

No. 11617

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY

Development Credit Agreement—*Intensive Dairy Production Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 22 February 1971

Authentic text : English.

Registered by the International Development Association on 6 March 1972.

ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
TURQUIE

Contrat de crédit de développement — *Projet relatif à l'intensification de la production laitière* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 22 février 1971

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 6 mars 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated February 22, 1971, between REPUBLIC OF TURKEY (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Borrower is undertaking the first phase of its program of development of intensive dairy production and has requested assistance from the Association for the purpose;

WHEREAS the Agricultural Bank of the Turkish Republic (hereinafter called ABT), an enterprise of the Borrower, was established to finance agricultural development in the territories of the Borrower;

WHEREAS the Borrower is willing to make funds available to ABT for the carrying out of Part A of the Project, described in Schedule 2 of this Agreement, as hereinafter provided; and

WHEREAS the Association is willing for the above purposes to make a development credit to the Borrower, upon the terms and conditions set forth herein and in the Project Agreement of even date herewith² between the Association and ABT;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions) :

(a) The following sub-paragraph is added to Section 2.01 of the General Conditions :

“ 13. The Term ‘ Project Agreement ’ has the meaning set forth in Section 1.02 of the Development Credit Agreement. ”

¹ Came into force on 23 December 1971 upon notification by the Association to the Government of Turkey.

² The said Agreement entered into force on 23 December 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CR 236 TU, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Development Credit Agreement.

³ See p. 356 of this volume.

- (b) Section 6.06 of the General Conditions is modified by inserting “, the Project Agreement” after the words “the Development Credit Agreement”.
- (c) Section 8.02 of the General Conditions is modified by inserting the words “or the Project Agreement” after the words “the Development Credit Agreement”.

Section 1.02. Wherever used in this Development Credit 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) “Project Agreement” means the agreement of even date herewith between the Association and ABT, as such agreement may be amended from time to time, and such term includes all agreements supplemental to, and all schedules to, such agreement;

(b) “Subsidiary Loan Agreement” means the agreement to be entered into between the Borrower and ABT pursuant to Section 4.02 (a) of this Agreement, as such agreement shall be amended from time to time with the approval of the Association, and such term includes all agreements supplemental to, and all schedules to, such agreement;

(c) “Directorate” means the General Directorate for Livestock Development Projects of the Ministry of Agriculture of the Borrower;

(d) “IDPD” means the Intensive Dairy Production Division of the Directorate;

(e) “Project Areas” mean (i) the Istanbul region, comprising Istanbul, Thrace, Koçaeli, Sakarya and Bursa; (ii) the Izmir region, comprising Izmir, Aydin and Manissa; (iii) the Adana region, comprising Adana, Hatay and Mersin; and (iv) the Ankara region, comprising the area within a radius of 150 km from the center of the city of Ankara, and Konya Province adjacent to such area and south to a line drawn from west to east through a point 50 km south of the town of Konya;

(f) “Dairy Loan” means a loan made by ABT in accordance with the procedures and the lending and operating policies provided for in the Schedule to the Project Agreement and utilizing funds provided to ABT under the Subsidiary Loan Agreement; and

(g) “dairy-farm development plan” means a specific plan for investment in forage production under irrigation, farm buildings, livestock, farm machinery and equipment, tractors and other related items, or any combination thereof, requiring foreign exchange, of an investor qualifying for a Dairy Loan.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to four million five hundred thousand dollars (\$4,500,000).

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

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this Development Credit 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 Association.

Section 2.03. The Borrower, and in the case and to the extent specified in Section 7.02 *(b)* of this Agreement, the ABT, shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Development Credit Agreement :

- (i)* such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for imported goods and services, including training and related travel outside Turkey, as described in the allocation of the proceeds of the Credit referred to in Section 2.02 of this Development Credit Agreement; and
- (ii)* the equivalent of 40% of the invoiced price paid for the purchase of such of the tractors described under Category III of such allocation of the proceeds of the Credit as shall have been produced in the territories of the Borrower and procured as set forth in Schedule 3 to this Agreement, it being agreed that such percentage represents the foreign exchange component of the cost of such tractors.

