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LOAN NUMBER 9372-TR

# Loan Agreement

(Turkey Climate Smart and Competitive Agricultural Growth Project)

between

REPUBLIC OF TURKEY

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF TURKEY (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of three hundred four million eight hundred thousand Euros (EUR 304,800,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower, through its Ministry of Agriculture and Forestry (“MoAF”), declares its commitment to the objectives of the Project.

- 3.02. To this end, the Borrower, through MoAF, shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

#### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following: the Borrower, through MoAF, shall have prepared and adopted the Project Operations Manual, in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

#### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Borrower's Representative is its Minister of Treasury and Finance.

- 5.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Hazine ve Maliye Bakanligi  
Inonu Bulvari No. 36  
Emek – Ankara  
Republic of Turkey; and

- (b) the Borrower's Electronic Address is:

Facsimile:

(90) (312) 204-7366  
(90) (312) 204-7367.

- 5.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Bank's Electronic Address is:

Telex: 248423(MCI) or 64145(MCI) Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF TURKEY

By



Authorized Representative

Name: Serhat KOKSAL, PhD  
Director General

Title: \_\_\_\_\_

Date: 16 MAY 2022

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: AUGUSTE KOUAME

Title: COUNTRY DIRECTOR

Date: May 16, 2022

## SCHEDULE 1

### Project Description

The objectives of the Project are to strengthen capacity for sustainable and competitive agricultural growth and promote the use of climate smart agriculture in targeted regions in Turkey.

The Project consists of the following parts:

**Part 1. Institutional Capacity Strengthening for Climate Smart Agri-food Policy, Planning, and Investments.**

Strengthening Turkey's agri-food sector by enhancing its sustainable planning and management, and its data collection and information management, to support effective policy monitoring and programming, through the provision of goods, civil works, consulting services, non-consulting services, Training, and Operational Costs in support of the following activities:

**A. *Narrowing information gaps to enhance soil health and land-use planning and management.***

Provision of support through the General Directorate of Agricultural Reform ("TRGM") for the following:

- (i) *Determination of soils and land resources and assets.* Carrying out of detailed soil surveys and analysis, preparation of soil classification maps, establishment and construction of a national soil archive aligned with international standards;
- (ii) *Digital national profile soil database.* Strengthening of the said database to improve functionality and capability;
- (iii) *System and service development.* Establishment of a soil-land spatial data infrastructure and national soil and land information systems to contribute to climate change mitigation and adaptation strategies and to develop policies for data sharing and use;
- (iv) *Land use classifications.* Classification of lands across Turkey, according to global and national standards, including developing and piloting a decision support system for crop suitability and land planning; and
- (v) *Capacity building.* Carrying out of (a) capacity building activities to generators and users of soil and land information, including

MoAF staff, and (b) awareness campaigns, information dissemination activities and training for stakeholders particularly local authorities and provincial soil conservation boards, on the above-listed activities.

**B. *MoAF digital blueprint for sectoral information collection and management.***

Provision of support through the General Directorate of Information Technologies (“BTGM”) to build the capacity of the MoAF in data collection and sectoral information management, in support of smart climate sectoral policy and planning activities, including the following:

- (i) Development, testing and implementation of improved data collection methods and modelling approaches for monitoring crop production and yields;
- (ii) Provision of production forecasts;
- (iii) Contribution to agriculture planning for food price monitoring, food security assessments, and other applications;
- (iv) Carrying out of stakeholder engagement activities;
- (v) Analysis of data collection and modelling approaches implemented by other countries for crop, yield, and production forecasting; and
- (vi) Upgrading and integration of current institutional information systems to enhance monitoring of agriculture support programs.

**Part 2. Enhancing animal health capacity for effective disease surveillance and diagnostics and control.**

Strengthening Turkey’s effectiveness in animal disease surveillance, diagnostic capabilities, and veterinary medicines and vaccines, through the provision of goods, civil works, consulting services, non-consulting services, Training, and Operational Costs in support of the following activities to be carried out through the General Directorate of Food and Control (“GKGM”):

**A. *Strengthening the capacity of animal health institutes.***

Strengthening of MoAF’s network of veterinary control institutes through, *inter alia*: (i) upgrading biosafety laboratory infrastructure; (ii) providing investments in critical construction work (following national and

international good practice in relation to green and resilient building infrastructure), equipment (focusing on high energy-saving equipment), biosafety and biosecurity trainings; (iii) establishing a common laboratory information management system for the targeted institutes; (iv) developing a national animal-health laboratory policy; and (v) supporting lab certifications.

**B. *Strengthening and improving veterinary medicine product control for animal infectious and vector-borne diseases and zoonoses.***

Improving Turkey's capacity to control and regulate veterinary medicines and vaccines through the establishment of a centralized veterinary medicinal control center, including, *inter alia*: (i) test, analyses, and administrative facilities; (ii) a national vaccine strain collection; (iii) experimental laboratory units; (iv) capacity building and training for GKGM staff at central and provincial levels; and (v) support for lab certifications.

