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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D.C. 20523

67 p.

CAPITAL ASSISTANCE PAPER

Proposal and Recommendations  
For the Review of the  
Development Loan Committee

*Loan*

TURKEY - FAMILY PLANNING AND RURAL HEALTH SERVICE

AID-DLC/P-417

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D.C. 20523

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AID-DLC/P-417  
May 17, 1966

MEMORANDUM FOR THE DEVELOPMENT LOAN COMMITTEE

SUBJECT: Turkey - Family Planning and Rural Health Service

Attached for your review are the recommendations for authorization of a loan in an amount not to exceed \$3,600,000 to the Government of Turkey to be made available to the Government of Turkey to finance the foreign exchange costs of up to one thousand four hundred (1400) jeep type vehicles or component parts thereof for use in the Family Planning Program and Rural Health Centers with capabilities in family planning programs, of the Ministry of Health, and related shop equipment and technical services, and the procurement of technical advice and educational materials in connection with the Family Planning Program.

This loan proposal is scheduled for consideration by the Development Loan Staff Committee at a meeting in the near future.

Rachel C. Rogers  
Assistant Secretary  
Development Loan Committee

Attachments:

Summary and Recommendations  
Project Analysis  
Annexes I-V

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TURKEY

LOAN TO ASSIST THE FAMILY PLANNING PROGRAM AND RURAL HEALTH CENTERS

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AID-DLC/P-417  
May 17, 1966

LOAN TO GOVERNMENT OF TURKEY  
TO ASSIST THE FAMILY PLANNING PROGRAM  
AND THE RURAL HEALTH SERVICE

Summary and Recommendations

1. Applicant: Government of Turkey, for the Ministry of Health
2. Amount: \$3,600,000
3. Loan Terms: Term of forty years with ten-year grace period. Interest of one percent on outstanding principal during grace period; thereafter interest of two and one-half percent per annum. Payments of interest and principal semi-annually.
4. Total cost of Activity: Approximately \$9,000,000 of which approximately \$5,400,000 will be in Turkish lira furnished by the Government of Turkey.
5. Description of Activity: Funding the U.S. dollar cost of purchase of 1400 small vehicles similar to jeeps, spare parts and maintenance equipment, technical assistance to establish an effective operations and maintenance program, and funds for technical assistance and equipment for health education research for use in the Family Planning Program and in eligible Rural Health Centers.
6. Purpose of Activity: To increase the effectiveness of the Turkish Family Planning Program by providing transportation for Rural Health Centers with Family Planning workers and improving education in family planning and general health services.
7. Background of Activity: The Family Planning Program which is functioning as a General Directorate of the Ministry of Health, is following a carefully thought out plan which was prepared with the help of the Population Council. A major part of the program will be implemented through the Rural Health Centers. The Turkish Government is establishing Rural Health Centers in the eastern provinces and plans to expand the Rural Health Service ultimately to all of the provinces. By the end of 1968, there are to be more than 1000 Rural Health Centers serving the eastern half of Turkey.
8. Export-Import Bank Interest: On October 29, 1965, the Bank stated it was not prepared to consider this application.

9. Mission Views: The Mission recommends approval of the loan as an important contribution to health services in Turkey and to the early implementation of a comprehensive Family Planning Program, and as a long term stimulus to Turkish economic development.
10. Statutory Criteria: All satisfied.
11. Issues: None
12. Recommendation: That a loan of \$3,600,000 be made to the Government of Turkey for the purposes described in the loan paper.

Loan Committee:            Loan Officer: Paul Micou, USAID/Turkey  
                                 Engineer:        Thomas C. Elliott, Regional Engineer/  
                                                            Athens  
                                 Counsel:        W. L. F. Felstiner, RLA, USAID/Turkey

Draft: USAID Loan Committee, B. Veret, B. Ryan, M. Pehl

## I. THE FAMILY PLANNING PROGRAM AND THE RURAL HEALTH SERVICE

### A. The Family Planning Program

#### 1. History of Family Planning in Turkey

In the late 1920's and early 1930's laws were passed in Turkey prohibiting both the transmittal of information concerning contraceptives and the sale of them, in order to increase the population that was decimated during the early Twentieth Century by wars and epidemics. As a result, the population totaling approximately sixteen million in 1935 has almost doubled in thirty years, even though a high percentage of children under the age of five died each year from various illnesses.

During the period 1945 to 1960, there was a demographic change in the Turkish population of significant proportion. From 1958 to 1962 various studies revealed that the rate of increase of population was about 3% to 3.2%, the age group 15 years and younger was 41.5%, the births per 1000 was about 45 per year and the death rate had been reduced to about 13 per 1000 per year. In addition, a serious and rapid increase in illegal abortion occurred. Also, Turkish food production increased considerably more rapidly than demand during the 1940's and until the mid 1950's, but since 1958 the food demand of a rapidly increasing and developing population has risen faster than the food supply. These factors have an extremely significant effect on the ability of Turkey to modernize as outlined in the three 5 year plans - 1962 to 1977. Therefore a reduction in the rate of increase to 2.0% is an integral element of these development plans and the Family Planning Program target is to reach the 2% figure by the end of the Second Five Year Plan in 1972.

Recognizing the adverse economic effect of an increasing population growth rate, the Republic of Turkey's First Five Year Development Plan, 1963 - 1967, described a new national population policy for the country. See Section III, Economic Analysis, of this paper.

With the help of the Population Council, a private nonprofit organization with headquarters in New York, a study was made in the summer of 1963 of attitudes toward family planning in Turkey. Results of the study indicated that a high percentage of the population in all economic and educational strata wanted to space their children. In 1964 the Ministry of Health established a Family Planning Organization and appointed an experienced Gynecologist as the Director. This group supported seminars, group conferences, and instituted the preparatory phase of planning the detailed program for a nationwide effort.

Preceding and concurrent with these preparatory steps, the Government of Turkey developed a new law to provide the legal framework for funding and implementing a nationwide program of Family Planning. This law was passed by the Assembly and Senate and was signed by the President on April 10, 1965. The new law established on a legal basis a General Directorate of Population Planning within the Ministry of Health and Social Assistance. The Family Planning Program will utilize existing facilities and personnel of the Ministry of Health. A small central Family Planning organization will train the total Public Health Services in modern Family Planning methods, provide approximately 700-800 full-time trained Family Planning Field Technicians, conduct scientific research in evaluating program progress and in bio-medical factors, and conduct education programs on Family Planning. Continuous basic training and in-service training for all participating groups plus adequate and timely distribution of Family Planning supplies are key functions to be set up. This organization is an independent Department of the Ministry of Health under the direct supervision of the Undersecretary. The policy is designed to provide mutually reinforcing Family Planning services from all elements of public health services. To counter the inherent weakness of "part-time" or "additional duty" staff, full-time Family Planning personnel will be added to the staff of all Public Health activities such as Maternity Child Health Centers, maternity hospitals, and university hospitals.

At the present population level (31.4 million) there are about 5,000,000 married women in the reproductive ages of 14-45 years. About 1.7 million pregnancies per year can be expected. Of these, according to current estimates, approximately 1.2 million will be full term pregnancies. The balance of about 500,000 will be aborted, and primarily under non-medical conditions. While some abortion will be necessary, the new law provides precise instructions and conditions for adequate medical control. From this analysis and other considerations, the GOT has set a goal of 500,000-600,000 Family Planning practitioners by the end of calendar year 1967. Each year thereafter they anticipate an annual increase of 300,000-400,000. By 1972 the Turkish goal is 2.5 to 3.0 million women practicing Family Planning. At this level, about 50% of married women in the reproductive age group will be practicing Family Planning.

## 2. Accomplishments and Plans of the Family Planning Organization

The Government of Turkey has made steady progress with its Family Planning Program. The Ministry of Health was foresighted enough to commence its surveys and seminars even before the law establishing the Family

Program was passed. The Ministry obtained assistance from the Population Council in conducting a National Attitudes Survey beginning in January, 1963. The Survey covered all parts of Turkey, all levels of economic and education status and both urban and rural areas. The results showed that about 65% of the women and 60% of the men wished to be informed about family planning methods. Turkish families believe that they are having more children than they want and they want to learn how to have fewer. They have few ideological objections to contraception.

The new law providing for the Family Planning Program places the primary responsibility for the program upon the Ministry of Health, but also requires the co-operation "of military, official and volunteer organizations." A co-ordinating committee made up of the Undersecretaries of the Ministries of Health, Rural Affairs and Education has been established to oversee the entire program.

The Ministry of Defense will assist the Family Planning Program through education of the armed services. With compulsory military service, the Army plays a large part in education, especially of rural youths. The Army's plan, which will be in operation in 1967, has three phases. First, married career personnel will receive education in family planning. Family Planning services and supplies will be available in all military medical facilities. Second, all enlisted personnel in their first year of service will receive instruction in elementary human reproductive physiology and family planning methods. Teaching materials will be used in the regular training curriculum and a supply of family planning reading materials for the newly literate will supplement the standard military literacy training program. Third, at the end of compulsory military service all enlisted personnel will receive a course in family planning emphasizing its importance to individuals approaching marriage and describing modern contraceptive methods, and their availability and cost. The course will explain the Ministry of Health services that the men will find available when they return to their homes. The course will teach that ex-service men have a national and community responsibility of leadership which can contribute greatly to the success of the Family Planning Program and to Turkey's efforts to modernize. Training materials prepared by the Population Council are already on hand.

The Ministry of Rural Affairs program will include training all its administrative personnel who have duties in rural areas and contact with rural people so that they will be able to explain the Family Planning Program to the people. These persons will also assist in demographic studies as needed.

The Ministry of Education plans to emphasize human reproduction in biology courses in the Middle and High Schools of Turkey, starting immediately. It will also incorporate the social, economic and political considerations of a high rate of population increase into the social studies courses of the Middle and High Schools. Columbia Teachers College, Columbia University, is designing curriculum materials for this purpose under a contract financed by the Population Council. Translations of two texts on medical aspects of family planning have been made available to all medical schools, nursing schools, and all Turkish doctors, both government and private. These are Mary S. Calderone's collection of articles by leading medical authorities "Manual of Contraceptive Practices," and the compilation of statistics and papers from the October, 1964 World IUCD Conference in New York. This program of providing medical information will be continuously expanded, again with the assistance of the Population Council. A monthly newsletter to all physicians will begin in March 1966.

The new Family Planning Law (No. 557) established a Scientific Board to investigate the suitability of different contraceptives. The Board planned a six month test period to gather facts so that it could pass upon the acceptability of intrauterine devices (IUD) and contraceptive pills. Six clinics carried out these tests, starting May 15, 1965. During the six month period some 6000 IUDs were inserted and 1000 supplies of pills were provided. On November 15, 1965 the Scientific Board met to review the results and found them satisfactory. IUDs and two brands of pills were approved for general use in Turkey.

The response to the Family Planning clinics was extraordinary. Although the Scientific Board would have been satisfied with a 2800 woman sample for testing IUDs, 6000 women tested the IUDs. The Ministry of Health estimates that 7000 IUDs were in use in Turkey by February 1, 1966. This response has come with only a minimum of publicity, including fifteen radio programs on "Women's Affairs" presented by Radio Ankara. Five minutes of each of these programs concerned family planning.

