

July 23, 1991

The Undersecretary of the Treasury and
Foreign Trade
Basbakanlik
Hazine Ve Dis Ticaret
Mustesarligi
Bakanliklar
Ankara, Republic of Turkey

Re: Loan No. 3077 TU
(Agroindustry Project)
Amendment of the Japanese Grant Agreement

Dear Sir:

We refer to the Japanese Grant Agreement (Agroindustry Project) between the Republic of Turkey (the Recipient) and the International Bank for Reconstruction and Development (the Bank), acting as Administrator (the Administrator) of grant funds provided by the Government of Japan (Japan), dated July 26, 1990. We also refer to the letter, dated July 17, 1991, from the Prime Ministry, Undersecretariat of the Treasury and Foreign Trade, requesting the opening of Special Accounts for the purposes of the Japanese Grant Agreement.

We are pleased to inform you that the Administrator, after due consideration, has agreed to the above request. Accordingly, the Japanese Grant Agreement is hereby amended to read as follows:

1. Section 1.02 is amended to read as follows:

"Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "IGEME" means the Recipient's Export-Promotion Center;

(b) "MAFRA" means the Recipient's Ministry of Agriculture, Forestry and Rural Affairs;

(c) "Special Accounts" mean collectively the accounts referred to in Section 2.02 (b) of this Agreement and more fully defined in paragraphs (d) and (e) of this Section, and "Special Account" means each and any such account;

(d) "IGEME Special Account" means the Special Account which the Recipient shall open and maintain on behalf of IGEME pursuant to Section 2.02 (b) of this Agreement;

(e) "MAFRA Special Account" means the special Account which the Recipient shall open and maintain on behalf of the General Directorate of Projects and Implementation of MAFRA pursuant to Section 2.02 (b) of this Agreement; and

(f) "yen" and " " mean the currency of Japan."

2. In Section 2.02, the existing paragraph is lettered as "(a)" and a new paragraph (b) is added to read as follows:

"(b) The Recipient shall, for the purposes of the Technical Assistance, open and maintain in dollars on behalf of IGEME and MAFRA, respectively, special accounts in the Central Bank of Turkey on terms and conditions satisfactory to the Administrator. Deposits into, and payments out of, the Special

Accounts shall be made in accordance with the provisions of Schedule 4 to this Agreement."

3. A new Schedule 4 (Special Accounts) is added as set forth in the Attachment to this letter.

All the terms and conditions of the Japanese Grant Agreement, as amended hereby, shall remain in full force and effect.

Please confirm your agreement with the foregoing amendments by signing and dating the confirmation on the enclosed copy of this letter and returning it to us.

Sincerely,

/s/ Michael H. Wiehen
Director, Country Department I
Europe, Middle East and North Africa Region

CONFIRMED: by REPUBLIC OF TURKEY on 8/9/91

Attachment

SCHEDULE 4

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible expenditures" means expenditures in respect of the reasonable cost of services required for the Technical Assistance and to be financed out of the amount of the Grant in accordance with the provisions of Section 2.02 (a) of this Agreement; and

(b) the term "Authorized Allocation" means, in respect of IGEME, an amount equivalent to US\$300,000 to be withdrawn from the Grant Account and deposited into the IGEME Special Account; and in respect of MAFRA, an amount equivalent to US\$100,000 to be withdrawn from the Grant Account and deposited into the MAFRA Special Account, all pursuant to paragraph 3 (a) of this Schedule; and the term "Authorized Allocations" means the Authorized Allocation for IGEME and the Authorized Allocation for MAFRA collectively.

2. Payments out of the Special Accounts shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Administrator has received evidence satisfactory to it that a Special Account has been duly opened, withdrawals of the relevant Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Administrator on behalf of IGEME or MAFRA, as the case may be, a request or requests for a deposit or deposits which do not exceed the aggregate amount of the relevant Authorized Allocation. on the basis of such request or requests, the Administrator shall, on behalf of the Recipient, withdraw from the Grant Account and deposit in the Special Account such amount or amounts as IGEME or MAFRA, as the case may be, shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Administrator on behalf of IGEME or MAFRA, as the case may be, requests for deposits into the Special Account at such intervals as the Administrator shall specify.

- (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Administrator on behalf of IGEME or MAFRA, as the case may be, the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Administrator shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as IGEME or MAFRA, as the case may be, shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Administrator from the Grant Account in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by IGEME or MAFRA, as the case may be, out of a Special Account, the Recipient shall, at such time as the Administrator shall reasonably request, furnish to the Administrator on behalf of IGEME or MAFRA, as the case may be, such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Administrator shall not be required to make further deposits into a Special Account:

(a) if, at any time, the Administrator shall have determined that all further withdrawals should be made by the Recipient on behalf of IGEME or MAFRA, as the case may be, directly from the Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Grant, less the amount of any outstanding special commitment entered into by the Administrator pursuant to Section 5.02 of the General Conditions with respect to the Technical Assistance, shall equal the equivalent of twice the aggregate amount of the Authorized Allocations. Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of the Grant shall follow such procedures as the Administrator shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Administrator shall have been satisfied that all such amounts remaining on deposit in the Special Accounts as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Administrator shall have determined at any time that any payment out of a Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Administrator, the Recipient shall, promptly upon notice from the Administrator: (A) provide on behalf of IGEME or MAFRA, as the case may be, such additional evidence as the Administrator may request; or (B) deposit into the Special Account on behalf of IGEME or MAFRA, as the case may be (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Administrator shall otherwise agree, no further deposit by the Administrator into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, at the case may be.

(b) If the Administrator shall have determined at any time that any amount outstanding in a Special Account will not be required to cover further payments for eligible expenditures, the

Recipient shall, promptly upon notice from the Administrator, refund to the Administrator on behalf of IGEME or MAFRA, as the case may be, such outstanding amount.

(c) The Recipient may, upon notice to the Administrator, refund to the Administrator on behalf of IGEME or MAFRA, as the case may be, all or any portion of the funds on deposit in a Special Account.

(d) Refunds to the Administrator made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

