

No. 10091

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
TURKEY**

**Loan Agreement—*Seyhan Irrigation Project/Stage II*
(with annexed General Conditions Applicable to Loan
and Guarantee Agreements). Signed at Washington
on 28 February 1969**

Authentic text : English.

*Registered by the International Bank for Reconstruction and Development on
11 December 1969.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
TURQUIE**

**Contrat d'emprunt — *Projet d'irrigation du Seyhan,
Phase II* (avec, en annexe, les Conditions générales
applicables aux contrats d'emprunt et de garantie).
Signé à Washington le 28 février 1969**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le dévelop-
pement le 11 décembre 1969.*

LOAN AGREEMENT¹

AGREEMENT, dated February 28, 1969, between REPUBLIC OF TURKEY (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) :

WHEREAS, pursuant to the development credit agreement between the Borrower and the International Development Association (hereinafter called the Association) dated May 31, 1963², the Association is assisting in the financing of Stage I of the Seyhan irrigation project, as therein described ;

WHEREAS the Borrower has requested the Bank and the Association to assist in the financing of Stage II of such project; and

WHEREAS the Bank and the Association have agreed to make available to the Borrower an amount in various currencies equivalent to twenty-four million dollars (\$24,000,000) to assist in such financing in the form of a loan in various currencies equivalent to twelve million dollars (\$12,000,000) made by the Bank and a development credit in various currencies equivalent to twelve million dollars (\$12,000,000) granted by the Association (hereinafter called the Credit), on the terms and conditions set forth hereinafter and in the development credit agreement between the Borrower and the Association of even date herewith (hereinafter called the Development Credit Agreement³);

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

GENERAL CONDITIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969⁴, with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan

¹ Came into force on 17 June 1969, upon notification by the Bank to the Government of Turkey.

² United Nations, *Treaty Series*, vol. 480, p. 127.

³ See p. 219 of this volume.

⁴ See p. 216 of this volume.

and Guarantee Agreements of the Bank 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 :

(a) "DSI" means Devlet Su Isleri (State Hydraulic Works), an agency of the Borrower under the responsibility of the Ministry of Energy and Natural Resources of the Borrower, and includes any successor to such agency;

(b) "Topraksu" means the agency so named and includes any successor thereto. It is concerned with soil conservation and farm irrigation and is an agency of the Borrower under the responsibility of the Ministry of Village Affairs;

(c) "Agricultural Bank" means the T.C. Ziraat Bankasi and any successor thereto.

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 twelve million dollars (\$12,000,000).

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 General Conditions and in accordance with the allocation of the proceeds of the Loan and of the Credit set forth in Schedule I 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. The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Loan 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) for expenditures in

currencies other than that of the Borrower under contracts for civil works awarded to non-Turkish contractors (Category III of the allocation set forth in Schedule 1 to this Agreement), for equipment, materials and supplies (Categories I and II) and consultants' services (Category V) procured from outside Turkey directly for the Project and for training outside Turkey of personnel of the Borrower in irrigation and land-levelling works and agricultural extension services in connection with the Project (Category V);

- (ii) the equivalent of 70 % of the invoiced price less all customs duties and other taxes and charges on importation of equipment, materials and supplies fabricated in Turkey from imported components or raw materials and procured in Turkey for the Project (Categories I and II);
- (iii) the equivalent of 70 % of the invoiced price of imported equipment, materials and supplies procured for the Project in Turkey and not included in paragraph (ii) above (Categories I and II);
- (iv) the equivalent of 24 % of such amounts as shall have been expended under contracts with Turkish contractors awarded for works required to carry out the Project (Category III);
- (v) the equivalent of 14 % of such amounts as shall have been expended for on-farm development (Category IV); and
- (vi) such amounts as shall be required to meet payments to be made to the Bank for interest and other charges on the Loan accrued on or before March 31, 1975 or such other date as may be agreed between the Borrower and the Bank;

provided, however, that: (a) if there shall be an increase in the estimate of such expenditures for the works described in paragraph (iv) above or of such expenditures described in paragraph (v) above, the Bank may by notice to the Borrower adjust the percentage stated in such paragraph as required in order that withdrawals of the amount of the Loan then allocated to such works or to such expenditures, as the case may be, and not withdrawn, continue *pro rata* with the expenditures remaining to be made therefor; and (b) withdrawals from the Loan Account under any of the Categories I through V of said allocation set forth in Schedule 1 to this Agreement shall be made only after the proceeds of the Credit shall have been fully withdrawn or committed.

Section 2.04. Pursuant to Section 5.01 of the General Conditions it is hereby agreed that withdrawals from the Loan Account under paragraphs (ii), (iii), (iv), (v) and (vi) of Section 2.03 of this Agreement may be made on account of expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}$ %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 1 and December 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 LOAN

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

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods and services shall be acceptable to the Bank.

