

No. 17299

---

**UNITED STATES OF AMERICA  
and  
INDONESIA**

**Loan Agreement relating to the family planning oral contraceptive project (with annex). Signed at Jakarta on 24 January 1977**

*Authentic text: English.*

*Registered by the United States of America on 24 November 1978.*

---

**ÉTATS-UNIS D'AMÉRIQUE  
et  
INDONÉSIE**

**Accord de prêt relatif à un projet de planification de la famille faisant appel à des produits anticonceptionnels à absorber par voie orale (avec annexe). Signé à Jakarta le 24 janvier 1977**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 24 novembre 1978.*

LOAN AGREEMENT<sup>1</sup> (*INDONESIA: FAMILY PLANNING ORAL CONTRACEPTIVE PROJECT*) BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA

A.I.D. Loan No. 497-U-045

Dated: January 24, 1977

TABLE OF CONTENTS

<i>Article and Section</i>	<i>Title</i>	<i>Article and Section</i>	<i>Title</i>
Article I.	The Loan	Article V.	Procurement
Section 1.01.	The Loan	Section 5.01.	Procurement and source and origin
Section 1.02.	The Project	Section 5.02.	Eligibility date
Article II.	Loan terms	Section 5.03.	Implementation of procurement requirements
Section 2.01.	Interest	Section 5.04.	Plans, specifications, and contracts
Section 2.02.	Repayment	Section 5.05.	Reasonable price
Section 2.03.	Application, currency and place of payment	Section 5.06.	Shipping and insurance
Section 2.04.	Prepayment	Section 5.07.	Notification to potential suppliers
Section 2.05.	Renegotiation of the terms of the Loan	Section 5.08.	Information and marking
Article III.	Conditions precedent to disbursement	Article VI.	Disbursements
Section 3.01.	Conditions precedent to initial disbursement	Section 6.01.	Disbursement for foreign exchange costs—Letters of Commitment to United States banks
Section 3.02.	Conditions precedent to disbursement for procurement of materials for local production of oral contraceptives	Section 6.02.	Other forms of disbursement
Section 3.03.	Terminal dates for meeting conditions precedent to initial disbursement	Section 6.03.	Date of disbursement
Section 3.04.	Notification of meeting of conditions precedent to disbursement	Section 6.04.	Terminal date for disbursement
Article IV.	General covenants and warranties	Article VII.	Cancellation and suspension
Section 4.01.	Execution of the Project	Section 7.01.	Cancellation by the Borrower
Section 4.02.	Funds and other resources to be provided by Borrower	Section 7.02.	Events of default; acceleration
Section 4.03.	Continuing consultations	Section 7.03.	Suspension of disbursement
Section 4.04.	Utilization of goods and services	Section 7.04.	Cancellation by A.I.D.
Section 4.05.	Taxation	Section 7.05.	Continued effectiveness of Agreement
Section 4.06.	Completeness of information	Section 7.06.	Refunds
Section 4.07.	Other payments	Section 7.07.	Expenses of collection
Section 4.08.	Reports, records, inspections, audit	Section 7.08.	Nonwaiver of remedies
		Article VIII.	Miscellaneous
		Section 8.01.	Communications
		Section 8.02.	Representatives
		Section 8.03.	Implementation Letters
		Section 8.04.	Promissory notes
		Section 8.05.	Termination upon full payment
		Annex 1.	Project description

<sup>1</sup> Came into force on 24 January 1977 by signature.

## LOAN AGREEMENT

LOAN AGREEMENT dated January 24, 1977, between the REPUBLIC OF INDONESIA (“Borrower”) and the UNITED STATES OF AMERICA (“United States”) acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT (“A.I.D.”).

### Article I. THE LOAN

*Section 1.01.* THE LOAN. A.I.D. agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount not to exceed seven million three hundred thousand United States dollars (\$7,300,000) (“Loan”) to assist the Borrower in carrying out the Project defined in section 1.02. The Loan shall be used exclusively to assist in financing the foreign exchange costs of goods and related services required for the Project. The aggregate amount of disbursements under the Loan is hereinafter referred to as “Principal.”