There is a shortage of doctors trained in family planning techniques which must be overcome if the program is to succeed. There are only about 550 obstetricians/gynecologists in Turkey, and one-half of these practice in the metropolitan areas of Istanbul, Ankara and Izmir. The Ministry of Health will recruit about 200 young medical graduates for intensive training in gynecology. These doctors can be the nucleus of mobile family planning teams.

Since November, 1965, when the Scientific Board approved IUDs and pills and thus permitted the program to get under way, the Ministry of Health has trained 219 obstetricians/gynecologists, 3 general practitioners,

65 Provincial Health Directors and 8 Provincial Health Educators in family planning techniques. Of the 219 gynecologists, one or more Ministry of Health gynecologists have been trained for each of 59 provinces. Eight provinces do not now have a single gynecologist.

The training of gynecologists will continue until 500 are trained and certified. The three general practitioners were trained as a test to ascertain the length of time necessary to train general practitioners in family planning. The three were certified after a three week course. Supplies of IUDs have been given to all doctors trained.

The Government of Turkey has agreed that by the end of 1966 the trained gynecologists, and others, will train an estimated 1,500 general practitioners, 2,000 nurses and midwives, 500 administrative personnel and 4,600 male nurse/sanitaricians.

The Population Council has already imported 57,000 IUDs and another order for 50,000 has been placed, to arrive in March, 1966. Raw material (pre-blended polyethylene-barium) has been shipped from the United States, sufficient to manufacture 500,000 IUDs. As soon as a contract for manufacture has been signed by a Turkish plastics manufacturer the Population Council will obtain the necessary mould for local production. The GOT has agreed to place a contract for manufacturing IUDs by June 1, 1966.

The estimated goal for calendar year 1966 is 250,000 family planning adopters. The Family Planning Program, having been carefully prepared by the Turkish Government with the help of the Population Council, is well under way in Turkey. The most important obstacle, the old anti-contraception law, has been cleared; the program is legally and physically established and progress has been rapid in training and procuring supplies. A major next step is to establish the program in the Rural Health Centers so that it will be available to that great number of rural people who now know little about family planning except that they want it. The best assistance that the United States can give to this program is the financial assistance necessary to give transportation to the Rural Health Centers and the Family Planning Directorate so that the program can reach a much larger number of people than would be possible without vehicles.

B. Rural Health Needs in Turkey

Seventy-five percent of Turkey's population lives in rural areas. In fifty-one of the sixty-seven provinces, the ratio of doctors to people is 1 to 9,500. There are approximately ten thousand doctors practicing medicine in Turkey and six thousand of these practice in the main metropolitan areas of Istanbul, Ankara and Izmir. There is a shortage of hospital facilities as well. Only four provinces have more than 21 hospital beds for each 10,000 population and in forty-nine provinces the ratio of hospital beds to people is 10 or less to 10,000.

C. Rural Health Centers - Present and Projected

The First Five Year Plan; 1963 - 1967, sets forth a clear program for the operation of health services. It says, at page 363:

"The first step in health services is to set up health units with a coverage of about 7,000 persons, which will bring preventive and curative medicine to the people. The second step is to establish regional health centers, covering about 50,000 people. At this level the establishments concerned are hospitals, dispensaries, and preventive health units. The third step is that of provincial health directorates which are purely administrative in nature. As fourth step, Turkey will be divided into 16 regions in each of which large regional hospitals, hygiene schools, regional laboratories, warehouses and repair shops will be established. In addition, the central organization of the Ministry of Health and Social Welfare must be reorganized so as to apply this program to be the sole authority in control of health services."

To bring health services to the rural population the Government of Turkey started its National Health Services program in 1963. The initial target of the program is to provide one National Health Unit for every seven thousand people in the rural areas. Each of these units will have one doctor, two public health nurses, two or three rural midwives and one medical secretary.

By the end of 1965 the Ministry of Health and Social Assistance established 443 National Health Units. All of these are in the easternmost provinces of Muş, Kars, Agri, Bitlis, Van and Hakkari,

bordering the USSR and Iran. The National Health Service will move westward in establishing units in twenty-one more of the eastern provinces before the end of 1968. In 1966, 192 units are planned; in 1967, 208 units; and in 1968, 205 units; so that by the end of 1968 there will be 1048 National Health Units, serving most of the rural population of the area lying east of a line roughly between Samsun on the Black Sea and Mersin on the Mediterranean. The twenty-seven provinces which will be covered by the National Service by 1968 have a population of 9,623,000. In order to increase the effectiveness of the Rural Health Centers it is vital that the doctors, nurses and midwives have some transportation. The centers are usually located in a small village and serve several other villages. There is little transportation service in the eastern provinces and patients must come to the health centers on foot or by animal. If the health center personnel can visit the villages in their district they can multiply their effectiveness enormously and can practice preventive medicine which is difficult if the centers must rely upon the people coming to them. In the eastern provinces there are few paved or stabilized roads, and a rugged vehicle like a jeep is required for daily use.

The eastern provinces were chosen as the first area for the National Health Services because their need is much greater than the more developed western provinces which are near cities and include the large cities. It has always been difficult to develop Eastern Turkey because of its isolation, rough terrain, and harsh climate. Doctors have been reluctant to assume the burdens of a medical practice in the East. Provision of transportation for these rural health centers should increase their effectiveness and also should make service in the East more attractive.

## II. THE LOAN PROJECT

### A. Description of the Project

The project consists of providing suitable vehicle transportation for use in the Family Planning Program and in eligible Rural Health Centers. [The loan will finance the foreign exchange cost of 1400 small vehicles similar to jeeps, plus spare parts and maintenance equipment, plus the technical assistance necessary to assure prompt procurement of the vehicles and equipment and careful preparation of the schedule of procurement to coincide with the establishment of maintenance facilities. A part of the loan will also finance the cost of technical advice and audio visual educational equipment for use in the School of Public Health's Health Education Research and Prototype Facility.]

The vehicles will be used in a manner similar to the fifty vehicles now being purchased by the Ministry of Health under a grant of TL 2,500,000 from USAID Trust Funds, all to be available by midsummer 1966. Twenty-eight of the fifty vehicles will be used in Diyarbakir Province, one of the Rural Health Service areas. The vehicles will be assigned to Rural Health Centers under the responsibility of the doctor in charge of the center. The Family Planning Program is already underway in Diyarbakir Province. A senior gynecologist, already trained in IUD insertion techniques and other family planning methods, now is training one general practitioner for each of the thirty health units in the province. As these thirty doctors establish a family planning program in the province, the remaining general practitioners will be trained.

Eight of the fifty vehicles will be used by medical officers in the rural areas of Ankara Province. Moving outward from the Ankara metropolitan area the medical officers will work with district rural midwives on expanding the family planning program, maternal and child health care, and outpatient clinics.

Eight more of the fifty vehicles will be used in Edirne Province, which is one of the integrated health services areas. These integrated areas have one government financed health unit for each 7,000 people, consisting of one male nurse/sanitarian, two rural midwives and one male medical worker. Unlike the Rural Health Centers, which have a doctor for each Center, one mobile medical officer oversees every seven of these health units. Four Gynecologists in this area have received training in family planning methods and each is training two general practitioners.

The last six of the fifty vehicles will be used by family planning supervisors in Istanbul, Ankara and Izmir. These supervisors assist in training and coordinating family planning work in existing Ministry of Health maternity hospitals and maternity wards of other hospitals, such as railroad hospitals, workers insurance hospitals, military hospitals and privately operated hospitals and clinics in the three metropolitan areas.

The assignment of the fifty vehicles is a good example of how the larger vehicle fleet will be used. [Most of the 1400 new vehicles will be assigned to the rural health centers in the eastern provinces to permit doctors and midwives to visit the villages near the rural health center.] As the family planning program progresses, every doctor in every rural health center will be instructed in family planning as another part of his medical functions. [The vehicles to be assigned to Rural Health Centers will go to those Centers where the personnel have been trained in family planning or are firmly scheduled to complete family planning training within six months.] [Others of the vehicles will be used for the family planning program directly, to carry family planning teams to cities and villages to educate the people and instruct doctors about family planning.]

[In addition to requesting a loan for the vehicles, the Ministry of Health has requested approximately \$125,000 for various types of projection equipment, small generators and movie screens for Mobile Education Teams] and [ \$175,000 for an Educational Materials production facility at the School of Public Health.] The need for educational materials to support the Family Planning Program is clear. Dr. Gale C. Griswold, Communications Resources Advisor, AID/Washington, has reviewed the needs of the Ministry of Health and has recommended the establishment of a facility within the School of Public Health to prepare prototype health education materials. The name for this facility is the School of Public Health's "Health Education Research and Prototype Facility". The Loan Committee recommends the authorization of \$300,000 for the equipment necessary to establish this facility, to be disbursed after approval by AID of the plans for obtaining technical advice and specifications for the equipment to be purchased for the facility which will be prepared by the Ministry of Health with the help of the Population Council. See Annex I

The Loan Committee recommends that the total amount of the loan fund be \$3,600,000, representing \$3,194,000 for vehicles, spare parts, maintenance equipment and technical assistance, and \$300,000 for technical advice and audio visual educational materials for the School of Public Health Education Research and Prototype Facility, plus \$106,000 as a contingency amount.

B. Implementation of the Project

Project implementation relating to the 1400 vehicles consists of four primary factors, which are discussed in some detail below with special attention directed to prospective costs.

These four primary factors are Technical Assistance and Training, Purchasing, Operation and Maintenance, and Financial Requirements.

1. Technical Assistance and Training.

The provision of 1400 jeep type vehicles, the majority of which will be assigned to Rural Health Centers, presents the Ministry of Health with, for them, unprecedented maintenance and servicing problems. The Ministry now has approximately 2900 vehicles, including some 720 received from UNICEF over the past several years and including many overage vehicles. The vehicles to be provided under this agreement represent not only a major addition to the fleet but the fact that the majority are to be assigned to Rural Health Centers presents the Ministry with many new problems.

Maximum technical assistance needs for this project are estimated at three technical specialists at 24 months each, however, the decision on exact man months should be postponed until proposals have been received from consultants, and a final decision has been received from UNICEF. These technicians should be provided through a private consultant contract with the Ministry of Health. One should be the team leader and together with the other two should be experienced in the operation, overhaul and repair, and maintenance of motor vehicles and motor pools and repair facilities. Their job will be to advise and assist the Ministry of Health in establishing programs, including training, for preventive maintenance, overhaul and repair, and driver incentives; and in establishing procedures for purchasing, storekeeping, accounting, shop operations, and the scheduling of vehicle retirements and renewals. Unmarried men should be selected for these positions, if possible, because much of their time will be spent for long periods in remote sections of the country. However, the following estimate of costs includes the technician's family.

Estimated Costs: 72 man-months @ \$3,600/mm = \$259,500  
Of this total, 18% is LC = \$ 46,500  
and \$ \$213,000

This technical assistance will be augmented, by additional technical assistance which will be provided to the Ministry of Health by the United Nations under an agreement between the GOT and the UNICEF.