Section 2.04. No withdrawals from the Credit Account shall be made on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower, except pursuant to sub-paragraph *(ii)* of Section 2.03 above, or for any taxes imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the supply of goods or services.

Section 2.05. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.06. 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 2.07. Service charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each April 1 and October 1 commencing April 1, 1981 and ending October 1, 2020, each installment to and including the installment payable on October 1, 1990 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied in accordance with the provisions of this Development Credit Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the goods and services to be financed out of the proceeds of the Credit shall be procured in accordance with the procedures set forth in Schedule 3 to this Agreement.

Section 3.03. Except as the Borrower and the Association may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall (i) carry out Parts B and C of the Project and cause ABT to carry out Part A of the Project with due diligence and efficiency and in conformity with sound administrative, financial, economic and agricultural practices, and (ii) provide, and cause ABT to be provided with, promptly as needed, the funds, facilities, services and other resources required for the purpose. Any funds provided to ABT pursuant to the foregoing in the form of loans or credits shall be provided on terms not less favorable than the terms applicable to the relending by the Borrower to ABT of the proceeds of the Credit pursuant to Section 4.02 (a) below.

(b) For the purpose of carrying out the Project, the Borrower shall employ (i) a competent and experienced full-time manager for IDPD, (ii) not less than two internationally-recruited technical specialists to assist the manager of IDPD, and (iii) experienced and qualified consultants for Part C of the Project, such technical specialists and consultants to be acceptable to the Borrower and the Association and engaged under terms and conditions satisfactory to the Borrower and the Association.

Section 4.02. (a) The Borrower shall (i) make available to ABT the equivalent of the proceeds of the Credit withdrawn from time to time under Categories I and II of the allocation of the proceeds of the Credit referred to in Section 2.02 of this Development Credit Agreement on terms and conditions set forth in a Subsidiary Loan Agreement in form and substance satisfactory to the Borrower, the Association and ABT; (ii) exercise every right and recourse available to it to cause ABT to carry out and punctually to perform all the covenants, agreements and obligations of ABT set forth in the Project Agreement and in the Subsidiary Loan Agreement; (iii) take or cause to be taken all action as may be necessary or appropriate to enable ABT to perform such covenants, agreements and obligations; and (iv) not take any action, or permit any of its political subdivisions or agencies to take any action, that would hinder, interfere with or prevent the performance by ABT of such covenants, agreements and obligations or the efficiency and effectiveness of any personnel assigned to the carrying out of the Project.

(b) The Borrower shall exercise its rights in relation to the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association; and, except as the Association shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of assigning, or of amending, abrogating or waiving any provision of, the Subsidiary Loan Agreement.

Section 4.03. (a) The Borrower shall maintain or cause to be maintained records adequate to identify the goods and services financed out of the proceeds of the Credit, 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 operations, administration and financial condition, in respect of the Project, of the ministries, departments or agencies of the Borrower responsible for the carrying out of the Project or any part thereof, and shall enable the Association's representatives to examine the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents.

(b) Without limitation upon its obligations contained in paragraph (a) of this Section, the Borrower shall (i) cause the manager of IDPD to keep performance records of all livestock acquired for the Project and of such livestock's offspring retained in the farms included in Part A of the Project; (ii) cause the

manager of IDPD to keep records of expenditures incurred in the carrying out of Part B of the Project; (iii) cause the Directorate to keep records of expenditures incurred in the carrying out of Part C of the Project; (iv) cause the records referred to in the preceding sub-paragraphs (ii) and (iii) of this paragraph (b) to be audited annually, in a manner satisfactory to the Association, by auditors acceptable to the Association; and (v) promptly after the preparation of the audit referred to in the preceding sub-paragraph (iv) of this paragraph (b), but not later than three months after the end of the Borrower's fiscal year, transmit to the Association a certified copy of such records and a signed copy of the auditor's report, all in the English language.

