

No. 2060

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
THAILAND**

Loan Agreement—*Irrigation Project*—(with annexed Loan Regulations No. 3 and related letters). Signed at Washington, on 27 October 1950

Letter-Agreement concerning special commitments. Washington, 15 June 1951

Official texts: English.

Registered by the International Bank for Reconstruction and Development on 28 January 1953.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
THAÏLANDE**

Contrat d'emprunt — *Projet relatif à l'irrigation* — (avec, en annexe, des lettres y relatives et le Règlement n° 3 sur les emprunts). Signé à Washington, le 27 octobre 1950

Accord par lettre concernant des engagements spéciaux. Washington, 15 juin 1951

Textes officiels anglais.

Enregistrés par la Banque internationale pour la reconstruction et le développement le 28 janvier 1953.

No. 2060. LOAN AGREEMENT¹ (*IRRIGATION PROJECT*)
BETWEEN THE KINGDOM OF THAILAND AND THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT. SIGNED AT WASHINGTON, ON
27 OCTOBER 1950

AGREEMENT, dated October 27, 1950, between the KINGDOM OF THAILAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

THE LOAN

Section 1.01. The Bank agrees to lend to the Borrower, on the terms and conditions hereinafter in this Agreement set forth or referred to, the sum of eighteen million dollars (\$18,000,000), or the equivalent in currencies in other than dollars.

Section 1.02. The parties to this Agreement accept all the provisions of Loan Regulations No. 3² of the Bank, dated August 15, 1950 (hereinafter called the Loan Regulations), a copy of which has been furnished to the Borrower, with the same force and effect as if they were fully set forth herein. Each of the parties hereto agrees to perform all the obligations on its part to be performed under the Loan Regulations.

Section 1.03. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations. Copies of forms of withdrawal applications have been delivered to the Borrower.

Section 1.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4%) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from the Effective Date or from February 15, 1951, whichever shall be the earlier.

¹ Came into force on 24 February 1951 upon notification by the Bank to the Government of Thailand.

² See p. 38 of this volume.

Section 1.05. The Borrower shall pay interest at the rate of four percent (4%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 1.06. Interest and commitment charge shall be payable semi-annually on April 15 and October 15 in each year.

Section 1.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article II

USE OF PROCEEDS OF THE LOAN

Section 2.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the cost of goods which will be required for the carrying out of the Project as described in Schedule 2¹ to this Agreement. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement between them.

Section 2.02. The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article III

BONDS

Section 3.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as the authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out and completed with due diligence and efficiency and in conformity with sound engineering practice.

¹ See p. 36 of this volume.

(b) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein.

(c) The Borrower shall cause to be maintained records showing the use made of the goods and the progress of the Project (including the cost thereof); shall enable the Bank's representatives to examine the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the goods and the Project.

Section 4.02. (a) The Bank and the Borrower will cooperate fully to assure that the purposes of the Loan shall 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 Loan. 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 Bank will from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower will promptly inform the Bank of any condition that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) If the Borrower or any of its political subdivisions or any agency of the Borrower or of any such political subdivisions shall propose to incur any substantial external debt, the Borrower will promptly inform the Bank of the proposal and, before the proposed action is taken, will afford the Bank all opportunity which is reasonably practicable in the circumstances to exchange views with the Borrower with respect thereto, provided, however, that the provisions of this paragraph (c) shall not apply to: (i) the incurring of additional external debt through utilization, in accordance with the terms of any credit established prior to the date of this Agreement, of any unused amounts available under such credit and (ii) the entering into international payments or similar agreements the term of which is not more than one year and under which the transactions on each side are expected to balance over the period of the agreement.

(d) The Borrower will afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 4.03. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or any of its political subdivisions or any agency of the Borrower

or of any such political subdivision as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect, provided, however, that this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Section 4.04. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes imposed by the Borrower or any taxing authority thereof or therein and free from all restrictions of the Borrower and its political subdivisions and agencies. The foregoing provision of this Section shall not apply to taxes on payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower. The Loan Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

Section 4.05. The Borrower shall satisfy the Bank that it has made adequate arrangements to insure the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

Section 4.06. The Borrower shall engage an engineering consultant satisfactory to the Bank to advise with respect to the design of the barrage to be constructed as part of the Project and, unless the Bank shall otherwise agree, will comply with any and all recommendations made by such engineering consultant in respect thereof, including the making of such model tests as such engineering consultant may deem advisable. Unless the Bank shall otherwise agree, the Borrower shall cause the barrage to be constructed in accordance with the recommendations of such engineering consultant. Copies of any recommendations made by such consultant shall be promptly forwarded to the Bank.

Section 4.07. The Borrower will provide or cause to be provided the funds necessary to meet the costs of the Project as and when required.

Article V

REMEDIES OF THE BANK

Section 5.01. If any event specified in paragraph (1) or (2) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of

thirty days or if any event specified in paragraph (3) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds 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 or in the Bonds to the contrary notwithstanding.

Article VI

MISCELLANEOUS

Section 6.01. The Closing Date shall be December 31, 1955.

Section 6.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Minister of Finance, Ministry of Finance, Bangkok, Thailand.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C., United States of America.

Section 6.03. A date 120 days after the date of this Agreement is hereby specified for the purpose of Section 9.04 of the Loan Regulations.

