

No. 9653

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDONESIA**

**Development Credit Agreement—*Technical Assistance Project*
(with annexed Credit Regulations No. 1, as amended). Signed
at Washington on 27 December 1968**

Authentic text: English.

Registered by the International Development Association on 23 June 1969.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDONÉSIE**

Contrat de crédit de développement — *Projet relatif à une assistance technique* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 27 décembre 1968

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 23 juin 1969.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated December 27, 1968 between REPUBLIC OF INDONESIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS; SPECIAL DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961, as amended February 9, 1967² (said Development Credit Regulations No. 1 being hereinafter called the Regulations) with the same force and effect as if they were fully set forth herein.

Section 1.02. Unless the context otherwise requires, the following term, wherever used in the Development Credit Agreement, has the following meaning: "sub-project" means a particular study or project of technical assistance to be financed out of the proceeds of the Credit, as described in Section 3.01 of this Agreement.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to two million dollars (\$2,000,000).

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

¹ Came into force on 17 March 1969, upon notification by the Association to the Government of Indonesia.

² See p. 390 of this volume.

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations and in accordance with the allocation of the proceeds of the Credit agreed between the Borrower and the Association pursuant to Section 3.02 of this Agreement.

Section 2.03. The Borrower shall be entitled to withdraw from the Credit Account an amount equal to such percentage or percentages as shall be agreed from time to time between the Borrower and the Association, of such amounts as shall have been paid (or, if the Association shall so agree, as shall be required to meet payments to be made) after the date of this Agreement for the reasonable costs of goods required to carry out sub-projects provided, however, that total withdrawals from the Credit Account shall not exceed 85 % of the aggregate of such costs.

Section 2.04. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.05. Service charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each April 1 and October 1 commencing April 1, 1979 and ending October 1, 1988, each instalment to and including the instalment payable on October 1, 1988 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1\frac{1}{2}$ %) of such principal amount.

Section 2.07. The currency of the United States of America is specified for the purposes of Section 3.02 of the Regulations.

Article III

DESCRIPTION OF PROJECT; USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Project for which the Credit is granted consists in the carrying out of high-priority studies and other projects of technical assistance, designed to assist the Borrower in the planning and implementation of its programs of economic development and rehabilitation and selected by agreement between the Borrower and the Association.

Section 3.02. The purposes and scope of each sub-project, the methods for implementation thereof and the specific allocation thereto of proceeds of the Credit shall be determined by agreement between the Borrower and the Association.

Section 3.03 The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Agreement exclusively to expenditures on the Project.

Section 3.04. Contracts made by the Borrower for consultants' services and for the purchase of equipment to be financed out of the proceeds of the Credit shall be subject to the prior approval of the Association.

Section 3.05. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall cause each sub-project to be carried out with due diligence and efficiency and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

Section 4.02. (a) For the purpose of carrying out each sub-project, the Borrower shall employ qualified and experienced consultants acceptable to the Borrower and the Association, to the extent required, and on terms and conditions, including terms of reference, approved by the Borrower and the Association.

(b) In respect of sub-projects there shall be maintained steering committees, each consisting of a representative of the Borrower as Chairman, a representative of the Association and, if the Borrower and the Association shall so agree, additional members or representatives of other entities concerned with particular sub-projects.

(c) The steering committee maintained for each sub-project shall be responsible for selecting services, equipment and supplies and directing their

use for such sub-project, supervising and directing the work of the consultants employed therefor, and recommending modifications of their terms of reference or other terms and conditions of their employment, and reviewing the reports and recommendations of such consultants.

(d) The Borrower shall cooperate fully with the consultants in the performance of their services for the Project and make available to them all information relevant to the Project.

(e) The Borrower shall not amend or waive any of the terms and conditions of employment of the consultants employed for any sub-project, or grant any material extension of time or any approval of sub-contracts or modifications thereof, or substitution of personnel of such consultants, or suspend payment under, or terminate, any contract with such consultants without the prior agreement of the Association, acting through the steering committee concerned with the sub-project.

Section 4.03. (a) The Borrower shall cause consultants employed for the Project promptly to furnish the Association copies of the documents prepared by them for the Project, including reports and drafts thereof, in such number as the Association shall reasonably request.

(b) The Borrower and the Association shall from time to time exchange views with respect to the evaluation and implementation of the recommendations and other conclusions contained in the documents referred to in the foregoing paragraph (a).

(c) The Borrower shall maintain or cause to be maintained records adequate to show the use of the proceeds of the Credit, and to record the progress of the Project (including the cost thereof); shall enable the Association's representatives to inspect any records and documents relevant to the Project, including records and documents which the consultants employed by the Borrower shall be required to keep for the purposes of the Project; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit and the Project.

Section 4.04. (a) The Borrower and the Association shall cooperate fully to ensure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall

reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.05. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

Section 4.06. This Development Credit Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

Article V

REMEDIES

Section 5.01. (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time during the continuance thereof, the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon such declaration such principal shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

Article VI

EFFECTIVENESS; TERMINATION

Section 6.01. If this Development Credit Agreement shall not have come into force and effect by March 19, 1969, this Development Credit Agreement and all obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Association shall promptly notify the Borrower of such date.

Article VII

MISCELLANEOUS

Section 7.01. The closing Date shall be January 31, 1972 or such other date as may from time to time be agreed between the Borrower and the Association.

Section 7.02. The Minister of Finance of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

Section 7.03. The following addresses are specified for the purposes of Section 7.01 of the Regulations:

For the Borrower:

Ministry of Finance
Post Office Box 21
Djakarta, Indonesia

Alternative address for cables:

Ministry Finance
Djakarta

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 24033
United States of America

Alternative address for cables:

Indevas
Washington, D.C.

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

Republic of Indonesia:

By MARDJUNI

Authorized Representative

International Development Association:

By J. Burke KNAPP

Vice President

INTERNATIONAL DEVELOPMENT ASSOCIATION
DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS
WITH MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 617, p. 60.*]