**Part 3. Investments for Enhanced Productivity, Resource-Efficiency, and Climate Resilience.**

Aiding the dissemination, validation, and adoption of climate smart agriculture ("CSA") technologies and practices, and research, development and innovation efforts, through the provision of goods, civil works, consulting services, non-consulting services, Training, and Operational Costs in support of the following activities:

**A. *Strengthening climate resilience, productivity, and resource-use efficiency in horticultural production.***

Provision, through the General Directorate of Agricultural Reform ("TRGM"), of Sub-financing to one or more Agricultural Specialized Organized Industrial Zones ("TDIOSBs") for the piloting of an alternative geothermal greenhouse business model to build infrastructure and mobilize private investors; said Sub-financing investments include, *inter alia*: (i) zone planning and geological surveys; (ii) studies and analyses of feasible investment models and of technical, environmental, and social feasibility and planning of greenhouse production; (iii) dissemination and outreach activities to target collaboration with the private sector; and (iv) basic enabling infrastructure, including civil infrastructure and construction works (including, *inter alia*, for geothermal drilling, energy transmission line and network backup power line, potable and utility water, and foundation drainage connection line).

**B. *Promoting the adoption of CSA technologies and practices.***

Provision of support, through TRGM, to:

- (i) Establish and carry out a Matching Grant (cost-sharing) mechanism that targets producer organizations, agribusinesses promoting contract farming, and private service providers to acquire commercially available digital CSA technologies suitable for small and medium farm enterprises (i.e., equipment, machinery and related goods, and license fees for remote sensing and cloud-based analytical services); and
- (ii) Carry out communication and information dissemination activities, and grant-related monitoring activities and studies, and provision of training and related equipment for digital CSA technologies trainings.

**C. *Reducing animal production pressures on water pollution and greenhouse gas emissions.***

Provision of support to TRGM (including construction works and equipment, equipment for transportation and application of biofertilizer in fields, training and specialized consulting services) to pilot and promote innovative approaches for manure management in regions identified as nitrate vulnerable zones; investments include, *inter alia*: (i) establishing an information network of relevant stakeholders to share manure management experience and knowledge; (ii) providing related training to farmers; (iii) providing training to professionals to support the preparation of manure management plans and monitoring; (iv) piloting incentives and approaches for sustainable manure management, including undertaking a pilot for encouraging third-party manure collection and processing, potentially linked to biogas generation; and (v) carrying out policy analysis.

**D. *Research and innovations to support CSA.***

Provision of support through General Directorate of Agricultural Research and Policies (“TAGEM”) to develop, validate and disseminate in-house CSA agricultural technologies, including, *inter alia*: (i) implementing a research and development and innovation agenda around CSA; (ii) carrying out research, validation and dissemination efforts around integrated pest management; (iii) expanding the use of biofertilizers to enhance fertilizer management and reduce the use of chemical fertilizers; (iv) undertaking other climate-related dissemination activities around energy-saving technologies produced by TAGEM; (v) carrying out



climate assessments to create awareness around climate impacts in crops, and on the opportunities for reducing the water and carbon footprint of key priority value chains and optimize crop planning; and (vi) purchasing and installing new equipment for the research institutes and carrying out small-scale civil works to refurbish their existing facilities.

**Part 4. Project Management, Monitoring, and Evaluation.**

Provision of Project management support to the Project Coordination Unit (“PCU”) under the General Directorate of EU and Foreign Relations (“ABDGM”), and the Project Implementation Units (“PIUs”) under TRGM, TAGEM, GKGM and BTGM: (i) to strengthen their capacity for day-to-day Project management, including carrying out technical, fiduciary, environmental, and social activities and compliance requirements; (ii) for the management of grievance redress, citizen engagement, and communications; and (iii) for Project monitoring and evaluation activities, including impact assessments, beneficiary satisfaction surveys, and development of an integrated system for Project management and monitoring of Project outputs and outcomes.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Borrower, through MoAF, shall have overall responsibility for Project implementation and said responsibility shall include:
  - (a) overseeing the overall Project implementation, and management, including ensuring close coordination between ABDGM, TRGM, TAGEM, GKGM and BTGM (collectively the “General Directorates for the Project”), and with other relevant government and institutional entities, as detailed in the Project Operations Manual;
  - (b) ensuring the proper application of the Project requirements, criteria, policies, procedures, and organizational arrangements, as set forth in this Agreement and detailed in the Project Operations Manual; and
  - (c) preparing, and furnishing to the Bank, as may be relevant, all Project implementation documents, including Project supervision reports.
2. By no later than sixty (60) days after the Effective Date, the Borrower, through MoAF, shall have established and operationalized, and shall continue to maintain throughout Project implementation the following units with terms of reference, qualified staffing, authority and budgetary resources necessary and appropriate to, in the Bank’s opinion, effectively carry out the respective parts of the Project to the satisfaction of the Bank:
  - (a) a PCU, within ABDGM, for the purpose of carrying out the responsibilities set forth in paragraph 1 of this Section I.A, including specifically the financial management, procurement, and environmental and social requirements of the Project; and
  - (b) a PIU within each:
    - (i) TRGM to carry out Parts 1.A, 3.A, 3.B, and 3.C of the Project, in close coordination with provincial directorates;
    - (ii) BTGM to carry out Part 1.B of the Project;
    - (iii) GKGM to carry out Part 2 of the Project; and