Section 4.04. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Subsidiary Loan Agreement, the Project, the goods and services financed out of the proceeds of the Credit, and the operation, administration and financial condition, in respect of the Project, of the ministries, departments or agencies of the Borrower responsible for the carrying out of the Project or any part thereof, and any other matters relating to the purposes of the Credit, the maintenance of the service thereof and 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 and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall cooperate fully with each other 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 exchange views through their representatives with regard to the performance by the Borrower of its obligations under this Development Credit Agreement or the Subsidiary Loan Agreement, the operation, administration and financial condition, in respect of the Project, of the ministries, departments or agencies of the Borrower responsible for the carrying out of the Project or any part thereof, and other matters relating to the purposes of the Credit.

(c) The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof or the performance by the Borrower of its obligations under this Development Credit Agreement or the Subsidiary Loan Agreement.

(d) 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.

Section 4.05. The principal of, and service charges on, the Credit 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.

Section 4.06. The Development Credit Agreement, the Project Agreement and the Subsidiary Loan Agreement 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, delivery or registration thereof.

Section 4.07. The Borrower shall ensure (i) that the livestock to be procured under Part A of the Project shall continue to be free from any taxes imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the importation thereof and (ii) that the effective rate of such taxes imposed on or in connection with the importation of farm machinery and equipment (excluding tractors) under the Project shall not exceed 20% *ad valorem*.

Article V

REMEDIES OF THE ASSOCIATION

Section 5.01. If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Development Credit 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, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified :

- (a) ABT shall have failed to perform any obligation of ABT under the Project Agreement, and such event shall continue for a period of sixty days after notice thereof shall have been given to the Borrower and ABT by the Association;
- (b) Before the termination of the Project Agreement any legal provision governing or applicable to the organization or operations of ABT shall have been modified in such a manner as to threaten the ability of ABT to carry out its obligations under the Project Agreement or the Subsidiary Loan Agreement, or the efficiency of its operations;
- (c) ABT shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by ABT or by others whereby any of the property of ABT shall or may be distributed among its creditors;

(d) Before the termination of the Project Agreement the Borrower shall have taken any action for the dissolution or disestablishment of ABT or for the suspension of ABT's operations.

Section 5.03. For the purposes of Section 6.02 of the General Conditions, the following additional event is specified, namely : an extraordinary situation shall have arisen which shall make it improbable that ABT will be able to carry out Part A of the Project or its operations or to perform its obligations under the Project Agreement.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions :

- (a) the execution and delivery of the Project Agreement on behalf of ABT have been duly authorized or ratified by all necessary administrative and governmental action;
- (b) the Subsidiary Loan Agreement has been executed and delivered and the execution and delivery thereof on behalf of the Borrower and ABT have been duly authorized or ratified by all necessary administrative and governmental action;
- (c) the Borrower has made the initial appointments to fill the positions described in Section 4.01 (b) (i) and (ii) of this Development Credit Agreement; and
- (d) the Borrower has taken the necessary measures to ensure the limitation on taxes specified in Section 4.07 (ii) of this Agreement.

Section 6.02. 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 :

- (a) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, ABT and constitutes a valid and binding obligation of ABT in accordance with its terms;
- (b) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and ABT and constitutes valid and binding obligations of the Borrower and of ABT in accordance with its terms.

Section 6.03. The date of May 24, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Sections 4.02 and 4.03 (b) of this Development Credit Agreement shall terminate on the date on

which this Development Credit Agreement shall terminate or on a date fifteen years after the date of this Development Credit Agreement, whichever shall be the earlier.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date, for withdrawals from the Credit Account, shall be June 30, 1975, or such later date as shall be agreed between the Borrower and the Association.

Section 7.02. (a) Subject to the provisions of paragraph *(b)* of this Section, 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.

(b) The Borrower irrevocably designates the ABT as its representative for the purpose of taking any action required or permitted to be taken in respect of Part A of the Project under Section 2.03 of this Agreement and Article V of the General Conditions.

