

No. 11991

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY**

Development Credit Agreement—*Fruit and Vegetable Export Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 22 June 1971

Authentic text: English.

Registered by the International Development Association on 26 September 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
TURQUIE**

Contrat de crédit de développement — *Projet relatif à l'exportation des fruits et légumes* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 22 juin 1971

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 26 septembre 1972.

DEVELOPMENT CREDIT AGREEMENT¹

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

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

(B) The Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to provide additional assistance towards the financing of the Project and by an agreement of even date herewith² between the Borrower and the Bank the latter is agreeing to provide such assistance in an aggregate principal amount equivalent to ten million dollars (\$10,000,000) (hereinafter called the Loan);

(C) 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;

(D) The Borrower is willing to make funds available to ABT for the carrying out of Parts C, D and E of the Project, as hereinafter provided;

(E) The Borrower and the Association intend, to the extent practicable, that the proceeds of the Credit provided for in this Agreement be disbursed on account of expenditures on the Project before disbursements of the proceeds of the Loan provided for in the Loan Agreement are made; and

(F) the Association is willing to make the Credit available upon the terms and conditions set forth hereinafter and in a project agreement of even date herewith³ between the Bank, 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 Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969⁴ with the same force and effect as if they

¹ Came into force on 19 May 1972, upon notification by the Association to the Government of Turkey.

² See p. 131 of this volume.

³ United Nations, *Treaty Series*, vol. 836, p. 207.

⁴ See p. 188 of this volume.

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. ”

(b) Section 5.01 is deleted.

(c) Section 6.02 (h) is deleted and Section 6.02 (i) becomes 6.02 (h).

(d) Section 6.06 of the General Conditions is modified by inserting “ the Project Agreement ” after the words “ the Development Credit Agreement ”.

(e) 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 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) “ Loan Agreement ” means the agreement of even date herewith between the Borrower and the Bank, as such agreement may be amended from time to time; and such term includes the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,¹ as made applicable to such agreement, all agreements supplemental to the Loan Agreement and all schedules to the Loan Agreement;

(b) “ Project Agreement ” means the agreement of even date herewith between the Bank, 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, the Project Agreement;

(c) “ Subsidiary Loan Agreement ” means the agreement to be entered into between the Borrower and ABT pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time and such term includes all agreements supplemental to the Subsidiary Loan Agreement;

(d) “ Project Unit ” means the co-ordinating unit established by the Ministry of Foreign Economic Relations of the Borrower for the implementation of the Project;

(e) “ Project Area ” means that area of about 8,000 hectares within the Provinces of Adana, Hatay and Icel which is suitable for citrus development;

¹ United Nations, *Treaty Series*, vol. 691, p. 271.

(f) "Citrus Extension Unit" means the Division of the Ministry of Agriculture of the Borrower responsible for the supervision of on-farm citrus development within the Project Area.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million dollars (\$15,000,000).

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

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for carrying out Parts A and B of the Project and to be financed out of the proceeds of the Credit shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971; provided, however, that without in any way restricting or limiting any right, power or remedy of the Association under the Development Credit Agreement, expenditures under any contract for the procurement of any such goods or services which the Association shall reasonably determine to have been awarded according to procedures inconsistent with those hereinabove set forth or referred to, shall not be financed out of the proceeds of the Credit.

Section 2.04. The Closing Date shall be June 30, 1976 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

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

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each April 1 and October 1 commencing October 1, 1981, and ending April 1, 2021, each installment to and including the installment payable on April 1, 1991, 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.

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

Section 2.09. The Borrower hereby designates ABT as its representative for the purpose of taking any action required or permitted to be taken in respect of Parts C, D and E of the Project under Section 2.02 of this Agreement and Article V of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out Parts A and B of the Project and shall cause ABT to carry out Parts C, D and E of the Project with due diligence and efficiency and in conformity with sound administrative, financial and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall relend that part of the proceeds of the Credit which is withdrawn on account of expenditures under Parts C, D and E of the Project to ABT on terms and conditions acceptable to the Association.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

(d) The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable ABT to perform all of its obligations under the Project Agreement and shall not take or permit to be taken any action which might interfere with such performance.

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

Section 3.03. Except as 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 for the Project.

Section 3.04. (a) The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, contract documents and construction and procurement schedules for the Project, and any material modification thereof or additions thereto, in such detail as the Association shall reasonably request.