That agreement has as its basic purpose the establishment, within the Ministry, of an organization, the Transport Division, to assure proper operation, maintenance, and repair of all the vehicles belonging to the Ministry, and particularly those engaged on projects to which UNICEF is a contributor. UNICEF in recent years has provided more than 700 vehicles to the Ministry of Health for its Malaria Eradication Program and other uses.

Among other things, the draft agreement refers to the possibility of UNICEF supplying a Transport Consultant; however, a decision was made that UNICEF will not furnish such a person but will continue to offer advice and guidance as required, through their Regional Transport Officer stationed in Beirut.

## 2. Purchasing.

It is presently contemplated that procurement will be performed by the State Supply Office of the Ministry of Finance which is the GOT organization corresponding in many respects to the USG General Services Administration. However, it is possible that procurement will be done by the Ministry of Health Transport Division.

Specifications will be written in a way which will require the maximum use of Turkish components and services in producing the vehicles. For example, quotations will be requested for delivery in the forms of a.) completely built up, b.) completely knocked down, and c.) semi-knocked down, and the tenders will be required to quote prices for parts and components to be manufactured in Turkey, and for costs of assembly (CKD or SKD) in Turkey.

Delivery is scheduled to be in four groups, with the first group of 350 vehicles to be delivered as soon as is feasible after the execution of the loan agreement, hopefully by January 1, 1967. Subsequent procurement and deliveries will be scheduled in such a manner as to be in phase with the development of maintenance and repair facilities which are to be constructed or contracted for as discussed in a later section of this paper.

The following costs are estimated by USAID.

Estimated Costs of Vehicles:

Price of one vehicle, FAS U.S. port	\$2,100
15% spare parts	315
10% ocean freight, insurance	<u>242</u>
Total	\$2,657

Of which the local currency portion (LC) is:

1/3 vehicle value (local materials and assembly)	\$ 700
1/2 ocean freight, insurance	<u>121</u>
Total value local input per vehicle	\$ 821
Total \$ cost per vehicle	\$1,836

To these totals, add 5% contingency for a final vehicle total of:

Total value local input per vehicle	\$ 850
Total \$ cost per vehicle	\$1,950

and, for 1400 vehicles:

Total value local input - \$1,190,000 (While LC equivalent of this TL 10,710,000 we estimate actual TL costs will be as high as approximately TL 20,000,000)

Dollars - \$2,730,000

3. Operation and Maintenance.

The Turkish Government has agreed, in the Program Agreement covering the fifty vehicles, signed February 9, 1966, to give special consideration to providing funds necessary for the operation and maintenance of the project vehicles, because of the fact that the fifty vehicles will be operated in rural areas. [This same consideration will be given to funding the operation and maintenance of the 1400 vehicles financed by this project loan. The Government of Turkey will agree to provide sufficient funds to meet the cost of general operation, maintenance and repair of the vehicles plus the funds needed for driver's salaries.]

In regard to maintenance facilities and expenses there are several aspects to be considered. At the present time the Ministry of Health does not have adequate maintenance capabilities, but the Ministry does have a comprehensive plan for building adequate maintenance facilities, although its completion dates is far in the future (1975).

The agreement with UNICEF referred to in the section on Technical Assistance and Training also contains covenants in regard to the establishment of maintenance facilities. Although the commitments of each party are not specific they are sufficiently spelled out to indicate a prospective substantial improvement of the Ministry's capabilities. Some examples of the commitments are:

"The Government will establish within the Ministry of Health and Social Assistance, a Transport Division to be directly responsible to the Director General of Supplies and Equipment of the Ministry. . . "

"The function of this division will be to see that all vehicles used in the Government's health, education, nutrition and social services programmes, especially (but not necessarily exclusively) those used in projects assisted by UNICEF, are kept constantly in good and safe operating condition so as to minimize vehicle breakdowns, to keep maintenance costs to a minimum by assuring timely repair of minor weaknesses before they develop into major vehicle failures, and to prolong the economically useful life of the vehicle to a maximum. It will likewise see that drivers are properly trained and are capable of operating the vehicles which are assigned to them by conducting a driving test and issuing special licenses to successful candidates. This Division will have complete charge of vehicle maintenance, including preventive maintenance, repair and overhaul of vehicles and will for this purpose operate one or more static workshops as may be necessary, a spare parts warehouse, and one or more mobile maintenance units. It will also maintain vehicle control and performance records as well as spare parts inventory control records."

"The Division will be provided with fully qualified and competent staff, including a Director of Transport as Chief of Division, a Transport Service Manager, a Spare Parts Warehouse Manager, a Vehicle Control Manager and a Central Workshop Foreman . . ."

"In support of the development of the transport organization referred to in this Plan of Operations, UNICEF has already provided or undertaken to provide the following supplies, equipment and services ...

- a. Tools and equipment for the central workshop.
- b. Spare parts requirements for UNICEF vehicles for the period 1960 - 1965....
5. UNICEF will give favorable consideration to the following:
  - a. Requests for repair tools and equipment for Central and three Regional Workshops, as well as a limited number of mobile maintenance units.
  - b. Requests for tools and equipment for mechanics in those Eastern provinces where the preventive maintenance is not being carried out by a mobile unit.
  - c. Such requests for spare parts for UNICEF vehicles which may be required for a period of five years, ..."

In addition to all of this the Loan Agreement for the project will contain conditions which, among other things will require the Borrower to:

1. Give evidence or assurances that project funds other than the Loan will be available, e.g., the costs of operation and maintenance and cost of acquisition such as customs and local assembly costs.
2. Give evidence that a contract for technical assistance in implementing an operation and maintenance plan has been entered into prior to disbursements for vehicles.
3. When required by AID, furnish detailed plans for maintenance and operation and for training of personnel.

The facilities for maintenance may ultimately assume one of several forms or combinations. Examples of these are:

1. A central major overhaul workshop and warehouse in Ankara, with several regional workshops for medium and/or routine repairs, out of which will operate mobile units for field servicing.

2. Several regional workshops, and warehouses each capable of performing all echelons of repair and overhaul; supported by mobile units for field servicing.

3. A combination of all of the above, in lesser capabilities, but augmented with some maintenance contracted out to other GOT agencies or to private operators.

At this time, the Ministry's general plan and thinking is on the lines of example 1, above, but it is probable that changes will become desirable as the project develops.

It is also apparent that contracting for some maintenance with other agencies will be necessary on an interim basis if the desired vehicle procurement schedules are realized.

For the purposes of cost estimates USAID has adopted the scheme which is outlined below. Regardless of the final outcome the costs developed in this outline should not vary appreciably, or if they do it should be downward.

#### Maintenance Facilities

A typical maintenance facility of 100 vehicles capacity is the following. There should be one of these for approximately each 100 Rural Health Centers vehicles:

Land Development (paving, drainage, etc.)  
@ 5 Ac = 24,200 sq. yd. @ \$1.00/sq. yd. = \$ 24,200  
(This assumes the MOH already owns the land)

#### Building:

1 50 x 100' shop	
1 20 x 50 ' office	
1 36 x 100' storehouse	
1 30 x 60 ' service station	
Total, 11,400 sq. ft. @ \$8.00 sq. ft. =	91,200
Add 5% contingency and office equipment =	4,600
Add 20% to above for site work and engineering	=
	<u>19,200</u>

Total land and buildings, all LC = \$ 139,200

#### Shop Equipment:

1 40 kw D. E. generator (\$)	\$ 4,000
Distribution system (LC)	2,000
1 300 amp welder (\$)	3,000
1 200 cfm air compressor (\$)	7,300
1 50 cfm air compressor (LC)	2,100

Shop Equipment: (Continued)

1 Lubricator (\$)		\$ 2,000
1 Lathe (\$)		1,000
1 Drill press (LC)		200
1 Breakdrum grinder (\$)		300
1 Bench grinder (LC)		100
1 Valve grinder (\$)		300
Electrical apparatus (LC)		300
Assorted hand tools (LC)		3,400
Total shop equipment	=	\$ 26,000
of which, LC	=	\$ 8,100
and Dollars	=	\$ 17,900

Recap of one maintenance facility:

	<u>L C</u>	<u>Dollars</u>
Land development and buildings	\$139,200	
Shop Equipment	8,100	\$17,900
Total	<u>\$147,300</u>	<u>\$17,900</u>

and for 14 maintenance facilities:

LC .....	\$2,062,000	TL 18,558,000
Dollars	\$ 251,000	

This analysis shows that an estimated \$251,000 of the loan fund should be used for purchase of shop equipment.

Estimate of operating expenses for a typical maintenance facility:

Employees, base wages, per facility, per annum:	<u>TL</u>
1 Superintendent/Foreman, TL 50/da. @ 365 da.	= 18,250
1 Clerk-Steno, TL 25/da. @ 365 da.	= 9,125
1 Storekeeper, TL 25/da. @ 365 da.	= 9,125
1 Welder, TL 33/da. @ 300 da.	= 9,900
1 Service Station operator, TL 33/da. @300 da.	= 9,900
4 Mechanics, each TL 33/da. @ 300 da.	= 39,600
2 Specialty operators, TL 33/da. @300 da.	= 19,800
4 Laborers, TL 25/da. @ 300 da.	= <u>30,000</u>
TOTAL	TL 145,700
Add 100% fringe benefits	TL 145,700
Total	<u>TL 291,400</u>

Estimate of Operating expenses for a typical maintenance facility (Con't)

Payroll per annum for 14 facilities, 291,400 x 14=	TL 4,100,000
Operating supplies @ 1% payroll =	41,000
Utilities @ 2% payroll =	82,000
Payroll overhead (included in fringe benefits)	--
Administration @ 10% payroll =	410,000
Plant depreciation (including tech. assistance)@ 4% =	<u>828,000</u>
Total annual operating expenses of maintenance	TL 5,461,000

Estimate of Financial Requirements for Vehicles

	<u>Local Currency (TL)</u>	<u>Dollars \$</u>
Vehicles (1400)	TL 30,000,000	\$ 2,730,000
Maintenance Facilities (14)	18,558,000	251,000
Technical assistance (72 man-mo.)	<u>418,500</u>	<u>213,000</u>
Total	TL 48,976,500	\$ 3,194,000

The amount of the loan which is applicable to vehicles, shop equipment, for maintenance facilities, and associated technical assistance is thus \$3,194,000. The amount of the fund applicable to educational materials and technical assistance is \$300,000. A contingency fund of \$106,000 rounds out the available loan fund to \$3,600,000.

### III. ECONOMIC ANALYSIS

#### A. Economic Soundness of Health Programs and Family Planning Program

Improved medical programs, both preventive and curative, will improve health at all ages and reduce the mortality rate. Apart from the obvious humanitarian aspects there are certain economic and social advantages of having people live healthier and longer lives, especially in a country such as Turkey where the age profile of the population is highly unfavorable from an economic point of view. An extraordinarily high proportion -- 43% -- of the Turkish population is less than 15 years old and must be classed as unproductive since members of this age group must be fed, clothed, housed, educated, and cared for while making little or no contribution to output. Comparable percentages of population under 15 years of age in more developed countries are:

U.S.A.	31%
Japan	30%
Greece	26%
France	25%
Italy	25%
U.K.	23%
Sweden	22%

Economically it is highly inefficient for a society to invest heavily of its scarce resources in the nurturing of its young until they become productive only to have their productive lives curtailed -- or never even entered upon -- because of illness or early death. Improved health services, together with a reduced birth rate, can help to re-shape gradually Turkey's population pyramid and make it economically more efficient.