- (iv) TAGEM to carry out Part 3.D of the Project.
3. By no later than sixty (60) days after the Effective Date, the Borrower, through MoAF, shall establish, and thereafter maintain throughout Project implementation, and coordinate the regular meeting of, a Project Steering Committee, with composition and terms of reference detailed in the Project Operations Manual, to be responsible for, *inter alia*, ensuring effective institutional coordination amongst the General Directorates for the Project, reviewing the Annual Work Plan and Budget, monitoring the implementation progress of the Project, and providing instructions as needed to ensure the delivery of Project outputs and the achievement of Project outcomes.
  4. By no later than sixty (60) days after the Effective Date, the Borrower, through MoAF, shall establish, and thereafter maintain throughout Project implementation, and coordinate the periodic meeting of:
    - (a) A Technical Coordinating Committee, with composition and terms of reference detailed in the Project Operations Manual, to be responsible for, *inter alia*, reviewing Project progress based on monitoring and evaluation results and address technical and administrative issues related to implementation; and
    - (b) A monitoring and evaluation technical working group, represented by each of the General Directorates for the Project to further refine the Project's overall monitoring and evaluation strategy and to coordinate Project monitoring, including measurement approaches and strategies for data capture, reporting and evaluation.
  5. The Borrower, through MoAF, shall establish, and coordinate the periodic meeting of *ad hoc* technical committees to address specific topics that require alignment among MoAF departments, including participation of departments that are direct beneficiaries of Project activities and/or Project generated information.
  6. For Part 3.A of the Project, the Borrower, through MoAF, shall select pilots based on criteria acceptable to the Bank and set forth in the Project Operations Manual; said criteria shall include, *inter alia*:
    - (a) the selected site shall be one for which MoAF has undertaken a feasibility study; and
    - (b) the selected pilot shall: (i) be shown to be technically and financially viable; (ii) have been assessed to have potentially higher social impacts; and (iii) have demonstrated interest and co-financing opportunities from private stakeholders.

**B. Project Operations Manual.**

- I. The Borrower, through MoAF, shall maintain throughout Project implementation, a Project Operations Manual (“POM”), in form and substance acceptable to the Bank; said POM shall include, *inter alia*, provisions on the following:
  - (a) Detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;
  - (b) The parties responsible for carrying out the respective parts of the Project;
  - (c) The detailed policies and procedures for Project implementation, including the selection and management of Project activities;
  - (d) The detailed policies and procedures specifically for carrying out Part 3.A of the Project (subject to the timing for their preparation as recognized in Section III.B.1(b) of this Schedule) in respect to:
    - (i) the selection of the TDIOB(s);
    - (ii) the selection and management of the related Subproject investments;
    - (iii) the Sub-financing amounts to be extended to TDIOB(s);
    - (iv) the supervision and disbursement of Sub-financing to the selected TDIOB(s);
    - (v) the terms and conditions for the Subproject Agreement and Sub-financing Agreement, including those relating to maturity, interest rate, markup, charges and/or fees; and
    - (vi) the maintenance of proper records related to the Sub-financing disbursements to the selected TDIOB(s) for eligible expenditures;
  - (e) The Matching Grants Manual (subject to the timing for its preparation as recognized in Section III.B.1(c) of this Schedule), covering, *inter alia*, the policies and procedures for the selection and financing of Subprojects and for the provision of Matching Grants under Part 3.B(i) of the Project, including those policies and procedures specified in Sections I.C and I.E of this Schedule;

- (f) The environmental and social obligations, Environmental and Social Instruments, and arrangements, details on the functioning of the grievance redress mechanism(s), and gender and citizen engagement for the Project, consistent with the provisions of Section I.F of this Schedule and the Environmental and Social Commitment Plan;
  - (g) The financial management arrangements, requirements and detailed procedures consistent with the provisions of Section 5.09 of the General Conditions, including the functions, staffing, job descriptions (with special emphasis on the segregation of duties), workflows, internal controls and all financial management arrangements for the Project;
  - (h) The guidelines and procedures for procurement consistent with the provisions of the Procurement Regulations;
  - (i) The requirements of the Anti-Corruption Guidelines;
  - (j) The coordination arrangements between the relevant parties for the day-to-day execution of the Project; and
  - (k) The requirements and procedures for Project monitoring, evaluation, reporting, and communications, including specifically, the frequency and content of environmental and social monitoring reports.
2. The Borrower, through MoAF, shall carry out the Project, and cause the Project to be carried out, in accordance with the arrangements, procedures and guidelines set forth in the POM, provided, however, that in case of any conflict between the arrangements and procedures set out in the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The POM, and any provision thereof, shall not be assigned, amended, abrogated or waived, nor shall be permitted to be assigned, amended, abrogated or waived, without the prior written consent of the Bank; the POM may only be amended in consultation with, and after the approval of, the Bank.