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

(c) The Borrower shall cause ABT to take out and maintain the insurance cover provided for in Sections 2.03 (a) and 3.01 of the Project Agreement.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) For the purpose of carrying out the Project, the Borrower shall employ a qualified and experienced full-time Director for the Project Unit. In addition the Borrower shall employ not less than two qualified and experienced full-time technical advisors to assist the Director of the Project Unit whose selection, terms and conditions are mutually acceptable to the Borrower, the Bank and the Association.

(b) For the purpose of assisting the Project Unit in carrying out the Project, the Borrower shall employ not less than five qualified and experienced consultants whose selection, terms and conditions are mutually acceptable to the Borrower, the Bank and the Association.

(c) For the purpose of carrying out Part C of the Project, the Borrower shall employ a qualified and experienced full-time director for the Citrus Extension Unit.

(d) For the purpose of assisting the Citrus Extension Unit in carrying out Part C of the Project, the Borrower shall employ qualified and experienced specialists whose number, selection, qualifications and terms of reference are

mutually acceptable to the Borrower, the Bank and the Association. The specialists shall include not fewer than two qualified and experienced citrus specialists, one of whom shall be seconded to the Seyhan Integrated Extension Unit to assist that organization in the technical appraisal of sub-loans to farmers located within the Seyhan Irrigation Area.

Section 4.02. The Borrower shall promptly appoint consultants whose number, selection and qualifications are mutually acceptable to the Borrower, the Bank and the Association to undertake the survey of agricultural credit facilities, institutions and policies referred to in Part A of the Project, the terms of reference for which are set forth in Schedule 3 to this Agreement.

Section 4.03. The Borrower shall (i) within six months of the date on which this Agreement becomes effective establish product and packaging quality standards that are acceptable to the Bank and the Association; and (ii) on or before January 1, 1975, promulgate an Export Regime under which all fresh fruits and vegetables that are to be exported must pass through packinghouses approved by the appropriate Ministry of the Borrower.

Section 4.04. The Borrower shall provide the funds required for (i) the establishment of a citrus budwood propagation farm by the Mersin Citrus Research Institute; and (ii) research programs related to the carrying out of the Project that have been approved by the Director of the Project Unit.

Section 4.05. The Borrower shall (i) promptly permit the importation of the seed and budwood recommended by the Director of the Project Unit; (ii) ensure that only virus free certified budwood is used in carrying out Part B of the Project; and (iii) ensure that the importation of the aforesaid seed and budwood is 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.

Section 4.06. The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

Article V

CONSULTATION AND INFORMATION

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

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the

performance by ABT of its obligations under the Project Agreement, the administration and operations of the Project Unit, the Citrus Extension Unit and of any other departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and

- (b) furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations, financial condition, resources and expenditures of ABT related to the Project, the Project Unit, the Citrus Extension Unit and any other departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) Without limitation upon its obligations contained in sub-paragraph (a) of this Section, the Borrower shall cause the records of the Project Unit to be audited annually, in a manner satisfactory to the Association, by auditors acceptable to the Association and promptly after the preparation of the audit, but not later than five months after the end of the Borrower's fiscal year, the Borrower shall transmit to the Association a signed copy of the auditors report in the English language.

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

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Article VI

TAXES AND RESTRICTIONS

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

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

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

Article VII

REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately, together with the service charges thereon, and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 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 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 7.03. 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 Parts C, D and E of the Project or its operations or to perform its obligations under the Project Agreement.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions :

- (a) the execution and delivery of the Loan Agreement on behalf of the Borrower shall have been duly authorized or ratified by all necessary administrative and governmental action;
- (b) the execution and delivery of the Project Agreement on behalf of ABT shall have been duly authorized or ratified by all necessary administrative and governmental action;
- (c) the execution and delivery of the Subsidiary Loan Agreement on behalf of the Borrower and ABT shall have been duly authorized or ratified by all necessary administrative and governmental action;
- (d) the Project Unit and the Citrus Extension Unit have been established and the initial appointments to fill the positions described in sub-sections 4.01 (a) and 4.01 (c) of this Agreement have been made; and
- (e) the Borrower has appointed the consultants to undertake the survey of agricultural credit facilities, institutions and policies specified in Section 4.02 of this Agreement

Section 8.02. The following are specified as additional matters, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association :

- (a) that the Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms;
- (b) 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;
- (c) 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 8.03. The date September 10, 1971, is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower under Section 3.04 (b) of

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

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

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

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

For the Borrower :

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

Maliye
Hazine
Ankara

For the Association :

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

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this 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 GUL
Authorized Representative

International Development Association :

By J. BURKE KNAPP
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT AND OF THE LOAN

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit and of the Loan, the allocation of amounts of such proceeds to each category and the percentage of eligible expenditures so to be financed in each category :