The effect of a continued high birth rate in slowing the increase of per capita production and consumption is as obvious in Turkey as in most underdeveloped countries. For example, during the past four years, Turkey's GNP increased by an average of 5½-6% per annum, while population increased by some 2½-3% per annum.\* Thus, per-capita production grew at roughly half the rate of total production. Had Turkey's population growth been 1% less, its per-capita production growth would have been about 1% more.

Turkey's family planning program has a set of tentative goal of reducing live births by about 1 million during the period 1966-72 and by

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\*The annual rate of population increase shown by the recent census (about 2½%) may be understated. In any event, if Turkish workers temporarily residing in Germany are included in the total for Turkey, the rate of increase is between 2½-3%.

a cumulative total of about 2 million by 1975 as the number of persons adopting family planning techniques increases. The economic impact of this program can be viewed from several angles. All of them indicate the overwhelming economic soundness of family planning and its favorable impact on economic development.

Changed Investment Needs. With a lower birth rate in prospect, it is clear that the investment requirements for schools, housing, and other urban services will be significantly less than would otherwise be the case. Thus, investment could be diverted to more directly and immediately productive areas; or it could be used to improve the quality of education, housing, and other services. In the one case, the short-term impact on development in the form of increased output could be very large; in the other, the impact would be felt primarily after a longer period of years. Moreover, if families with fewer children to feed and clothe decided to increase their savings, or if the government increased its savings via higher taxes, total investment could even be increased.

Economic Yields from Investment in Family Planning Techniques. Per-capita production is obtained by dividing total output by total population. Per-capita output can be increased, therefore, either by increasing total output (the numerator) or by decreasing the number of persons among whom the output is shared (the denominator). It has been estimated that the impact on per-capita output would be between 20 to 100 times greater if resources are expended in holding down population increases than if they are expended in increasing output.\* The ratio cannot, of course, be computed with precision, but the empirical and theoretical evidence suggests an overwhelming larger return from investment in birth control measures than from other investments.

Investments in family planning measures, moreover, are relatively small, so that few other investments need be foregone.

Demand for Consumption Goods. The need for such staple consumer goods as food and clothing would obviously increase less rapidly with a lower population growth, so that output of these items could more easily satisfy demand. If per-capita consumption were not changed by the fact of reduced births and if per-capita output does increase from the

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" \*These calculations were made by Stephen Enke in an article prepared for AID/W, dated 12 February 1965; they were intended to illustrate only orders of magnitude. President Lyndon Johnson said in his 1965 San Francisco UN Charter Day Speech that "less than five dollars invested in population control is worth a hundred dollars invested in economic growth."

\$240 per annum level in 1965 to about \$350 in 1975, then, during the next 10 years, each prevented birth would release for other purposes nearly \$3,000 in goods and services which would otherwise have been consumed.

In actuality, of course, the pattern of demand for consumer goods would be changed, since smaller families would have more funds for non-subsistence items. The demand for durable consumer goods as well as for education at all levels would be expected to increase. Total private savings might also increase as more persons found it possible to save for investment or future consumption.

Need for Food Imports. Ever since Turkey in the mid-1950's virtually exhausted the new land suitable for cereal production, per capita reveals production has declined as the population increased more rapidly than increased yields. This is shown in the following table.

CEREALS PRODUCTION AND POPULATION  
1943 - 1965

Year	Area Under Cereals Cultivation <u>1/</u> (Thousand Hect.)	Cereals Production (Thousand M. Tons)	Population (Millions)	Per Capita Cereals Production (Kg. Per Yr.)	Per Capita Cereals Production (kg. per year, 3-Yr. Moving Avg.)
1943	6,613	6,986	18.4	380	
1944	6,975	5,908	18.6	318	304
1945	6,894	4,013	18.8	213	298
1946	7,193	6,972	19.2	363	297
1947	7,631	6,184	19.6	316	377
1948	8,071	9,042	20.0	452	343
1949	7,525	5,349	20.4	262	362
1950	8,244	7,764	20.9	371	377
1951	8,805	10,679	21.5	497	474
1952	9,868	12,242	22.1	554	560
1953	11,077	14,344	22.8	629	531
1954	11,271	9,624	23.4	411	519
1955	12,079	12,433	24.1	516	468
1956	12,370	11,818	24.8	477	522
1957	12,207	14,598	25.5	572	541
1958	12,547	15,077	26.3	573	554
1959	12,687	13,996	27.0	518	546
1960	12,945	15,216	27.8	547	503
1961	12,865	12,636	28.4	445	498
1962	12,965	14,618	29.2	501	509
1963	13,017	17,400	29.9	582	518
1964	12,930	14,388	30.6	470	504
1965	n.a.	14,450 <u>2/</u>	31.4	460	

1/ State Institute of Statistics

2/ Preliminary

The following table prepared by the USAID/T Office of Economic Planning indicates how Turkey, even with a successful family planning program and a reasonably successful program for increasing agricultural yields, probably will need to increase cereal imports over the next ten years to meet demand. The import demands would be much greater if there were no family planning program, and it is interesting to note that with a successful family planning program cereal import needs can be expected to begin to decline in the late 1970's.

PROJECTIONS OF TURKEY'S NET CEREAL IMPORTS

Assumptions

<u>Consumption</u>	<u>Production</u>
1965-72 = 3% per year (2.5% for population and 0.5% for increases in per capita consumption)	1965-72 = 1.7% per year yield increase based on historical 8 year - 3 year moving average
1973-78 = 2.5% per year (2.0% for increase in population and 0.5% for increase in per capita consumption)	1973-80 = 2% per year yield increase
1979-80 = 1.5% per year (1.0% increase in per capita consumption)	

(Million Metric Tons)

Year	Consumption 1	Production 2	Net Imports 1-2
1965	14.7	14.5	0.2
1966	15.1	14.7	0.4
1967	15.6	14.9	0.7
1968	16.1	15.2	0.9
1969	16.6	15.5	1.1
1970	17.1	15.8	1.3
1971	17.6	16.1	1.5
1972	18.1	16.4	1.7
1973	18.6	16.7	1.9
1974	19.1	17.0	2.1
1975	19.6	17.3	2.3
1976	20.1	17.6	2.5
1977	20.6	18.0	2.6
1978	21.1	18.4	2.7
1979	21.4	18.8	2.6
1980	21.7	19.2	2.5

Labor Force. Births prevented now would have had little impact on the labor force for some 15 years. Moreover, given the very large number of unemployed in Turkey, it is unlikely that labor will have become a scarce commodity in Turkey even by the 1980's. Therefore, the production lost from a lower birth rate would be negligible for some time to come. In fact, increased labor productivity resulting from likely improvements in education and training could more than offset any production losses even in the 1980's.

Foreign Exchange Position and Economic Viability. Economic viability could be more quickly achieved, other things being equal, if the birth rate could be lowered. Not only would a larger proportion of output be available for export, but, with probable improvements in education, the quality of output could also be expected to improve. Moreover, import needs would also increase less rapidly.

Ansley J. Coale presented a paper on population and economic development to the American Assembly conference on population at Arden House, May 21-4, 1963. The concluding paragraphs of that paper accentuate the effects and benefits of a successful family planning program in Turkey.

"The underdeveloped areas in the world for the next fifty years or so have a choice at best between very rapid population growth and moderately rapid growth in population. Any low-income country that succeeds in initiating an immediate reduction in fertility would in the short run enjoy a reduction in the burden of child dependency that would permit a higher level of investment and more immediately productive uses of investment.

"After twenty-five or thirty years the advantages of reduced dependency would be enhanced by a markedly slower growth of the labor force, making it possible to achieve a faster growth in capital per worker from any given investment, and making it easier to approach the goal of productive employment for all who need it.

"In the long run, the slower growth that fertility reduction causes would reduce the overwhelming multiplication of density that continued growth implies.

"The additional gains in per capita income resulting from a fifty per cent reduction in fertility occurring within twenty-five years would be about forty per cent in thirty years, 100 per cent in sixty years, and 500 per cent in 150 years,

neglecting the effects of density. To postpone the reduction by thirty years is to add sixty-four per cent to the size of the population in the long run, and to suffer a loss in potential long-range gains from the interim reduction in dependency of forty per cent. In sum, a reduction in fertility would make the process of modernization more rapid and more certain. It would accelerate the growth in income, provide more rapidly the possibility of productive employment for all adults who need jobs, make the attainment of universal education easier - and it would have the obvious and immediate effect of providing the women of low-income countries some relief from constant pregnancy, parturition and infant care."

B. Place of Project in Turkey's Development Program

Both increased rural health service and the family planning program are important parts of the Turkish Development Plan. The First Five Year Plan states:

"In health services the goal is to raise the level of health by improving environmental sanitation, and educating people in public health matters, better nutrition, family planning and control epidemics. In health programmes, more emphasis will be given to a system of treatment at home or in outpatient wards than to hospital treatment, which is more costly and less effective. Hospital treatment will be considered as a supplementary element in this system." (p. 36)

"The greater part of the increase in national income is offset by the rise in population." (p. 8)

"The average increase in private consumption expenditures during the First Five Year Plan has been set at 5.4 per cent per annum. As the population increase is 3 per cent, per capita consumption will rise annually by 2.4 per cent on the average ... The efforts to achieve a 7 per cent rate of growth does not, however, permit a high increase in consumption in the first period." (p. 33)

"In view of the close relationship between population and economic growth, great importance must be given to population trends and policies in development plans. Since

the Second World War the death rate in most underdeveloped countries has declined rapidly while birth rates have not changed much. Thus the population growth rate rises steadily. This situation impedes development efforts because economic development, in simplest terms, means the increase of per capita national income. If population increases at the same rate as national income, there will be no change in the level of per capita national income. Therefore, some of the poorer countries are endeavoring to slow down the rate of increase of their population, parallel to making efforts to increase income."

"Turkey's population is increasing rapidly. To achieve the highest possible economic growth rate has become a national policy. Therefore there is an overriding need for a change in the population policy." (pp. 64, 65)

"It is necessary here to clarify the term 'population planning'. A misunderstanding in certain quarters has created the impression that population planning is tantamount to State intervention in the matter of having children. On the contrary, population planning is a democratic method, making it easier from families to have the number of children they want and to have them at the time they want them." (p. 69)

The abstracts from the First Five Year Plan just cited highlight the adverse effects of very rapid population growth on economic development and on improvements in health. It is within this context that a new population policy was adopted in the First Five Year Plan. The following measures are designed to implement this policy:

- "a. Laws prohibiting the spreading of knowledge about contraceptives and the import and sale of contraceptives should be repealed.
- "b. Personnel (doctors, nurses, midwives, assistants, health officials) employed in the Public Health Service should be educated in population planning.

This would be done not only by adding new courses to the curriculum of the related schools and training centers, but also by providing new courses for the personnel who have already completed their studies.

