that Part A of the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V - REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is the President and Chief Executive Officer of the Borrower.
- 5.02. The Borrower's Address is:

Türkiye Sınai Kalkınma Bankası A.Ş.
Meclisi Mebusan Caddesi
No. 81
34427 Fındıklı
İstanbul
Turkey

Telex:

24344.tskb.tr

Facsimile:

(90-212) 334-5234

5.03. The Bank's Address is:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

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

TÜRKİYE SİNAİ KALKINMA BANKASI A.Ş.

By: /s/ Orhan Beskok
Authorized Representative

By: /s/ Gonca Atici
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Ulrich Zachau
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to help increase privately owned and operated energy production from indigenous renewable sources within the market-based framework of the Turkish Electricity Market Law, enhance energy efficiency, and thereby help reduce greenhouse gas emissions.

The Project consists of the following parts:

Part A: Credit Line to TSKB

The establishment and operation of a credit facility for the financing, through the provision of Sub-loans and Financing Leases by the Borrower to Sub-project Sponsors, enabling such Sub-project Sponsors to finance the costs related to the carrying out of Renewable Energy Sub-projects and Energy Efficiency Sub-projects.

Part B: Credit Line to TKB

The establishment and operation of a credit facility for the financing, through the provision of Sub-loans or Financing Leases by TKB to Sub-project Sponsors, enabling such Sub-project Sponsors to finance the costs related to the carrying out of Renewable Energy Sub-projects and Energy Efficiency Sub-projects.

SCHEDULE 2

Project Execution of the Project

Section I. Institutional and Other Arrangements

A. Implementation

1. Except as the Bank shall otherwise agree, the Borrower shall maintain, until the completion of the Project, the PIU, and ensure that the PIU functions at all times in a manner and with staffing and budgetary resources necessary and appropriate for Project implementation, and satisfactory to the Bank.
2. The Borrower shall maintain the Operational Manual in form and content satisfactory to the Bank, shall duly perform all its obligations under the Operational Manual and shall not assign, amend, abrogate or waive the Operational Manual without obtaining the prior approval of the Bank.
3. The Borrower shall comply with the applicable prudential regulations of the Guarantor.
4. The Borrower shall ensure that Part A of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines issued by the Bank on October 15, 2006, which are applicable to all IBRD loans and IDA credits and grants.
5. The Borrower shall, not later than six (6) months after the end of each calendar year during Project implementation, carry out a review of procurement practices used by Sub-project Sponsors for procuring goods, works and services financed with the Loan proceeds for Sub-projects by an independent consulting firm in accordance with the terms of reference agreed with the Bank.
6. For the purposes of carrying out Part A of the Project, the Borrower shall:
 - (a) make Sub-loans or provide Financing Leases to Sub-project Sponsors on the terms and conditions set forth in the Operational Manual, including, without limitation, the terms and conditions set forth in Section I.B of this Schedule 2;
 - (b) exercise its rights in relation to each such Sub-loan or Financing Lease in such manner as to protect its interests and the interests of the Guarantor and the Bank;
 - (c) appraise Sub-projects and supervise, monitor and report on the carrying out by the Sub-project Sponsors of Sub-projects, in accordance with the Operational Manual; and

(d) ensure that each Sub-project shall comply with environmental and social safeguard review, and dam safety procedures set forth in the Operational Manual, as well as with the Environmental Policy Framework and Resettlement Policy Framework.

B. Terms and Conditions of Sub-loans and Financing Leases

1. The principal amount of each Sub-loan and Financing Lease made out of the proceeds of the Loan allocated from time to time to Category (1) of the table set forth in paragraph 2 of Section IV.A of this Schedule shall have a maturity of not less than four (4) years, including a grace period of minimum one (1) year for a Sub-loan; and have a maturity of not less than four (4) years for a Financing Lease.

2. Each Sub-loan shall be charged interest, on the principal amount thereof withdrawn and outstanding from time to time, at such a rate as may be determined by the Borrower on the basis of its assessment of market conditions and risk management.

3. Each Financing Lease shall be made on terms and conditions, including those relating to the schedule of lease payments and other charges determined in accordance with the Borrower's investment and financial leasing policies and practices, satisfactory to the Bank.

