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**LOAN NUMBER 7537 TU**

# **Loan Agreement**

**(Land Registry and Cadastre Modernization Project)**

**between**

**REPUBLIC OF TURKEY**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated June 9, 2008**

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**LOAN NUMBER 7537 TU**

**LOAN AGREEMENT**

Agreement dated June 9, 2008, between REPUBLIC OF TURKEY (“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) 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.

**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, the amount of one hundred thirty-five million Euro (EUR 135,000,000) as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“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 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. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead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 February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 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 and of the Conversion Guidelines.
- (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 the Project through TKGM 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 and the Bank shall otherwise agree, the Borrower shall ensure that 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 one hundred twenty (120) days after the date of this Agreement.

**ARTICLE V - REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is the Undersecretary of Treasury.

5.02. The Borrower's Address is:

Basbakanlik  
Hazine Mustesarligi  
Inonu Bulvari  
Emek – Ankara  
Republic of Turkey

Facsimile:  
(312) 212-8550

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	248423(MCI) or	1-202-477-6391
Washington, D.C.	64145(MCI)	

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

REPUBLIC OF TURKEY

By: /s/ Memduh Aslan Akçay

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 improve the effectiveness and efficiency of the land registry and cadastre services through: (i) renovating and updating cadastre maps to support digital cadastre and land registry information; (ii) making the digital land registry and cadastre information available to public and private entities; (iii) improving customer services in land registry and cadastre offices; (iv) improving human resources in TKGM; and (v) developing policies and capacity to introduce best international practices in property valuation in Turkey.

The Project consists of the following parts:

#### Part A: Cadastre and Land Registry Renovation and Updating

1. Updating and modernization of the real property cadastre and registry information and systems into an accurate, consistent with site specific requirements, legally valid and maintained digital cadastre system to be a basis for spatial information systems.
2. Development of new rectified orthophoto maps, production of vector maps and digital data in selected areas.
3. Provision of technical assistance for cadastre renovation supervision, quality control and establishment of spatial data infrastructure.

#### Part B: Improved Service Delivery

1. Implementation of the integrated (land registry and cadastre) version of TAKBIS.
2. Design of model office layouts for Cadastre Offices in selected regions to improve service delivery utilizing both integrated workflows and the integrated version of TAKBIS; renovation or construction of selected Cadastre Offices and provision of furniture and equipment; and carrying out policy studies to improve efficiency of the registration system, tenure security and promote development of efficient land and property markets.
3. Establishment and operation of a TAKBIS information dissemination service including an up-to-date web-based version of the cadastre, a web-based registration and cadastre transaction status report and cadastre layer supply and update service for Geographic Information System (GIS) users.

Part C: Human Resources and Institutional Development

1. Provision of technical assistance to TKGM to develop a human resources strategy to support the effective functioning of the organization in the e-government environment.
2. Provision of technical assistance to TKGM to develop strategic and business plans.
3. Provision of training to TKGM staff and establishment of regional training centers of TKGM.

Part D: Property Valuation

1. Development of policy and institutional options for property valuation function in the Republic of Turkey consistent with the European practices.
2. Development of guidelines and piloting of mass property valuation for local property taxation in two selected municipalities.
3. Provision of training for the development of core capacities for property valuation within TKGM and other central government agencies and in the municipal governments, carrying out seminars and workshops, and postgraduate training of selected individuals from government and stakeholder agencies and selected universities.

Part E: Project Management

Provision of support to TKGM for Project management, including conducting customer's surveys.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

1. The Borrower shall assign the overall responsibility for Project implementation to TKGM, which shall maintain during Project execution, a project coordination team with staff, resources and terms of reference satisfactory to the Bank.
2. Not later than December 31, 2008, TKGM shall complete its strategic plan, including a human resources development plan.
3. Not later than June 30, 2009, the Borrower shall cause TKGM to develop a policy on data sharing and data pricing in the context of the NSDI and e-government.
4. The Borrower shall implement Project activities in accordance with the EMP and shall include adequate information on the carrying out of the EMP in the progress reports referred to in paragraph A.1 of Section II of this Schedule.
5. The Borrower shall ensure that 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.

#### **Section II. Project Monitoring, Reporting and Evaluation**

##### **A. Project Reports**

1. The Borrower shall monitor and evaluate the progress 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 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.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than March 30, 2014.
3. The Borrower shall: (a) prepare, under terms of reference agreed with the Bank, and furnish to the Bank, on or about March 15, 2011, a report (Mid-Term Report), on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and (b) review with the Bank (Mid-Term Review), by April 15, 2011, or such later date as the Bank shall request, the report referred to in sub-



paragraph (a) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

**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 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower, through TKGM, shall have Financial Statements for the Project audited in accordance with the provisions of Section 5.09 (b) 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, Technical Services and Works.** All goods, technical services 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 Section.
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 Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, technical services and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Technical Services and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, technical services and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b)	Shopping
(c)	Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>	
(a)	Quality-Based Selection
(b)	Least-Cost Selection
(c)	Selection based on Consultants' Qualifications
(d)	Single-Source Selection
(e)	Individual Consultants

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts 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 Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), 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.