*Section 1.02.* THE PROJECT. The “Project” is designed to provide assistance to the family-planning program within the Republic of Indonesia. The A.I.D. loan funds will be available for financing both the procurement costs of oral contraceptives in finished dosage form as well as the procurement costs of materials for the manufacture of oral contraceptives within Indonesia. The Project is more fully described in annex I, attached hereto and made a part hereof, which annex may be modified within the limits of the aforesaid definition of the Project by agreement of the Parties in writing without a formal amendment of this Agreement. The Project will be implemented by the National Family Planning Coordinating Board (BKKBN).

### Article II. LOAN TERMS

*Section 2.01.* INTEREST. The Borrower shall pay to A.I.D. interest which shall accrue at the rate of 2% per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of 3% per annum thereafter on the outstanding balance of the Principal and on any due and unpaid interest. Interest on the outstanding principal balance shall accrue from the date of each respective disbursement (as such date is defined in section 6.04) and shall be computed on the basis of a 365-day year. Interest on any unpaid interest shall accrue from the date such unpaid interest became due and payable. Interest shall be payable semi-annually. The first payment of interest shall be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

*Section 2.02.* REPAYMENT. The Borrower shall repay to A.I.D. the principal within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual installments of principal and interest. The first installment of principal shall be payable nine and one-half (9½) years after the date on which the first interest payment is due, in accordance with section 2.01. A.I.D. shall provide the Borrower with an amortization schedule in accordance with this section after the final disbursement under the Loan.

*Section 2.03.* APPLICATION, CURRENCY, AND PLACE OF PAYMENT. All payments of interest and principal hereunder shall be made in United States dollars and shall be applied first to the payment of interest due and then to the repayment of principal. Except as A.I.D. may otherwise specify in writing, all such payments shall be made to the Controller, Agency for International Development, Washington, D.C., U.S.A., and shall be deemed made when received by the office of the Controller.

*Section 2.04.* PREPAYMENT. Upon payment of all interest and refunds then due, the Borrower may prepay, without penalty, all or any part of the principal. Any such

prepayment shall be applied to the installments of principal in the inverse order of their maturity.

*Section 2.05. RENEGOTIATION OF THE TERMS OF THE LOAN.* The Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the country of the Borrower.

#### *Article III. CONDITIONS PRECEDENT TO DISBURSEMENT*

*Section 3.01. CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT.* Unless A.I.D. otherwise agrees in writing, prior to the first disbursement or to the issuance of the first Letter of Commitment or other commitment document under the Loan, the Borrower shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) An opinion of the Minister of Justice of the Borrower that this Loan Agreement has been duly authorized or ratified by, and executed on behalf of, the Borrower and is a valid and legally binding obligation of the Borrower in accordance with its terms;
- (b) A statement of the names of the persons holding or acting in the office of the Borrower, specified in section 8.02, and a specimen signature of each person specified in such statement;
- (c) Written assurance that the estimated annual expenditures for each year during which the Project is being conducted (other than the U.S. dollar costs to be financed under the Loan) will be made available to permit the work of the Project to proceed on a timely basis.

*Section 3.02. CONDITIONS PRECEDENT TO DISBURSEMENT FOR PROCUREMENT OF MATERIALS FOR LOCAL PRODUCTION OF ORAL CONTRACEPTIVES.* Prior to any disbursement or to the issuance of any Letter of Commitment, or other commitment document, under the Loan for the procurement of materials for the production of oral contraceptives within Indonesia, the Borrower shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D. evidence that the Borrower has made adequate arrangements for the production of oral contraceptives in Indonesia for the Project.

*Section 3.03. TERMINAL DATES FOR MEETING CONDITIONS PRECEDENT TO INITIAL DISBURSEMENT.* If all of the conditions specified in section 3.01 shall not have been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by giving written notice to the Borrower. Upon giving of such notice, this Agreement and all obligations of the Parties hereunder shall terminate.

*Section 3.04. NOTIFICATION OF MEETING OF CONDITIONS PRECEDENT TO DISBURSEMENT.* A.I.D. shall notify the Borrower upon determination by A.I.D. that the conditions precedent to disbursement specified in section 3.01 and section 3.02 have been met.

