

No. 12277

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY**

Development Credit Agreement—*Second Livestock Development Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 28 September 1972

Authentic text : English.

Registered by the International Development Association on 22 January 1973.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
TURQUIE**

Contrat de crédit de développement — *Deuxième projet relatif au développement de l'élevage* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 28 septembre 1972

Texte authentique : anglais.

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

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated September 28, 1972, 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 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;

(C) By an agreement of even date herewith² between the Association and ABT, certain obligations in respect of the carrying out of the Project have been undertaken by ABT;

(D) The Borrower is willing to make part of the proceeds of the Credit available to ABT for carrying out Parts A and B of the Project, as hereinafter set forth; and

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

NOW THEREFORE the parties hereto hereby agree as follows :

Article I. GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,³ 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) in Section 2.01, the following paragraph is added after paragraph 12 :

“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) in Section 6.06, the words, “the Project Agreement” are added after the words “the Development Credit Agreement”;

¹ Came into force on 5 January 1973, upon notification by the Association to the Government of Turkey.

² The said Agreement entered into force on 5 January 1973. 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 CN 330 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. 156 of this volume.

(e) in Section 8.02, the words “or the Project Agreement” are added 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) “Project Agreement” means the agreement between the Association and ABT of even date herewith, as the same may be amended from time to time, and such term includes all agreements supplemental to, and the Schedule to the Project Agreement ;

(b) “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, and all schedules to the Subsidiary Loan Agreement ;

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

(d) “VSD” means the Village Sub-Project Division of the Directorate, established and maintained as set forth in Section 3.04 (a) of this Agreement ;

(e) “FSD” means the Fattening Sub-Project Division of the Directorate, established and maintained as set forth in Section 3.04 (b) of this Agreement ;

(f) “Village Sub-Project” means that part of the Project described in Part A of Schedule 2 to this Agreement ;

(g) “Fattening Sub-Project” means that part of the Project described in Part B of Schedule 2 to this Agreement ;

(h) “Village Sub-Project Area” means about 250 villages in the Northeastern part of the territory of the Borrower in which the Village Sub-Project is to be carried out, namely : (i) in the counties of Gole, Ardahan, Cildir, Arpacay, Kars, and Selim in the province of Kars ; (ii) in the counties of Cat, Erzurum and Hınıs in the province of Erzurum ; and (iii) in the counties of Eleskirt and Agri in the province of Agri ;

(i) “Village Sub-loan” means a development and working capital loan made or proposed to be 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 for purposes of carrying out the Village Sub-Project ;

(j) “Fattening Sub-loan” means a development loan made or proposed to be 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 for purposes of carrying out the Fattening Sub-Project ;

(k) “group” means a cooperative or other mutually liable partnership of farmers, formed to improve either communal lands or the individual properties and productive facilities of members, and includes groups formed for the development of common meadow lands (“meadow groups”), for development of improved irrigation facilities (“irrigation groups”), for purchase and management of breeding stock (“purebred bull stud groups”), and for purchase and operation of farm machinery on contract (“contract groups”);

(l) “Project Coordinating Committee” means the coordinating committee established pursuant to Section 3.05 of this Agreement, comprising senior staff of the Directorate and ABT;

(m) “Consultants” means the consultants appointed by the Directorate to assist in connection with the carrying out of Part C of the Project, as set forth in Section 3.02 of this Agreement; and

(n) “livestock development plan” means a specific plan for investment in land preparation (including irrigation and drainage), fertilizer, seed, weed control, fencing, barns, feed bins, breeding stock, tractors and other machinery and equipment, livestock for fattening, feed, and other related items, or any combination thereof, of an investor (individual or group) qualifying for a Village Sub-loan or a Fattening Sub-loan.

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 sixteen million dollars (\$ 16,000,000).

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, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than services of consultants) required for the Project and to be financed out of the proceeds of the Credit, shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement.

Section 2.04. The Closing Date shall be December 31, 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 semi-annually on April 1 and October 1 in each year.