**C. Subprojects.**

1. In carrying out Parts 1, 2 and 3 of the Project, the Borrower shall, through MoAF, ensure that, unless otherwise agreed to by the Bank in writing and thereafter incorporated into the POM, each Subproject is appraised, selected and prioritized in accordance with standards, criteria and procedures acceptable to the Bank, as detailed in the POM, which shall include determining, to the satisfaction of the Bank, that the proposed investment:

- (a) is aligned with the Project objectives, as set forth in Schedule 1 of this Agreement;
- (b) is technically feasible;
- (c) is economically and financially viable;
- (d) is demand and needs driven;
- (e) demonstrates substantial readiness for implementation; and
- (f) is in compliance with, and can be designed and implemented in a manner in compliance with (i) the Bank's fiduciary requirements (including financial and procurement), (ii) the Bank's Environmental and Social Standards, Section I.F of this Schedule, the Environmental and Social Commitment Plan, and the Environmental and Social Instruments (as such instruments, in the judgment of the Bank, may need to be amended to appropriately address the environmental and social considerations relevant to the proposed investments), and (iii) all other relevant terms of this Agreement, including the exclusion of Excluded Activities as defined in this Agreement and as may be further elaborated in the POM.

**D. TDÍOSBs, Subproject, and Sub-financing under Part 3.A of the Project.**

1. Selection of TDÍOSB(s) and Subproject investments. In furtherance of Section I.C.1 of this Schedule, unless otherwise agreed to by the Bank in writing and thereafter incorporated into the POM, the Borrower, through MoAF, shall ensure that, in carrying out Part 3.A of the Project:

- (a) the appraisal of TDÍOSBs, the proposal for TDÍOSB selections, and the related Subproject investments have been:
  - (i) assessed with appropriate consideration of the feasibility studies carried out by the Borrower, through MoAF, based on terms of reference acceptable to the Bank, and said feasibility studies and appraisals have been submitted to the Bank for review and no-objection prior to the approval of the Borrower, through MoAF, of any TDÍOSB and Subproject investments; and
  - (ii) assessed to (A) show reasonable economic return based on a cost benefit analysis, (B) be demand-driven, (C) have leveraged private sector financing, and (D) be built on established TDÍOSB systems; and

- (b) the Bank's written no-objection has been obtained on the selection of the proposed TDÍOSB(s) prior to start of the related Subproject investments.
- 2. Sub-financing. To facilitate the carrying out of Part 3.A of the Project, the Borrower, through MoAF, shall, unless otherwise agreed to by the Bank in writing and thereafter incorporated into the POM:
  - (a) make part of the proceeds of the Loan available to each selected TDÍOSB through Sub-financing, in the form of a sub-loan; and
  - (b) extend the Sub-financing to each selected TDÍOSB, through a public bank acceptable to the Bank, on the condition that the Borrower, through MoAF, and the selected TDÍOSB concerned, represented by an authorized representative of the TDÍOSB, shall enter into a legally binding, written agreement, with terms and conditions approved by the Bank ("Subproject Agreement"), which shall be formally executed by the said parties after the satisfactory completion of the processes specified in Sections I.C.1 and I.D.1 above, and before the start of any bidding and tendering processes for any of the related goods, works or services for the related Subproject.
- 3. Subproject Agreement. The Subproject Agreement referred to in Section I.D.2(b) above shall include terms and conditions that adequately protect the interests of the Bank and the Borrower; such shall include, *inter alia*:
  - (a) A commitment by the Borrower, through MoAF, to provide financing to support the approved Subproject, based on the estimated Sub-financing to be extended for the Subproject, recognizing that:
    - (i) the exact amount of the Sub-financing to be extended under the Project shall be determined following bidding processes acceptable to the Bank, and carried out in accordance with the Bank's Procurement Regulations, for the Subproject activities; and
    - (ii) the final amount of Sub-financing shall be specified in a Sub-financing agreement between MoAF and the TDÍOSB concerned to be executed following the said bidding processes ("Sub-financing Agreement");
  - (b) The requirement that the TDÍOSB concerned, as the case may be, design, prepare (including the bidding and tendering of all related contracts), construct, carry out (including all related Project works and use of services) all Subproject activities, and operate the facilities financed under the Subproject, with due diligence and efficiency and in accordance with sound technical, financial and managerial standards (including those for

procurement, financial management and social and environmental) and the provisions of the Anti-Corruption Guidelines applicable to recipients of finance proceeds other than the Borrower, and maintain adequate records as required by this Agreement, and as further elaborated in the POM;

