

No. 6003

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
REPUBLIC OF CHINA**

Development Credit Agreement—*Harbor Dredging Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Province of Taiwan). Signed at Washington, on 30 August 1961

Official text: English.

Registered by the International Development Association on 14 December 1961.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
RÉPUBLIQUE DE CHINE**

Contrat de crédit de développement — *Projet de dragage de ports* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au projet entre l'Association et la Province de Taïwan). Signé à Washington, le 30 août 1961

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 14 décembre 1961.

No. 6003. DEVELOPMENT CREDIT AGREEMENT¹ (*HARBOR DREDGING PROJECT*) BETWEEN THE REPUBLIC OF CHINA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 30 AUGUST 1961

AGREEMENT, dated August 30, 1961, between THE REPUBLIC OF CHINA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961² (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. Wherever used in this Agreement or in any schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

(a) The term "Province" means the Province of Taiwan, a political subdivision of the Borrower.

(b) The term "Project Agreement"² means the agreement between the Association and the Province of even date herewith, providing for the carrying out of the Project.

(c) The term "Subsidiary Loan Agreement" means the loan agreement between the Borrower and the Province referred to in Section 4.01.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to two million two hundred thousand dollars (\$2,200,000).

¹ Came into force on 27 November 1961, upon notification by the Association to the Government of the Republic of China.

² See p. 190 of this volume.

Section 2.02. 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. 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.

Section 2.03. Notwithstanding the first sentence of Section 4.01 of the Regulations and except as the Borrower and the Association shall otherwise agree :

(a) The Borrower shall be entitled to withdraw from the Credit Account (i) amounts expended for the reasonable cost of goods to be financed out of the proceeds of the Credit, and (ii) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods.

(b) No withdrawals shall be made on account of (i) expenditures prior to the date of this Agreement or (ii) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

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. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding from time to time of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be paid semi-annually on March 15 and September 15 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 March 15 and September 15 commencing March 15, 1972 and ending September 15, 2011, each instalment to and including the instalment payable on September 15, 1981, 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.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 1¹ to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods

¹ See p. 186 of this volume.

shall be determined by agreement among the Borrower, the Province and the Association, subject to modification by further agreement among them.

Section 3.02. The Project will be carried out by the Province in accordance with the Project Agreement.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall relend the proceeds of the Credit to the Province pursuant to a loan agreement (the Subsidiary Loan Agreement) between the Borrower and the Province, containing terms and conditions satisfactory to the Association.

Section 4.02. The Borrower shall cause the Province punctually to perform all its obligations under the Project Agreement and the Subsidiary Loan Agreement.

Section 4.03. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit and to disclose the use thereof in the Project ; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents ; 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, the Project, and the goods.

Section 4.04. (a) The Borrower shall at all times make or cause to be made available to the Province, promptly as needed, all sums and other resources which shall be required for the carrying out of the Project.

(b) The Borrower shall take all action necessary to enable the Province to carry out the Project and all its other obligations under the Project Agreement and shall not take any action that might interfere with the performance by the Province of all its obligations thereunder.

Section 4.05. Except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

Section 4.06. (a) The Borrower and the Association shall cooperate fully to assure 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 4.07. 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 4.08. This 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, issue, delivery or registration thereof.

Article V

REMEDIES OF THE ASSOCIATION

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 or in Section 5.02 of this Agreement 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 the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

Section 5.02. The following additional event is specified for the purposes of Section 5.02 (f) of the Regulations : a default shall have occurred in the performance of any covenant or agreement on the part of the Province under the Project Agreement.