#### *Article IV. GENERAL COVENANTS AND WARRANTIES*

*Section 4.01. EXECUTION OF THE PROJECT.* (a) The Borrower shall carry out the Project with due diligence and efficiency, and in conformity with sound technical, financial and management practices.

(b) The Borrower shall cause the Project to be carried out in conformity with all of the plans, specifications, contracts, schedules, or other arrangements, including any modifications therein, duly approved by A.I.D. pursuant to this Agreement.

(c) The Borrower shall provide qualified and experienced management and train such staff as may be appropriate for the operation of the Project, and shall cause the Project to be operated and maintained in such manner as to assure the successful achievement of the purpose of the Project.

*Section 4.02. FUNDS AND OTHER RESOURCES TO BE PROVIDED BY BORROWER.* The Borrower shall provide promptly as needed all funds, in addition to the Loan, and all other resources required for the punctual and effective carrying out of the Project. It is further understood that Borrower shall contribute a minimum of 25% of the costs of the entire Project.

*Section 4.03. CONTINUING CONSULTATIONS.* The Borrower and A.I.D. shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower and A.I.D. shall, from time to time, at the request of either Party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under this Agreement, the performance of consultants, contractors, and suppliers and any other matters relating to the implementation of the Project.

*Section 4.04. UTILIZATION OF GOODS AND SERVICES.* (a) Any goods and services financed under the Loan shall be used exclusively for the Project until completion of the Project, except as A.I.D. may otherwise agree in writing. Upon completion of the Project, the Borrower may use such goods and services so as to further the objectives sought in carrying out the Project.

(b) Except as A.I.D. may otherwise agree in writing, no goods or services financed under the Loan shall be used to promote or assist any foreign aid project or activity associated with or financed by any country not included in code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

*Section 4.05. TAXATION.* (a) This Agreement and the Loan will be free from, and the principal and interest will be paid free from, any taxation or fees imposed under laws in effect in the territory of the Borrower.

(b) To the extent that (1) any foreign contractor, including any foreign consulting firm, any foreign personnel of such contractor financed under the Loan, and any property or transactions relating to such contracts and (2) any import commodity procurement transaction financed under the Loan are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Borrower, the Borrower will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Loan.

*Section 4.06. COMPLETENESS OF INFORMATION.* The Borrower confirms:

- (a) That the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Loan, are accurate and complete, and include all facts and circumstances that might materially affect the Project and discharge of Borrower's obligations under this Agreement;
- (b) That it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of Borrower's obligations under this Agreement.

*Section 4.07. OTHER PAYMENTS.* Borrower affirms that no payments have been or will be received by any official of the Borrower in connection with the procurement of goods or services financed under the Loan except fees, taxes, or similar payments legally established in the country of the Borrower.

*Section 4.08. REPORTS, RECORDS, INSPECTIONS, AUDIT.* The Borrower will:

- (a) Furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;
- (b) Maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to both the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Loan; such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and
- (c) Afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed under the Loan, and books, records and other documents relating to the Project and the Loan.

#### Article V. PROCUREMENT

*Section 5.01. PROCUREMENT AND SOURCE AND ORIGIN.* Except as A.I.D. may otherwise agree in writing, the source and origin of goods and services financed under the Loan shall be in countries included in code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts are entered into for such goods and services. All ocean shipping financed under the Loan shall have its source and origin in countries included in code 941 of the A.I.D. Geographic Code Book as in effect at the time of shipment.

*Section 5.02. ELIGIBILITY DATE.* Except as A.I.D. may otherwise agree in writing, no goods or services may be financed under the Loan which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

*Section 5.03. IMPLEMENTATION OF PROCUREMENT REQUIREMENTS.* The definitions applicable to the eligibility requirements of section 5.01 will be set forth in detail in Implementation Letters.

*Section 5.04. PLANS, SPECIFICATIONS, AND CONTRACTS.* In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Borrower will furnish to A.I.D. upon preparation:

- (1) Any plans, specifications, procurement schedules, contracts, requests for bids and proposals, or other documentation, including material modifications thereof, relating to goods or services to be financed under the Loan;
- (2) The documentation above referred to in subsection (a) (1) relating to any goods or services which, though not financed under the Loan, are deemed by A.I.D. to be of major importance to the Project; such goods and services will be identified in Implementation Letters.