- (c) Without limitation to the generality of the provisions of the preceding subparagraph (b), the requirement that the TDÍOSB concerned:
  - (i) commits to provide, promptly as needed, the resources required for the purpose of the Subproject;
  - (ii) procure the goods, works and services to be financed out of the Sub-financing in accordance with the provisions of this Agreement;
  - (iii) implements the Subproject investments with due regard to applicable social impact, ecological, environmental and pollution control standards and practices consistent with the requirements set forth in this Agreement and the Environmental and Social Commitment Plan and the Borrower's Environmental and Social Instruments and as further elaborated in the POM;
  - (iv) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (B) at the request of the Borrower, through MoAF, or the Bank, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower, through MoAF, and the Bank; and
  - (v) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Subproject and the achievement of its objectives;
- (d) The requirement that goods, works, non-consulting services and consulting services financed out of the proceeds of the Sub-financing are used exclusively in the carrying out of the Subproject activities;
- (e) The reservation of the right to inspect, by itself or jointly with representatives of the Bank, if the Bank so requests, such goods, sites, works, plants, construction and such other expenditures financed by the



Sub-financing, and the operation thereof, and any relevant records and documents;

- (f) The requirement that the TDÍOSB concerned takes out and maintains with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice; without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of goods financed out of the proceeds of the Sub-financing to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the TDÍOSB concerned to replace or repair such goods;
- (g) The requirement that the TDÍOSB concerned provides all such information as the Bank or the Borrower shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the TDÍOSB concerned and to the benefits to be derived from the Subproject; and
- (h) The reservation of the right of the Borrower, through MoAF, to suspend and terminate the concerned TDÍOSB's use of the proceeds of the Sub-financing, or to accelerate or obtain a refund of all or any part of the amount of the Sub-financing then withdrawn, upon the said TDÍOSB's failure to perform any of its obligations under the Sub-project Agreement.

4. Sub-financing Agreement. The Sub-financing Agreement referred to in Section I.D.3(a)(ii) above, which shall be concluded following and based on a procurement process satisfactory to the Bank, shall specify: (a) the principal amount of Sub-financing to be provided by the Borrower, through MoAF, to the TDÍOSB concerned; and (b) the related interest maturity, interest rate, markup, charges and/or fees to be charged of the TDÍOSB concerned; all of such terms shall be reasonable and acceptable to the Bank and specified in the POM.
5. The Borrower, through MoAF, shall ensure the full and proper execution of each Subproject Agreement and Sub-financing Agreement, and the full and proper conclusion of all required governmental and corporate actions of both the Borrower and the TDÍOSB concerned before proceeding with the respective financing referenced in Section I.D.3(a) above.
6. The Borrower, through MoAF, shall exercise its rights under the Subproject Agreements and Sub-financing Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subproject Agreements or Sub-financing Agreements or any of their provisions.

**E. Matching Grants.**

1. For the purpose of carrying out Part 3.B(i) of the Project, the Borrower, through MoAF, shall make Matching Grants available to eligible beneficiaries for the carrying out of Subprojects, all in accordance with eligibility criteria and procedures acceptable to the Bank as set forth in this Section I.E and further detailed in the Matching Grants Manual.
2. In furtherance of paragraph 1 of this Section I.E, the Borrower, through MoAF, shall:
  - (a) Not later than sixty (60) days after the Effective Date, assign qualified staff satisfactory to the Bank to perform the core functions for carrying out the Matching Grants activities (including grant coordination and monitoring and evaluation);
  - (b) Maintain a Matching Grants Manual, satisfactory in form and substance to the Bank, setting forth the procedures for selecting, appraising, and approving Matching Grant applications, and for supervising implementation of Subprojects financed by Matching Grants, including, *inter alia*:
    - (i) the eligibility criteria for the Matching Grant investments, including those specified for Subprojects under Section I.C of this Schedule;
    - (ii) the application, evaluation, selection, award, and Matching Grants management procedures;
    - (iii) the Matching Grant ceilings, and cost sharing percentages and requirements, for eligible Subproject investments;
    - (iv) the detailed implementation requirements, including the criteria for Matching Grants record keeping, procurement, financial management, disbursements, monitoring, evaluation, and reporting; and
    - (v) mandatory provisions that exclude the financing of Excluded Activities;
  - (c) Incorporate the adopted Matching Grants Manual, acceptable to the Bank, within the POM;
  - (d) Not assign, amend, abrogate or waive, or permit to assign, amend, abrogate or waive the Matching Grants Manual, or any provision thereof,

in a manner which, in the opinion of the Bank, may materially and adversely affect the implementation of the Parts of the Project referred to in Section I.E.1 of this Schedule; the Matching Grants Manual may only be amended in consultation with, and after approval of, the Bank; in case of any conflict between the terms of the Matching Grants Manual and those of this Agreement, the terms of this Agreement shall prevail; and

- (e) Supervise, monitor, and report on the carrying out of the Subprojects financed by the Matching Grants in accordance with the Matching Grants Manual.