4. Except as the Bank shall otherwise agree: (a) the principal amount of each Sub-loan or Financing Lease or the aggregate principal amount under multiple Sub-loans and Financing Leases made to any Sub-project shall not exceed \$80,000,000 equivalent; (b) the aggregate principal amount under multiple Sub-loans and Financing Leases, including all Sub-loans and Financing Leases, made by the Borrower to any Sub-project Sponsor and its affiliates shall not exceed limits set by its internal prudential policies; and (c) each Sub-loan or the Financing Lease or the aggregate principal amount under multiple Sub-loans and Financing Leases made to any Sub-project shall not exceed seventy-five percent (75%) of the total cost of such Sub-project.

5. The Borrower shall submit for the Bank's approval: (a) the first Energy Efficiency Sub-project; (b) the first Renewable Energy Sub-project using the proceeds of the CTF Loan; and (c) all Sub-projects which are classified as Category A Sub-projects in accordance with the provisions of the Operational Manual.

6. Each Sub-loan or Financing Lease shall be approved on the basis of:

- (i) a description of the Sub-project Sponsor and an appraisal of the Sub-project, including a description of the expenditures proposed to be financed out of the proceeds of the Loan;
- (ii) the proposed terms and conditions of the Sub-loan or the Financing Lease, including the schedule of amortization of the

Sub-loan or schedule of lease payments under the Financing Lease;

- (iii) a business plan incorporating a development plan which shall be evaluated by the Borrower in accordance with established guidelines for project and credit evaluation set forth in the Operational Manual;
- (iv) evidence of compliance with the Operational Manual, with the Environmental Policy Framework, Resettlement Policy Framework and Dam Safety Framework; and
- (v) such other information as the Bank or the Borrower shall reasonably request.

7. (a) Sub-loans and Financing Leases shall be made to the Sub-project Sponsors which each shall have established to the satisfaction of the Borrower, on the basis of the Operational Manual that:

- (i) it is a Private Enterprise (as defined below in paragraph (b));
- (ii) it has a satisfactory financial structure and the organization, management, staff and financial and other resources required for the efficient carrying out of its operations, including the carrying out of the Sub-project;
- (iii) it promotes undertaking an investment aimed at: (aa) utilization of renewable energy; or (bb) increase energy efficiency of its operations; and
- (iv) it has a certificate from the relevant local or national authorities of the Guarantor about compliance with applicable environmental laws and regulations of the Guarantor.

(b) For purposes of this paragraph an enterprise shall be considered to be a "Private Enterprise" where more than fifty percent (50%) of the shares or other equity interest thereof is held by persons or companies other than the Guarantor, any agency or subdivision thereof, or any local governmental authority, or entities controlled by the Guarantor or such agencies or subdivisions.

8. (a) Unless otherwise agreed between the Bank and the Borrower, Sub-loans shall be made for Sub-projects which are each determined, on the basis of an appraisal carried out in accordance with procedures acceptable to the Bank, to:

- (i) be technically feasible and economically, financially and commercially viable, as determined based on the ratios set forth in the Operational Manual;
- (ii) for Renewable Energy Sub-projects - support energy production facilities based on renewable resources (as defined below in this paragraph), and for the Energy Efficiency Sub-projects – the majority of incremental benefits from the Sub-project will come from cost savings in energy consumption;
- (iii) be located in the following river basins: Susurluk; North Aegean; Gediz; Kucuk Menderes; Buyuk Menderes; Western Mediterranean; Antalya; Sakarya; Western Black Sea; Yesilirmak; Kizilirmak; Eastern Mediterranean; Konya Kapali; Seyhan; Ceyhan; and Eastern Black Sea;
- (iv) have at least fifteen percent (15%) Sub-project Sponsor equity financing for Renewable Energy Sub-projects, and at least twenty five percent (25%) Sub-project Sponsor equity financing for the Energy Efficiency Sub-Projects;
- (v) generate a financial rate of return of at least eight percent (8%); and
- (vi) be in compliance with all requirements pertaining to environmental protection applicable under the laws and regulations of the Guarantor and with the Environmental Policy Framework, Resettlement Policy Framework and Dam Safety Framework. To that end, the Borrower shall require each Sub-project Sponsor applying for a Sub-loan to furnish evidence satisfactory to the Bank and the Borrower, showing that the Sub-project in respect of which the application has been made has been prepared in accordance with such procedures, such evidence to include, *inter alia*, an environmental management plan, land acquisition plan and/or resettlement action plan, as might be applicable for a Sub-project submitted for approval.