<i>Category</i>	<i>Amount of the Credit and of the Loan Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Transportation equipment (Part D of the Project)		
a) Ferry-ships	8,200,000	100% of total expenditures
b) Trailers and towing units (including spare parts)	9,300,000	100% of total expenditures
II. Packinghouses, box manu- facturing plants, and cold storage facilities (Part E of the Project)	1,630,000	43% of total expenditures (representing the estima- ted foreign expenditure component)
III. On-farm citrus orchard and nursery development sub-loans by ABT (Part C of the Project)	2,250,000	20% of sub-loan disburse- ments by ABT (repre- senting the estimated foreign expenditure component)
IV. Technical assistance, consultants' services, research programs and citrus propagation farm (Parts A and B of the Project)	1,095,000	100% of foreign expendi- tures
V. Unallocated	2,525,000	
TOTAL	\$25,000,000	

2. For the purposes of this Schedule :

- (a) the term " foreign expenditures " means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than the Borrower;
- (b) the term " total expenditures " means the aggregate of foreign expenditures and of expenditures for goods produced in, or services supplied from, the territories of the Borrower.

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

- (a) expenditures prior to the date of this Agreement except that withdrawals may be made in respect of Category IV on account of expenditures incurred after May 1, 1971 in an aggregate amount not exceeding the equivalent of \$150,000; and
- (b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit or of the Loan will be withdrawn on account of payments for such taxes.
- (c) In addition, except as the Borrower, the Association and the Bank shall otherwise agree, and until all amounts of the Credit shall have been withdrawn or committed, no withdrawals shall be made from the Loan Account except under commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions referred to in Section 1.01 of the Loan Agreement.

4. Notwithstanding the allocation of an amount of the proceeds of the Credit and of the Loan set forth in the second column of the table in paragraph 1 above :

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the proceeds of the Credit and of the Loan then allocated to such Category and no longer required therefor will be reallocated by the Association and by the Bank, or after full withdrawal of all amounts of the Credit, by the Bank, by increasing correspondingly the unallocated amount of the proceeds of the Credit and of the Loan;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association and by the Bank or, after full withdrawal of all amounts of the Credit, by the Bank, at the request of the Borrower, to such Category from the unallocated amount of the proceeds of the Credit and of the Loan, subject, however, to the requirements for contingencies, as determined by the Association and by the Bank or, after full withdrawal of all amounts of the Credit, by the Bank, in respect of any other expenditures.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project represents the first phase in the development of the Borrower's fresh fruit and vegetable export program and consists of :

Part A: A comprehensive survey of agricultural credit facilities, institutions and policies in the Republic of Turkey and the provision for the purposes of carrying out the Project of technical advisory services by staff and consultants of the Project Unit and the Citrus Extension Unit.

Part B: The establishment of a citrus budwood propagation farm and citrus research programs.

Part C: The provision through ABT, acting on the advice of the Project Unit and Citrus Extension Unit, of technical services and loans to farmers in the Project Area for the establishment of approximately 8,000 hectares of citrus orchards and approximately 60 hectares of multiplication nurseries.

Part D: The provision through ABT acting on decisions made by the Project Unit of loans to transport companies for the construction of two ferry-ships, refrigerated trailers and towing units (including spare parts).

Part E: The provision through ABT acting on decisions made by the Project Unit of loans to private companies for the construction of packinghouses, cold storage facilities and box manufacturing plants.

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

SCHEDULE 3

TERMS OF REFERENCE FOR AGRICULTURAL CREDIT SURVEY

1. *Objective.* The objective of the proposed agriculture credit survey is to review and define Turkey's agricultural credit needs, especially medium and long-term, in relation to the priorities for agricultural development over the next five years, to examine and recommend appropriate policies, capital sources, institutional and "procedural" arrangements for supplying these needs and to examine the possibilities of developing agricultural credit programs. The survey would include :

- (a) A review of past agricultural credit experience over the last five years, concentrating on credit for production purposes, but giving brief details of credit for marketing of agricultural produce and for related agricultural activities :
 - (i) existing credit policies of Governmental, Central Bank and other credit institutions, and their relationship to credit policies in other sectors;
 - (ii) existing agencies : commercial banks, agricultural banks and cooperatives concerned with agricultural credit, their place in credit and banking system, organization, interrelationship; review should also examine role of non-institutional credit sources;
 - (iii) sources of credit funds for lending agencies, rediscounting facilities, rural savings, budgetary and foreign sources and role of agricultural banks and cooperatives in mobilizing resources; analysis of costs of funds from main sources for each credit agency;
 - (iv) analysis of costs of lending operations, comparison of agricultural interest rates with those of other sectors, their relation to size and purpose of loan, to agricultural subsidies, and to inflation; analysis of overdue loans, covering period overdue, efficiency of collection techniques and reasons for delinquency;

