

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT



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WORLD BANK LENDS \$100 MILLION FOR AGRICULTURAL DEVELOPMENT IN ROMANIA

The World Bank has approved two loans totalling \$100 million to assist in the development of agriculture in Romania.

Romania has great potential for development of its agriculture and seeks to develop the sector as an important complement to the significant progress already made in industry during the past decade. The main needs of Romania's agriculture are to increase productivity and production, and to reduce year-to-year fluctuations in output which result from dependence upon uncertain weather. The two loans just approved will support Romania's efforts in these areas.

A \$70 million loan will help Romania finance a major irrigation project 60 km southwest of Bucharest. The Giurgiu-Razmiresti Irrigation Project will use water from the Danube to irrigate about 100,800 hectares located between the towns of Giurgiu and Razmiresti in southern Romania. The irrigation works will serve about 18,500 hectares under cultivation by State farms and about 82,300 hectares owned by cooperatives.

A \$30 million loan will help to finance over 40 individual agricultural production projects in southwestern Romania. The project will be based upon the recently completed 74,600 hectare Sadova-Corabia irrigation scheme located in a historically poor region of Oltenia. It will include on-farm development for crop production and livestock development on cooperatives and State farms, as well as investments in a number of related agro-industries.

Both loans will be made to the Bank for Agriculture and Food Industry, which is the Government's agency for financing agricultural development in Romania. The two loans will bring total World Bank commitments to Romania to \$290 million.

The Giurgiu-Razmiresti Irrigation Project will cost about \$152 million and includes two main pumping stations and two repumping stations, about 240 km of lined canals and about 2,170 km of buried distribution pipelines, related pressure pumping and power transmission facilities, drainage works for 33,600 hectares and erosion control works for 6,000 hectares, operation and maintenance equipment and farm machinery, and consultants' services and training.

The project will increase the gross value of annual agricultural production in the area from \$33.0 million to \$90.2 million after full development is achieved in 1985. The value of net annual agricultural production will increase from \$20.9 million to an estimated \$64.5 million. The project will also help to stabilize output by eliminating current dependence upon unreliable weather.

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Cropping intensity will be increased by about 15%, and the project will permit a shift to higher value crops. The principal crops to be produced under the project are alfalfa, maize, maize fodder, sugar beets, tomatoes and soybeans.

The project will also help to meet growing domestic demand, improve incomes of about 17,000 families working on cooperative farms, and yield direct revenues to the State from general taxes and State farm earnings. Farm employment will more than double.

The loan is for 25 years, including five years of grace, with interest at 8% per annum.

The Sadova-Corabia Agricultural Credit Project will cost about \$60 million, and is based upon the ten-year investment program for on-farm development and agro-industries required to bring the Sadova-Corabia irrigation scheme along the Danube in southwestern Romania into full production.

Credits under the project will be used to establish about 2,050 hectares of modern orchards (peaches, apricots, and cherries) and about 2,000 hectares of grapes. A fruit handling and storage complex will be constructed to handle the increased production. A leaf analysis laboratory will also be established to determine the types and amounts of fertilizers which should be used in orchards and vineyards. The project includes a substantial dairy farming component with eight complete dairy farms and imported heifers for four additional farms which are already being constructed.

Integrated with dairy farming will be two beef-fattening farms. In support of these livestock components, the project will finance a feed mill and silo.

The project will increase the gross value of annual agricultural production in the area by an estimated \$13 million annually at full development. The project also will help to meet growing domestic demand and improve incomes of about 1,700 families working on cooperative farms.

The loan to Romania will be for 20 years, including five years of grace, with interest at 8% per annum.

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Note: Money figures are expressed in US dollar equivalents.

## T E C H N I C A L   D A T A

**PROJECT:** Agricultural Credit

**COUNTRY:** Romania

**TOTAL COST:** \$59.5 million

**BANK FINANCING:** \$30 million for 20 years, including 5 years of grace, with interest at 8% per annum

**OTHER FINANCING:** Government of Romania and cooperative farms

**IMPLEMENTING ORGANIZATION:** Bank for Agriculture and Food Industry  
Bucharest, Romania

**PROJECT DESCRIPTION:** The project consists of about 40% of the ten-year investment program for on-farm development and agro-industries required to bring the 74,600 hectares Sadova-Corabia irrigation scheme (in southwestern Romania along the Danube) into full production; it also includes some investment in dairy farming in the region around the Sadova-Corabia area. The project includes development of about 2,050 hectares of orchards, 2,000 hectares of vineyards, eight complete dairy farms and cattle for four additional farms, two beef-fattening farms, a fruit handling and storage complex, 15 refrigerated trucks, a feed mill and silo, a pre-mix feed mill, machinery and equipment for farm mechanization services to cooperatives, a leaf analysis laboratory, and training for technicians.

**PROCUREMENT:** \$37.1 million of materials, equipment and livestock to be used for the project will be procured either through international competitive bidding or on the basis of international price quotations under World Bank guidelines. Contracts for \$21.6 million of materials and equipment which can be bulked for tendering in amounts of \$100,000 or more will be awarded on the basis of international competitive bidding. For purposes of bid comparison under international competitive bidding, local suppliers will be accorded a preference of 15% or the applicable customs duty, whichever is lower. About \$2.9 million of small contract items not available in Romania and female dairy cattle expected to cost \$12.6 million will be procured on the basis of price quotations from suppliers in at least three countries.

**ESTIMATED COMPLETION DATE:** December 31, 1982

T E C H N I C A L   D A T A

**PROJECT:** Irrigation

**COUNTRY:** Romania

**TOTAL COST:** \$151.8 million

**BANK FINANCING:** \$70 million for 25 years, including five years of grace, with interest at 8% per annum

**OTHER FINANCING:** Government of Romania

**IMPLEMENTING ORGANIZATION:** Department of Land Reclamation and Agricultural Construction, Ministry of Agriculture, Food Industry and Water Management, Bucharest, Romania

**PROJECT DESCRIPTION:** The project consists of two main supply pumping stations and two repumping stations; 240 km of lined main, branch and secondary canals; 2,170 km of buried distribution pipelines; 65 pressure pumps for sprinkler irrigation; 13 pressure pumps for furrow irrigation; 12 lift pumps for drainage facilities, 75 km of main drains and 287 km of collector drains; power transmission system for pumping stations, consisting of 464 km of 20 kV lines; operation and maintenance equipment, and farm machinery; consultants' services; and training.

**PROCUREMENT:** Contracts for the supply of major equipment and materials totaling \$59 million (including contingencies) will be put to tender on the basis of international competitive bidding under World Bank guidelines. A margin of preference for local equipment manufacturers of 15% or customs duty, whichever is lower, will be applied. Up to \$700,000 of locally available items will be procured under Romanian procedures because the contract amounts would be too small to attract international interest.

**CONSULTANTS:** Consultant specialists will be retained to assist in preparation and processing of tender documents for procurement in accordance with Bank guidelines. Consultants or suppliers post-sale services will assist in erection and preliminary operation of imported equipment and machinery. Specialized and on-the-job training in foreign countries is planned for economists and for project technical personnel in irrigation, engineering and agricultural skills.

**ESTIMATED COMPLETION DATE:** June 30, 1978