Section 3.03. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project. The specific goods and services to be financed out of the proceeds of the Loan under Categories I and II of the allocation of the proceeds of the Loan and of the Credit set forth in Schedule 1 to this Agreement shall be determined by agreement between the Borrower and the Bank.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. The Minister of Finance of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 8.10 of the General Conditions. The Minister of Finance of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in accordance with sound agricultural, engineering, economic and financial policies and practices and shall provide promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) In carrying out the Project the Borrower shall cause to be employed by DSI and Topraksu consultants acceptable to the Borrower and the Bank. The nature and scope of the responsibilities of such consultants and the other terms and conditions of their employment shall be determined in respect of each part of the Project by agreement between the Borrower and the Bank.

(c) The works and facilities included in the Project shall be constructed to general design standards satisfactory to the Borrower and the Bank. Upon request from time to time by the Bank, the Borrower shall promptly cause to be furnished to the Bank the plans, specifications and work schedules for the Project, and any material modifications subsequently made therein, in such detail as the Bank shall request.

(d) To construct the civil works included in the Project, the Borrower shall cause to be employed by DSI, on terms and conditions satisfactory to the Borrower and the Bank, qualified and experienced contractors acceptable to the Borrower and the Bank.

(e) The Borrower shall maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the expenditures and availability of funds in respects of the works and facilities included in the Project, of any department or agency of the Borrower responsible for the construction of such works and facilities or any part thereof and shall enable the Bank's representatives to inspect the Project, the operation of the works and facilities included therein, the goods and services, and any relevant records and documents.

Section 5.02. The Borrower shall cause the works and facilities included in the Project to be operated and maintained, and to be renewed from time to time as necessary, in accordance with sound agricultural, engineering, economic and financial policies and practices and shall take such action as shall be reasonably required to ensure the economic use of the water made available by such works for agricultural development and power generation.

Section 5.03. (a) In carrying out and operating the Project or any part thereof the Borrower shall coordinate the activities of its departments and agencies in respect thereof in accordance with sound administrative, agricultural, engineering, economic and financial policies and practices and under experienced and competent management, and in particular shall cause the arrangements for coordination established for Stage I of the Seyhan irrigation project to continue to function for Stage II.

(b) The Borrower shall cause DSI, Topraksu and the Agricultural Bank to have such powers, facilities and resources as are necessary for the diligent and efficient carrying out and operation of the Project. Any import, exchange or other licenses required for the importation of goods or the supply of services for the Project shall be issued by the Borrower without delay.

Section 5.04. (a) The Borrower and the Bank shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition with respect to the Project, of DSI, Topraksu and any other agency of the Borrower responsible for the carrying out of the Project or any part thereof, and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the Loan and the maintenance of the service thereof, the expenditure of the proceeds of the Loan, the goods and services financed out of such proceeds, the Project, and the administration, operations and financial condition with respect to the Project, DSI, Topraksu and any other agency of the Borrower responsible for the carrying out of the Project or any part thereof. Such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(c) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment

of the purposes of the Loan, the maintenance of the service thereof, or the performance by the Borrower of its obligations under the Loan Agreement.

(d) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.05. As part of the information to be furnished under Section 5.04 (b) above, the Borrower shall, within six months following the close of each fiscal year, furnish to the Bank reports by auditors acceptable to the Bank of the operations of DSI and Topraksu in relation to the Project.

Section 5.06. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.07. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.08. Except as the Bank and the Borrower shall otherwise agree, the Borrower undertakes to insure or cause to be insured the imported goods to be financed out of the proceeds of the Loan against marine, transit and other 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.

Section 5.09. The Borrower shall at all times provide or cause to be provided appropriate credit facilities in adequate amounts, and agricultural extension and other technical services (including veterinary and research services), in the area of the Project, and shall cause such facilities and services

to be made available to farmers through an adequate staff of officers trained in techniques appropriate to the Project.

Section 5.10. (a) The Borrower shall make arrangements or cause arrangements to be made for the setting of charges levied on beneficiaries of the Project at levels which will provide revenue at least sufficient to cover all operating and maintenance costs of the Project, and, in addition, provide for the recovery, on reasonable terms and conditions, of as much as practicable of the moneys invested in the Project (taking into account the relationship of the investment recovery rate to farmers' incentives and capacity to pay), together with reasonable interest thereon. Such arrangements shall be subject to periodic review at intervals not exceeding five years.

(b) In order to obtain such information as is necessary for formulating and adhering to a policy which will enable the Borrower to comply with paragraph (a) above, the Borrower shall

- (i) undertake or cause to be undertaken with the assistance of consultants acceptable to the Bank and under terms of reference satisfactory to the Bank a study of the repayment capacity of farmer in the areas of both Stages I and II of the Seyhan irrigation project, which study shall take into account such factors as the gross income that farmers are expected to obtain with a dependable source of water under the Project and the financial incentives that will be necessary to ensure intensive cultivation; and
- (ii) within two years from the date of this Agreement, submit such study to the Bank and discuss with the Bank the effect to be given to the recommendations of the study.