3. The Borrower, through MoAF, shall:

- (a) Make Matching Grants available to eligible beneficiaries, in each case, under a Matching Grant Agreement on terms and conditions acceptable to the Bank, in accordance with the Matching Grants Manual;
- (b) Obtain, through the Matching Grant Agreement, rights adequate to protect the interests of the Borrower and the Bank, including requiring the Matching Grant beneficiary to:
  - (i) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including (A) procurement of goods, works and services to be financed out of the Matching Grant in accordance with the provisions of Procurement Regulations, (B) compliance with the Environmental and Social Standards, the Environmental and Social Commitment Plan, and the Environmental and Social Instruments, and (C) compliance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Borrower;
  - (ii) provide, promptly as needed, the matching resources required for the purpose of the Subproject;
  - (iii) as may be relevant, procure the goods, works and services to be financed out of the Matching Grant in accordance with the provisions of this Agreement;
  - (iv) enable the Borrower and the Bank to inspect the Subproject, its operation and any relevant records and documents;
  - (v) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request

- relating to the foregoing, including the Borrower's and the Bank's right to require audits of the beneficiary's records and accounts; and
- (vi) reserve the right to suspend or terminate the right of the Matching Grant beneficiary's use of the proceeds of the Matching Grant, and the right to obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the Matching Grant beneficiary's failure to perform any of its obligations under the Matching Grant Agreement; and
- (c) Exercise its rights and carry out its obligations under each Matching Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project, recognizing that, except as the Bank shall otherwise agree, the Borrower shall not assign, abrogate, amend, suspend, terminate, waive or otherwise fail to enforce any Matching Grant Agreement or any provisions thereof, and in case of any inconsistency between the provisions of any Matching Grant Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

**F. Environmental and Social Standards.**

1. The Borrower, through MoAF, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through MoAF, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower, through the MoAF, shall ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower shall, through MoAF, ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, explosions, spills, and any workplace accidents that result in death, serious or multiple injury, pollution, or any violent labor unrest or dispute between the Borrower or security forces (assigned to protect the Project) and local communities, any case of sexual exploitation and abuse, sexual harassment and violence against minors, or any incidents in or related to any waterways as defined and applicable under World Bank Operational Policy 7.50 or disputed areas, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower, through MoAF, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Borrower, through MoAF, shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

**G. Annual Work Plan and Budget**

1. The Borrower, through MoAF, shall:
  - (a) prepare and furnish to the Bank not later than November 15 of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under the Project during the following year; and (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.
  - (b) afford the Bank a reasonable opportunity to exchange views on each such proposed Annual Work Plan and Budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with such Annual Work Plan and Budget as shall have been approved by the Bank; and
  - (c) not make or allow to be made any change to the approved Annual Work Plan and Budget without the Bank's prior written approval.

**Section II. Project Monitoring, Reporting and Evaluation**

1. The Borrower, through MoAF, shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
2. *Data Protection.* Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Borrower, through MoAF, shall ensure that such information, report or document does not include Personal Data.

**Section III. Withdrawal of Loan Proceeds**

**A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in EUR)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Goods, works, consulting services, non-consulting services, Training and Operational Costs for the Project	250,500,000	100%
(2) Sub-financing under Part 3.A of the Project	24,800,000	100%
(3) Matching Grants under Part 3.B(i) of the Project	29,500,000	100%
<b>TOTAL AMOUNT</b>	<b>304,800,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date;
  - (b) for expenditures under Category (2), unless and until the Borrower, through MoAF, has adopted the policies and procedures necessary for carrying out Part 3.A of the Project, in form and substance satisfactory to the Bank, and incorporated said policies and procedures as part of the POM; and
  - (c) for expenditures under Category (3), unless and until the Borrower, through MoAF, has adopted a Matching Grants Manual, in form and substance satisfactory to the Bank, and incorporated said Matching Grants Manual as part of the POM.
2. The Closing Date is March 31, 2028.