(b) For purposes of this paragraph “energy production facilities based on renewable resources” means the facilities producing electricity or heat based on wind, solar, geothermal, wave, tide, biomass, biogas and hydrogen energy; river or canal type hydroelectric generation facilities; and hydroelectric generation facilities with a reservoir area below 15 square kilometers.

9. Sub-loans and Financing Leases shall be made on terms whereby the Borrower shall obtain, by written contract with the Sub-project Sponsor or by other appropriate

legal means, rights adequate to protect the interests of the Guarantor, the Bank and the Borrower, including, in case of any Sub-loan or Financing Lease, the right to:

(a) require the Sub-project Sponsor to carry out and operate the facilities financed under the Sub-project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards, and in accordance with the provisions of Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, and to maintain adequate records;

(b) without limitation to the generality of the provisions of the preceding paragraph (a), require the Sub-project Sponsor to carry out and operate the Sub-project with due regard to applicable social impact, ecological, environmental and pollution control standards and in accordance with the provisions of the Operational Manual;

(c) for Sub-projects which need an environmental management plan, or land acquisition, or resettlement action plan require the Sub-project Sponsor to carry out such plans in a timely manner;

(d) require that: (i) the goods, works and services to be financed out of the proceeds of the Sub-loan shall be procured in accordance with the provisions of Section III of this Schedule; and (ii) use such goods, works and services exclusively in the carrying out of the Sub-project;

(e) inspect, by itself or jointly with representatives of the Bank or the Guarantor, if the Bank or the Guarantor shall so request, such goods and the sites, works, plants and construction included in the Sub-project, the operation thereof, and any relevant records and documents;

(f) require that the Sub-project Sponsor shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; and without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Sub-loan or the Financing Lease to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the Sub-project Sponsor to replace or repair such goods;

(g) obtain all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Sub-project Sponsor and to the benefits to be derived from the Sub-project; and

(h) suspend and terminate the right of the Sub-project Sponsor to the use of the proceeds of the Sub-loan or the Financing Lease upon failure by such Sub-project Sponsor to perform its obligations under its contract with the Borrower.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

The Borrower shall monitor and evaluate the progress under Part A of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.08 of the General Conditions.
2. The Borrower shall prepare and furnish to the Bank as part of the Project Report, not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.08 (c) of the General Conditions. Each 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 Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines or the Consultant Guidelines.

B. Particular Methods of Procurement of Goods, Works and Services

Established Private or Commercial Practices. Contracts for works, goods and services under Sub-projects shall be awarded in accordance with the established private or commercial practices of the Guarantor which have been found acceptable to the Bank and are described in the Operational Manual.

C. Review by the Bank of Procurement Decisions

All contracts for works, goods and services under Sub-projects shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions, included in the Disbursement Letter, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (Expressed in USD)	Amount of the Loan Allocated (Expressed in EUR)	Percentage of Expenditures to be financed (Inclusive of Taxes)
(1) Sub-Loans and Financing Leases:			100% of amounts disbursed
(a) for Energy Efficiency Sub-projects	20,948,000	10,933,000	
(b) for Renewable Energy Sub-projects	188,527,000	98,393,000	
(2) Front-end Fee	525,000	274,000	Amount payable pursuant to Section 2.03 of this Agreement

Category	Amount of the Loan Allocated (Expressed in USD)	Amount of the Loan Allocated (Expressed in EUR)	Percentage of Expenditures to be financed (Inclusive of Taxes)
			in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Collar Premium	0	0	Amounts payable pursuant to Section 2.07(c) of this Agreement
TOTAL	<u>210,000,000</u>	<u>109,600,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$42,000,000 equivalent for the Dollar Tranche of the Loan and EUR21,920,000 for the Euro Tranche of the Loan may be made for payments made prior to this date but on or after May 30, 2008, for Eligible Expenditures under Categories (1)(a) and (1)(b); and

(b) under Categories (1)(a) and (1)(b) unless the Sub-loan or Financing Lease has been made in accordance with criteria and procedures set forth in the Operational Manual and on terms and conditions referred to in Section I.B of this Schedule.

