

No. 11626

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDONESIA**

Development Credit Agreement—*Tea Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 24 June 1971

Authentic text: English.

Registered by the International Development Association on 6 March 1972.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDONÉSIE**

Contrat de crédit de développement — *Projet relatif à la production de thé* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 24 juin 1971

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 6 mars 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 24, 1971, between REPUBLIC OF INDONESIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

GENERAL CONDITIONS; DEFINITIONS

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, subject, however, to the deletion of Sections 5.01 and 6.02 (*h*) thereof and to the renumbering of Section 6.02 (*i*) into 6.02 (*h*) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "PNP XII" and "PNP XIII" mean, the state-owned estate enterprises (*Perusahaan Negara Perkebunan*) on Java, established and so designated by Government Regulation No. 14 of 1968, and any successor thereto by or after conversion of such enterprise into a *Perseroan Terbatas* pursuant to Law No. 9 of 1969 of the Borrower, and "PNP" means both PNP XII and PNP XIII.

(b) "Tea Research Center" means the center referred to in Part A (1) of the Project, or any successor thereto.

(c) "Subsidiary Loan Agreements" means the agreements referred to in Section 3.01 (*b*) of this Agreement.

¹ Came into force on 17 September 1971, upon notification by the Association to the Government of Indonesia.

² See p. 270 of this volume.

(d) "Project Estate" means any of the estates specified in the Annex to Schedule 2 to this Agreement.

(e) "Consultancy Organization" means the consultancy organization referred to in Section 3.03 (b) of this Agreement.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million dollars (\$15,000,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed under the Development Credit Agreement; provided, however, that, except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from such territories.

Section 2.03. (a) Except as the Association shall otherwise agree, the goods and services (other than office equipment and services of consultants) required for the Project and to be financed out of the proceeds of the Credit, shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with, and subject to, the provisions set forth in Schedule 3 to this Agreement; provided, however, that advertisements of invitations to bid on civil works contracts for housing required for the Project may be limited to newspapers of general circulation in the Borrower's country.

(b) The office equipment to be financed out of the proceeds of the Credit shall be procured from local dealers after competitive quotations for such equipment have been obtained and compared.

Section 2.04. The Closing Date shall be June 30, 1978 or such other date as shall be agreed between the Borrower and the Association.

Section 2.05. 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 2.06. Service charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 15 and August 15 commencing August 15, 1981 and ending February 15, 2021, each installment to and including the installment payable on February 15, 1991 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall carry out Part A of the Project and shall cause PNP XII and PNP XIII to carry out Part B of the Project with due diligence and efficiency and in conformity with sound administrative, financial, agricultural and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall relend the proceeds of the Credit allocated to Part B of the Project to PNP XII and PNP XIII, respectively, under Subsidiary Loan Agreements to be entered into between the Borrower and PNP XII and PNP XIII, respectively, on terms and conditions satisfactory to the Association.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreements in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive the Subsidiary Loan Agreements or any provision thereof.

Section 3.02. (a) In order to assist the Borrower in carrying out Part A (1) of the Project, the Borrower shall employ two tea research specialists acceptable to the Association upon terms and conditions satisfactory to the Association.

(b) In order to assist the Borrower in carrying out the tea industries survey included in the Project, the Borrower shall employ consultants acceptable to the Association upon terms and conditions satisfactory to the Association.

(c) The Borrower undertakes to carry out the tea research included in the Project through the Tea Research Center and shall cause separate accounts to be established and maintained for that Center.

(d) The Borrower shall cause its Minister of Agriculture to establish and maintain separate accounts for the tea industries survey included in the Project.

Section 3.03. (a) By June 1972 the Borrower shall have prepared for each PNP a detailed five-years development program satisfactory to the Association and thereafter the Borrower shall cause Part B of the Project to be carried out in accordance with such development programs as amended from time to time with the concurrence of the Association.

(b) In order to assist PNP XII and PNP XIII in preparing the development programs referred to in the preceding paragraph and in carrying out Part B of the Project, the Borrower shall cause PNP XII and PNP XIII, except as the Association shall otherwise agree, to engage on terms and conditions satisfactory to the Association one and the same consultancy organization, qualified and experienced in the management and operation of tea estates and acceptable to the Association, to strengthen the management and improve the operations of said PNP's by providing: (i) an estate and factory inspection service during at least five years, (ii) two advisors to assist in tea husbandry, and in organization and accounting, respectively, during at least two years and (iii) one advisor to assist both PNP's in tea manufacturing during at least two years.