- (v) types and volume of production credit for current inputs, on-farm investments and investments in agriculture-related industries compared with gross agricultural production, GNP, and total credit for all purposes; loan distribution by purpose, number and size of loans, related to farm size categories, and to total number of farms; effectiveness of loans with regard to productivity methods of appraisal of requests, controls and results;
 - (vi) technical and financial loan appraisal techniques, borrower selection and borrowing terms with due attention to security requirements, legal instruments of security and their effectiveness;
 - (vii) external constraints to agricultural credit, including land tenure situations, existing indebtedness, sufficiency of qualified staff, extension, research, timely availability of farm inputs, and marketing facilities, price policies regarding farm inputs and commodities;
 - (viii) taxes including import/export duties and their effect on farm input costs, farm output prices and generation of Government tax revenue;
 - (ix) types and volume of seasonal credits, data on development of this type of credit, uses, financial and economic results, general experience;
 - (x) position of sales cooperatives in the agriculture credit system, analysis of historical function and recommendation for future role;
 - (xi) position, operation and scope of credit cooperatives in the agriculture credit system, analysis of historical and current operation and recommendation for future role.
- (b) Future agricultural credit policies and institutions, including any recommended changes in institutional arrangements, policies and practices, procedures and practices, technical evaluation of projects and credit requests, decentralization of operations and regulations to govern use of funds available to institutions, and any measures for increasing and mobilizing rural savings, expanding rediscount facilities, and encouraging further private commercial banking and credit co-operatives in agriculture.
- (c) Estimated credit requirements for the next five years :
- (i) farm credit needs, based upon survey of farm households, and projected future developments, for seasonal and longer term credit; these should cover the relationship between seasonal and longer term loans, and include investments for land and water development, seedlings and other nursery stock, farm building, tree plantations, livestock machinery, and equipment; and
 - (ii) credit needs for related agricultural activities, including handling, marketing and processing of farm products; procurement and distribution of fertilizers, seed, farm chemicals, machinery, forestry and fisheries.

(d) Proposed specific credit programs in support of priorities in agricultural sector :

- (i) definition of priorities in quantitative and price terms, methods of adjustment of priorities and prices especially for export products;
- (ii) institutions concerned; and organization policies, staffing, decentralization, controls;
- (iii) lending programs;
- (iv) lending procedures (administrative, technical and financial).

2. *Organization of Study.* The Government would designate the Ministry of Foreign Economic Relations to supervise and guide the study and to review interim and final reports. The study will be conducted over a period of about 12 months, allowing eight months for compiling and analyzing data and four months for preparing the report. It will be based upon past studies, and other existing available data, Government plans and projections, field surveys, and interviews with appropriate officials.

3. *Key Personnel.* The work would probably require a team of experts whose expertise would cover the range of problems outlined above. The qualifications offered for guidance are :

- (a) Agriculture Credit Expert : Project leader, responsible for organization of study, over-all credit situation, interim and final report, etc. He should have long experience in operational policy levels with agricultural credit institutions.
- (b) Agriculturalist : responsible for costs and operational needs of farmer inputs for both short-, medium- and long-term on-farm investments for all major crops in Turkey. He should have a thorough knowledge and experience in crop production and animal husbandry and livestock problems.
- (c) Agriculture Projection Economist : responsible for evaluation of input requirements in liaison with Agriculturist and estimates of operating costs for major crops in Turkey and on-farm investments.
- (d) Marketing and Processing Expert : responsible for off-farm credit requirements for agriculture development. He should be experienced in marketing, processing, or storage enterprises, and familiar with credit needs of such enterprises.
- (e) Planning Expert : responsible for organizing necessary sub-surveys. He should be experienced in Governmental planning operations and organizational problems.
- (f) Auditor-Accountant.
- (g) Statistician : responsible for analyzing data and of preparing tables and graphs.
- (h) Four or five Interviewers for farmer surveys.
- (i) Five clerical and secretarial personnel.

(j) Two-Three Interpreters with knowledge of financial and/or agricultural terminology.

4. *Reports.* The reports would include an interim report after six months and a final report after twelve months, to be submitted to the Borrower and reviewed in consultation with the Bank and the Association. Reports would be made in Turkish and in English, and 25 copies in each language would be printed.

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.*]
