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No. 9879

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
INDONESIA**

**Exchange of notes constituting an agreement concerning an interest-free development loan by the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Indonesia—*United Kingdom / Indonesia (No. 2) Loan, 1969* (with annexes).
Djakarta, 13 March 1969**

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 9 September 1969.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
INDONÉSIE**

Échange de notes constituant un accord relatif à l'octroi par le Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord au Gouvernement de la République d'Indonésie d'un prêt de développement sans intérêt — *Prêt Royaume-Uni / Indonésie (n° 2) de 1969* (avec annexes). Djakarta, 13 mars 1969

Texte authentique: anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 9 septembre 1969.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
CONCERNING AN INTEREST-FREE DEVELOPMENT
LOAN BY THE GOVERNMENT OF THE UNITED KING-
DOM OF GREAT BRITAIN AND NORTHERN IRELAND
TO THE GOVERNMENT OF THE REPUBLIC OF INDO-
NESIA (*UNITED KINGDOM/INDONESIA (No. 2) LOAN,*
1969)

I

*Her Majesty's Ambassador at Djakarta to the Minister for
Foreign Affairs of Indonesia*

BRITISH EMBASSY
DJAKARTA

13 March, 1969

Your Excellency,

I have the honour to refer to the recent discussions concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Republic of Indonesia and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Indonesia on this question. The position of the Government of the United Kingdom with regard to the provision of finance and the commitments of that Government and of the Government of Indonesia as regards associated matters shall be as respectively set out in part A and part B below:

A. The Government of the United Kingdom declare that it is their intention, acting by the Ministry of Overseas Development (hereinafter referred to as "the Ministry"), to make available to the Government of Indonesia by way of an interest-free loan a sum not exceeding £250,000 (two hundred and fifty thousand pounds sterling) towards the purchase of certain goods and services in the United Kingdom.

B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note in so far as they relate to things to be done by or on behalf of that Government. The Government of Indonesia shall adopt the arrangements and procedures so described in so far as they relate to things to be done by or on behalf of that Government.

¹ Came into force on 13 March 1969 by the exchange of the said notes.

(2) (a) For the purposes of these arrangements the Government of Indonesia shall, by a request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as "the Account") with the Crown Agents for Oversea Governments and Administrations of 4 Millbank, London, S.W.1 (hereinafter referred to as "the Crown Agents"). The Account shall be operated solely for the purposes of the loan and in accordance with the instructions contained in the said request.

(b) As soon as the account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Indonesia shall furnish the Ministry with a copy of the Government's instructions to the Crown Agents given in accordance with the foregoing provisions of this paragraph. The Government of Indonesia or the Crown Agents on their behalf shall at the same time and so often as any change is made therein, notify the Ministry of the names of the officers who are duly authorised to sign on its behalf the Payment Authorities and Requests for Drawing hereinafter provided and shall furnish a specimen signature in duplicate of each such officer.

(c) The Government of Indonesia shall ensure that the Crown Agents forward monthly to the Ministry a statement of receipts to and payments from the Account.

(d) Unless the Ministry otherwise agree, payments into the Account shall not be made after the 31st May 1969.

(3) Save to the extent (if any) to which the Ministry may otherwise agree, drawings from the loan shall be used only for payments under a contract for the purchase in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) of goods wholly produced or manufactured in the United Kingdom or, in the case of chemical and allied products, goods which are duly declared to be of United Kingdom origin on the form set out in Annex C (Chemicals) to this Note, or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom or for two or more of such purposes, being a contract which:

- (a) provides for payment in sterling to persons carrying on business in the United Kingdom; and
- (b) is approved on behalf of the Government of Indonesia and accepted by the Ministry for financing from the loan; and
- (c) is a contract entered into after the date of this Note and before the 31st March 1969.

(4) (a) Where the Government of Indonesia proposes that part of the loan shall be applied to a contract, that Government or the Crown Agents on their behalf shall ensure that there are forwarded at the earliest opportunity to the Ministry:

- (i) a copy of the contract, or of a notification thereof in the form set out in Annex B to this Note; and
- (ii) two copies of a certificate from the contractor concerned in the United Kingdom in the form set out in Annex C or Annex C (Chemicals) (whichever is appropriate) to this Note.

(b) The Government of Indonesia or the Crown Agents on their behalf shall ensure that the Ministry is informed if at any time a contract (being a contract in respect of which documents have been forwarded in accordance with the foregoing provisions) is amended or if liability is incurred or is to be incurred thereunder to a greater or lesser amount than the amount specified in the relevant documents so forwarded; and in any of these cases the Government of Indonesia shall or the Crown Agents acting on their behalf ensure that there are forwarded as soon as possible to the Ministry the relevant supplementary or revised documents.

(5) (a) After the Ministry has considered the documents forwarded, in respect of any contract in pursuance of the procedure described in the foregoing provisions of this Note, and any additional information which it may request from the Government of Indonesia or the Crown Agents for this purpose (and which that Government or the Crown Agents shall then supply), the Ministry shall notify that Government or the Crown Agents in the form set out in Annex C (i) to this Note whether and to what extent it accepts that a contract is eligible for payment from the loan.

(b) To the extent that the Ministry so accepts a contract and agrees to payment from the Account, it shall, on receipt of a request from the Crown Agents on behalf of the Government of Indonesia, in the form set out in Annex C (ii) to this Note, giving details of the payments due and about to be made, make payments in sterling into the Account and each such payment shall constitute a drawing on the loan.

(6) For payments due under a contract to which paragraph (3) refers, withdrawals from the Account shall be made in accordance with Payment Authorities in the form shown in Annex D hereto duly signed on behalf of the Government of Indonesia and countersigned by the Ministry. Each Payment Authority shall be forwarded in duplicate to the Ministry for countersignature and shall be accompanied by:

- (i) Payment Certificates from the Contractors concerned in the form shown in Annex E hereto and the invoices referred to therein, for retention by the Ministry, or
- (ii) the invoices only (for retention by the Ministry) relating to the contracts in respect of which a contract certificate in the form shown in Annex C (Chemicals) hereto has been provided.

(7) If any monies that have been paid out of the Account are subsequently refunded either by the Contractor or by a guarantor the Government of Indonesia

shall, so long as there are payments to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the loan.

(8) The Government of Indonesia shall repay to the Ministry in pounds sterling in London the total sum borrowed under the arrangements set out in this Note, such repayment to be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment, only the amount then outstanding shall be paid:

INSTALMENTS

<i>Date Due</i>	<i>Amount £</i>
15th August 1976 and 15th August in each of the succeeding 17 years	7,000
15th February 1977 and on 15th February in each of the succeeding 16 years	7,000
15th February 1994	5,000

(9) Notwithstanding the provisions of paragraph (8) of this Note, the Government of Indonesia shall be free at any earlier time to repay to the Ministry in pounds sterling in London the whole of any part of the loan that is still outstanding.

2. If the foregoing is acceptable to the Government of the Republic of Indonesia, I have the honour to suggest that the present Note together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply and the Agreement shall be referred to as the United Kingdom/Indonesia (No. 2) Loan, 1969—Provision of Goods and Services from the United Kingdom.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

H. C. HAINWORTH