(b) The documentation above referred to in subsection (a) (1) will be duly approved by A.I.D. in writing prior to their issuance.

(c) Contracts, including material modifications thereof, financed under the Loan for goods and related services will be duly approved by A.I.D. in writing prior to execution of the contract.

*Section 5.05. REASONABLE PRICE.* No more than reasonable prices shall be paid for any goods or services financed, in whole or in part, under the Loan, as more fully described in Implementation Letters. Such items shall be procured in a fair and, except for professional services, on a competitive basis in accordance with procedures therefor prescribed in Implementation Letters.

*Section 5.06. SHIPPING AND INSURANCE.* (a) Goods financed under the Loan may not be transported to the country of the Borrower on flag carriers of any country not included in code 935 of the A.I.D. Geographic Code as in effect at the time of shipment.

(b) At least fifty percent (50%) of the gross tonnage of all goods financed under the Loan (computed separately for dry bulk carriers, dry cargo liners, and tankers), which shall be transported on ocean vessels, shall be transported on privately owned United States-flag commercial vessels unless A.I.D. shall determine that at the time of shipment such vessels are not available, or if available, not available at fair and reasonable rates for United States-flag commercial vessels. In addition, unless A.I.D. makes the determination of unavailability noted above, at least fifty percent (50%) of the gross freight revenue generated by all shipments financed under the Loan, which shall be transported on dry cargo liners, shall be paid to or for the benefit of privately owned United States-flag commercial vessels. No such goods may be transported on any ocean vessel (or aircraft) (i) which A.I.D., in a notice to the Borrower, has designated as ineligible to carry A.I.D.-financed goods or (ii) which has been chartered for the carriage of A.I.D.-financed goods unless such charter has been approved by A.I.D.

(c) Marine insurance on goods financed under the Loan may also be financed under the Loan with disbursements made pursuant to section 6.01, provided (i) such insurance is placed at the lowest available competitive rate in Indonesia or in a country included in code 941 of the A.I.D. Geographic Code Book as in effect at the time of placement and (ii) claims thereunder are payable in the currency in which such goods were financed. If the Government of the Borrower, by statute, decree, rule, regulation, or practice, discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the country of the Borrower financed under the Loan shall be insured against marine risks and such insurance shall be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(d) The Borrower shall insure, or cause to be insured, all goods financed under the Loan against risks incident to their transit to the point of entry in Indonesia and, except as A.I.D. may otherwise agree in writing, to the point of their use in the Project. Such insurance shall be issued upon terms and conditions consistent with sound commercial practice, shall insure the full value of the goods, and shall be payable in the currency in which such goods were financed. Any indemnification received by the Borrower under such insurance shall be used to replace or repair any material damage or any loss of the goods insured or shall be used to reimburse the Borrower for the replacement or repair of such goods. Any such replacements shall have both their source and origin in countries included in code 941 of the A.I.D. Geographic Code Book and shall be otherwise subject to the provisions of this Agreement.

*Section 5.07. NOTIFICATION TO POTENTIAL SUPPLIERS.* In order that all United States firms shall have the opportunity to participate in furnishing goods and services to be financed under the Loan, the Borrower shall furnish to A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Implementation Letters.

*Section 5.08. INFORMATION AND MARKING.* Borrower shall give publicity to the Loan and the Project as a program of United States aid, identify the Project site(s), and provide other markings or publicity as prescribed in Implementation Letters.

#### *Article VI. DISBURSEMENTS*

*Section 6.01. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS — LETTERS OF COMMITMENT TO UNITED STATES BANKS.* Upon satisfaction by the Borrower of conditions precedent, the Borrower may, from time to time, request A.I.D. to issue Letters of Commitment for specified amounts to one or more United States banks, designated by

Borrower and satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, through the use of Letters of Credit or otherwise, for foreign exchange costs of goods and services procured for the Project in accordance with the terms and conditions of this Agreement. Payment by a bank to a contractor or supplier will be made by the bank upon presentation of such supporting documentation as A.I.D. may prescribe in Letters of Commitment and Implementation Letters. Banking charges incurred in connection with Letters of Commitment and Letters of Credit shall be for the account of the Borrower and may be financed under the Loan.