- "c. These officials will be expected to provide free information about contraceptives to those who want it and, should it be so decided to supply contraceptives free of charge.
- "d. Use should be made of existing facilities to give education in population planning.
- "e. Possibilities for importing contraceptives at low prices, producing them in Turkey and distribution them without charge to the needy should be examined." (p. 69)

Increasing the effectiveness of the rural health system and the family planning program will further the U. S. program of assistance to Turkey by helping to make Turkey economically viable by 1973. As discussed in Section A, above, both programs will have a beneficial economic effect which should help bring Turkey closer to the time when she can function without foreign loans on concessionary terms.

Assistance to rural health and family planning also fit into the U.S. long term planning for economic assistance to Turkey. In October, 1964, USAID/Turkey recommended to AID/W that three general types of measures were needed to reduce the rate of population growth. These were:

"1. Dissemination of information and contraceptive materials to those interested in practicing family planning: A first step is the adoption of legislation now in the Grand National Assembly to legalize the giving of information, advice, and contraceptive materials. Additional measures include training medical and paramedical personnel and family plan workers, public information and education programs, and domestic production and/or importation of contraceptives.

"2. Improvement of Demographic Data: In order to have a firmer foundation on which to base population policy, demographic research and training should be strengthened; improved vital statistics -- especially birth, death, and fertility rates -- should be developed, and inquiries already underway into the current knowledge, attitudes, and practices concerning family planning in Turkey should be continued.

"3. Removal of Population Policy from Partisan Politics:

Although at present no group in Turkish society is articulately opposing population planning, the commitment to the new policy is still rather fragile. It would be highly desirable, therefore, if all Turkish political parties made a pact to treat population policy as a non-political issue removed, like foreign affairs or defense, from partisan politics."

Step number 1 has been taken with the passage of Law No. 557 and the training program already begun. Step number 2 is being carried out, with AID technical assistance, by the State Planning Organization and the State Statistical Institute. Step number 3 has been achieved in part by the passage of the new law and is demonstrated by the fact that three successive Ministers of Health of different political parties supported the repeal of the old law and enactment of the new.

C. Effect of the Loan on Private Enterprise in Turkey

Of the total amount of money being loaned:

1. None is being loaned directly to private enterprise.
2. None is being loaned to intermediate credit institutions for relending to private enterprise.
3. None of the funds will be used to finance imports by private enterprise or for use of private enterprise in Turkey.
4. None is being loaned to the Turkish government to finance project work (including procurement) done under contract by Turkish private enterprise.
5. None is being loaned to a mixed enterprise. This loan is being made to the Government of Turkey.
6. None is being loaned to the Turkish Government for the direct purchase by the Government for its own use of goods from Turkish private enterprise.

The loan will affect private enterprise in Turkey indirectly in that the purchase of vehicles assembled in Turkey will provide the assembly plant and its many suppliers with business.

D. Impact on Turkey's Balance of Payments and the U.S. Balance of Payments

This loan will have no immediate effect on the balance of payments of either Turkey or the United States. For Turkey, the loan is on development loan terms with a ten year grace period, which will not greatly burden her balance of payments. The loan should help Turkey's balance of payments over the long term because it will have a favorable effect on Turkish economic development.

The loan will have no effect on the U.S. balance of payments as all of the loan funds will be spent for procurement of goods or services in the United States.

IV. FINANCIAL ANALYSIS

This kind of project loan is not susceptible to financial analysis, since it is part of a social service receiving direct budget support from the Government of Turkey which has planned to allocate substantial sums to the Ministry of Health for the foreseeable future.

During the period 1955-60, the budget of the Ministry of Health increased by 18%. During the period 1960-1965 the budget increased 74%. The 1965 budget of the Ministry of Health was 721,000,000 TL, of which 147,000,000 TL was for investment. The Five Year Plan, (Table 324) indicates a planned health expenditure of 970,000,000 TL in 1966 and 1 billion TL in 1967. From these totals the Ministry of Health will directly receive 627,000,000 TL in 1966 and 703,000,000 TL in 1967.

The direct expenditures for the Family Planning Directorate in 1965 totaled six million lira. This sum does not include the expenditures for family planning by maternity hospitals, the national health areas or other medical units. The 1966 budget for the Family Planning Directorate totals 6,699,373 TL, of which the principal items are salaries (2.8 million) and supplies (1.45million). This budget does not include the local currency costs of purchasing the vehicles to be financed by the loan, nor the cost of their operation and maintenance. These costs will be paid from other portions of the Ministry of Health budget.

V. REPAYMENT PROSPECT

Repayment prospects are satisfactory. The Government of Turkey has previously been determined to be a suitable borrower of Development Loan Funds. Nothing has taken place in recent months to change that determination. The U. S. has joined in Consortium meetings in February 1966 based upon the premise that Turkey is a satisfactory borrower on concessional development loan terms.

VI. IMPACT ON THE U. S. ECONOMY

The impact on the U. S. economy will consist of substantial purchases in the U. S. of component parts for the vehicles to be financed by the loan, and purchase in the U. S. of audio-visual equipment and technical services.

VII. CONDITIONS AND COVENANTS

The loan agreement, a draft of which is attached, will contain conditions prohibiting disbursements under the loan until all arrangements for procurement for the vehicles have been made, satisfactory to A.I.D. Plans and time schedules for delivery must be approved by A.I.D. before disbursements will be authorized. Detailed plans for maintenance and operation of the vehicles and training of personnel must be approved by A.I.D. before disbursements.

The plan for technical advice and specifications for all equipment for the School of Public Health must be approved by A.I.D. before disbursements for these purposes may be made.

Specific covenants by which the Government of Turkey agrees to support the Family Planning Program and the Rural Health System are found in Article V of the draft agreement.

VIII. CONCLUSIONS AND RECOMMENDATIONS

The loan committee concludes that this project would be an appropriate use of Development Loan Funds; that the project is technically feasible and economically justified; that the financing of vehicles for the Ministry of Health is the most effective means of U. S. assistance to the Family Planning Program.

The committee recommends that the loan be authorized upon the basis of the attached Loan Authorization (Annex III) and that a loan agreement be negotiated upon terms substantially as set forth in the Draft Loan Agreement (Annex IV).

May 17, 1966

Establishment of a facility (School of Public Health's, "Health Education Research and Prototype Facility") to prepare prototype health education materials. Recommendations by Dr. Gale C. Griswold, Communications Resources Advisor, AID/W.

A. \$170,000 to provide an Educational Materials production facility at the School of Public Health. This proposal limits production of health education materials to a minimum number of copies of each prototype for testing purposes only (50-200). It is not designed for mass production of approved prototypes.

Production Capability:

The production center proposed for the School of Hygiene would have a capability of producing all types of prototype health education materials, e.g. posters, flip charts, brochures, booklets, transparencies for overhead projectors, exhibits, black and white and color photographs, 2X2" slides and filmstrips, 16 mm motion picture equipment will provide for the shooting of footage including sound recording of lip sync sequence for educational and information motion pictures, and for the processing of 100 ft lengths of 16 mm negative. The original 16 mm negative will be used in three ways.

1. Production of 16 mm sound health education films
2. Blow up from 16 mm to 35 mm for making of 35 mm Health Education motivational and informational films for showing in the commercial theatres throughout Turkey.
3. Reduction from 16 mm to 8 mm to produce single concept silent films for use in cartridge loading inexpensive simple to operate 8 mm projectors.

Processing of longer lengths of film, making of release prints for all types of film production listed above would require contractual services.

Space Requirements:

It is estimated that a minimum of 3000 square feet will be required to house the proposed production facility. Division of this space for most effective work flow, and plumbing and electrical installation requirements will need to be determined.

Personnel Requirements:

The health education staff of the School of Hygiene is well equipped to plan the technical content, and test the prototype materials produced, but a staff of technical production specialists, and experts in communication techniques will be necessary.

For the initial phases of the program, it is recommended that the following staff of light production specialists be employed

- 1 Highly Qualified Foreign Advisor.
- 1 Turkish counterpart to the Advisor:
- 1 Artist
- 1 Photographer
- 1 reproduction equipment operator:
- 1 lay out, design and publications specialist
- 1 motion picture camera man:
- 1 motion picture script writer producer:
- Clerks and typists as needed:

SUMMARY OF EQUIPMENT COSTS

A. EQUIPMENT

a. Graphic Arts	\$ 1,594.00
b. Reproduction	\$ 12,565.00
c. Still Photography	\$ 8,184.00
d. Motion Picture Photography	\$ 10,393.00
	<hr/>
Total:	\$ 33,000.00 (approx.)
Spare parts	\$ 6,000.00
5% for shipping	\$ 8,000.00
Contingency	\$ 2,000.00
	<hr/>
Total Estimated Costs	\$ 50,000.00

Note: These costs do not include customs duties. It is recommended that these items should be customs free. This matter should be decided in the cabinet, on the request of the Ministry of Health.

Contract Cost for Services beyond the Capability of the Prototype  
Production Center

Work which requires a much better quality than could be produced in the Prototype Center will have to be contracted out to commercial laboratories that have the large volume of business that will justify modern accurate equipment. It is estimated this film production service over a three year period would cost approximately \$30,000.

SUMMARY OF TOTAL BUDGET

1. Equipment Costs	\$ 50,000
2. Contractual Services	\$ 30,000
3. Estimated costs for services, foreign Advisor for two year period	\$ 60,000
4. Estimated costs for training of 5 production specialists in the United States, including travel in the United States, tuition and per diem. (This does not include subsistence allowance for family while in training).	\$ 30,000
	<hr/>
TOTAL:	\$ 170,000

B. \$130,000 to provide various types of audio-visual equipment for use of the proposed Mobile Educational Teams. This equipment will be allocated to the headquarters of each of the two Regions. The number of items of equipment allocated to each Region will be based on the number of provinces in the region, the population density, and availability of transportation facilities and electric power. The equipment will be sent out on the vehicles serving each region as the occasion demands.

