

No. 6757

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

**Loan Agreement—*Third Chao Phya Project* (with annexed  
Loan Regulations No. 3). Signed at Washington, on  
21 December 1962**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 5 June 1963.*

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

**Contrat d'emprunt — *Troisième projet du Chao Phya*  
(avec, en annexe, le Règlement n° 3 sur les emprunts).  
Signé à Washington, le 21 décembre 1962**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le  
5 juin 1963.*

No. 6757. LOAN AGREEMENT<sup>1</sup> (*THIRD CHAO PHYA PROJECT*) BETWEEN THE KINGDOM OF THAILAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 21 DECEMBER 1962

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AGREEMENT, dated December 21, 1962, between KINGDOM OF THAILAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

*Article I*

LOAN REGULATIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961<sup>2</sup> (said Loan Regulations No. 3 being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

*Article II*

THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to five million six hundred thousand dollars (\$5,600,000).

*Section 2.02.* 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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

*Section 2.03.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

*Section 2.04.* The Borrower shall pay interest at the rate of five and one-half per cent ( $5\frac{1}{2}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

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<sup>1</sup> Came into force on 11 April 1963, upon notification by the Bank to the Government of Thailand.

<sup>2</sup> See p. 60 of this volume.

*Section 2.05.* Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Agreement.

### *Article III*

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2<sup>1</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

*Section 3.02.* The Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Borrower and, except as the Borrower and the Bank shall otherwise agree, there to be used exclusively in the carrying out of the Project.

### *Article IV*

#### BONDS

*Section 4.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 4.02.* The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

### *Article V*

#### PARTICULAR COVENANTS

*Section 5.01.* (a) (i) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in accordance with sound engineering, financial and agricultural practices.

<sup>1</sup> Sec p. 58 of this volume.

(ii) The Borrower shall cause all works, facilities and activities referred to in subparagraphs (1) through (7) of Schedule 2 to this Agreement to be operated or performed in accordance with sound engineering and agricultural practices and shall cause all works and facilities included in the Project to be maintained and operated in accordance with such practices.

(iii) In furtherance of the purposes of (i) and (ii) of this paragraph (a), the Borrower shall, *inter alia*, make available, or cause to be made available, promptly as needed all funds and other resources which shall be required therefor.

(b) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower : (i) shall maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), to record the results achieved by irrigation of the land in the area of the Project and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the agency or agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof ; (ii) shall enable the Bank's representatives to inspect the Project, the operation thereof, the goods and any relevant records and documents ; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the results achieved by irrigation in the area of the Project, the goods, and the operations and financial condition of the agency or agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

(d) In connection with the carrying out of the Project, the Borrower shall, except as the Borrower and the Bank shall otherwise agree, employ or cause to be employed consultants and other experts acceptable to, and upon conditions satisfactory to, the Borrower and the Bank.

(e) The general design standards to be used for the Project shall be satisfactory to the Borrower and the Bank.

*Section 5.02.* The Borrower shall cause all dams, canals, structures and other works and facilities not included in the Project but necessary to or required for the efficient operation thereof to be properly operated and to be adequately maintained and repaired.

*Section 5.03.* (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as shall be reasonably requested 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 shall 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 shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall 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 5.04.* 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 as security for any external debt, such lien will *ipso facto* 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 will be made to that effect ; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Bank of Thailand and other institutions performing the functions of a central bank.

*Section 5.05.* 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 under the laws of the Borrower or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of 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.

*Section 5.06.* The Loan Agreement and the Bonds 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, and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.07.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

*Section 5.08.* The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against risks incident to their purchase and transportation to the site of the Project.

*Section 5.09.* After completion of the Project, the Borrower shall continue its program of constructing feeder roads in the area of the Project until approximately 500 kilometers of such roads are available to serve the farms in such area.

*Section 5.10.* The Borrower shall, prior to February 1, 1963 and thereafter from time to time as required for the carrying out of the Project, promulgate Royal Decrees, satisfactory to the Bank, pursuant to the provisions of Section 2 of an act of the Borrower entitled "Dikes and Ditches Act B.E. 2505" and relating to the area to be served by the Project.