Section 5.11. The Borrower shall take all such action as shall be necessary to provide adequate farm-to-market roads within the Project area, to promote improved arrangements for marketing of crops and livestock and to improve market research services.

Section 5.12. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of the Türkiye Cumhuriyet Merkez Bankasi (Central Bank of Turkey) or any other institution performing the functions of a central bank, as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest

and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, together with the interest and other charges thereon, shall become due and payable immediately, anything in this Loan Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions, namely, that the consultants referred to in paragraph (b) of Section 5.01 of this Loan Agreement have been retained on terms and conditions satisfactory to the Bank.

Section 7.02. If this Loan Agreement shall not have come into force and effect by May 29, 1969, this Loan Agreement and all obligations hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Bank shall promptly notify the Borrower of such later date.

Article VIII

MISCELLANEAOUS

Section 8.01. The Closing Date for withdrawals from the Loan Account shall be June 30, 1975 or such later date as may be agreed between the Borrower and the Bank.

Section 8.02. The following addresses are specified for the purposes of Section 10.01 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 Bank :

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

Cable address :

Intbafrad
Washington, D.C.

Section 8.03. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and 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 GÜL
Authorized Representative

International Bank for Reconstruction and Development

By Simon ALDEWERELD
Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF LOAN AND OF CREDIT

<i>Category</i>	<i>Maximum Amounts Expressed in U. S. Dollars</i>
I. DSI—Equipment, Materials and Supplies	2,500,000
II. Topraksu—Equipment, Materials and Supplies	6,300,000
III. Civil Works	9,100,000
IV. On-farm Development	1,200,000
V. Consultants' Services; Training outside Turkey of personnel of the Borrower	900,000
VI. Interest and other charges on the Loan	2,000,000
VII. Unallocated	2,000,000
TOTAL	24,000,000

ALLOCATION OF PROCEEDS OF THE CREDIT

1. The amount of the Credit shall be withdrawn from the Credit Account as provided under Article II of the Development Credit Agreement and shall be applied to expenditures under Categories I to V of this Schedule, until the total of withdrawals and commitments in respect of such expenditures shall have reached the equivalent of \$12,000,000.

ALLOCATION OF PROCEEDS OF THE LOAN

2. The amount of the Loan may be withdrawn from the Loan Account as provided under Article II of this Agreement. Withdrawals from the Loan Account under any of the Categories I through V of this Schedule shall be made only after the proceeds of the Credit shall have been fully withdrawn or committed.

REALLOCATION UPON CHANGE IN COST ESTIMATES

3. If the estimate of the cost of items under any of Categories I through VI shall decrease, the amount then allocated to, and no longer required for, such Category will be reallocated by the Bank and the Association to Category VII.

4. If the estimate of the cost of such items shall increase, the Bank and the Association will, at the request of the Borrower, reallocate from Category VII to the appropriate Category an amount equivalent, in the case of Categories I, II, V and VI, to the portion, if any, of such increase to be financed out of the proceeds of the Loan, and in the case of Categories III and IV, an amount calculated by applying to such increase the percentage stipulated for the respective Category in Section 2.03 of this Agreement, subject, however, to the requirements, as determined by the Bank and the Association, for contingencies in respect of the cost of the items in the other Categories.

SCHEDULE 2

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
June 1, 1979	145,000	December 1, 1989	280,000
December 1, 1979	150,000	June 1, 1990	290,000
June 1, 1980	155,000	December 1, 1990	300,000
December 1, 1980	160,000	June 1, 1991	310,000
June 1, 1981	165,000	December 1, 1991	320,000
December 1, 1981	170,000	June 1, 1992	330,000
June 1, 1982	175,000	December 1, 1992	340,000
December 1, 1982	180,000	June 1, 1993	350,000
June 1, 1983	185,000	December 1, 1993	365,000
December 1, 1983	190,000	June 1, 1994	375,000
June 1, 1984	200,000	December 1, 1994	390,000
December 1, 1984	205,000	June 1, 1995	400,000
June 1, 1985	210,000	December 1, 1995	415,000
December 1, 1985	220,000	June 1, 1996	425,000
June 1, 1986	225,000	December 1, 1996	440,000
December 1, 1986	230,000	June 1, 1997	455,000
June 1, 1987	240,000	December 1, 1997	470,000
December 1, 1987	250,000	June 1, 1998	485,000
June 1, 1988	255,000	December 1, 1998	500,000
December 1, 1988	265,000	June 1, 1999	510,000
June 1, 1989	275,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions, or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than four years before maturity	1/2 %
More than four years but not more than eight years before maturity	1 1/4 %
More than eight years but not more than fourteen years before maturity	2 1/4 %
More than fourteen years but not more than twenty years before maturity	3 3/4 %
More than twenty years but not more than twenty-six years before maturity	5 %
More than twenty-six years but not more than twenty-eight years before maturity	6 %
More than twenty-eight years before maturity	6 1/2 %