Section 3.04. In carrying out the civil works and the installation of factory and power equipment included in Parts B (4), B (5) and B (6) of the Project, the Borrower shall cause PNP XII and PNP XIII to employ contractors acceptable to the Association upon terms and conditions satisfactory to the Association.

Section 3.05. For the carrying out of Part B of the Project the Borrower shall, except as the Association shall otherwise agree:

- (a) ensure that PNP XII and PNP XIII carry out the new-planting of tea included in the Project in accordance with programs satisfactory to the Association; and
- (b) ensure that PNP XII and PNP XIII shall use only planting material which has been approved by the Consultancy Organization.

Section 3.06. (a) The Borrower shall cause the imported goods to be financed out of the proceeds of the Credit to be insured against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower, PNP XII and PNP XIII to replace or repair such goods.

(b) Except as the Association shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively for the Project.

Section 3.07. (a) The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, reports, contract documents, new-planting and replanting programs, and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Association shall reasonably request.

(b) The Borrower shall or shall cause PNP XII and PNP XIII, respectively: (i) to maintain records adequate to record the progress of the part of the Project for which it shall be responsible (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit, and to disclose the use thereof in such part of the Project; (ii) to enable the Association's representatives to inspect the Project, the goods financed out of the proceeds of the Credit and any relevant records and documents; and (iii) to furnish to the Association all such information as the Association shall reasonably request concerning such part of the Project, the expenditure of the proceeds of the Credit and the goods and services financed out of such proceeds.

(c) Except as the Association shall otherwise agree, the Borrower shall ensure that until the Closing Date the PNP's shall: (i) establish and maintain separate annual budgets covering all estimated funds available for and expenditures under the Project, shall furnish the Association with copies of said budgets including any material changes therein, accompanied by the comments thereon of the Consultancy Organization, and shall afford the Association a reasonable opportunity to comment on said budgets and changes before they shall become effective; (ii) establish and maintain separate accounts covering tea and cinchona grown on the Project Estates only, and shall allocate all funds generated by the sale of tea and cinchona grown on the Project Estates exclusively to expenditures on account of such crops, including the expenditures on account of such crops, including the expenditures under the Project; and (iii) furnish the Association promptly after each calendar quarter with summaries of their respective accounts and

financial statements (including the accounts referred to under (c) (ii) above) for such quarter.

(d) The Borrower shall within three months after conversion of either PNP into a company limited by shares (*Perseroan Terbatas*) furnish the Association with certified copies of the opening balance sheet of such company audited by the State Accounting Service of the Borrower and a signed copy of the report of such audit.

Section 3.08. Before December 31, 1971 the Borrower shall cause each PNP to be reincorporated as a company limited by shares (*Perseroan Terbatas*) under a charter acceptable to the Association and to have duly appointed its first Supervisory Board and Board of Executive Management in accordance with Section 4.03 (b) of this Agreement.

Article IV

OTHER COVENANTS

Section 4.01. (a) The Borrower shall cause the PNP's to maintain records adequate to reflect in accordance with consistently maintained sound accounting practices their operations and financial condition.

(b) The Borrower shall cause the PNP's to: (i) have their accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Association; (ii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such year, (A) certified copies of their financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and (iii) furnish to the Association such other information concerning their accounts and financial statements and the audit thereof as the Association shall from time to time reasonably request.

Section 4.02. The Borrower shall cause PNP XII and PNP XIII to take out and maintain with responsible insurers insurance against such risks and in such amounts as shall be consistent with sound practice.

Section 4.03. (a) The Borrower shall cause the PNP's at all times to manage their affairs, maintain their financial position, plan their future expansion and carry on their operations, all in accordance with sound business, financial, agricultural and engineering practices and under the supervision of experienced and competent management, assisted by qualified staff in adequate numbers.

(b) The Borrower shall ensure that the positions of members of the Supervisory Board or the Board of Executive Management, or the position of Chief Accountant, if any, of PNP XII and PNP XIII, respectively, shall at all times be filled by qualified and experienced persons and, before an appointment is made to any such position, shall inform the Association of the name, qualifications and experience of the persons considered for appointment to such position and afford the Association a reasonable opportunity to exchange views with the Borrower on the qualifications and experience of such persons.

(c) If recommended by the Consultancy Organization, the Borrower shall cause each PNP to employ a Chief Accountant to be charged with the preparation of the budgets and accounts, and the formulation and implementation of the financial policies, of such PNP.

