

No. 10879

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDONESIA**

Development Credit Agreement—*Second Technical Assistance Project* (with annexed General Conditions Applicable to Development Credit Agreements). Signed at Washington on 15 September 1970

Authentic text : English.

Registered by the International Development Association on 2 December 1970.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDONÉSIE**

Contrat de crédit de développement — *Deuxième projet relatif à une assistance technique* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 15 septembre 1970

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 2 décembre 1970.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated September 15, 1970, between REPUBLIC OF INDONESIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

GENERAL CONDITIONS; SPECIAL DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions).

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 four million dollars (\$4,000,000).

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.

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the General Conditions and in accordance with the

¹ Came into force on 4 November 1970, upon notification by the Association to the Government of Indonesia.

² See p. 134 of this volume.

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 cost 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 October 1, 1980 and ending April 1, 2020, each instalment to and including the instalment payable on April 1, 1990 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 4.02 of the General Conditions.

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 payments 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. If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, 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 together with the service charges thereon, and upon any such declaration such principal and service charges shall become due and payable immediately, anything in the Development Credit Agreement to the contrary notwithstanding.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely that a default shall have occurred in the performance of any obligation on the part of the Borrower under the development credit agreement (*Technical Assistance Project*) dated December 27, 1968,¹ between the Borrower and the Association.

Article VI

EFFECTIVENESS; TERMINATION

Section 6.01. The date of November 30, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1973 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 9.03 of the General Conditions.

Section 7.03. The following addresses are specified for the purposes of Section 9.01 of the General Conditions :

For the Borrower :

Ministry of Finance
Post Office Box 21
Djakarta, Indonesia

Alternative address for cables :

Ministry Finance
Djakarta

¹ United Nations, *Treaty Series*, vol. 678, p. 377.

For the Association :

International Development Association

1818 H Street, N.W.

Washington, D.C. 20433

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 SOEDJATMOKO

Authorized Representative

International Development Association :

By M. SHOAIB

Vice President

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.]