

No. 12276

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY**

Development Credit Agreement—*Istanbul Urban Development Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 30 June 1972

Authentic text : English.

Registered by the International Development Association on 22 January 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
TURQUIE**

Contrat de crédit de développement — *Projet relatif au développement de la ville d'Istanbul* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 30 juin 1972

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 22 janvier 1973.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 30, 1972, between the REPUBLIC OF TURKEY (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(B) The Borrower has established an Interministerial Coordination Council for Reconstruction under Decree No. 7/4345 dated May 9, 1972, which is responsible for the coordination of planning, implementation and investment decisions and measures related thereto in metropolitan urban areas in the territories of the Borrower;

(C) The Borrower has established a Planning Council for the greater Istanbul area which is responsible for making policy decisions and coordinating the development of that area, the members of which include the Governor of Istanbul Province, the Mayor of Istanbul City, representatives of the Ministry of Reconstruction and Resettlement, the State Planning Organization and the Highway Department;

(D) The Borrower has also established an Advisory Panel consisting of technical experts from the public and private sectors to assist the Master Plan Bureau defined in Section 1.02 (c) of this Agreement in coordinating the work of the agencies of the Borrower responsible for carrying out the Project; and

(E) The Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Sections 5.01 and 6.02 (h) thereof and to the renumbering of Section 6.02 (i) into 6.02 (h) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings :

¹ Came into force on 4 January 1973, upon notification by the Association to the Government of Turkey.

² See p. 134 of this volume.

(a) "Loan Agreement" means the agreement of even date herewith¹ between the Borrower and the Bank for the purpose of the Istanbul Water Supply Project, as such agreement may be amended from time to time; and such term includes the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,² as made applicable to such agreement, all agreements supplemental to the Loan Agreement and all schedules to the Loan Agreement;

(b) "Consultants" means the consultants appointed by the Borrower to assist in carrying out the Project pursuant to Section 3.02 of this Agreement; and

(c) "Master Plan Bureau" means the Greater Istanbul Master Plan Bureau of the Borrower's Ministry of Reconstruction and Resettlement.

Article II. THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to two million three hundred thousand dollars (\$2,300,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Development Credit Agreement; provided, however, that except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Credit shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* published by the Bank in April 1972.

Section 2.04. The Closing Date shall be June 30, 1977 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. 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.

Section 2.06. Service charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing October 1, 1982 and ending April 1, 2022, each installment to and including the installment payable on April 1, 1992 to be one-half of one per cent ($\frac{1}{2}$ of 1%)

¹ See p. 103 of this volume.

² United Nations, *Treaty Series*, vol. 691, p. 300.

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

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative and financial practices, and shall provide, promptly as needed, the counterpart staff, funds, facilities, services and other resources required for the purpose.

Section 3.02. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.03. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures of the departments or agencies of the Borrower responsible for carrying out the Project.

Section 3.04. For the purpose of coordinating the work undertaken in carrying out the Project, the Borrower shall, by March 1, 1973 or such other date as shall be agreed with the Association augment the staff of its Master Plan Bureau in a manner satisfactory to the Borrower and the Association.

Section 3.05. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Credit against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Section 3.06. (a) The Borrower shall furnish to the Association, promptly upon their preparation, the plans and reports of the Consultants in respect of the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in the Project; (ii) shall enable the Association's accredited representatives to see the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

Article IV. OTHER COVENANTS

Section 4.01. The Borrower shall, by December 31, 1972 or such other date as shall be agreed with the Association, take, or cause to be taken, all such action as shall be necessary to acquire all land and rights over land which are required for the relocation of the Istanbul wholesale market complex.

Section 4.02. The Borrower shall, prior to the completion of the Project and after an exchange of views with the Association, initiate institutional, financial and organizational arrangements to ensure coordination in the planning, implementation and operation of the water supply and wastewater facilities in the Istanbul metropolitan area, and shall furnish specific proposals to the Association for such arrangements by December 31, 1972.

Article V. CONSULTATION AND INFORMATION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party :

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration and operations of the departments or agencies of the Borrower responsible for carrying out any part of the Project, and other matters relating to the purposes of the Credit; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the administration, operations resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out any part of the Project.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by either of them of its obligations under the Development Credit Agreement.

Section 5.03. 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.

Article VI. TAXES AND RESTRICTIONS

Section 6.01. The principal of, and service-charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.04. Any import or other licenses required for the importation of goods or the supply of services for the Project shall be issued by the Borrower.

Article VII. REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.03 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified, namely, that a default shall have occurred in the performance of any obligation on the part of the Borrower under the Loan Agreement.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely, that the event specified in Section 7.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

Article VIII. EFFECTIVE DATE; TERMINATION

Section 8.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions, namely, that the execution and delivery of the Loan Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary administrative and governmental action.

Section 8.02. The following are specified as additional matters, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

Section 8.03. The date October 5, 1972 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower under Section 5.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty years after the date of this Agreement, whichever shall be the earlier.

Article IX. REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. Subject to the provisions of Section 2.09 of this Agreement, the Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. The following addresses are specified for the purposes of Section 9.01 of the General Conditions :

For the Borrower :

Maliye Bakanligi
Hazine Genel Mudurlugu ve Milletlerarasi Iktisadi
Isbirligi Teskilati Genel Sekreterligi
Ankara, Turkey

Cable address :

Maliye
Hazine
Ankara

For the Association :

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address :

Indevas
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Turkey :

By AHMET TUFAN GUL
Authorized Representative

International Development Association :

By J. BURKE KNAPP
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the Categories of imported items to be financed out of the proceeds of the Credit and the allocation of amounts of the Credit to each Category :

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>
I. Consultants' Services and project and model preparation .	1,650,000
II. Training, fellowships and seminars	80,000
III. Equipment and vehicles for Master Plan Bureau	70,000
IV. Unallocated	500,000
TOTAL	<u>2,300,000</u>

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

- (a) expenditures in the currency of the Borrower, as for goods produced in, or services supplied from, the territories of the Borrower;
- (b) expenditures prior to the date of this Agreement; and
- (c) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof.

3. (a) Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

- (i) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit; and
 - (ii) if the estimate of the expenditures under any Category shall increase, a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures; and
- (b) If the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the preparation, in a form suitable for Government's approval and implementation, of an integrated program of action to meet the long term urban needs of the Istanbul Metropolitan Area, an urban transport/land use model, and high priority projects designed to alleviate existing problems in such area.

The Project is expected to be completed by December 31, 1976.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.]