2. The Closing Date is December 31, 2014.

SCHEDULE 3

Amortization Schedule

1. 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”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each March 15 and September 15 beginning September 15, 2014 through March 15, 2039	2.0%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable

on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category A Sub-projects” means Sub-projects which require full environmental impact assessment pursuant to the provisions of the Operational Manual.
3. “Category” means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “Dam Safety Policy Framework” means a framework adopted by the Borrower which sets forth policies and procedures for ensuring safety standards during construction and/or rehabilitation of dams; and such document constitutes an integral part of the Operational Manual.
6. “Disbursement Letter” means the letter dated as of the same date of this Agreement, including the additional instructions as referred to in Section IV A.1 of Schedule 2 to this Agreement, as may be revised from time to time.
7. “Dollar Tranche of the Loan” means the amount of the Loan specified in Section 2.01 (a) of this Agreement.
8. “Energy Efficiency Sub-project” means a Sub-project which supports investments where the major benefit derives from a reduction in energy usage.
9. “Environmental Policy Framework” means a document adopted by the Borrower which sets forth policies and procedures for environmental screening of Sub-projects, for conducting environmental assessments and specifying requirements for environmental mitigation measures to be included in environmental management plans; and such document constitutes an integral part of the Operational Manual.
10. “Euro Tranche of the Loan” means the amount of the Loan specified in Section 2.01 (b) of this Agreement.

11. “Financing Lease” means any transfer of possession of goods by the Borrower to a Sub-project Sponsor on the basis of a lease agreement for the carrying out of a Sub-project.
12. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
13. “Operational Manual” means the manual adopted by the Borrower, setting out the operational and administrative procedures in respect of the preparation, approval, processing, financing, implementation and supervision of Sub-projects.
14. “PIU” means the Project Implementation Unit of the Borrower established by the Borrower’s decision on July 25, 2003, or any successor to such unit.
15. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004, revised in October 2006.
16. “Renewable Energy Sub-project” means the Sub-project which supports generation facilities based on renewable resources in accordance with the criteria specified in paragraph 8(b) of Section I.B of Schedule 2 to this Agreement.
17. “Resettlement Policy Framework” means a document adopted by the Borrower which sets forth policies and procedures to be followed in case of land acquisition and/or resettlement which might be required for carrying out of a Sub-project, including the requirements for preparation of land acquisition plans or resettlement action plans; and such document constitutes an integral part of the Operational Manual.
18. “Sub-loan” means a loan made or proposed to be made by the Borrower, out of the proceeds of the Loan, for purposes of financing the expenditures incurred by a Sub-project Sponsor for goods, works and services under a Sub-Project.
19. “Sub-project” means a specific project, selected in accordance with the provisions of the Operational Manual, which is proposed to be carried out by a Sub-project Sponsor through the utilization of the proceeds of a Sub-loan or a Financing Lease and which is either the “Renewable Energy Sub-project” (as defined above), or “Energy Efficiency Sub-project” (as defined above).
20. “Sub-project Sponsor” means an enterprise satisfying the appropriate criteria set forth in the Operational Manual to which the Borrower proposes to make or has made a Sub-loan or Financing Lease.

21. “TKB” or “Türkiye Kalkınma Bankası A.Ş.” means a joint-stock company established pursuant to the statutes published in Trade Registry Gazette No. 23849 dated October 17, 1999 (Trade Registry No. 32345) which is responsible for implementation of Part B of the Project.
22. “TSKB” or “Türkiye Sınai Kalkınma Bankası A.Ş.” means a joint-stock company established pursuant to the statutes published in Trade Registry Gazette No. 7046 dated June 2, 1950 (Trade Registry No. 42527), which is responsible for implementation of Part A of the Project.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.07 is modified to read as follows:

“Section 2.07. Refinancing Preparation Advance; Capitalizing Front-end Fee and Interest

(a) If the Loan Agreement provides for the repayment out of the proceeds of the Loan of an advance made by the Bank or the Association (“Preparation Advance”), the Bank shall, on behalf of such Loan Party, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (l) of Section 7.02 is modified to read as follows:

“Section 7.02. Suspension by the Bank

... (l) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
 - (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”