No. 6775

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY

Development Credit Agreement—*Cukurova Power Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and Cukurova Elektrik A.S.). Signed at Washington, on 1 February 1963

Official text: English.

Registered by the International Development Association on 11 June 1963.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
TURQUIE

Contrat de crédit de développement — *Projet relatif à l'énergie électrique — Société Cukurova* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au projet entre l'Association et la Cukurova Elektrik A.S.). Signé à Washington, le 1er février 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 11 juin 1963.

No. 6775. DEVELOPMENT CREDIT AGREEMENT[1] (*CUKUROVA POWER PROJECT*) BETWEEN THE REPUBLIC OF TURKEY AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 1 FEBRUARY 1963

AGREEMENT, dated February 1, 1963, between the REPUBLIC OF TURKEY (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower has requested the Association to assist the Borrower and Cukurova Elektrik A.S., a company organized under the laws of the Borrower (hereinafter called the Company), in the financing of a project described in the Schedule[2] to this Agreement, and

WHEREAS the Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date[3] herewith between the Association and the Company;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

Section 1.01 The parties to this Agreement accept all the provisions of the Development Credit Regulations No. 1 of the Association, dated June 1, 1961,[3] with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Development Credit Regulations No. 1, as so modified, being hereinafter called the Regulations) :

Section 6.02. is amended by inserting the words " or the Project Agreement " after the words " the Development Credit Agreement ".

Section 1.02. Wherever used in the Development Credit Agreement, unless the context shall otherwise require, the following terms shall have the following meanings :

[1] Came into force on 24 April 1963, upon notification by the Association to the Government of Turkey.
[2] See p. 238 of this volume.
[3] See p. 242 of this volume.

(*a*) " Company " means Cukurova Elektrik A.S., a company organized under the laws of the Borrower.

(*b*) " Project Agreement " means the agreement between the Company and the Association of even date herewith, providing for the carrying out of Part A of the Project.

(*c*) The term " Subsidiary Loan Agreement " means the agreement between the Borrower and the Company described in Section 3.01 of this Agreement and shall include all modifications thereto.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to one million seven hundred thousand dollars ($1,700,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. (*a*) The Company shall be entitled, subject to the provisions of this Agreement and the Regulations, to withdraw from the Credit Account (i) such amounts as shall have been expended for the reasonable cost of goods required for the carrying out of the Project; and (ii), if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods, provided, however, that the aggregate amount withdrawn by the Company from the Credit Account shall not exceed the equivalent of $1,620,000 or such other amount as shall from time to time be agreed upon between the Borrower and the Association with the concurrence of the Company.

(*b*) The Borrower shall be entitled, subject to the provisions of this Agreement and Regulations, to withdraw from the Credit Account (i) such amount as shall have been expended for the reasonable cost of goods required for the carrying out of Part B of the Project, and (ii), if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods.

(*c*) Except as the Association shall otherwise agree, no withdrawals shall be made on account of (i) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, or (ii) expenditures prior to April 1, 1962.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($^3/_4$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be payable semi-annnally on May 15 and November 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each May 15 and November 15 commencing May 15, 1973 and ending November 15, 2012, each instalment to and including the instalment payable on November 15, 1982 to be one-half of one per cent ($^1/_2$ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1^1/_2$ %) of such principal amount.

Article III

Use of Proceeds of Credit

Section 3.01. (*a*) The Borrower shall relend, out of the proceeds of the Credit, an amount equivalent to $1,620,000 (or such other amount as shall from time to time be agreed upon between the Borrower and the Association with the concurrence of the Company) to the Company pursuant to a loan agreement (the Subsidiary Loan Agreement) between the Borrower and the Company, containing terms and conditions satisfactory to the Borrower, the Association and the Company.

(*b*) The Borrower shall cause the proceeds of the Credit (except such amounts as shall be relent to the Company in accordance with paragraph (*a*) of this Section) to be applied exclusively to financing the cost of goods required to carry out Part B of the Project. The specific goods to be so financed out of the proceeds of the Credit shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Article IV

Particular Covenants

Section 4.01. The Borrower shall carry out or cause to be carried out Part B of the Project with due diligence and efficiency and to that end shall employ competent and experienced consultants acceptable to the Association, upon terms and conditions satisfactory to the Borrower and the Association.

Section 4.02. (*a*) The Borrower shall furnish promptly to the Association all such information relating to Part B of the Project as the Association shall request.

(*b*) The Borrower shall maintain records adequate to disclose (i) the relending of any proceeds of the Credit to the Company in respect of Part A of the Project, and (ii) the application of the proceeds of the Credit to expenditures for Part B of the Project.

Section 4.03. (*a*) Except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

(*b*) The Borrower shall not take any action that would interfere with the performance of any obligation of the Company under the Project Agreement.

Section 4.04. (*a*) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(*b*) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(*c*) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.05. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.06. This Agreement and the Project Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on, or in connection with, the execution, issue, delivery or registration thereof.

Section 4.07. The Borrower, as long as the Project Agreement shall not have terminated in accordance with its terms, shall grant or cause to be granted