Section 4.04. The Borrower shall cause PNP XII and PNP XIII each:

- (a) to take all steps necessary to acquire, maintain and renew all such rights and interests in land and all such other rights, powers, privileges and franchises as are necessary or useful in the conduct of its business; and
- (b) at all times to operate and maintain its installations, tea and cinchona plantings, equipment and other property, and promptly as required make all necessary repairs and renewals thereof, all in accordance with sound business, agricultural and engineering practices.

Section 4.05. The Borrower shall cause the Tea Research Center included in the Project to be operated and maintained in accordance with sound financial and scientific practices and under the supervision of experienced and competent management, assisted by qualified and experienced tea research staff.

Section 4.06. The Borrower shall ensure that the price paid, quantity, grade and estate of origin of tea sold from its estates shall be published in the issue next following such sale of a daily commercial publication of general circulation in its territories.

Article V

CONSULTATION, INFORMATION AND INSPECTION

Section 5.01. The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Borrower and the Association shall from time to time, at the request of either party:

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Development Credit Agreement, the administration, operations and financial condition, resources and expenditures of PNP XII and PNP XIII and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof, and other matters relating to the purposes of the Credit; and
- (b) 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, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the operations and financial condition, resources and expenditures of PNP XII and PNP XIII and, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower and the Association shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, the maintenance of the service thereof, the performance by either of them of its obligations under the Development Credit Agreement or the performance by PNP XII or PNP XIII of their obligations under the Subsidiary Loan Agreements.

Section 5.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to inspect all estates, plants, installations, sites, works, buildings, property and equipment of PNP XII and PNP XIII and any relevant records and documents and to visit any part of the territories of the Borrower for purposes related to the Credit.

Article VI

TAXES AND RESTRICTIONS

Section 6.01. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.02. The Development Credit Agreement shall be free from any taxes on or in connection with the execution, delivery or registration thereof, imposed under the laws of the Borrower or laws in effect in its territories.

Section 6.03. The payment of the principal of, and service charges on, the Credit shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article VII

REMEDIES OF THE ASSOCIATION

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.03 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 by notice to the Borrower 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 to the contrary in the Development Credit Agreement notwithstanding.

Section 7.02. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

- (a) PNP XII or PNP XIII shall have been unable to pay its debts as they mature or any action or proceeding shall have been taken by PNP XII or PNP XIII or by others whereby any of the property of PNP XII or PNP XIII shall or may be distributed among its creditors.
- (b) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of PNP XII or PNP XIII or for the suspension of all or part of the operations of PNP XII or PNP XIII.
- (c) The legislation and charter under which PNP XII or PNP XIII shall have been reincorporated as a company limited by shares (*Perseroan Ter-*

batas), or any provision thereof, shall have been amended, suspended or abrogated.

Section 7.03. For the purposes of Section 7.01 of the General Conditions, the following additional event is specified, namely, that any event specified in Section 7.02 (a) or (b) of this Agreement shall occur.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions, namely, that the Borrower shall have established a program, satisfactory to the Association, for the registration of the leases of the estates of PNP XII and PNP XIII.

Section 8.02. The date September 22, 1971 is hereby specified for the purposes of Section 10.04 of the General Conditions.

Section 8.03. The obligations of the Borrower under Section 3.01 (b) and (c), and Article IV of this Agreement and the provisions of Section 7.02 of this Agreement and those of Section 7.03 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date twenty years after the date of this Agreement, whichever shall be the earlier.

Article IX

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 9.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

Section 9.02. 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

Cable address:

Ministry Finance
Djakarta

For the Association:

International Development Association
1818 H Street N.W.
Washington, D.C. 20433
United States of America

Cable address:

Indevas
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this 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 ABDUL MOEIS
Authorized Representative

International Development Association:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

WITHDRAWAL OF THE PROCEEDS OF THE CREDIT

1. The table below sets forth the categories of items to be financed out of the proceeds of the Credit, the allocation of amounts of the Credit to each category and the percentage of eligible expenditures so to be financed in each category:

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be Financed</i>
I. Machinery, equipment, vehicles and tractors, including spare parts and agricultural chemicals	9,600,000	100% of foreign expenditures and 95% of local expenditures ex-factory