Section 7.03. 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
Isbirliigi 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 Development Credit 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 GÜL

Authorized Representative

International Development Association :

By J. BURKE KNAPP

Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF CREDIT

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Imported Friesian and Brown Swiss heifers (as described in Schedule 3 to this Agreement)	2,400,000
II. Imported machinery and equipment (excluding tractors) for the production of hay and silage, including mowers, side-delivery rakes, pick-up balers and forage harvesters, and spare parts therefor; forage crop seed	
(a) Machinery	500,000
(b) Seeds	200,000
	700,000
III. Imported or locally-produced agricultural tractors, 35-46 hp	400,000
IV. Imported 4-wheel drive, 6- to 8-passenger vehicles (carry-all type) and imported sedan-type station wagons	80,000
V. Services of technical specialists for Part B of the Project	200,000
VI. Technical studies for Part C of the Project	200,000
VII. Training and travel under Part C of the Project	20,000
VIII. Unallocated	500,000
TOTAL	4,500,000

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to VII shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will be reallocated by the Association to Category VIII.

2. If the estimate of the cost of the items included in any of the Categories I to VII shall increase, an amount equal to the portion, if any, of such increase to be

financed out of the proceeds of the Credit will be allocated by the Association, at the request of the Borrower, to such Category from Category VIII, subject, however, to the requirements for contingencies, as determined by the Association, in respect of the cost of the items in the other Categories.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project represents the first phase in the development of the Borrower's intensive dairy production and consists of :

Part A. The provision of Dairy Loans to farmers for the financing of dairy-farm development plans for 250 to 300 dairy farms within the Project Areas.

Part B. The provision, through the Directorate and with the assistance of the technical specialists assigned to IDPD, of technical services to farmers benefiting from Part A of the Project, including, but without being limited to, assistance to farmers and cooperation with ABT in :

- (1) the preparation of dairy-farm development plans;
- (2) the procurement of goods and services required to carry out such plans; and
- (3) the supervision and execution of such plans.

Part C. Such technical studies, training and related travel as shall have been agreed upon by the Borrower and the Association in respect of the future development of the Borrower's livestock industry.

SCHEDULE 3

PROCUREMENT PROCEDURES

A. *Livestock*

1. All purchases by farmers of livestock required by them to carry out dairy-farm development plans and to be financed by Dairy Loans shall be subject to the approval of the manager of IDPD, taking into account price quotations received after invitations therefor from at least three different countries and the recommendations of the technical specialist supervising the particular plan as regards quality and source, and of the Director General of Veterinary Affairs of the Ministry of Agriculture of the Borrower, as regards animal health standards. Such livestock shall be restricted to the following :

- (a) (i) imported Friesian heifers from dams certified to have a production record of not less than 4,000 kg. of milk per 300-day lactation period and (ii) imported Brown Swiss heifers from dams certified to have a production record of not less than 3,700 kg. of milk per 300-day lactation period, all in-calf to sires of respectively the same breed, whose progeny have a similar production record, all registered in a national herd book, and certified free of tuberculosis, brucellosis, leptospirosis,

trichomoniasis, vibrio foetus, and all vaccinated against foot and mouth disease;

- (b) imported, pure-bred, Friesian and Brown Swiss bulls (i) from dams yielding, in the case of Friesian dams, not less than 5,000 kg. of milk per 300-day lactation period, and in the case of Brown Swiss dams, not less than 4,600 kg. of milk per 300-day lactation period and (ii) by sires whose progeny have a rating of above average in the milk production testing program of the exporting country, but of not less than that specified for the dams in (b) (i) above, all certified free of tuberculosis, brucellosis, leptospirosis, trichomoniasis, vibrio foetus, and all vaccinated against foot and mouth disease; and
- (c) all livestock mentioned in paragraphs (a) and (b) will meet the zootechnical and health specifications which will be prepared by the General Directorate of Veterinary Affairs of the Ministry of Agriculture of the Borrower in accordance with relevant laws and regulations.

2. Contracts between suppliers and farmers for the purchase of livestock shall contain provisions regarding the reception and delivery of livestock satisfactory to the manager of IDPD and shall provide that title to such livestock shall pass to the farmer only upon delivery at his farm.

3. The Borrower shall take all necessary action to expedite livestock purchases and veterinary clearances and to assure prompt and adequate deliveries of such livestock to purchasers thereof.

