No. 6966

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
TURKEY

Development Credit Agreement—*Seyban Irrigation Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 31 May 1963

Official text: English.

Registered by the International Development Association on 24 October 1963.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
TURQUIE

Contrat de crédit de développement — *Projet relatif à l'irrigation du Seyban* (avec lettres connexes et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 31 mai 1963

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 24 octobre 1963.

No. 6966. DEVELOPMENT CREDIT AGREEMENT[1] (*SEYHAN IRRIGATION PROJECT*) BETWEEN THE REPUBLIC OF TURKEY AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 31 MAY 1963

AGREEMENT, dated May 31, 1963, between the REPUBLIC OF TURKEY (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

DEVELOPMENT CREDIT REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961[2] (hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms shall have the following meanings wherever used in this Agreement or any Schedule thereto :

(*a*) The term " Plan " shall mean the plan for irrigation, drainage and development in the Adana Plain covering a net irrigable area of 170,000 hectares, consisting of : (i) Stage I, 53,000 hectares; (ii) Stage II, 34,000 hectares; and (iii) Stage III, 83,000 hectares.

(*b*) The term " remainder of the Plan " shall mean that part of the Plan which is not included in the Project.

(*c*) The term " Part A " and the term " Part B " shall mean respectively the parts of the Project as described in paragraphs A and B of Schedule 1[3] to this Agreement and as the description thereof shall be amended from time to time by agreement between the Borrower and the Association.

(*d*) The term " foreign currency " means any currency other than currency of the Borrower.

[1] Came into force on 4 September 1963, upon notification by the Association to the Government of Turkey.

[2] See p. 146 of this volume.

[3] See p. 140 of this volume.

Article II

The Credit

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to twenty million dollars ($20,000,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. 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 Agreement and the Regulations.

Section 2.03. The Borrower shall be entitled, subject to the provisions of this Agreement and the Regulations, to withdraw from the Credit Account: (i) such amounts as shall have been expended for the reasonable foreign currency cost of goods required for carrying out the Project; (ii) such amounts as shall be the equivalent of such percentage or percentages as may from time to time be agreed between the Borrower and the Association of such amounts as shall have been expended for the reasonable cost of goods required for carrying out the Project and not included in the foregoing; and (iii) if the Association shall so agree, such amounts as shall be required to meet payments under (i) and (ii) above.

Provided, however, that no withdrawals shall be made on account of expenditures prior to March 1, 1963.

Section 2.04. Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($^3/_4$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.06. Service charges shall be paid semi-annually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each June 1 and December 1 commencing June 1, 1973, and ending December 1, 2012, each instalment to and including the instalment payable on December 1, 1982, to be one half of one per cent ($^1/_2$ of 1 %) of such principal amount, and each instalment thereafter to be one and one half of one per cent ($1^1/_2$ %) 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 exclusively to financing the cost of goods required to carry out the Project described in Schedule 1 to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

Particular Covenants

Section 4.01. (*a*) The Borrower shall cause the Project to be carried out and operated with due diligence and efficiency and in conformity with sound engineering, agricultural and financial practices.

(*b*) To assist in the carrying out of the Project the Borrower shall employ or cause to be employed competent and experienced consultants satisfactory to the Borrower and the Association upon terms and conditions satisfactory to the Borrower and the Association.

(*c*) To assist in the carrying out of the Project, the Borrower shall employ or cause to be employed contractors satisfactory to the Borrower and the Association employed under contracts satisfactory to the Borrower and the Association.

(*d*) The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, contracts and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(*e*) The Borrower shall cause all works and facilities included in the Project to be adequately maintained and repaired in accordance with sound engineering and agricultural practices and standards and shall cause all dams, canals, structures and other works and facilities not included in the Project but necessary to the proper and efficient operation thereof to be operated and adequately maintained and repaired in accordance with such practices and standards.

Section 4.02. (*a*) The Borrower shall maintain or cause to be maintained records adequate to identify the goods 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), to show the results achieved by irrigation of the land included in the Project and to reflect in accordance with consistently maintained sound accounting practices (including the use of separate books and accounts for Part A and Part B of the Project) the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representative to inspect the Project, the goods and any relevant records and documents; and 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 Project, and the goods, the results achieved by irrigation of the land included in the Project, and the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

(*b*) The Borrower shall at all times make or cause to be made available promptly as needed all sums which shall be required for the carrying out of the Project, including sums required for the provision of adequate credit on reasonable terms for Part B of the Project.

(*c*) The Borrower shall take all such action for the improvement and expansion of agricultural services and the provision on reasonable terms and in reasonable amounts of credit for seeds, fertilizers, insecticides and other current production expenditures and for the purchase of farm equipment and livestock, the establishment of perennial crops and other farm improvement as shall be required to assure that the land included in the Project and the water made available therefor are fully, effectively and promptly utilized for agricultural purposes to the maximum extent possible.

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

Section 4.03. (*a*) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall 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 and the international balance of payments position of the Borrower.