SUMMARY COSTS  
AUDIO VISUAL EQUIPMENT FOR  
FIELD UTILIZATION

<u>Unit</u>	<u>Item</u>	<u>Cost</u>
50	Reverse 16 mm Optical Sound Motion Picture Projectors or equal at \$350	\$ 17,500
96	1700 watt portable 110 volt generators (Empire or equal) at \$200	\$ 19,200
72	Revere-Wollensak Tape Recorders, Model T-1580 or equal, 22 watts output, P.A. voice ver play back, at \$300	\$ 21,600
30	Transistorized, battery operated tape recorders-Revere-Wollensak or equal, 2 watts output at \$250	\$ 7,500
100	4'X6' projection screens, with collapsible, anodized "U" type frame construction, with snap backs for the following screen (Commercial Projection Co. Chicago, or equal) at \$75	\$ 7,500
30	Viewlex combination 2"X2" slide and filmstrip projector. Model V-22 at \$85 or equal	\$ 2,550
96	Combination 2"X2 slide and filmstrip projectors at \$30	\$ 2,880
60	Overhead Projectors (Projection Optics Co, or equal) at \$225	\$ 13,500
48	Technicolor 8 mm silent, cartridge load projectors, with lens of fixed focal length at \$70	\$ 3,360
24	Technicolor 8 mm silent, cartridge load projectors, with zoan lens at \$100	\$ 2,400
	TOTAL:	\$ 99,890
	5% for spare parts, etc.	\$ 5,000
	25% for shipping	\$ 105,000
		\$ 25,000
		\$ 130,000

May 17, 1966

TURKEY - FAMILY PLANNING and RURAL HEALTH SERVICE

STATUTORY CHECKLIST

1. FA Sec. 102. Precautions that have been or are being taken to assure loan proceeds are not diverted to short-term emergency purposes (such as budgetary, balance of payments, or military purposes) or any other purpose not essential to the country's long-range economic development. -- Loan proceeds will be used directly on the project discussed in the Capital Assistance Paper.
2. FA Sec. 102. Assure that excess property shall be used where practicable in lieu of procurement of new items. The U.S. excess property program has been in operation in Turkey for over six years, and full advantage of the program is being taken by the GOT.
3. FA Sec. 102. Assure that the country has taken adequate measures to prevent damage to U.S. property by mob action. Police, gendarmerie and security forces in Turkey have the capability of preventing such mob action.
4. FA Sec. 210(b). Manner in which loan will promote country's economic development, emphasizing help for long-range plans and programs designed to develop economic resources and increase productive capacities. -- Covered in Section III. "Economic Analysis".
5. FA Sec. 201(b)(1). Information and conclusion on availability of financing from other free-world sources, including private sources within the United States. -- The Export-Import Bank is not prepared to consider the loan application. No private sources in the U. S. would be willing to provide funds required on these terms and conditions.
6. FA Sec. 201(b)(2). Information and conclusion on activity's economic and technical soundness, including the capacity of the recipient country to repay the loan at a reasonable rate of interest. -- Covered in Sections II.B, III and V. Turkey's financial situation is discussed in the CAP.

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The following abbreviations are used:

FA Foreign Assistance Act of 1961, as amended by the Foreign Assistance Act of 1964

App. Foreign Assistance and Related Agencies Appropriations Act, 1966.

7. FA Sec. 201(b)(3). Information and conclusion on existence of reasonable promise activity will contribute to development of economic resources or increase of productive capacities. -- Covered in Section III. "Economic Analysis."
8. FA Sec. 201(b)(4). Information and conclusion on activity's relationship to other development activities, and its contribution to realistic long-range objectives. -- Covered in Section III. "Economic Analysis".
9. FA Sec. 201(b)(5). Country's self-help measures, including institution of Foreign Assistance Act investment guaranty program. -- Discussed in Program Loan Paper. Turkey has an agreement with the U.S. on Investment Guaranties.
10. FA Sec. 201(b)(6). Information and conclusion on possible effects on U.S. economy, with special reference to areas of substantial labor surplus. -- The project will have no direct or measurable indirect effect on the U.S. economy. All procurement will be from U.S. sources. No information is available as to whether any specific labor surplus area will be benefited.
11. FA Sec. 201(b). Information and conclusion on reasonable prospects of repayment. -- Covered in Section V. "Repayment Prospects".
12. FA Sec. 201(d). Information and conclusion on legality (under laws of the country and the U.S.) and reasonableness of lending and relending terms. -- This loan would be made in compliance with U.S. and Turkish laws. The LAS justifies the development loan terms.
13. FA Sec. 201(e). Information and conclusion on availability of an application together with sufficient information and assurance to indicate reasonably that funds will be used in an economically and technically sound manner. -- An adequate application and other sufficient information have been received, as described in Sections I, II, and III.
14. FA Sec. 201(f). If a project, information and conclusion whether it will promote the economic development of the requesting country, taking into account the country's human and material resource requirements and the relationship between the ultimate objectives of the project and the country's overall economic development. -- Covered in Section III. "Economic Analysis".
15. FA Sec. 201(f). If a project, information and conclusion whether it specifically provides for appropriate participation by private enterprise. -- The Borrower is the Government of Turkey. U.S. private sources will supply equipment, material and services.

16. FA Sec. 202(a). Total amount of money under loan which is going directly to private enterprise, etc. -- See Section III C.
17. FA Sec. 601. Information and conclusions whether loan will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions. -- (a) The loan would encourage the flow of international trade by providing for the export of the machinery, equipment and know-how to Turkey from the U.S., (b) private enterprise will be affected as described in Section III C., (c) the loan would have no direct effect on the development and use of cooperatives, credit unions, and savings and loan associations, (d) the loan would have no measurable effect on monopolistic practices, (e) technical efficiency of multi vehicle maintenance would be improved through the availability of modern equipment, technical advise and training, and (f) the loan would have no effect on the strenthening of free labor unions.
18. FA Sec. 601(d). Conclusion and supporting information on compliance with the Congressional policy that engineering and professional services of U.S. firms and their affiliates are to be used in connection with capital projects to the maximum extent consistent with the national interest. -- Engineering and professional services for the vehicle operation and maintenance plan will be obtained from private sources in the U.S.
19. FA Secs. 601, 602. Information and conclusions whether loan will (a) encourage U.S. private trade and investment abroad; (b) encourage private U.S. participation in foreign assistance programs (including use of private trade channels) and the services of U.S. private enterprise; and (c) permit American small business to participate equitably in the furnishing of goods and services financed by it. -- (a) and (b) This loan will have only an indirect effect on U.S. private trade and investment abroad or private U.S. participation in foreign assistance programs, (c) normal Small Business publication requirements will be provided for. U.S. private sources will provide equipment and services under this loan.
20. FA Sec. 604(a). Compliance with restriction of commodity procurement to U.S. except as otherwise determined by the President and subject to statutory reporting requirements. -- Procurement will be limited to the U.S.
21. FA Sec. 604(b). Compliance with bulk commodity procurement restriction to prices no higher than the market price prevailing in the U.S. at time of purchase. -- The Loan Agreement will contain a provision covering this point.

22. FA Sec. 604(d). Compliance with requirement that marine insurance be purchased on commodities if the participating country discriminates, and that such insurance be placed in the U.S. -- This will be required by the Loan Agreement.
23. FA Sec. 611(a)(1). Information and conclusion on availability of engineering, financial, and other plans necessary to carry out the assistance and of a reasonably firm estimate of the cost of the assistance to the United States. -- Covered in Section II B. Implementation of the Project, and in Loan Agreement.
24. FA Sec. 611(a)(2). Necessary legislative action required with recipient country and basis for reasonable anticipation such action will be completed in time to permit orderly accomplishment of purposes of loan. -- Not applicable.
25. FA Sec. 611(b); App. Sec. 101. If water or water related land resources construction project or program, information and conclusion on benefit-cost computation. -- Not applicable.
26. FA Sec. 611(c). Compliance with requirement that contracts for construction be made on competitive basis to maximum extent practicable. -- Not applicable.
27. FA Sec. 619. Compliance with requirement that assistance to newly independent countries be furnished through multilateral organizations or plans to maximum extent appropriate. -- Although Turkey is not a "newly independent country", assistance to Turkey is based on consortium meetings, in which participants include international lending agencies.
28. FA Sec. 620(a); App. Sec. 107. Compliance with prohibitions against assistance to Cuba and any country (a) which furnishes assistance to Cuba or fails to take appropriate steps by February 14, 1964 to prevent ships or aircraft under its registry from carrying equipment, materials, or supplies from or to Cuba; or (b) which sells, furnishes or permits any ships under its registry from carrying items on the Battle Act List, or other items of primary strategic significance, or items of economic assistance. -- Turkey is not in violation of this Section.
29. FA Sec. 620(b). If assistance to the government of a country, existence of determination it is not controlled by the international Communist movement. -- Turkey is not controlled by the international Communist movement.

30. FA Sec. 620(c). If assistance to the government of a country, existence of indebtedness to a U.S. citizen for goods or services furnished or ordered where such citizen has exhausted available legal remedies or where the debt is not denied or contested by such government or the indebtedness arises under an unconditional guaranty of payment given by such government. -- Turkey is not ineligible under this section.
31. FA Sec. 620(d). If assistance for any productive enterprise which will compete with U.S. enterprise, existence of agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan. -- No competitions with U.S. enterprise is contemplated.
32. FA Sec. 620(e). If assistance to the government of a country, extent to which it (including government agencies or subdivisions) has, after January 1, 1962, taken steps to repudiate or nullify contracts or taken any action which has the effect of nationalizing, appropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking appropriate steps to discharge its obligations. -- Turkey is not ineligible under this Section.
33. FA Sec. 620(f). Compliance with prohibitions against assistance to any Communist country. -- Turkey is not a Communist country.
34. FA Sec. 620(g). Compliance with prohibition against use of assistance to compensate owners for expropriated or nationalized property. -- Not applicable.
35. FA Sec. 620(h). Compliance with regulations and procedures adopted to insure against use of assistance in a manner which, contrary to the best interests of the U.S., promotes or assists the foreign aid projects or activities of the Communist-bloc countries. -- The Loan Agreement will contain a provision on this point.
36. FA Sec. 620(i). Existence of a determination that the country is engaging in or preparing for aggressive military efforts. -- No such determination under this statute has been made.
37. FA Sec. 620(k). If construction of productive enterprise where aggregate value of assistance to be furnished by U.S. will exceed \$100 million, identification of statutory authority. -- Not applicable.
38. FA Sec. 620(l). Compliance with prohibition against assistance after 31 December 1965 for the government of a country which fails to institute investment guaranty program. -- Turkey has agreed to an Investment Guaranty Program.

39. FA Sec. 636(h). Appropriate steps that have been taken to assure that, to maximum extent possible, country is contributing local currencies to meet the cost of contractual and other services and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services. -- The GOT will furnish necessary local currency, and U.S. owned Turkish lira is used for all administrative and program costs in lieu of dollars, to the maximum extent possible.
40. FA Sec. 620(u). Take into account whether the country has taken appropriate steps to prevent ships or aircraft under its registry from transporting prohibited property to North Vietnam. -- Turkey does not engage in trade with North Vietnam, and ships or aircraft under its registry do not call at sea or air ports of North Vietnam.
41. FA Sec. 620(c). Take into account whether the country has seized or penalized U.S. fishing vessels on account of fishing activities in international waters. -- No such action has been taken by Turkey.
42. App. (Sec. Unnumbered). Use of funds to carry out FA Sec. 205, which pertains to IDA. -- Not applicable.
43. App. Sec. 102.) . Compliance with requirement that payments in excess of \$25,000 for architectural and engineering services on any one project be reported to Congress. -- Any such payments will be reported.
44. App. Sec. 104. Compliance with bar against funds to pay pensions, etc. for military personnel. -- Funds will not be used for such purposes.
45. App. Sec. 111. Compliance with requirement for security clearance of personnel under contracts for services. -- All such personnel will be cleared in compliance with law.
46. App. Sec. 112. Compliance with requirements for approval of contractors and contract terms for capital projects. -- Specifications, recommended supplier, and contract terms will be approved by AID.
47. App. Sec. 114. Compliance with bar against use of funds to pay assessment, etc., of U.N. member. -- Funds will not be used for such purposes.
48. App. Sec. 117. Compliance with regulations on employment of U.S. and local personnel for funds obligated after 30 April 1964. -- Appropriate provision for compliance with said regulations will be included in the implementing documentation.
49. App. Sec. 401. Compliance with bar against use of funds for publicity or propaganda purposes within U.S. not heretofore authorized by Congress. -- Funds will not be used for such purposes.

