No. 7767

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY

Development Credit Agreement—*Second Cukurova Power Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Cukurova Elektrik A.S.). Signed at Washington, on 14 July 1964

Official text: English.

Registered by the International Development Association on 11 May 1965.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
TURQUIE

Contrat de crédit de développement — *Deuxième 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 14 juillet 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 11 mai 1965.

No. 7767. DEVELOPMENT CREDIT AGREEMENT[1] (*SECOND CUKUROVA POWER PROJECT*) BETWEEN THE REPUBLIC OF TURKEY AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 14 JULY 1964

AGREEMENT, dated July 14, 1964, 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 the project described in the Schedule to this Agreement (hereinafter called the Project), 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 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 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 3.01 is deleted and the following new section is substituted therefor:

> " SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (*a*) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

[1] Came into force on 16 October 1964, upon notification by the Association to the Government of Turkey.

[2] See p. 360 of this volume.

" (*b*) The proceeds of the Credit shall be withdrawn from the Credit Account :

" (i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

" (ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

" (*c*) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made. "

(*b*) A new Section 3.04 is inserted after Section 3.03 as follows :

" SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03. "

(*c*) Section 3.04 is renumbered as Section 3.05.

(*d*) 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 :

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

(*b*) The term " Project Agreement " means the agreement between the Company and the Association of even date herewith,[1] providing for the carrying out of the Project.

(*c*) The term " Subsidiary Loan Agreement " means the loan agreement between the Borrower and the Company dated February 1, 1963, executed pursuant to Section 3.01 of the development credit agreement between the Borrower and the Association dated February 1, 1963, and shall include all modifications thereof.

(*d*) The term " Second Subsidiary Loan Agreement " means the agreement between the Borrower and the Company to be executed pursuant to Section 3.01 of this Agreement and shall include all modifications thereof.

[1] See p. 360 of this volume.

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 twenty-four million dollars ($24,000,000).

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 Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account (i) such amounts as shall have been expended for the reasonable foreign-currency cost of goods required for carrying out the Project, (ii) such maximum amounts as shall from time to time be agreed between the Borrower and the Association, in total or partial reimbursement of amounts expended periodically for the reasonable cost of goods required to carry out the Project and not included in the foregoing, and (iii) if the Association shall so agree, such amounts as shall be required to meet payments under (i) and (ii) above;

(*b*) provided, however, that (i) no withdrawals shall be made on account of expenditures incurred prior to June 1, 1964 and (ii) except as the Association shall otherwise agree, withdrawals from the Credit Account shall not exceed the equivalent of three million dollars ($3,000,000) until evidence satisfactory to the Association shall have been submitted to it that the capital stock of the Company has been duly increased to a total of 100 million liras under conditions requiring the full payment therefor before the end of the year 1967, that such increase has been duly registered and published as required by law, and that all other formalities required by law to render such increase fully effective have been accomplished.

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-annually on February 1 and August 1 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 February 1 and August 1 commencing August 1, 1974 and ending February 1, 2014, each instalment to and including the instalment payable on February 1, 1984 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. The Borrower shall relend the proceeds of the Credit to the Company pursuant to a loan agreement (the Second Subsidiary Loan Agreement) between the Borrower and the Company containing terms and conditions satisfactory to the Borrower, the Association and the Company and shall maintain records adequate to disclose the details of such relending.

Article IV

PARTICULAR COVENANTS

Section 4.01. (*a*) Except as the Association shall otherwise agree, the Borrower shall not assign and shall not amend, abrogate or waive any provision of, the Subsidiary Loan Agreement or the Second Subsidiary Loan Agreement.

(*b*) The Borrower shall take such actions as are within its power and are necessary to allow the Company to carry out the Project and to perform its obligations under the Project Agreement and shall not take any action that would interfere therewith.

Section 4.02. (*a*) The Borrower and the Association shall cooperate fully to ensure 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.