<i>Category</i>	<i>Amount of the Credit Allocated (Expressed in Dollar Equivalent)</i>	<i>% of Expenditures to be financed</i>
II. Withering troughs	1,600,000	100% of foreign expenditures and 83% of local expenditures ex-factory
III. Civil works contracts for housing	350,000	15% of total expenditures (representing the estimated foreign expenditure component)
IV. Office equipment	50,000	83% of total expenditures (representing the estimated foreign expenditure component)
V. Consultants' services, research and overseas training	1,600,000	100% of foreign expenditures
VI. Unallocated	<u>1,800,000</u>	
TOTAL	<u>15,000,000</u>	

2. For the purposes of this Schedule:

(a) The term "foreign expenditures" means expenditures for goods produced in, or services supplied from, the territories, and in the currency, of any country other than the Borrower;

(b) The term "local expenditures" means expenditures for goods produced in, or services supplied from, the territories of the Borrower; and

(c) The term "total expenditures" means the aggregate of foreign expenditures and local expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures prior to the date of this Agreement, except for expenditures incurred after June 1, 1971 and included under Category V;

(b) payments for taxes imposed under the laws of the Borrower or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof. To the extent that the amount represented by the percentage set forth in the third column of the table in paragraph 1 above in respect of any Category would exceed the amount payable net of all such taxes, such percentage shall be reduced to ensure that no proceeds of the Credit will be withdrawn on account of payments for such taxes; and

(c) expenditures of either PNP until evidence satisfactory to the Association shall have been furnished to the Association:

(i) that such PNP has been reincorporated as a *Perseroan Terbatas* under a charter acceptable to the Association;

- (ii) that the first Supervisory Board and Board of Executive Management of such PNP have been duly appointed in accordance with Section 4.03 (b) of this Agreement;
- (iii) that the Borrower and such PNP shall have duly executed and delivered its Subsidiary Loan Agreement in form and substance satisfactory to the Association;
- (iv) that such PNP shall have retained the services of the organization as provided in Section 3.03 (b) of this Agreement; and
- (v) that an opinion or opinions satisfactory to the Association of counsel acceptable to the Association shall be furnished to the Association showing:
 - (1) that such PNP is a company limited by shares (*Perseeroan Terbatas*) duly organized and operating under the laws of the Borrower;
 - (2) that the appointments referred to in (ii) above have been validly made; and
 - (3) that the Subsidiary Loan Agreement of such PNP has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and constitutes a valid and binding obligation of such parties in accordance with its terms.

4. Notwithstanding the allocation of an amount of the Credit set forth in the second column of the table in paragraph 1 above:

- (a) if the estimate of the expenditures under any Category shall decrease, the amount of the Credit then allocated to such Category and no longer required therefor will be reallocated by the Association by increasing correspondingly the unallocated amount of the Credit;
- (b) if the estimate of the expenditures under any Category shall increase, the percentage set forth in the third column of the table in paragraph 1 above in respect of such expenditures shall be applied to the amount of such increase, and a corresponding amount will be allocated by the Association, at the request of the Borrower, to such Category from the unallocated amount of the Credit, subject, however, to the requirements for contingencies, as determined by the Association, in respect of any other expenditures.

5. Notwithstanding the percentages set forth in the third column of the table in paragraph 1 above, if the estimate of local expenditures under Category I or II or of total expenditures under Category III or IV shall increase and no proceeds of the Credit are available for reallocation to such Category, the Association may, by notice to the Borrower, adjust the percentage then applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made.

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project forms part of the Borrower's program for rehabilitation and development of its tea industry and consists of the following parts:

Part A.

- (1) Tea research, including the establishment near Bandung of a 300 ha. tea research center to serve the Borrower's tea industry; and
- (2) A survey of the smallholder and private estate tea industries.

Part B.

The rehabilitation and development of the estates of PNP XII and PNP XIII, consisting of:

- (1) Rehabilitation of about 21,000 ha. of existing tea gardens through an intensive three-year program of fertilizer application, based on leaf analysis and other available data, and weed eradication with chemical weedkiller and accompanied by pest and disease control;
- (2) New tea planting on about 2,300 ha.;
- (3) New cinchona planting (covering about 1,100 ha.) on two estates of PNP XII, including the provision of some preprocessing equipment;
- (4) Rehabilitation and development of green leaf transport and handling facilities, including rehabilitation of estate and feeder roads and replacement of transport equipment;
- (5) Rehabilitation of tea factories through repair and renewal of worn-out and obsolete machinery, including power equipment, with some factory reconstruction; consolidation and expansion of tea factories to accommodate planned crop increase; and provision of a small amount of office equipment;
- (6) Improvement and addition to labor housing;
- (7) Preparation of comprehensive replanting programs; and
- (8) Management assistance and staff training.

