No. 6782

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY

Development Credit Agreement—*Industrial Development Bank Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and Türkiye Sinaî Kalkinma Bankasi A.S.). Signed at Washington, on 23 November 1962

Official text: English.

Registered by the International Development Association on 18 June 1963.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
TURQUIE

Contrat de crédit de développement — *Projet de la Banque pour le développement industriel* (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 Türkiye Sinaî Kalkinma Bankasi A.S.). Signé à Washington, le 23 novembre 1962

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 juin 1963.

No. 6782. DEVELOPMENT CREDIT AGREEMENT[1] (*INDUSTRIAL DEVELOPMENT BANK PROJECT*) BETWEEN THE REPUBLIC OF TURKEY AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 23 NOVEMBER 1962

AGREEMENT, dated November 23, 1962 between the REPUBLIC OF TURKEY (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and the Türkiye Sinaî Kalkinma Bankasi A.S. (The Industrial Development Bank of Turkey, hereinafter called IDB), a company organized under the laws of the Borrower, have requested the Association to assist IDB to provide loans to private enterprises in Turkey by making available to the IDB the proceeds of the development credit provided for herein; 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[2] herewith between the IDB and the Association;

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 Development Credit Regulations No. 1 of the Association dated June 1, 1961,[2] with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

(*a*) Section 6.02 shall be amended by inserting the words " or the Project Agreement " after the words " the Development Credit Agreement ".

(*b*) The first sentence of paragraph 10 of Section 9.01 shall be deleted and the following sentence shall be substituted therefor, namely :

---

[1] Came into force on 27 February 1963, upon notification by the Association to the Government of Turkey.

[2] See p. 20 of this volume.

"10. The term 'goods' means equipment, supplies and services required for the Qualified Project financed out of the proceeds of the Credit."

Section 1.02. Wherever used in this Agreement or in any schedule thereto, unless the context otherwise requires, the following terms shall have the following meanings:

(*a*) The term "Project Agreement" shall mean the agreement between the Association and the IDB of even date herewith, providing for the carrying out of the Project.

(*b*) The term "Subsidiary Loan Agreement" shall mean the loan agreement between the Borrower and the IDB referred to in Section 5.01 of this Agreement.

(*c*) The terms "Qualified Enterprise" shall mean an enterprise to which the IDB shall have made a loan in accordance with, and as provided in, Section 4.01 of this Agreement.

(*d*) The term "Qualified Project" shall mean a specific development project to be carried out by a Qualified Enterprise.

(*e*) The term "foreign currency" shall mean any currency other than currency of the Borrower.

(*f*) The term "Statutes" shall mean the statutes of the IDB adopted on May 12, 1950, as amended from time to time.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, for use by the IDB, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to five million dollars ($5,000,000).

Section 2.02. The amount of the Credit shall be credited to, and may be withdrawn from, the Credit Account as provided in Article III of this Agreement.

Section 2.03. (*a*) The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

(*b*) Such service charge shall be paid semi-annually on May 15 and November 15 in each year.

Section 2.04. 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 ($\frac{1}{2}$ of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent (1½%) of such principal amount.

Article III

Credit account; Withdrawal of Proceeds of Credit

Section 3.01. The Association shall open a Credit Account on its books 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 3.02. (*a*) Subject to the provisions of paragraph (*b*) of this Section, the IDB shall be entitled to withdraw from the Credit Account :

(i) amounts expended for the reasonable foreign currency cost of goods required for carrying out the Qualified Project in respect of which the withdrawal is requested; and

(ii) If the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable foreign currency cost of such goods.

(*b*) No amount shall be withdrawn from the Credit Account in respect of a Qualified Project unless it shall have been approved in writing by the Association, provided, however, that withdrawals may be made in accordance with the provisions of Section 2.03 (*a*) (ii) of the Project Agreement, on account of Qualified Projects up to a limit to be agreed from time to time between the Association and the IDB both for any one such Qualified Project and for such Qualified Projects in the aggregate.

(*c*) Notwithstanding the first sentence of Section 4.01 of the Regulations and except as the Association and the IDB shall otherwise agree, no withdrawals shall be made on account of :

(i) expenditures made for any Qualified Project subject to the Association's approval more than ninety days prior to the submission of such Qualified Project to the Association for approval or, in the case of any other Qualified Project, more than ninety days prior to the application for withdrawal from the Credit Account; or

(ii) expenditures in currency of the Borrower for goods produced in (including services supplied from) the territories of the Borrower.

Section 3.03. Withdrawals from the Credit Account shall be in such freely convertible currency as the Association shall from time to time reasonably select.

Article IV

DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE CREDIT

Section 4.01 The Project for which the Credit is granted is the provision of funds to the IDB to enable it to make loans for productive purposes to private enterprises in Turkey, all such loans to be for specific development projects, in accordance with the Statutes of the IDB, as amended from time to time, and in furtherance of the corporate purposes of the IDB as therein set forth.

Article V

PARTICULAR COVENANTS

Section 5.01. Except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

Section 5.02. The Borrower shall not take any action that would interfere with the performance of the IDB's obligations under the Project Agreement.

Section 5.03. (*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 the maintenance of the service of the Credit. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the maintenance of the service of the Credit.

(*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 5.04. 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.