Section 2.07. 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, 1982 and ending October 1, 2021, each installment to and including the installment payable on October 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 A and B 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 C and D of the Project and shall cause ABT to carry out Parts A and B 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 A and B of the Project to ABT under a subsidiary loan agreement to be entered into between the Borrower and ABT under 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, 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 three consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.03. The operating policies and procedures for carrying out Parts A and B of the Project shall be as set forth in the Schedule to the Project Agreement, as the same may be amended from time to time by agreement among the Borrower, ABT and the Association.

Section 3.04. For the purpose of carrying out the Project, the Borrower shall :

- (a) establish and maintain the VSD within the Directorate, and employ a qualified and experienced full-time manager for the VSD;
- (b) establish and maintain the FSD within the Directorate, and employ a qualified and experienced full-time manager for the FSD;
- (c) employ about fifty (50) qualified and experienced technicians to be assigned on a full-time basis to the VSD;
- (d) employ about fifteen (15) qualified and experienced technicians to be assigned on a full-time basis to the FSD; and
- (e) establish and maintain a regional office of the VSD at Erzerum and provincial offices of the VSD at Kars and Agri, and employ qualified and

experienced persons to serve as regional manager and as provincial managers, respectively, of the VSD.

Section 3.05. The Borrower shall take steps to ensure that only personnel of the highest calibre are employed by the Directorate as a whole and the VSD and FSD in particular and shall provide such personnel with special incentives.

Section 3.06. The Borrower shall cause to be established a Project Coordinating Committee comprising senior staff of the Directorate and the Project Loans Department of the ABT, which said Committee shall have responsibility for coordinating the related activities of the Directorate under Parts C and D of the Project and the ABT under Parts A and B of the Project.

Section 3.07. The Borrower shall permit the General Director of the Directorate to make withdrawals from the Special Operational Fund established within the ABT pursuant to Section 4.03 of the Project Agreement. Such withdrawals shall be utilized by the Directorate at the discretion of its General Director to supplement the funds provided for the operating expenses of the VSD and FSD within the Directorate.

Section 3.08. The Borrower agrees to maintain the FSD and the VSD within the Directorate and to enable the FSD and VSD to carry out Part C of the Project.

Section 3.09. Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Crédit to be used exclusively for the Project.

Section 3.10. (a) The Borrower shall furnish or cause to be furnished to the Association; promptly upon their preparation, the plans, specifications, reports, contract documents and work and procurement schedules for Parts C and D of the Project, and any material modifications thereof or additions thereto, all in such detail as the Association shall reasonably request.

(b) The Borrower shall (in respect of Parts C and D of the Project) and shall cause ABT (in respect of Parts A and B of the Project) 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) Without limitation upon its obligations contained in paragraph *(b)* of this Section, the Borrower shall cause the Directorate to maintain detailed production records on at least 5% of borrowers under Village Sub-loans and 5% of borrowers under Fattening Sub-loans.

Section 3.11. The Borrower shall cause ABT to take out and maintain the insurance cover provided for in Section 2.03 *(a)* of the Project Agreement.

Article IV. OTHER COVENANTS

Section 4.01. 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.

Section 4.02. Without limitation upon its obligations contained in Section 4.01, the Borrower shall :

- (a) cause the accounts and records of the Directorate, the VSD and the FSD 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 in any event not later than five (5) months after the end of the Borrower's fiscal year, transmit to the Association a signed copy of the auditor's report in the English language; and
- (b) cause ABT to maintain the accounts and records required to be maintained by ABT pursuant to paragraphs (b) and (c) of Section 2.04 of the Project Agreement, and to furnish to the Association the information, accounts and records required to be furnished by ABT in accordance with such provisions.

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 Directorate, VSD, and FSD, 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 and financial condition, resources and expenditures of ABT related to the Project, the Directorate, VSD, FSD and any other departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof or the performance by either of them of its obligations under the Development Credit Agreement 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 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 7.03 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal and service charges shall become due and payable immediately, anything to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified :

(a) An extraordinary situation shall have arisen which shall make it improbable that ABT will be able to perform its obligations under the Project Agreement or the Subsidiary Loan Agreement.