The estates and crops included in Part B of the Project are listed in the Annex to this Schedule.

The Project is expected to be completed by December 31, 1977.

ANNEX

PROJECT ESTATES

PNP XII

<i>Estate</i>	<i>Area in ha.</i>	<i>Crop</i>
Bukittinggul	771	cinchona
Bungamelur	1,503	cinchona
Gedeh	1,053	tea
Goalpara	1,616	tea
Gunung Mas	1,396	tea
Montaja	845	tea
Pangheotan	985	tea
Pasir Nangka	5,111	tea
Rantjabolang	1,750	tea
Rantjasuni	2,137	tea
Rongga	2,973	tea
Sperata Sinumbra	2,330	tea
Tjikopo Selatan	1,151	tea
Tjibitu	1,726	tea

PNP XIII

<i>Estate</i>	<i>Area in ha.</i>	<i>Crop</i>
Dajeuh Manggung	804	tea
Kertamanah	780	tea
Malabar	1,724	tea
Papandajan	1,928	tea
Pasir Junghuhn	618	tea
Pasir Malang	1,459	tea
Purbasari	1,012	tea
Santosa	1,289	tea
Sedep	2,519	tea
Talun	963	tea
Tjinjiruan	1,418	tea
Tjisaruni	1,700	tea

SCHEDULE 3

PROCUREMENT

1. With respect to any contract estimated to cost the equivalent of \$100,000 or more:

(a) Before bids are invited, the Borrower shall furnish to the Association, for its comments, the text of the invitations to bid and the specifications and other bidding documents, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents or procedures as the Association shall reasonably request. Any further modification to the bidding documents shall require the Association's concurrence before it is issued to the prospective bidders.

(b) After bids have been received and evaluated, the Borrower shall, before a final decision on the award is made, inform the Association of the name of the bidder to whom it intends to award the contract and shall furnish to the Association, in sufficient time for its review, the evaluation and comparison of the bids received, the reasons for the intended award and the comment thereon of the inspection service referred to in Section 3.03 (b) of this Agreement. The Association shall promptly inform the Borrower whether it has any objection to the intended award on the ground that it would be inconsistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 2.03 of this Agreement or with the Development Credit Agreement, and shall state the reasons for any objections it may have.

(c) If the contract shall be awarded over the Association's reasonable objection, or if its terms and conditions shall, without the Association's concurrence, materially differ from those on which bids were asked, no expenditures thereunder shall be financed out of the proceeds of the Credit.

(d) Two copies of the contract shall be furnished to the Association promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract.

2. With respect to any other contract, the Borrower shall furnish to the Association, promptly after its execution and prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of any such contract, two conformed copies of such contract, as well as a copy of the record of public opening of bids and the bid evaluation report. The Association shall promptly inform the Borrower if it finds that the award of the contract is not consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits* referred to in Section 2.03 of this Agreement or with the Development Credit Agreement and, in such event, no expenditure under such contract shall be financed out of the proceeds of the Credit.

3. *Evaluation of Foreign and Local Bids for Goods*

For the purpose of evaluating bids, bid prices for all contracts for goods shall be determined in accordance with the following rules:

(a) The term Local Bid means any bid submitted by any manufacturer, established in the territories of the Borrower, for such goods manufactured or processed to a substantial extent (as determined by the Association) in the territories of the Borrower; any other bid shall be deemed to be a Foreign Bid.

(b) The bid price under a Local Bid shall be determined by adding the following amounts:

- (i) an amount representing the ex-factory price thereof; and
- (ii) an amount representing domestic freight, insurance and other costs of delivery of the goods to the place of their use or installation.

(c) For the purpose of comparing any Foreign Bid with any Local Bid the bid price under a Foreign Bid shall be the sum of the following amounts:

- (i) an amount representing the c.i.f. landed price of such goods net of any taxes on their importation, or, in the case of a Foreign Bid for goods manufactured or processed in the territories of the Borrower, the ex-factory price of such goods;
- (ii) an amount representing any taxes on the importation of the goods into the territories of the Borrower which generally apply to non-exempt importers, or 15% of the amount specified in (c) (i) above, whichever shall be the lower; and
- (iii) an amount representing domestic freight, insurance and other costs of delivery of the goods to the place of their use or installation.

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.*]