*Section 6.02. OTHER FORMS OF DISBURSEMENT.* Disbursement of the Loan may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

*Section 6.03. DATE OF DISBURSEMENT.* Disbursements by A.I.D. shall be deemed to occur (a) on the date on which A.I.D. makes a disbursement pursuant to section 6.01 to the Borrower, to its designee, or to a banking institution pursuant to a Letter of Commitment; or (b) in the case of disbursements made pursuant to section 6.02, on the date on which A.I.D. makes a disbursement pursuant to the terms of such other disbursement documents.

*Section 6.04. TERMINAL DATE FOR DISBURSEMENT.* Except as A.I.D. may otherwise agree in writing, no Letter of Commitment or other document making a commitment for payment will be issued or amended pursuant to requests received by A.I.D. after three years and nine months next succeeding the date of execution of this Agreement, and no disbursement will be made against documentation received by A.I.D. or any bank making payments hereunder after four years next succeeding the date of execution of this Agreement. After the latter date, A.I.D. may at any time or times reduce the amount of the Loan by all or any part thereof for which documentation was not received by such date.

#### *Article VII. CANCELLATION AND SUSPENSION*

*Section 7.01. CANCELLATION BY THE BORROWER.* The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan (i) which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse or (ii) which has not then been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit.

*Section 7.02. EVENTS OF DEFAULT; ACCELERATION.* If any one or more of the following events (Events of Default) shall occur:

- (a) The Borrower shall have failed to pay when due any interest or installment of principal required under this Agreement,
- (b) The Borrower shall have failed to comply with any other provision of this Agreement, including, but without limitation, the obligation to carry out the Project with due diligence and efficiency,
- (c) The Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other loan agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and A.I.D. or any of its predecessor agencies,

then A.I.D. may, at its option, give to the Borrower notice that all or any part of the unpaid principal shall be due and payable sixty (60) days thereafter, and, unless the event of default is cured within such sixty (60) days:



- (i) Such unrepaid principal and any accrued interest hereunder shall be due and payable immediately; and
- (ii) The amount of any further disbursements made under then outstanding irrevocable Letters of Credit or otherwise shall become due and payable as soon as made.

*Section 7.03.* SUSPENSION OF DISBURSEMENT. In the event that at any time:

- (a) An event of default has occurred,
- (b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this agreement,
- (c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D., or
- (d) The Borrower shall have failed to pay when due any interest or any installment of principal or any other payment required under any other Loan Agreement, any guaranty agreement, or any other agreement between the Borrower or any of its agencies and the Government of the United States or any of its agencies,

then A.I.D. may, at its option:

- (i) Suspend or cancel outstanding commitment documents to the extent that they have not been utilized through the issuance of irrevocable Letters of Credit or through bank payments made other than under irrevocable Letters of Credit, in which event A.I.D. shall give notice to the Borrower promptly thereafter;
- (ii) Decline to make disbursements other than under outstanding commitment documents;
- (iii) Decline to issue additional commitment documents;
- (iv) At A.I.D.'s expense, direct that title to goods financed under the Loan shall be transferred to A.I.D. if the goods are from a source outside the country of the Borrower, are in a deliverable state and have not been offloaded in ports of entry of the country of the Borrower, in which event A.I.D. shall give notification to the Borrower promptly thereafter; any disbursement made or to be made under the Loan with respect to such transferred goods shall be deducted from principal.

*Section 7.04.* CANCELLATION BY A.I.D. Following any suspension of disbursements pursuant to section 7.03, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then either disbursed or subject to irrevocable Letters of Credit.

*Section 7.05.* CONTINUED EFFECTIVENESS OF AGREEMENT. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all principal and any accrued interest hereunder.

*Section 7.06.* REFUNDS. (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D. notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within sixty (60) days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement,

A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five (5) years following the date of such disbursement.

(b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any third party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder to be applied to the installments of principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder.

*Section 7.07. EXPENSES OF COLLECTION.* All reasonable costs incurred by A.I.D., other than salaries of its staff, in connection with the collection of any refund or in connection with amounts due A.I.D. by reason of the occurrence of any of the events specified in section 7.02 may be charged to the Borrower and reimbursed to A.I.D. in such manner as A.I.D. may specify.