(b) ABT shall have failed to perform any covenant, agreement or obligation of ABT under the Project Agreement or the Subsidiary Loan Agreement.

(c) 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.

(d) 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.

(e) 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 7.01 of the General Conditions, the following additional events are specified :

(a) The event specified in Section 7.02 (b) of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower.

(b) Any of the events specified in Section 7.02 (c), (d) or (e) shall occur.

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 Project Agreement on behalf of ABT have been duly authorized or ratified by all necessary administrative and governmental action.

(b) The execution and delivery of the Subsidiary Loan Agreement on behalf of the Borrower and ABT, respectively, have been duly authorized or ratified by all necessary administrative and governmental action.

(c) The Borrower has appointed the consultants referred to in Section 3.02 of this Agreement.

(d) The Borrower has made the initial appointments to fill the positions of managers of the VSD and FSD, as set forth in sub-section 3.04 (a) and (b) 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 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, respectively, and constitutes a valid and binding obligation of the Borrower and ABT in accordance with its terms.

Section 8.03. The date January 5, 1973 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.04. The obligations of the Borrower under Section 3.09 (b) of this Agreement and the provisions of paragraphs (b), (c) and (d) of Section 7.02 of this Agreement and those of paragraphs (a) and (b) of Section 7.03 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty years after the date of this Agreement, whichever shall be the earlier.

Article IX. REPRESENTATIVE OF THE BORROWER; ADDRESSES

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

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

For the Borrower :

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

Cable address :

Maliye
Hazine
Ankara

For the Association :

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

Cable address :

Indevas
Washington, D.C.

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

Republic of Turkey :

By AHMET TUFAN GUL
Authorized Representative

International Development Association :

By SIMON ALDEWERELD
Vice President

SCHEDULE I

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

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

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Sub-loans under the Village Sub-Project (Part A of the Project) . .	8,900,000	70% of amounts disbursed by ABT under Village Sub-loans
II. Sub-loans under the Fattening Sub-Project (Part B of the Project) . .	4,700,000	70% of amounts disbursed by ABT under Fattening Sub-loans
III. Services of Consultants under Part C of the Project	500,000	100% of foreign expenditures and 80% of local expenditures

IV. Technical Services under Part C of the Project		
(a) vehicles and spares	500,000	100% of total expenditures (c.i.f. cost of foreign items; ex-factory cost of local items)
(b) other equipment	100,000	80% of total expenditures
V. Technical Studies, Training and Related Travel under Part D of the Project		
	300,000	80% of total expenditures
VI. Unallocated		
	1,000,000	
	<u>TOTAL</u>	<u>16,000,000</u>

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 “local expenditures” means expenditures in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; and

(c) The term “total expenditures” means the aggregate of foreign expenditures and local expenditures.

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; 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 will be withdrawn on account of payments for such taxes.

4. Notwithstanding the allocation of an amount of the Credit 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 Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;

(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, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditure; and

(c) if the Association shall have reasonably determined that the procurement of any item in any Category is inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, no expenditures for such item shall be financed out of the proceeds of the Credit and the Association may, without in any way restricting or limiting any other right, power or remedy of the Association under the Development Credit Agreement, by notice to the Borrower, cancel such amount of the Credit as in the Association’s reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Credit.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project forms a part of the Borrower's program for livestock development and consists of the following Parts :

Part A. (Village Sub-Project)

The provision through ABT of development and working capital loans to individuals and groups in about 250 villages in the Village Sub-Project Area, to finance livestock development plans in said Area, including loans : to about 5,000 individual farmers; to about 80 groups to finance development of common grazing and meadow lands; to about 100 groups to finance development of irrigation facilities; to about 50 groups to finance purebred bull studs; and to not more than 200 contract groups to finance the purchase of machinery.