B. *Farm Equipment and Machinery*

1. Procurement of farm equipment and machinery (excluding vehicles and tractors) shall be organized into bulk orders by the Directorate, in a manner satisfactory to the Association, on the basis of individual orders collected by the regional managers of IDPD from farmers benefiting from Dairy Loans. The organization of such orders and the proposed form of invitations to bid shall be submitted to the Association for comments prior to the issuance of such invitations.

2. The Directorate, on behalf of such farmers, shall invite bids for such bulk orders by advertising in at least one newspaper of general circulation within the territories of the Borrower and by sending adequate advance notice to the embassies in the territories of the Borrower of appropriate member countries of the Bank and Switzerland.

3. Invitations to bid shall specify that suppliers shall be required to provide in each one of the Project Areas efficient servicing facilities and sufficient spare parts.

4. Prior to the award by the Directorate of any contract, a report and analysis of the bids received, together with the proposal for the award, shall be submitted to the Association for approval. Contracts shall be awarded by the Directorate (on behalf of such farmers) to the lowest evaluated bidder.

C. Tractors

1. The procurement of agricultural tractors of 35-46 hp (about 100 units) to be procured for the carrying out by farmers of dairy-farm development plans and to be financed by Dairy Loans shall be organized by the Directorate, in a manner satisfactory to the Association, on the basis of (i) individual orders collected from such farmers by the regional managers of IDPD and (ii) international competitive bidding in accordance with the procedures set forth in the *Guidelines for Procurement under World Bank Loans and IDA Credits*, dated August 1969, of the Bank.

2. In accordance with paragraph 1.4 of such Guidelines, all such tractors shall be the subject of not more than two bids.

3. Before inviting bids, the Directorate shall submit to the Association for its approval an outline of the procedures proposed to be followed, together with drafts of the invitations to bid, specifications, conditions of contract, delivery schedules, and any other tender documents. Such invitations shall specify that suppliers shall be required to maintain in each one of the Project Areas adequate servicing facilities and stocks of spare parts.

4. Where bids are submitted by manufacturers of such tractors established in Turkey (Local Bids), the following rules shall be observed for the purpose of comparing the bid price of any such Local Bid to the bid price of any competing bid of a supplier of imported tractors (Foreign Bid) :

(a) The bid price of Local Bids shall be the ex-factory price of the tractors.

(b) The bid price of Foreign Bids shall be the sum of :

(i) the c.i.f. price of the tractors, excluding all taxes imposed under the laws of the Borrower or laws in effect in its territories on or in connection with their importation; and

(ii) any such taxes, as generally applicable to tractors imported into the territories of the Borrower by non-exempt importers, or 15% of the amount specified in (i) above, whichever shall be lower.

5. Prior to the award of the contract for the supply of such tractors, the Directorate shall submit to the Association for its approval an analysis of bids received and a proposal for the award. If it is proposed to award the contract to other than the lowest evaluated bidder, or if the terms or specifications are to differ substantially from those previously approved by the Association, the reasons therefor will be stated.

6. Tractors will be purchased by the individual farmers on the terms and conditions of the contract so awarded.

D. Seed

1. Purchases of seed shall be in such quantities, of such quality and origin and at such prices and times as approved by the manager of IDPD, based on the recommendations of the technical specialists as to the requirements of farmers benefiting from Dairy Loans.

2. The procurement of seed shall be the responsibility of the Agricultural

Supply Organization of the Borrower and shall be carried out according to its usual procedures.

E. *Vehicles*

Vehicles shall be procured by the Directorate according to its usual procedures.

F. *General Provisions*

1. The Borrower shall ensure that all import licenses and permits required in connection with the foregoing are issued promptly as needed.

2. As soon as the first contract for the procurement of any of the above-mentioned goods is executed, but in any event before submitting to the Association any withdrawal application concerning expenditures under such contract or subsequent similar contracts, the Borrower shall furnish or cause to be furnished to the Association a certified copy thereof. Thereafter, copies of such contracts shall be furnished to the Association upon its request.

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.*]