**SCHEDULE 3**

**Commitment-Linked Amortization Repayment Schedule**

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

**Level Principal Repayments**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each April 15 and October 15 Beginning April 15, 2027 through October 15, 2031	9.09%
On April 15, 2032	9.10%



## APPENDIX

### Definitions

1. “Agricultural Specialized Organized Industrial Zones” or “TDİOSBs” means the legal entities also referred to as *Tarım Dayalı İhtisas Organize Sanayi Bölgesi*, established pursuant to the Borrower’s Law on Organized Industrial Zones, Law No. 4562, (published in the Official Gazette, dated April 15, 2000, No. 24021); “TDİOSB” means one such zone.
2. “Annual Work Plan and Budget” means the annual work plan and budget referred to in Schedule 2, Section I.G, of this Agreement.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “Climate Smart Agriculture” or “CSA” means an integrated approach to managing landscapes – cropland, livestock, forests and fisheries – that addresses the interlinked challenges of food security and accelerating climate change. See <https://www.worldbank.org/en/topic/climate-smart-agriculture>.
6. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 9, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower, through MoAF, shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
7. “Environmental and Social Instruments” means, collectively, the Borrower’s environmental and social instruments for the Project, as specified in the Environmental and Social Commitment Plan.
8. “Environmental and Social Management Framework” or “ESMF” means the document dated January 21, 2022, prepared and adopted by the Borrower, through MoAF, and disclosed by the Borrower, through MoAF, on January 27, 2022, that sets forth: (a) the modalities for site-specific environmental and social screening and procedures for the preparation and implementation of environmental and social

management plans under the Project, including the criteria (and forms) for social screening to exclude any activities that may cause physical or economic displacement; (b) the set of mitigation, monitoring, and institutional measures and procedures required in order to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels; and (c) the actions needed to implement said measures, and as the same may be amended from time to time with the Bank's prior written approval.

9. "Environmental and Social Standards" or "ESSs" means, collectively:
- (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts";
  - (ii) "Environmental and Social Standard 2: Labor and Working Conditions";
  - (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management";
  - (iv) "Environmental and Social Standard 4: Community Health and Safety";
  - (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement";
  - (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources";
  - (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities";
  - (viii) "Environmental and Social Standard 8: Cultural Heritage";
  - (ix) "Environmental and Social Standard 9: Financial Intermediaries";
  - (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank.
10. "Excluded Activities" means, collectively:
- (a) any of the activities listed, or activities that produce and/or use materials listed, in the World Bank Group/International Finance Corporation Exclusion List (see [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/company-resources/ifcexclusionlist](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist)), and such other activities and/or materials listed in the POM and which are classified and referred to as part of the negative list in said manual;
  - (b) an investment that is classified as a high risk, in respect to potential environmental and social impacts, in accordance with the provisions of the POM and the Environmental and Social Management Framework;
  - (c) an investment that: involves large-scale physical and economic displacement as described in Land Acquisition, Restrictions on Land Use, or Involuntary Resettlement (as defined under ESS 5); that adversely impacts sensitive habitats and species as described in Biodiversity Conservation and Sustainable Management of Living Natural Resources (as defined under ESS 6); that adversely impacts Cultural Heritage (as defined under ESS 8); or that involves child or forced labor;

- (d) an investment that involves the potential use of, or discharge into, any waterways as defined and applicable under World Bank Operational Policy 7.50 (or detailed design and engineering studies of such investment), as such waterways shall have been described more specifically in the POM; and
  - (e) an investment that involves any other exclusions agreed by the Bank and the Borrower as set forth in the POM.
11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
  12. “General Directorate of Agricultural Reform” or “TRGM” means the general directorate of the same name, also known as *Tarım Reformu Genel Müdürlüğü*, under the Borrower’s Ministry of Agriculture and Forestry, the duties and powers of which are regulated by Presidential Decree No. 1 on the Presidency Organization, published in the Official Gazette, dated July 10, 2018, No. 30474), or its legal successor or successors thereto acceptable to the Bank.
  13. “General Directorate of Agricultural Research and Policies” or “TAGEM” means the general directorate of the same name, also known as *Tarımsal Araştırmalar Ve Politikalar Genel Müdürlüğü*, under the Borrower’s Ministry of Agriculture and Forestry, the duties and powers of which are regulated by Presidential Decree No. 1 on the Presidency Organization (published in the Official Gazette, dated July 10, 2018, No. 30474), or its legal successor or successors thereto acceptable to the Bank.
  14. “General Directorate of EU and Foreign Relations” or “ABDGM” means the general directorate of the same name, also known as *Avrupa Birliği Ve Dış İlişkiler Genel Müdürlüğü*, under the Borrower’s Ministry of Agriculture and Forestry, the duties and powers of which are regulated by Presidential Decree No. 1 on the Presidency Organization (published in the Official Gazette, dated July 10, 2018, No. 30474), or its legal successor or successors thereto acceptable to the Bank.
  15. “General Directorate of Food and Control” or “GKGM” means the general directorate of the same name, also known as *Gıda Ve Kontrol Genel Müdürlüğü*, under the Borrower’s Ministry of Agriculture and Forestry, the duties and powers of which are regulated by Presidential Decree No. 1 on the Presidency Organization (published in the Official Gazette, dated July 10, 2018, No. 30474), or its legal successor or successors thereto acceptable to the Bank.
  16. “General Directorate of Information Technologies” and “BTGM” means the general directorate of the same name, also known as *Bilgi Teknolojileri Genel*

*Müdürlüğü* under the Borrower's Ministry of Agriculture and Forestry, the duties and powers of which are regulated by Presidential Decree No. 1 on the Presidency Organization (published in the Official Gazette, dated July 10, 2018, No. 30474), or its legal successor or successors thereto acceptable to the Bank.