AID Loan No. 277-H-

L O A N   A G R E E M E N T

Country:      TURKEY

Project:      Assistance to Family Planning Program  
                 and the Rural Health Service

Between the

R E P U B L I C   O F   T U R K E Y

and the

U N I T E D   S T A T E S   O F   A M E R I C A

Dated:

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AGREEMENT made and entered into as of this \_\_\_\_\_ day  
of \_\_\_\_\_ 1966, between the Republic of Turkey ("Borrower"), and  
the UNITED STATES OF AMERICA, acting through the Agency for International  
Development ("AID").

ARTICLE I. The Loan

SECTION 1.1. The Loan. Subject to the terms and conditions  
of this Agreement, AID agrees to lend to Borrower pursuant to the  
Foreign Assistance Act of 1961, as amended, and Borrower agrees to borrow  
from AID up to Three Million Six Hundred Thousand United States Dollars  
(\$3,600,000) (the "Loan") through disbursements to the Ministry of Health  
("Ministry") an agency of the Borrower, for the foreign exchange costs of  
goods and services required for the Project as defined in Section 1.2. The  
funds disbursed hereunder are herein referred to as "Principal". Goods and  
services financed hereunder are herein referred to as "Eligible Items".  
References herein to the "Borrower Country" are to Turkey.

SECTION 1.2. The Project. As used in this Agreement, the term  
"Project" shall mean (A) the purchase and importation of up to one  
thousand four hundred (1400) one-quarter ton jeep type, vehicles, or  
component parts thereof, for use in the Family Planning Program and in  
eligible Rural Health Centers of the Ministry, (B) the purchase and importa-  
tion of necessary shop equipment, and technical services in connection with  
the use of such vehicles; and (C) the procurement and importation of  
technical advice and educational materials in connection with the Family  
Planning Program. "Eligible rural Health Centers" shall mean those rural  
Health Centers that have personnel trained in family planning or scheduled  
to have such personnel within six months from the date of the assignment  
of the vehicles.

ARTICLE II. Terms and Repayment and Interest.

SECTION 2.1. Interest. Borrower shall pay interest semi-annually to AID in United States Dollars on the unrepaid Principal and on any interest due and unpaid, computed on the basis of a 365 day year and at the rates hereinafter stated. The first such payment shall be due and payable six (6) months after the first disbursement hereunder or on such earlier date as AID may specify. Interest shall accrue from the dates of the respective disbursements at the rate, for the ten (10) years following the date of such first disbursement, of one percent (1%) per annum and thereafter at the rate of two and one-half percent (2 1/2%) per annum. Disbursements shall be deemed to occur on the dates on which payments by AID are made to Borrower or to its designee or to a banking institution pursuant to a letter of commitment.

SECTION 2.2. Principal. Borrower shall repay the Principal to AID in United States Dollars in semi-annual installments in accordance with the terms of this Agreement and an amortization schedule to be provided Borrower by AID after all disbursements have been made. Such amortization schedule shall provide for repayment of the Principal within forty (40) years of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual payments of Principal and Interest, the first installment to be payable nine and one-half (9 1/2) years after the date on which the first interest payment is due.

SECTION 2.3. Application and Place of Payment. All payments shall be applied first to accrued interest and then to Principal. Except as AID may otherwise specify in writing, payments shall be made to the Controller, USAID Mission, Ankara, Turkey, and shall be deemed to have been made when received by said Controller at such address.

SECTION 2.4. Prepayment. Borrower shall have the right to prepay all or any part of the Principal, without penalty, on any date on which interest is due. Except as AID may otherwise agree in writing, all prepayments shall be applied first to accrued interest and then to the remaining installments of Principal in the inverse order of their maturity.

ARTICLE III. Conditions Precedent.

SECTION 3.1. Conditions Precedent to Initial Financing.

Prior to the issuance of the first letter of commitment and to any disbursement hereunder, Borrower shall, except as AID may otherwise agree in writing, furnish AID in form and substance satisfactory to AID:

- (a) An opinion of the Chief Legal Advisor of the Ministry of Finance of Borrower, or other counsel satisfactory to AID, that this Agreement has been duly authorized or ratified by and executed on behalf of Borrower and constitutes a valid and legally binding obligation of Borrower in accordance with its terms and that the person signing the Agreement on behalf of Borrower has the authority to act as the representative of the Borrower in all matters pertaining to the Loan and this Agreement, including the authority to designate other representatives of the Borrower pursuant to Section 6.3.
- (b) The name of the person or persons who will act as the additional representative or representatives of Borrower pursuant to Section 6.3, together with evidence of his or their authority and a specimen signature of each such person certified as to its authenticity.

- (c) Evidence or assurances of the availability of funds, other than the Loan, necessary for the Project;
- (d) Evidence that an agreement satisfactory to AID has been reached between the Government of Turkey and UNICEF for the establishment of a Transport Division within the Directorate General of Supply of the Ministry of Health;
- (e) Evidence that a contract acceptable to AID for technical assistance in preparing and implementing an operation and maintenance plan for the vehicles financed by the Loan has been entered into;
- (f) Assurances of arrangements for the procurement of the eligible items required for the Project, consisting of satisfactory invitations to tender. Such arrangements shall assure that to the maximum extent practicable, the Loan will not be used to finance the procurement of goods or services otherwise eligible for financing hereunder, if comparable goods or services are produced and available in the Borrower Country in sufficient quantity, or satisfactory quality and at a reasonable price;
- (g) Plans and time schedules for the procurement of goods, for providing satisfactory facilities, and for training of personnel for maintenance and operation of vehicles to be financed under the loan;
- (h) Plans and time schedules for the establishment of rural Health Centers, for the training of personnel in family planning, for the assignment of such trained personnel to rural Health Centers, and for the assignment of vehicles to be financed under the loan to eligible rural health centers or other elements of the family planning program.

SECTION 3.2. Terminal Dates for Fulfillment of Conditions Precedent. Except as AID may otherwise agree in writing, if the conditions established by Section 3.1 have not been satisfied by \_\_\_\_\_, 1966 or such later date if any as AID may specify in writing, AID at any time after whichever of such dates shall be applicable, may at its option terminate this Agreement by written notice to Borrower. Forthwith upon receipt of such notice, Borrower shall repay any unrepaid Principal and any accrued interest, whereupon all obligations of Borrower and AID under this Agreement shall cease.

ARTICLE IV. Disbursements.

SECTION 4.1. Requests for Letters of Commitment. To obtain disbursements, Borrower may from time to time request AID to issue letters of commitment to one or more banking institutions in the United States designated by Borrower and satisfactory to AID, committing AID to reimburse such bank or banks for payments made, through letters of credit or otherwise, to Borrower or any designee of Borrower, pursuant to such documentation requirements as AID may prescribe. Banking charges incurred in connection with letters of commitment and disbursements shall be borne by the Borrower and may be financed hereunder.

SECTION 4.2. Other Forms of Disbursement. Disbursements may also be made by such other means as Borrower and AID may agree to in writing.

SECTION 4.3. Terminal Dates for Requests for Letters of Commitment and for Disbursements. Except as AID may otherwise agree in writing, no letters of commitment shall be issued in response to requests received by AID after June 30, 1968 and no disbursements

shall be made against documentation received by AID or the banks referred to in Section 4.1 after December 31, 1968.

ARTICLE V. Covenants.

SECTION 5. Covenants. Borrower covenants to exerts its best efforts to assure the success of its Family Planning Program and its Rural Health System. Borrower will maintain and operate the vehicles financed hereunder in such a way as to make most effective use of the vehicles in assisting the Family Planning Program and will assign vehicles only to those Rural Health Centers where personnel have been trained in family planning or are scheduled to complete family planning training within six months from the date of assignment of the vehicle. Borrower will give reports to AID from time to time, and at least every six months after the signing of the Loan Agreement and through 1969, on the operation and maintenance of any vehicles previously financed by the Loan and the progress and accomplishments of the Family Planning Program and Rural Health System. It is agreed that the total number of vehicles financed by the Loan shall be delivered in four groups with the first group to consist of 350 vehicles to be delivered as soon as possible after execution of the loan agreement and the other three groups to be in accordance with a time and quantity schedule to be agreed upon by the Ministry and AID.

ARTICLE VI. Miscellaneous

SECTION 6.1. Eligibility Date. As used in this Agreement, "Eligibility Date" shall mean the date of this Agreement, except as AID may otherwise agree in writing.

SECTION 6.2. Ocean Shipment. At least fifty percent, (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed hereunder which shall be transported on ocean vessels shall be transported on privately owned United States flag commercial vessels to the extent such vessels are available at fair and reasonable rates for United States flag commercial vessels. No goods may be financed hereunder which are transported on any ocean vessel (a) which AID, by written notice to Borrower, has designated as ineligible to carry AID financed goods or (b) which has been chartered for the carriage of AID financed goods unless such charter has been approved by AID.

SECTION 6.3. Use of Representatives. For all purposes relative to this Agreement the Borrower and AID will be represented, respectively, by the individuals signing this Agreement or any persons holding or acting in the offices now held by such individuals. In addition, the Borrower shall and AID may

respectively designate in writing an additional representative or representatives who shall have authority to perform all actions on behalf of their respective principals required or permitted for the implementation of this Project.

Until receipt by the Borrower or AID of written notice of revocation by the other of the authority of any of its said representatives, Borrower or AID, respectively, may accept the signature of any such representative or representatives as conclusive evidence that any action effected by such instrument is duly authorized by the other.

SECTION 6.4. Communications. Any notice, request or other communication given, made, or sent by Borrower or AID pursuant to this Agreement shall be in writing and shall be deemed to have been duly delivered to the party to which it is addressed when received by such party at the following address:

To Borrower:	Mail address:	Maliye Bakanligi Hazine Genel Müdürlüğü ve MIIT Genel Sekreterligi Ankara, Turkey
	Cable address:	Maliye, Hazine Ankara, Turkey
To AID: (Three copies)	Mail address:	Office of Assistant to the Director/Capital Projects United States Agency for International Development 16 Dr. Vali Reşit Caddesi Ankara, Turkey

All communications and documents submitted to AID hereunder shall be in the English language and all technical and engineering specifications therein shall be in terms of United States standards, except as AID may otherwise agree in writing.

SECTION 6.5. Standard Provisions Annex. A Standards Provisions Annex is attached to this Agreement and is hereby made a part hereof. Terms used both therein and in this Agreement shall have the same meaning in both documents. Reference in the Standard Provisions Annex to the "Agreement" are to this Agreement.

THE REPUBLIC OF TURKEY

BY: \_\_\_\_\_

Title: Minister of Finance

UNITED STATES OF AMERICA

BY: \_\_\_\_\_

Title: Ambassador to Turkey

AID-DLC/P-417  
ANNEX IV

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D.C. 20523

Ministry of Health  
Republic of Turkey  
Ankara, Turkey

Subject: AID Loan 277-H  
Implementation Letter No. 1

Gentlemen:

This letter sets forth the procedures for implementing the various requirements set forth in the Loan Agreement dated among the Republic of Turkey (Borrower) and the United States of America, acting through the Agency for International Development (AID) and provides information to assist you in implementing your project in conformity with the Loan Agreement. Nothing in this letter and its attachments alters the scope of the Loan Agreement or the terms of the specific sections that are herein referred to or may be supplemented or modified by subsequent Implementation Letters to meet special situations that may arise. In this letter, Agreement shall stand for the aforesaid Loan Agreement.

