No. 9630

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
TURKEY

Loan Agreement—*Keban Transmission Line Project* (with annexed Loan Regulations No. 3, as amended, and Project Agreement between the Bank and the Etibank). Signed at Washington on 31 October 1968

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 13 June 1969.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
TURQUIE

Contrat d'emprunt — *Projet relatif aux lignes de transport de Keban* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié, et le Contrat relatif au projet entre la Banque et l'Etibank). Signé à Washington le 31 octobre 1968

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 13 juin 1969.

LOAN AGREEMENT [1]

AGREEMENT, dated October 31, 1968, between REPUBLIC OF TURKEY (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested assistance in financing the construction of a dam and hydroelectric power plant at Keban and related transmission lines (hereinafter called the Joint Project);

WHEREAS the European Investment Bank, the governments of the Federal Republic of Germany, France, Italy and the United States of America, and the Bank (hereinafter collectively called the Lenders) have agreed to finance the Joint Project, in various currencies up to the aggregate principal amount of the equivalent of one hundred thirty-five million dollars ($135,000,000);

WHEREAS the Bank is now prepared to make a loan to the Borrower to assist in financing the costs of Part A of the Project, described in Schedule 3 to this Agreement, as the Bank's participation in the Joint Project, and the costs of Part B of the Project, on the terms and conditions hereinafter set forth;

WHEREAS the Project will be carried out by Etibank with the assistance of the Borrower and, as part of such assistance, the Borrower will make available to Etibank the proceeds of the Loan provided for herein;

WHEREAS the Borrower, subject to the discretion of its Parliament, intends to create as soon as possible an autonomous Turkish power authority with authority to generate, transmit, distribute and sell electrical energy throughout Turkey, which will take over the electric power functions and related assets and liabilities of Etibank and other electric power plants, facilities and related assets presently managed and operated by Etibank, substantially in accordance with the text of a Bill for the Türkiye Elektrik Kurumu (TEK), presently before its Parliament;

[1] Came into force on 6 January 1969, upon notification by the Bank to the Government of Turkey.

Now therefore the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS; TRANSFER

Section 1.01. The parties to the Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961, as amended February 9, 1967,[1] with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations) :

(*a*) Section 4.01 of the Loan Regulations is deleted;

(*b*) The words "and the Project Agreement" are inserted after the words "the Loan Agreement" wherever they occur in Sections 5.06 and 7.02 of the Loan Regulations.

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Agreement have the following meanings :

(*a*) The term Etibank means the legal entity, established by Law No. 2805 dated June 14, 1935 of the Borrower, currently charged with carrying out the Project;

(*b*) The term Project Agreement means the agreement between the Bank and Etibank of even date herewith[1] and shall include any supplemental agreement thereto and amendment thereof;

(*c*) The term Subsidiary Loan Agreement means the loan agreement between the Borrower and Etibank to be executed pursuant to Section 5.02 of this Agreement.

Section 1.03. The Joint Project includes Part A of the Project.

Section 1.04. Upon the transfer of the Electric Power Functions and the Power Assets, as defined in the Project Agreement, to another entity acceptable to the Bank and on terms and conditions previously approved by the Bank :

(i) such entity shall be substituted for Etibank in this Agreement, except in Sections 7.01 and 7.02; and

(ii) the Borrower shall make arrangements satisfactory to the Bank for the substitution of such entity for Etibank as party to the Project Agreement and the Subsidiary Loan Agreement and for the assumption by such

[1] See p. 304 of this volume.

entity of the obligations of Etibank under the Project Agreement and the Subsidiary Loan Agreement, subject to such modifications or amplifications of the Project Agreement as the Bank may reasonably request for the achievement of the purposes of the Loan.

Article II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty-five million dollars ($25,000,000).

Section 2.02. (*a*) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan.

(*b*) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. (*a*) The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods required for the Project and to be financed under this Agreement :

(i) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) in currencies other than the currency of the Borrower; and

(ii) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) in the currency of the Borrower, provided, however, that :

(1) withdrawals under this sub-paragraph (ii) on account of contracts payable exclusively in the currency of the Borrower or goods produced by Etibank shall not exceed the equivalent of eighty-five per cent (85 %) of the amounts paid under such contracts or the cost of such goods, respectively; and

(2) the aggregate amount of withdrawals under this sub-paragraph (ii) shall not exceed an amount equivalent to one-third of the amounts which the Borrower shall have withdrawn, or on the basis of signed contracts can reasonably be expected to withdraw, from the Loan Account under sub-paragraph (i) above.

(*b*) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of : (i) expenditures made prior to September 1, 1968; or (ii) any payment il for any present or future taxes levied on the import of goods into the territories of the Borrower; or (iii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or for goods produced in (including services supplied from) such territories.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of six and one-half per cent (6 1/2 %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 fo the Loan Regulations shall be at the rate of one-half of one per cent (1/2 of 1 %) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, the goods to be financed out of the proceeds of the Loan shall be procured in accordance with the procedures and subject to the conditions set forth in the Project Agreement.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.