

CONFORMED COPY

LOAN NUMBER 3296 TU

(Technology Development Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

SCIENTIFIC AND TECHNICAL RESEARCH ORGANIZATION OF TURKEY
and
TURKISH STANDARDS INSTITUTE

Dated April 5, 1991

LOAN NUMBER 3296 TU

PROJECT AGREEMENT

AGREEMENT, dated April 5, 1991, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and SCIENTIFIC AND TECHNICAL RESEARCH ORGANIZATION OF TURKEY (TUBITAK) and TURKISH STANDARDS INSTITUTE (TSE).

WHEREAS (A) by the Loan Agreement of even date herewith between Republic of Turkey (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount in various currencies equivalent to one hundred million dollars (\$100,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that TUBITAK and TSE agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) part of the proceeds of the loan provided for under the Loan Agreement will be made available to TUBITAK and TSE in accordance with different arrangements, including a subsidiary loan

agreement to be entered into between the Borrower and TSE; and

WHEREAS TUBITAK and TSE, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) TUBITAK and TSE declare their commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, TUBITAK shall carry out Part A (1) of the Project and TSE shall carry out Part A (2), (3) and (4) of the Project, with due diligence and efficiency and in conformity with appropriate administrative, financial and engineering practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, TUBITAK and TSE shall carry out their respective activities under the Project in accordance with the Implementation Program set forth in Schedule 2 to this Agreement.

Section 2.02. Except as the Borrower and the Bank shall otherwise agree, procurement of the goods and consultants' services required for Part A of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement.

Section 2.03. TUBITAK and TSE shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, and maintenance respectively) in respect of the Project Agreement and their respective activities under Parts A and B of the Project.

Section 2.04. TSE shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Borrower and the Bank shall otherwise agree, TSE shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) TUBITAK and TSE shall, each with respect to its activities under the Project, at the request of the Bank, exchange views with the Bank with regard to progress of the Project, the performance of its obligations under this Agreement, and the performance of TSE of its obligations under the Subsidiary Loan Agreement.

(b) TUBITAK and TSE shall, each with respect to its activities under the Project, promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Loan, or the performance by TSE or TUBITAK of its obligations under this Agreement.

ARTICLE III

Management and Operations of
TUBITAK and TSE

Section 3.01. TUBITAK and TSE shall each carry on its operations and conduct its affairs in accordance with sound administrative, financial and technical practices.

Section 3.02. TSE and TUBITAK shall each at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and technical practices.

Section 3.03. TSE shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) TUBITAK and TSE shall each maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations, resources and expenditures under the Project.

(b) TUBITAK and TSE shall each:

- (i) have their records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts as well as the audit thereof, as the Bank shall from time to time reasonably request.

ARTICLE V

Effective Date; Termination;
Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of TUBITAK and TSE thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify TUBITAK and TSE thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable,

telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

For TUBITAK:

TUBITAK
211 Ataturk Bulvari
06100 Kavaklidere
Ankara
Turkey

Cable address:

TUBITAK, ANKARA

Telex:

90 4 43186 BTAK TR

Fax:

90 4 127 74 89

For TSE:

Turkish Standards Institute
112 Necatibey Caddesi
Ankara
Turkey

Cable address:

TSE, ANKARA

Telex:

90 4 42047 TSE TR

Fax:

90 4 125 43 99

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of TUBITAK or TSE may be taken or executed by its President or such other person or persons as the President concerned shall designate in writing, and TUBITAK and TSE, as the case may be, shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ W. Wapenhans
Regional Vice President
Europe, Middle East and North Africa

SCIENTIFIC AND TECHNICAL RESEARCH ORGANIZATION

By /s/ F. Selekler
Authorized Representative

TURKISH STANDARDS INSTITUTE

By /s/ F. Selekler
Authorized Representative

SCHEDULE 1

Procurement and Consultants' Services
under Part A of the Project

Section I: Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Turkey may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Goods of specialized nature or estimated to cost the equivalent of less than \$1,000,000 may be procured under contracts awarded through limited international bidding procedures on the basis of evaluation and comparison of bids invited from a list of at least three qualified suppliers eligible under the Guidelines and in accordance with procedures set forth in Sections I and II of the Guidelines (excluding paragraphs 2.8, 2.9, 2.55 and 2.56 thereof).

2. Goods estimated to cost less than the equivalent of \$250,000 per contract, up to an aggregate amount not to exceed the equivalent of \$5,000,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$500,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 4 to the Loan Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which the Bank has authorized withdrawals on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II: Employment of Consultants

In order to assist TUBITAK and TSE in the carrying out of their activities under Part A of the Project, TUBITAK and TSE shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by The World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 2

Implementation Program (Part A of the Project)

A. Implementation Arrangements

1. TUBITAK shall be responsible for the carrying out of the development plan for NMSI, referred to in Part A (1) of the Project. TUBITAK shall: (a) ensure the carrying out of such plan over a five-year period ending in December 1996; (b) include recruitment and training under such plan for not less than 10 new professional staff for NMSI in each of the years 1991, 1992 and 1993; and (c) prepare and furnish to the Bank, by March 1 in each year during the period of carrying out such plan, a draft budget specifying the activities to be carried out during the following fiscal year and the sources of financing such activities.
2. TUBITAK undertakes to complete by June 30, 1993, an examination of its testing services according to accreditation procedures established by NQC.
3. TUBITAK shall adopt, not later than December 31, 1991, procedures to ensure a degree of financial and managerial autonomy for NMSI adequate for the exercise of its functions.
4. TUBITAK shall implement, over the period from the year 1991 through 1993, a program to improve the overall efficiency of its operations, which shall include: (a) survey of the existing scientific and technological research structure of Turkey; (b) consultancy on the management of science and technology; (c) staff development; (d) technical consultancy in certain priority areas; (e) updating of laboratories of its

Marmara Research Center.

5. TSE and TUBITAK shall each maintain the existence of its PIU with such resources and staff as shall be required for such PIU to provide all administration services under the Project.
6. TSE shall be responsible for the implementation of Part A (2), (3) and (4) of the Project. For this purpose, TSE shall:
 - (a) establish the NQC under the Chairmanship of its President and with representatives from the public sector (including TUBITAK) and the private sector;
 - (b) exercise through NQC the following functions:
 - (i) development of accreditation procedures;
 - (ii) supervision of the activities of the Quality Assurance Institute referred to in Part A(4) of the Project; and
 - (iii) implementation of the media campaign referred to in Part A(2) (iv) of the Project;
 - (c) carry out a personnel development plan, satisfactory to the Bank, for upgrading the skills of its staff, which shall include the appointment at TSE of a Business Development Director;
 - (d) ensure the examination, by June 30, 1993, of its certification and testing services in accordance with principles established by NQC;
 - (e) establish, by June 30, 1992, procedures to improve efficiency in the preparation of its industrial product standards; and
 - (f) complete, by December 31, 1991, in accordance with terms of reference satisfactory to the Bank, a study of the feasibility of establishing testing laboratories to be owned and managed by industrial associations.

B. Reporting

TUBITAK and TSE shall jointly prepare, in conjunction with the Foundation, on a format satisfactory to the Bank, and furnish to the Bank quarterly reports on progress in the carrying out of Parts A and B of the Project.