Section 6.04. The Minister of Finance of the Borrower in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Kingdom of Thailand :
By (*Signed*) Wan WAITHAYAKON
Authorized Representative

International Bank for Reconstruction and Development :
By (*Signed*) Eugene R. BLACK
President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>	<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>
October 15, 1955 . . .	—	\$18,000,000	October 15, 1963 . . .	\$572,000	\$10,082,000
April 15, 1956 . . .	\$425,000	17,575,000	April 15, 1964 . . .	583,000	9,499,000
October 15, 1956 . . .	433,000	17,142,000	October 15, 1964 . . .	595,000	8,904,000
April 15, 1957 . . .	442,000	16,700,000	April 15, 1965 . . .	607,000	8,297,000
October 15, 1957 . . .	451,000	16,249,000	October 15, 1965 . . .	619,000	7,678,000
April 15, 1958 . . .	460,000	15,789,000	April 15, 1966 . . .	631,000	7,047,000
October 15, 1958 . . .	469,000	15,320,000	October 15, 1966 . . .	644,000	6,403,000
April 15, 1959 . . .	478,000	14,842,000	April 15, 1967 . . .	657,000	5,746,000
October 15, 1959 . . .	488,000	14,354,000	October 15, 1967 . . .	670,000	5,076,000
April 15, 1960 . . .	498,000	13,856,000	April 15, 1968 . . .	683,000	4,393,000
October 15, 1960 . . .	508,000	13,348,000	October 15, 1968 . . .	697,000	3,696,000
April 15, 1961 . . .	518,000	12,830,000	April 15, 1969 . . .	710,000	2,986,000
October 15, 1961 . . .	528,000	12,302,000	October 15, 1969 . . .	725,000	2,261,000
April 15, 1962 . . .	539,000	11,763,000	April 15, 1970 . . .	738,000	1,523,000
October 15, 1962 . . .	549,000	11,214,000	October 15, 1970 . . .	754,000	769,000
April 15, 1963 . . .	560,000	10,654,000	April 15, 1971 . . .	769,000	—

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity	1/2%
More than 5 years but not more than 10 years before maturity	1%
More than 10 years but not more than 15 years before maturity	1 3/4%
More than 15 years before maturity.	2 1/2%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Irrigation Project will provide an assured water supply, properly controlled and distributed, for the irrigation of an area of approximately 2,260,000 acres (about 914,000 hectares) in the Central Plain of Thailand. In addition, the Project will provide for the maintenance of a sufficient depth of water for navigation of river craft in the Noi and Suphan effluents of the Chao Phya River and in a canal to be constructed east of the Chao Phya River.

For these purposes, a barrage will be constructed on the Chao Phya River about six kilometers downstream from the town of Chainat, approximately 160 kilometers north of Bangkok. The barrage will be constructed in a diversion to be made in a short bend of the Chao Phya River and will be of reinforced concrete construction. Further,

the barrage will include structures and penstocks to provide for the installation of hydraulic generating units contemplated in connection with future electric power development. The Borrower will engage, in accordance with the provision of Section 4.06 of this Agreement, an engineering consultant to advise with respect to the design of the barrage. The Borrower will also engage a contractor, satisfactory to the Bank, for the supervision of the construction of the barrage. Such contractor will provide all necessary supervisory personnel, will determine, in consultation with the Borrower, the types and quantities of the necessary construction equipment to be supplied by the Borrower, and will take full responsibility for the construction of the barrage.

In addition to the barrage, a complete irrigation system consisting of the necessary canals and regulating structures will be constructed in the area commanded by the barrage.

The Project also includes provision of equipment and spare parts for the reconstruction and expansion of the Central Workshop of the Royal Irrigation Department in Bangkok. The Central Workshop will be used for normal maintenance of the equipment of the Royal Irrigation Department and for fabrication of gates, valves, and other auxiliaries required in the irrigation systems.

The Borrower will acquire the real property necessary for the construction and operation of the Project as and when required, and will have available at all times sufficient barges for the transportation of the labor, material and construction equipment required in the Project.

The Project will be completed over an eight-year period.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 AUGUST 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 156, p. 158.*]

LETTER, DATED 27 OCTOBER 1950, FROM THE GOVERNMENT OF THAILAND TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT CONCERNING THE PROJECT

and

LETTER, DATED 6 FEBRUARY 1951, FROM THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE GOVERNMENT OF THAILAND CONCERNING SPECIAL COMMITMENTS

[*Not published herein. See pp. 16 and 18 of this volume.*]

LETTER-AGREEMENT¹ BETWEEN THE INTERNATIONAL
BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND THE GOVERNMENT OF THAILAND CONCERN-
ING SPECIAL COMMITMENTS. WASHINGTON,
15 JUNE 1951

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25 D. C.

June 15, 1951

Mr. M.C. Dilokrit Kridakon
c/o Boonma Wongswan, Alt. Executive Director
International Bank for Reconstruction
and Development
1818 H Street, N.W., Room 1205
Washington 25, D.C.

Dear Sir :

Reference is made to Loan Agreement No. 36² between you and this Bank, dated October 27, 1950 and to Loan Regulations No. 3³ which are applicable to that Agreement. As you are aware, Section 4.02 of Loan Regulations No. 3 provides that the Bank may, at the Borrower's request, enter into special commitments and that the Bank may make a charge therefor as shall be agreed upon between the Bank and the Borrower.

We understand that you intend to request this Bank to enter into special commitments pursuant to Section 4.02 of Loan Regulations No. 3. For these commitments, we propose that, until further agreed between us, a charge of 1/2 of 1% per annum be applied on the amount thereof outstanding from time to time. The charge would be payable in dollars semi-annually on April 15 and October 15 of each year, together with other charges on the Loan.

Please indicate your agreement to the above by signing a copy of this letter in the space provided below.

Sincerely yours,

D. CRENA DE IONGH
Treasurer

Kingdom of Thailand :
By : Dilokrit KRIDAKON

¹ Came into force on 15 June 1951 by signature.

² See p. 25 of this volume.

³ See p. 38 of this volume.