

Third Agricultural Credit Project



A tractor purchased under the project

Outline of Loan Agreement

Loan Amount / Disbursed Amount	35,200 million yen / 35,200 million yen
Loan Agreement	December 1989
Terms & Conditions	Interest rate 2.9%p.a. Repayment period 25 years (Grace period 7 years)
Final Disbursement Date	January 1997

Project Outline

The project aimed to improve agricultural productivity and farm revenues by expanding agricultural credit facilities, and concurrently, to strengthen the capacity of agricultural credit institutions.

Results and Evaluation

The project, which was co-financed by the World Bank (amount financed: US\$179 million), was used to finance the two-step loans provided by the Agricultural Bank of Turkey (TCZB), and to implement direct loans to farmers (93,500 transactions), and indirect loans (114,000 transactions) via the agricultural cooperatives. Approximately 50% of the sub-loans were used to purchase farm machinery such as tractors, with some 20% being utilized for livestock production.

Findings from an interview survey conducted as a part of ex-post evaluation, of farmers as a sample of sub-projects undertaken (5 provinces, 23 interviews), revealed increases in productivity of around 20-25% among farmers who had purchased tractors. Farmers who had started/expanded livestock breeding had also seen their revenues increase, which had in turn linked to an approx. 20% increase in employment. This has reportedly made it possible to recover investments within 5-6 years for tractors and within 2-4 years for livestock breeding.

The Gulf War led to economic deterioration in the later half of the 90s, and a number of farmers were forced to sell their livestock to obtain necessary cash; however, projects on the majority of farms continue to be operable, indicating a high overall degree of sustainability for the sub-projects.