	<b>Category</b>	<b>Amount of the Loan Allocated (Expressed in EUR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1)	Works	8,830,000	100%
(2)	Goods	450,000	100%
(3)	Technical Services	114,890,000	100%
(4)	Consultants' Services	8,220,000	100%
(5)	Training and Workshops	770,000	100%
(6)	Operating Costs	390,000	100%
(7)	Interest Rate Cap or Collar Premium	0	Amounts payable pursuant to Section 2.07 (c) of this Agreement
(8)	Unallocated	1,450,000	
	<b>TOTAL AMOUNT</b>	<b><u>135,000,000</u></b>	

For the purposes of this paragraph:

(a) the term “training” means: (i) the fees of consultants, including educational or other institutions and organizations, that provide training services; and (ii) the cost of study visits and workshops, and related expenditures;

(b) the term “technical services” means cadastre renovations, orthophoto maps, base mapping, registry, updating and digitalization services; and

(c) the term “operating costs” means incremental expenses incurred by the Borrower on account of Project implementation, management and monitoring, including transportation of TKGM staff and consultants related to Project monitoring and supervision, leasing of vehicles and other related costs.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawals shall be made from the Loan Account:

(a) until the Bank has received payment in full of the Front-end Fee; and

(b) for payments made prior to the date of this Agreement.

2. The Closing Date is September 30, 2013.

**ANNEX  
TO  
SCHEDULE 2**

**Mandatory Provisions for Procurement under Bank-Financed Contracts  
Subject to National Competitive Bidding**

The Borrower shall use the Bank's Europe and Central Asia Region National Competitive Bidding documents template for works and goods and apply the following provisions in the carrying out of National Competitive Bidding procedures under the Project:

A. Eligibility

Bidding shall not be restricted to domestic bidders. No restriction shall be applied to foreign bidders who wish to submit a bid.

B. Procedures

Invitations to bid shall be advertised in the Official Gazette and in at least one widely circulated national daily newspaper or in an electronic portal of free access allowing a minimum of thirty (30) days for the preparation and submission of bids.

C. Assessment of Bidders' Qualifications

In the procurement of goods, technical services and works, where pre-qualification is not used, the qualifications of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying minimum experience, technical and financial requirements which shall be explicitly stated in the bidding documents and which shall be determined by a 'pass/fail' method, not through use of a merit point system.

D. Participation by Government-owned Enterprises

Government-owned enterprises in the Republic of Turkey shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the Government. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

E. Participation by Joint Ventures

Participation shall be allowed from joint ventures on the condition that such joint venture partners will be jointly and severally liable under the Contract.

F. Bidding Documents

Procuring entities shall use the Bank's sample National Competitive Bidding documents for Europe and Central Asia Region for works and goods and shall draft contract and conditions of contract acceptable to the Bank.

G. Bid Evaluation

(a) Evaluation of bids shall be made in strict adherence to the monetarily quantifiable criteria declared in the bidding documents and a merit point system shall not be used.

(b) Extension of bid validity shall be allowed once only for not more than thirty (30) days. No further extensions should be requested without the prior approval of the Bank.

(c) Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid and have met the post-qualification requirements.

(d) No domestic preference shall apply under National Competitive Bidding.

H. Price Adjustment

Civil works contracts of long duration (i.e. more than eighteen (18) months) shall contain an appropriate price adjustment clause.

I. Rejection of All Bids

All bids shall not be rejected and new bids solicited without the Bank's prior written concurrence.

### **SCHEDULE 3**

#### **Amortization Schedule**

1. Subject to the provisions of paragraph 2 of this Schedule, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each February 15 and August 15, the first installment to be payable on the eleventh (11th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the forty-seventh (47<sup>th</sup>) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment except for the last one shall be equal to one-thirty seventh (1/37th) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.
2. If any one or more installments of principal of the Disbursed Amount would, pursuant to the provisions of paragraph 1 of this Schedule, be payable after February 15, 2037, the Borrower shall also pay on such date the aggregate amount of all such installments.
3. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
4. Notwithstanding the provisions of paragraphs 1 through 3 of this Schedule, in the event of a Currency Conversion of all or any portion of a Disbursed Amount 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.

## **APPENDIX**

### **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” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “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.
4. “EMP” means the Environmental Management Plan for Project, dated December 9, 2007, and approved by the Bank, describing the environmental issues, mitigation, monitoring and institutional measures for Project implementation.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
6. “NSDI” means National Spatial Data Infrastructure.
7. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
8. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated March 17, 2008, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
9. “TAKBIS” means Turkish Computerized Cadastre and Land Registration System.
10. “TKGM” means General Directorate of Land Registry and Cadastre under the Borrower’s Ministry of Public Works and Settlement.