

No. 6009

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
REPUBLIC OF CHINA**

Development Credit Agreement—*Taipei Regional Water Supply Project* (with related letters and annexed Development Credit Regulations No. 1). Signed at Washington, on 6 September 1961

Official text: English.

Registered by the International Development Association on 18 December 1961.

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

Contrat de crédit de développement — *Projet relatif à l'approvisionnement en eau de la région de Taïpeh* (avec lettres y relatives et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 6 septembre 1961

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 18 décembre 1961.

No. 6009. DEVELOPMENT CREDIT AGREEMENT¹ (*TAIPEI REGIONAL WATER SUPPLY PROJECT*) BETWEEN THE REPUBLIC OF CHINA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 6 SEPTEMBER 1961

AGREEMENT, dated September 6, 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 "Taipei Water Works" means the Taipei Water Works, a local public water supply agency established by the Taipei Municipal Government in accordance with the provisions of Regulations Regarding the Establishment of Prefecture and City Water Works of the Province of Taiwan promulgated on July 20, 1954, as revised on July 23, 1955, December 12, 1958 and June 24, 1959.

(b) The term "Subsidiary Loan Agreement" means the loan agreement between the Borrower and Taipei Water Works referred to in Section 4.01.

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

² See p. 266 of this volume.

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 four million four hundred thousand dollars (\$4,400,000).

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 March 31, 1961 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 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 shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall enter into a Subsidiary Loan Agreement with Taipei Water Works satisfactory to the Association, providing for the relending of the proceeds of the Credit to Taipei Water Works and containing appropriate provisions with respect to the financing and carrying out of the Project. Such Subsidiary Loan Agreement shall not be amended, assigned or abrogated, nor shall any material waiver of any provision thereof be given, without the consent of the Association.

(b) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering, financial and public utility practices.

Section 4.02. The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans and specifications and construction schedules for the Project and any material modification subsequently made therein, in such detail as the Association shall from time to time request.

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, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices all financial transactions between the Borrower and Taipei Water Works and the operations and financial condition of Taipei Water Works; shall enable the Association's representatives to inspect the Project, the goods, all facilities operated by Taipei Water Works 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

¹ See p. 266 of this volume.

concerning the expenditure of the proceeds of the Credit, the Project, the goods, all financial transactions between the Borrower and Taipei Water Works, and the operations and financial condition of Taipei Water Works.

Section 4.04. The Borrower shall at all times make or cause to be made available to Taipei Water Works, promptly as needed, all funds which shall be required for the carrying out of the Project, upon terms and conditions satisfactory to the Association.

Section 4.05. The Borrower shall promptly and effectively exercise every power, right and recourse available to it to cause Taipei Water Works to perform punctually all its obligations under the Subsidiary Loan Agreement.

Section 4.06. The Borrower shall take or cause to be taken all necessary action to assure that Taipei Water Works shall at all times maintain water rates adequate to provide sufficient revenue :

(a) to cover operating expenses, including taxes, if any, and interest payments on borrowings, and to provide for adequate maintenance and depreciation based on realistic valuations of assets;

(b) to meet repayments on long-term indebtedness to the extent that any such repayments exceed the provisions for depreciation;

(c) to finance the normal year to year extensions of the water supply system and to provide a reasonable part of the cost of future major expansion.

Section 4.07. The Borrower shall cause Taipei Water Works to operate, maintain, repair and renew its plants, equipment and property in accordance with sound engineering standards and to conduct its operations and maintain its financial position in accordance with sound business and public utility practices.

Section 4.08. (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 pur-