SCHEDULE 3

DESCRIPTION OF PROJECT

The Project is Stage II of the Plan of the Borrower for irrigation, drainage and on-farm development in the Adana Plain and consists in the irrigation and drainage of about 39,250 hectares and on-farm development of about 48,250 irrigable hectares, the formulation and implementation of a five-year extension program, the provision of agricultural credit and the undertaking of a study on water charges.

The Project includes:

A. *Irrigation and Drainage Works*

The construction, from designs and under the supervision of consultants, of (1) new headworks at Seyhan Reservoir to serve Units 2TP and 5YP, (2) canals, drains and gravity irrigation distribution systems to serve about 39,250 hectares in Units 1TP, 2TP, 3TP, 2YP and 5YP and (3) related operational and maintenance facilities;

B. *On-Farm Development*

On-farm development under the supervision of consultants of about 48,250 hectares (including about 9,000 hectares provided with irrigation and drainage facilities in Stage I of the Plan), consisting in (1) land-levelling, (2) installation of on-farm tile drainage systems, (3) excavation of surface drains and (4) construction of feeder roads;

C. *Pipe Plant*

The construction and equipment of a plant for the production of the concrete pipe required for the irrigation works included in A above; and

D. *Training*

The training outside of Turkey in irrigation and land-levelling works and in agricultural extension services of personnel of the Borrower, in connection with A and B above.

The Project is expected to be completed by March 31, 1975.

SCHEDULE 4

PROCUREMENT

1. Services procured to carry out on-farm development and to be financed out of the proceeds of the Loan under Category IV of Schedule 1 need not be procured on the basis of international competitive bidding.

2. With respect to any contract involving expenditures equivalent to \$100,000 or less in the case of civil works or \$25,000 or less in the case of purchases

of machinery, equipment or materials, copies of all tender documents, including the evaluation reports, and of the executed contracts shall be sent to the Bank promptly after the execution of any such contract and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect thereof.

3. For all other contracts, the procedure outlined below will be followed:

a. Tenders for civil works inviting international competitive bidding will be issued in amounts, no less than \$3 million, large enough to interest foreign construction firms. Separate schedules may be used within each tender giving bidders the right to bid on one or any combination of schedules.

b. Potential bidders for civil works will be prequalified by a special board set up for this purpose by DSI. A description of the prequalification procedure, a list of prequalified bidders and the recommendations and comments of the consultants will be submitted to the Bank for approval.

c. A copy of the invitations to bid, draft forms of contract, specifications and all other bidding documents, together with a complete description of the international advertising procedures to be used will be submitted to the Bank for its review and approval before the invitations are issued.

d. After bids have been received and analyzed, a copy of the analysis of bids together with the recommendations of the consulting engineer and the proposals of DSI or Topraksu for the award, stating the reasons for such proposals, will be submitted to the Bank for its review and approval prior to the award of the contract or the issuance of a letter of intent.

e. If the proposed final contract is to differ substantially from the terms and conditions contained in the respective documents approved by the Bank under *b*, *c* and *d* above, then a copy of the text of the proposed changes will be submitted to the Bank for its review and approval prior to the signature of the contract.

f. Promptly after the signature of each contract, two conformed copies thereof will be transmitted to the Bank.

g. If during the term of any contract there is any change or addition which is in excess of 10 % of the original value of the contract, the Bank will be promptly advised.

4. Where bids are submitted by Turkish suppliers of machinery, equipment or materials, the following rules shall be observed for the purpose of comparing any such bid to any competing bid of a foreign supplier:

a. All customs duties and similar levies shall first be deducted from the total of such foreign bid;

b. The portion of such foreign bid representing the C.I.F. landed price of the goods shall then be increased by 15 % thereof or the actual rate of such duties and levies, whichever is lower;

c. The resulting figure plus the portion of such foreign bid representing inland freight, insurance and other costs of delivery of the goods to the site of use in the Project, shall be deemed to be the delivered price of the imported goods;

d. If the ex-factory price of the goods offered by the competing Turkish bidder (after deduction therefrom of any customs duties and similar levies on such goods to be borne by such bidder) plus inland freight, insurance and other costs of delivery to the site of use in the Project, is equal to or lower than the delivered price of the imported goods arrived at under c above, and other terms and conditions are satisfactory, then the Turkish bid may be considered the lowest evaluated bid.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.*]