*Section 7.08. NONWAIVER OF REMEDIES.* No delay in exercising or omission to exercise any right, power, or remedy accruing to A.I.D. under this Agreement shall be construed as a waiver of any such rights, powers, or remedies.

#### *Article VIII. MISCELLANEOUS*

*Section 8.01. COMMUNICATIONS.* Any notice, request, document, or other communication given, made, or sent by the Borrower or A.I.D. pursuant to this Agreement shall be in writing or by telegram, cable or radiogram and shall be deemed to have been duly given, made, or sent to the Party to which it is addressed when it shall be delivered to such Party by hand or by mail, telegram, cable, or radiogram at the following addresses:  
To Borrower:

Mail address:

Departemen Luar Negeri  
Taman Pejambon 6  
Jakarta, Indonesia

Cable address:

Deplu Jakarta

To A.I.D.:

Mail address:

United States Agency for International  
Development  
American Embassy  
Jakarta, Indonesia

Cable address:

USAID AMEMB, Jakarta

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder shall be in the English language, except as A.I.D. may otherwise agree in writing.

*Section 8.02. REPRESENTATIVES.* For all purposes relative to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Chairman or Vice Chairman, National Development Planning Agency (BAPPENAS), and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, USAID Mission to Indonesia. Such individuals shall have the authority to designate additional representatives by written notice. In the event of any replacement or other designation of a representative hereunder, Borrower shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to A.I.D.

Upon receipt by A.I.D. of written notice of revocation of the authority of any of the duly authorized representatives of the Borrower designated pursuant to this section, it may accept the signature of any such representative or representatives on any instrument as conclusive evidence that any action effected by such instrument is duly authorized.

*Section 8.03. IMPLEMENTATION LETTERS.* A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Agreement.

*Section 8.04. PROMISSORY NOTES.* At such time or times as A.I.D. may request, the Borrower shall issue promissory notes or such other evidences of indebtedness with respect to the Loan, in such form, containing such terms and supported by such legal opinions as A.I.D. may reasonably request.

*Section 8.05. TERMINATION UPON FULL PAYMENT.* Upon payment in full of the Principal and of any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under this Loan Agreement shall terminate.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its respective duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

United States of America:

*By: [Signed]*  
DAVID D. NEWSOM  
Ambassador  
to Indonesia

Republic of Indonesia:

*By: [Signed]*  
ADAM MALIK  
Minister for Foreign Affairs  
of the Republic of Indonesia

## ANNEX 1

### [PROJECT DESCRIPTION]

The purpose of this Project is to assist the Indonesian National Family Planning Program by providing funds for approximately forty-two (42) million cycles of oral contraceptives (OCs) to be made available in calendar year 1978 for consumption through the national program in calendar year 1979.

The Project will be implemented by the Government of Indonesia's National Family Planning Coordinating Board (BKKBN), which is responsible for the coordination of family-planning activities in Indonesia.

This Project will provide financing for OCs either as finished cycles imported from the United States or in the form of compounds and packaging materials of Indonesian tableting and packaging. The funding by A.I.D. of the compounds and packaging materials is contingent upon compliance with the conditions set forth in section 3.02 of the Loan Agreement.

Unless otherwise agreed to in writing by both Parties, upon execution of the Loan Agreement, A.I.D. will act as the agent for the BKKBN for the purpose of procuring the finished OCs either directly or through the United States Government's General Services Administration (GSA). Loan funds will be utilized for the payment of the cost of the OCs. The finished OCs will be delivered to Indonesia and distributed by the BKKBN for use in the national family-planning program through outlets on Java and Bali and the other provinces in the Outer Islands.

It is also planned to procure the compounds and packaging materials for Indonesian tableting and packaging of OCs through the procedure described above. These compounds and packaging will be delivered to the Indonesian OC production facility for tableting and packaging and thereafter delivered to the BKKBN for distribution.

This Loan constitutes an integral part of the ongoing A.I.D. grant financing to BKKBN for the Family-Planning Development Services Project, which assists the BKKBN in promoting and increasing the effectiveness of the family-planning program.