The Project shall refer to the Project agreed to in Section 1.2 of the Agreement. More specifically, the Project consists of the purchase of the vehicles, equipment and services indicated in the following table along with a preliminary estimate of costs:

PROJECT DESCRIPTION AND ESTIMATES OF FOREIGN EXCHANGE COSTS

1. Importation of component parts necessary for assembly of 1400 one quarter ton jeep type vehicles, plus spare parts, and ocean freight and insurance thereon.	\$2,730,000
2. Technical Assistance to the Ministry of Health in establishing adequate operation and maintenance facilities.	213,000
3. Shop equipment for approximately fourteen maintenance facilities.	251,000
4. Audio visual education equipment and technical advice	<u>300,000</u>
	\$3, 494,000
Contingency amount	<u>106,000</u>
Total amount of loan fund	\$3, 600,000

I. Conditions Precedent to Use of Loan Funds - Article III

In accordance with the requirements of Article III of the agreement, the following conditions must be met prior to the issuance of the first letter of commitment:

Section 3.1. - Conditions Precedent

(a) Legal Opinions

An outline of information to assist counsel in preparing legal opinions is transmitted herewith as Attachment A.

(b) Specimen Signatures

Authenticated specimen signatures in three (3) copies are required from each individual designated as a representative of Borrower.

(c) Other Funds

Borrower will furnish evidence of satisfactory arrangements assuring the availability of funds other than those provided under the loan to finance the Project.

(d) UNICEF Agreement

AID must be furnished two copies of the agreement between UNICEF and the Government of Turkey for the establishment of a transport Division within the Directorate General of Supply of the Ministry of Health.

(e) Technical Services

AID must be furnished two copies of a contract for technical assistance from a U.S. firm acceptable to AID for the preparation and implementation of an operation and maintenance plan for the vehicles financed by the loan. This contract should be submitted to AID for approval prior to its execution.

(f) Approval of Invitations

AID must approve the invitations to tender for vehicles and spare parts, before the invitations are issued and AID must approve the award before any letter of commitment is issued.

(g) Procurement Schedule

AID must approve plans and time schedules for the procurement of goods, for providing satisfactory facilities, and for training of personnel for maintenance and operation of vehicles to be financed under the loan;

(h) Other Documents

AID must approve plans and time schedules for the establishment of rural Health Centers, for the training of personnel in family planning, for the assignment of such trained personnel to rural Health Centers, and for the assignment of vehicles to be financed under the loan to eligible rural health centers or other elements of the family planning program.

Section 3.2 - Terminal Date for Fulfillment of Conditions Precedent.

Except as AID may otherwise agree in writing, the terminal date for meeting the conditions precedent set forth in Section 3.1 is within four months of the date of the Loan Agreement.

## II. Financing Procedures and Documentation - Article IV

The procedure for requesting the issuance of letters of commitment and the actions to be taken by Borrower after the letters of commitment are issued, and the documentation required by AID as a basis for disbursement of loan funds are described in Attachment B. Please note that unless AID may otherwise agree in writing, the terminal date for requesting issuance of Letters of Commitment is June 30, 1968 and the terminal date for requesting disbursements is December 31, 1968.

## III. Rules Governing Procurement.

### A. Eligibility Date

In accordance with Section 6.1 of the Agreement, the Eligibility Date for this Project is the date of the Loan Agreement.

### B. Method of Procurement

In accordance with Section 100.2, no more than reasonable prices shall be paid for any Eligible Items, and all items shall be procured on a fair competitive basis.

### C. Small Business Notification

Information regarding proposed procurement of goods having a value greater than \$5,000 must be disseminated to interested United States suppliers in order that American Small Business shall have the opportunity to participate in furnishing Eligible Items. AID's Office of Small Business will arrange for publication of a summary of the specifications and requests for quotations. A period of at least 45 days must elapse between the date of publication and the closing date for receipt of quotations. Attachment C gives more information on AID notice requirements to U.S. business.

### D. Limitations on Shipping Facilities

In accordance with Section 100.1, items otherwise eligible for financing under the AID loan will not be so financed if shipped on transportation media owned or controlled by any of the following countries:

The Union of Soviet Socialist Republics, Albania, Bulgaria, Czechoslovakia, East Germany, Danzig, Hungary, Poland, Rumania, Estonia, Latvia, Lithuania, North Vietnam, North Korea, Tibet, China (Mainland) and other Communist-controlled areas, Outer Mongolia and Cuba.

E. Special Shipping Limitation - Section 5.2.

Items otherwise eligible for financing under the AID Loan will not be so financed if shipped on vessels named in Attachment D. which will be periodically updated, as required.

F. Application of the 50/50 Shipping Requirement

In accordance with Section 5.2, 50% of the gross tonnage of AID-financed goods shipped on ocean vessels shall, computed separately for dry bulk carriers, dry cargo liners and tankers, be transported to Turkey on privately-owned United States flag commercial vessels. A Quarterly Shipping Report discussed under Part V.C. of this letter must be submitted to AID by the Borrower.

G. Eligible Source of Procurement

In accordance with Section 100.1 of the Agreement, loan proceeds can be used only to finance Eligible Items, including transportation, commodities, services, and marine insurance, having their source and origin in the U.S.

Goods and services financed with other than loan funds must have been procured, pursuant to Section 100.1 of the Agreement, from sources included in Code 899 of the AID Geographic Code Book. The countries not included under Code 899 are listed in paragraph III.D., "Limitations on Shipping Facilities." Thus, no items to be used on the Project, regardless of sources of financing, may be purchased from countries not included under Code 899.

Section 100.7 Employment of Contract Personnel

Borrower should instruct all contracting firms (principal contractors or sub-contractors) performing services financed with the proceeds of the loan that they must be acceptable to AID. In addition, AID will make a determination whether security clearance is required for U.S. citizens performing services outside the U.S. under a principal contract or sub-contract and whether certain non-U.S. citizen contract personnel are acceptable to AID. Attachment E Acceptability of United States Contractors, Sub-Contractors and Certain Personnel gives more information on this subject.

IV. Marking.

In accordance with the provisions of Section 101.3, the Borrower shall cooperate with AID in making information concerning the loan public and shall have the Eligible Items and their shipping containers suitably marked. Attachment E discusses the marking requirement in greater detail.

V. Reporting - Section 101.6

A. Quarterly Progress Reports

AID will require a report on the progress of the Project to be submitted quarterly. The report shall be prepared with the assistance of the consultant and submitted by the Borrower to AID within 30 days of the close of the reporting period. The first report shall cover the period ending September 30, 1966. In the preparation of the report, the Borrower shall to the extent practicable, follow the format for the progress reports described in Attachment G, and shall describe the progress of procurement of vehicles, assignment of vehicles, kilometers per month traveled by vehicles, and such further information on the Family Planning Program and Rural Health Services as AID shall request.

B. Final Report

A Final report following the format for final reports set out in Attachment F will be due on completion of the Project and may be substituted for the last Quarterly Progress Report.

C. Quarterly Shipping Reports

With respect to Borrower's responsibilities under Section 6.2 of the Agreement concerning ocean shipment of loan -financed goods, Borrower is requested to provide AID with information indicating actual progress in meeting this requirement. These reports will show for each calendar quarter, the extent to which the requirements under Section 6.2 are being met. The report should follow the form presented in Attachment G. This quarterly report is to be submitted by the last day of the month following the period covered in the report. The first report, covering shipments from inception through December 31, 1966 will be due not later than January 31, 1967. Each report is to be supplemented by a covering summary statement giving the cumulative actual figures, beginning with the initial report through the month of the latest report, for U. S. and non-U. S. flag vessels by category of vessel, as applicable. If the summary report indicates a lag in complying with Section 6.2, a statement shall be included, indicating how the deficit in shipping on U.S. flag vessels is to be made up.

If no shipment of goods is made during a report period, a report should be submitted attesting to the lack of shipments. Two copies of each shipping report are to be mailed to: Agency for International Development, Resources Transportation Division, Washington, D. C. 20523.

VI. Records - Section 101.5

The records which are required under the terms of Section 101.5 insofar as they relate to eligible items and services, shall be maintained for a period of at least three (3) years after the final disbursement by AID under the loan.

VII. Commissions, Fees and Other Payments - Section 102.2.

Etibank is reminded that Section 102.2 requires that any fees or commissions in connection with the Project or the loan be reported to AID.

VIII. Correspondence

All correspondence regarding the loan and the reports required under Section 101.6 should be addressed to the USAID Mission to Turkey, as specified in Section 6.4 of the Loan Agreement.

AID will be glad to discuss with your representatives any problems or questions you may have concerning the implementation of this loan, or relating to this letter and its attachments.

Sincerely yours,

James P. Grant  
Director  
USAID Mission to Turkey

Attachments

- A. Guide for the Assistance of Counsel in Preparing Legal Opinions.
- B. Disbursement of Loan Funds Letter of Commitment Procedure
- C. Borrower's Notice of U.S. Business Regarding Proposed Procurement of Goods.
- D. Shipping Restrictions.
- E. Acceptability of United States Contractors, Sub-Contractors and Certain Personnel.
- F. Marking Requirements.
- G. Progress Reporting Requirements.
- H. Borrowers' Shipping Statement.

cc: Ministry of Finance, OIEC.

CAPITAL ASSISTANCE LOAN AUTHORIZATION  
Provided from: Development Loan Funds  
(Turkey - Family Planning and Rural Health Service)

Pursuant to the authority vested in the Assistant Administrator, Bureau for Near East and South Asia, of the Agency for International Development (hereinafter called "A.I.D.") by the Foreign Assistance Act of 1961, as amended, and the Delegations of Authority issued thereunder, I hereby authorize the establishment of a loan pursuant to Part I, Chapter 2, Title 1, the Development Loan Fund, to the Government of Turkey, of not to exceed Three Million Six Hundred Thousand Dollars, (\$3,600,000) such funds to be made available to the Government of Turkey to finance the foreign exchange costs of up to one thousand four hundred (1400) jeep type vehicles or component parts thereof for use in the Family Planning Program and Rural Health Centers with capabilities in family planning programs, of the Ministry of Health, and related shop equipment and technical services, and the procurement of technical advice and educational materials in connection with the Family Planning Program.

This loan is subject to the following conditions:

1. Interest rate and terms of repayment

This loan shall be repaid by the Government of Turkey within forty (40) years after the date of the first disbursement thereunder, including a grace period of not to exceed ten (10) years. The interest on the disbursed balance of the loan shall be at the rate of one percent (1%) per annum during the ten (10) year grace period and at the rate of two and one half percent (2½%) per annum thereafter.

2. Currency of Repayment

Repayment of the loan and payment of interest shall be in United States dollars.

3. Other Terms and Conditions

3.1 Commodities and services financed under the loan shall be of United States source and origin.

3.2 This loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

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William B. Macomber, Jr.  
Assistant Administrator  
Bureau for Near East and South Asia

Date: \_\_\_\_\_