17. "General Directorates for the Project" means, collectively, the General Directorate of EU and Foreign Relations, the General Directorate of Agricultural Reform, the General Directorate of Information Technologies, the General Directorate of Food and Control, and the General Directorate of Agricultural Research and Policies.
18. "Matching Grant" means such matching grant as specified under the Part 3.B(i) of the Project and Schedule 2, Section I.E, of this Agreement; "Matching Grants" means collectively all such grants.
19. "Matching Grant Agreement" means an agreement between the Borrower, through MoAF, and a Matching Grant beneficiary as specified in Schedule 2, Section I.E.3, of this Agreement.
20. "Matching Grants Manual" means the manual referred to in Section I.E.2(b), of Schedule 2 to this Agreement, that details the eligibility criteria and application, selection and approval procedures for the selection of Matching Grants beneficiaries and the Subproject activities to be financed by Matching Grants, as well as the terms and conditions applicable to the Matching Grants.
21. "Ministry of Agriculture and Forestry" or "MoAF" means the Borrower's ministry of the same name or any legal successor or successors thereto.
22. "Operational Costs" means reasonable incremental expenses directly incurred on account of the implementation, management, and monitoring of the Project by the Borrower, through MoAF; such costs may include, as relevant, and as the Bank may agree, for the following:
  - (a) travel, accommodation, and *per diem* associated with training, workshop, and study tour participants and trainers, and other training-related miscellaneous costs, all such costs which shall not be covered under Training, and which are based on an Annual Work Plan and Budget agreed with the Bank;
  - (b) office supplies;
  - (c) office rental;
  - (d) vehicle rental;
  - (e) office and equipment maintenance and repair;
  - (f) communications;
  - (g) translation and interpretation (not covered under Training);
  - (h) travel and Project supervision;
  - (i) publication fees;

- (j) ownership of intellectual property rights; and
  - (k) other miscellaneous expenses directly associated with the Project and agreed between the Bank and the Borrower, through MoAF.
23. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
  24. “Project Coordination Unit” means the unit described in Schedule 2, Section I.A.2(a), of this Agreement, or any legal successor or successors to such unit satisfactory to the Bank.
  25. “Project Implementation Units” or “PIUs” means the Project implementation units of, collectively, TRGM, BTGM, GKGM, and TAGEM, which are responsible for implementing the relevant General Directorates’ respective parts of the Project.
  26. “Project Operations Manual” or “POM” means the Project Operations Manual referred to Schedule 2, Section I.B, of this Agreement, as the said manual may be amended from time to time, with the prior written approval of the Bank, and such term includes any schedules to the POM.
  27. “Project Steering Committee” means the committee described in Schedule 2, Section I.A.3, of this Agreement.
  28. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
  29. “Sub-financing” means the financing extended under this Loan by the Borrower, through MoAF, to a selected TDIOSB for Subproject investments under Part 3.A of the Project, as described in Schedule 2, Section I.D.2, of this Agreement.
  30. “Sub-financing Agreement” means the Sub-financing Agreement between the Borrower, through MoAF, and a selected TDIOSB as described in Schedule 2, Section I.D.4, of this Agreement; “Sub-financing Agreements” means two or more of such agreements, or collectively all such agreements as referred to in this Agreement.
  31. “Subproject” means the investments carried out under Parts 1, 2, and 3 of the Project, which is selected, approved and implemented in accordance with the requirements of the Project Operations Manual, and as described in Schedule 2, Sections I.C and I.D, of this Agreement; “Subprojects” means two or more of such investments, or collectively all such investments as referred to in this Agreement.

32. "Subproject Agreement" means the Subproject Agreement between the Borrower and a selected TDIOSB as described in Schedule 2, Section I.D.3, of this Agreement; "Subproject Agreements" means two or more of such agreements, or collectively all such agreements as referred to in this Agreement.
33. "Technical Coordinating Committee" means the committee described in Schedule 2, Section I.A.4(a), of this Agreement.
34. "Training" means reasonable expenditures (excluding costs of consultants' services) incurred for Project-related capacity building activities, including study tours, training courses, seminars, workshops and other training activities, all based on an Annual Work Plan and Budget agreed with the Bank and covered under the Procurement Plan.