No. 8491

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY

Development Credit Agreement—*Fourth Industrial Development Bank Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Turkiye Sinai Kalkinma Bankasi A.S.). Signed at Washington, on 10 August 1966

Official text: English.

Registered by the International Development Association on 28 December 1966.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
TURQUIE

Contrat de crédit de développement — *Quatrième projet de la Banque de 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 Turkiye Sinai Kalkinma Bankasi A.S.). Signé à Washington, le 10 août 1966

Texte officiel anglais.
Enregistré par l'Association internationale de développement le 28 décembre 1966.

No. 8491. DEVELOPMENT CREDIT AGREEMENT[1] *(FOURTH INDUSTRIAL DEVELOPMENT BANK PROJECT)* BETWEEN THE REPUBLIC OF TURKEY AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 10 AUGUST 1966

AGREEMENT, dated August 10, 1966, between the REPUBLIC OF TURKEY (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower and Turkiye Sinai Kalkinma Bankasi A.S. (the Industrial Development Bank of Turkey, hereinafter called TSKB), a company organized under the laws of the Borrower, have requested the Association to assist TSKB to provide loans to private enterprises in Turkey by making available to the TSKB 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 herewith[2] between the TSKB 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*) The second sentence of Section 2.02 is amended by deleting the words "at the same rate" and substituting therefor the words "at the rate of one-half of one per cent (½ of 1%) per annum".

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[1] Came into force on 10 November 1966, upon notification by the Association to the Government of Turkey.

[2] See p. 258 of this volume.

(*b*) 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.

"(*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."

(*c*) 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."

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

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

(*f*) Section 8.04 is deleted.

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

"10. The term 'goods' means equipment, supplies and services required by Investment Enterprises to carry out Investment Projects financed out of the proceeds of the Credit."

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

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

(*b*) The term "first Subsidiary Loan Agreement" means the loan agreement between the Borrower and the TSKB dated November 23, 1962, executed pursuant to the development credit agreement between the Borrower and the Association dated November 23, 1962.[1]

(*c*) The term "Second Subsidiary Loan Agreement" means the loan agreement between the Borrower and the TSKB dated August 31, 1964, executed pursuant to the development credit agreement between the Borrower and the Association dated August 31, 1964.[2]

(*d*) The term "Third Subsidiary Loan Agreement" means the loan agreement between the Borrower and the TSKB dated April 1, 1965, executed pursuant to the development credit agreement between the Borrower and the Association dated April 1, 1965.[3]

(*e*) The term "Fourth Subsidiary Loan Agreement" means the loan agreement to be executed between the Borrower and the TSKB pursuant to Section 4.01 of this Agreement.

(*f*) The term "Investment Enterprise" means an enterprise to which the TSKB proposes to grant or shall have granted a loan in accordance with, and as provided in, Section 4.01 of this Agreement.

(*g*) The term "Investment Project" means a specific investment project to be carried out by an Investment Enterprise as submitted to the Association for approval pursuant to Section 2.03 (*a*) (i) of the Project Agreement, or in respect of which a description shall have been submitted pursuant to the provisions of Section 2.03 (*a*) (ii) of the Project Agreement.

(*h*) The term "Lira" and the letters "TL" mean currency of the Borrower.

(*i*) The term "foreign currency" means any currency other than the currency of the Borrower.

(*j*) The term "Statutes" means the statutes of the TSKB adopted on May 12, 1950, as amended from time to time.

(*k*) The term "Government Loan Agreement" means the agreement between the Ministry of Finance of the Borrower and the TSKB dated February 18, 1966, under which the TSKB was granted a long-term loan of TL 368,086,259.96.

Article II

The Credit

Section 2.01. The Association agrees to make available to the Borrower, for use by the TSKB, on the terms and conditions in this Agreement set forth or referred

[1] United Nations, *Treaty Series*, Vol. 469, p. 3.
[2] United Nations, *Treaty Series*, Vol. 535, p. 111.
[3] United Nations, *Treaty Series*, Vol. 554, p. 137.

to, a development credit in an amount in various currencies equivalent to fifteen million dollars ($15,000,000).

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 (¾ 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 April 1 and October 1 in each year.

Section 2.04. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments on each April 1 and October 1, commencing April 1, 1976, and ending October 1, 2015, each installment to and including the installment payable on October 1, 1985, to be one-half of one per cent (½ of 1%) of such principal amount, and each installment 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 right of cancellation and suspension set forth in, the Credit Agreement and the Project Agreement.

Section 3.02. (*a*) Subject to the provisions of paragraph (*b*) of this Section the TSKB, pursuant to Section 8.05 of this Agreement, 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 Investment 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 an Investment 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 in respect of the foreign currency costs of Investment Projects up to a limit to be agreed from time to time between the Association and the TSKB for any one such Investment Project in respect of which, except as the Association shall otherwise agree, no credit has theretofore been