

No. 9653

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
INDONESIA**

**Development Credit Agreement—*Technical Assistance Project*
(with annexed Credit Regulations No. 1, as amended). Signed
at Washington on 27 December 1968**

Authentic text: English.

Registered by the International Development Association on 23 June 1969.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
INDONÉSIE**

Contrat de crédit de développement — *Projet relatif à une assistance technique* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 27 décembre 1968

Texte authentique: anglais.

Enregistré par l'Association internationale de développement le 23 juin 1969.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated December 27, 1968 between REPUBLIC OF INDONESIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

CREDIT REGULATIONS; SPECIAL DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961, as amended February 9, 1967² (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. 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 two million dollars (\$2,000,000).

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.

¹ Came into force on 17 March 1969, upon notification by the Association to the Government of Indonesia.

² See p. 390 of this volume.

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations and in accordance with the 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 costs 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 April 1, 1979 and ending October 1, 1988, each instalment to and including the instalment payable on October 1, 1988 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 3.02 of the Regulations.

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