Part B. (Fattening Sub-Project)

The provision through ABT of development loans for financing livestock development plans for about 1,000 cattle fatteners and 600 sheep fatteners in the main fattening districts of the Borrower.

Part C.

The provision, through the Directorate and with the assistance of full-time technicians employed by or assigned to VSD and FSD and with the further assistance of the consultants, of technical services to farmers and groups benefitting from Parts A and B of the Project, including, but without being limited to, assistance to such persons and cooperation with ABT in :

- (1) the preparation of livestock development plans as the basis for sub-loans under Parts A and B of the Project;
- (2) the procurement of goods and services required to carry out such plans; and
- (3) the supervision and execution of said plans.

Part D.

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, including without limitation :

- (1) feasibility studies for future livestock projects;
- (2) surveys;
- (3) applied research and demonstrations, particularly in forage crop production and preservation;
- (4) training courses and study tours abroad for technical staff of the Directorate and ABT; and
- (5) training in improved farming techniques and record keeping for selected farmers participating in the Project.

The Project is expected to be completed by June 30, 1977.

SCHEDULE 3

PROCUREMENT

A. *Tractors and Vehicles*

1. Except as the Association shall otherwise agree, the procurement of agricultural tractors for Part A of the Project (about 200 units) and to be financed under Village Sub-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 and contract groups by provincial office managers of the VSD or VSD technicians 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, as revised in May 1971.

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

3. Except as the Association shall otherwise agree, the procurement of vehicles (about 100 units) for the use of the staff assigned to the Directorate and ABT and the Consultants, shall be organized by the Directorate in a manner satisfactory to the Association on the basis of international competitive bidding in accordance with the procedures set forth in the said Guidelines.

4. Before inviting bids, the Directorate shall submit to the Association for its approval an outline of the procedures proposed to be followed (including advertising procedures), together with drafts of the invitations to bid, specifications, conditions of contract, delivery schedules, and any other tender documents, and shall make such modifications in the said documents or procedures as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to prospective bidders. All invitations shall specify that suppliers shall be required to maintain adequate servicing facilities and stocks of spare parts within the Village Sub-Project Area, and in the case of vehicles other than tractors, in such areas as may be required by the Directorate and the Association.

5. For the purpose of evaluating bids for tractors and vehicles and associated services required under the Project, bid prices shall be determined and compared in accordance with the following rules:

(a) The term "Local Bid" means a bid submitted by a manufacturer established in the territories of the Borrower for goods manufactured or processed to a substantial extent (as reasonably determined by the Association) in such territories; any other bid shall be deemed to be a "Foreign Bid".

(b) The bid price under a Local Bid shall be the sum of the following amounts:

(i) the ex-factory price of such goods; and
(ii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

(c) For the purpose of comparing any Foreign Bid with any Local Bid, the bid price under a Foreign Bid shall be the sum of the following amounts:

(i) the c.i.f. price of such goods;
(ii) the amount of any taxes on the importation of such goods into the territories of the Borrower which generally apply to non-exempt importers, or 15% of the amount specified in (i) above, whichever shall be the lower; and
(iii) inland freight, insurance and other costs of delivery of such goods to the place of their use or installation.

6. After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together

with the reasons for the intended award. The Association shall, if it determines that the intended award would be inconsistent with the procedures set forth or referred to in Section 2.03 of this Agreement, promptly inform the Borrower and state the reasons for such determination.

7. The terms and conditions of the contract shall not, without the Association's concurrence, materially differ from those on which bids were asked.

8. Two conformed copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

9. The Borrower will promptly permit the importation of all goods needed for carrying out the Project, that are procured outside its territories.

B. Other Procurement

1. Procurement of other goods and services shall be carried out through local commercial channels including private traders and dealers, state trading entities (including the Borrower's Agricultural Supply Organization) and cooperatives.

2. Office equipment required by the Directorate for purposes of Part C of the Project shall be procured by the Directorate in accordance with its usual procedures.

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.*]