## *Article VI*

### REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement 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.

*Section 6.02.* The following are specified as additional events for the purposes of Section 5.02 of the Loan Regulations :

(a) A default has occurred in the performance of any covenant or agreement on the part of the Borrower in the Loan Agreement (Petchburi Irrigation Project) of even date<sup>1</sup> herewith or in the Loan Agreement (Irrigation Project) dated October 27, 1950,<sup>2</sup> both between the Borrower and the Bank, other than those covenants or agreements referred to in Section 5.02 (b) of the Loan Regulations.

(b) Any action has been taken (without the agreement of the Bank) which would materially amend, waive, repeal or abrogate any provision of any act, ordinance or other governmental decree or order which affects the jurisdiction, powers and duties of the Royal Irrigation Department of the Ministry of Agriculture of the Borrower in respect of the Project.

#### Article VII

##### EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

(a) That the Borrower shall have taken all action necessary to ensure that the Royal Irrigation Department of the Ministry of Agriculture of the Borrower has jurisdiction to construct feeder roads in the area to be served by the Project.

(b) That all action necessary in respect of the Loan under Section 5 bis of an act of the Borrower entitled "Act empowering the execution in connection with the International Monetary Fund and the International Bank for Reconstruction and Development, B.E. 2494", as amended by an act of the Borrower dated September 29, B.E. 2498 (1955), shall have been taken and the Bank notified thereof.

*Section 7.02.* The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

That the Royal Irrigation Department of the Ministry of Agriculture of the Borrower has jurisdiction to construct feeder roads in the area to be served by the Project.

*Section 7.03.* A date ninety days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

<sup>1</sup> See p. 63 of this volume.

<sup>2</sup> United Nations, *Treaty Series*. Vol. 158, p. 43.

*Article VIII*

## MISCELLANEOUS

*Section 8.01.* The Closing Date shall be April 30, 1966 or such other date as may from time to time be agreed between the Borrower and the Bank.

*Section 8.02.* 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

Alternative address for cablegrams and radiograms :

Minance  
Bangkok

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D.C.

*Section 8.03.* The Minister of Finance of the Borrower 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 Loan 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 Visutr ARTHAYUKTI  
Authorized Representative

International Bank for Reconstruction and Development :

by Eugene R. BLACK  
President



## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
November 15, 1965 . . . . .	\$160,000	May 15, 1972 . . . . .	\$225,000
May 15, 1966 . . . . .	165,000	November 15, 1972 . . . . .	230,000
November 15, 1966 . . . . .	170,000	May 15, 1973 . . . . .	240,000
May 15, 1967 . . . . .	170,000	November 15, 1973 . . . . .	245,000
November 15, 1967 . . . . .	175,000	May 15, 1974 . . . . .	250,000
May 15, 1968 . . . . .	180,000	November 15, 1974 . . . . .	260,000
November 15, 1968 . . . . .	185,000	May 15, 1975 . . . . .	265,000
May 15, 1969 . . . . .	190,000	November 15, 1975 . . . . .	275,000
November 15, 1969 . . . . .	195,000	May 15, 1976 . . . . .	280,000
May 15, 1970 . . . . .	205,000	November 15, 1976 . . . . .	290,000
November 15, 1970 . . . . .	210,000	May 15, 1977 . . . . .	295,000
May 15, 1971 . . . . .	215,000	November 15, 1977 . . . . .	305,000
November 15, 1971 . . . . .	220,000		

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## 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 three years before maturity . . . . .	½%
More than three years but not more than six years before maturity . . . . .	2%
More than six years but not more than eleven years before maturity . . . . .	3½%
More than eleven years but not more than thirteen years before maturity . . . . .	4½%
More than thirteen years before maturity . . . . .	5½%

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project is the further development of irrigation and drainage and the improvement of transportation in the Chao Phya irrigation area of the Central Plain of Thailand. It is expected that the works included in the Project will be completed over a five-year period.

The Project includes :

- (1) Construction of about 20,000 kilometers of distribution ditches to bring water to farms and of the necessary drains.
- (2) Construction of 275 kilometers of feeder roads.
- (3) Dredging of existing navigation canals.
- (4) Construction of farm dikes and some land leveling.
- (5) Development of improved irrigation practices, including water delivery methods, and the training of engineers and other technicians therein.
  
- (6) Reorganization of three existing experimental stations for the primary purpose of demonstrating water and farm management techniques particularly for dry season crop cultivation and rotation.
- (7) Improvement and expansion of extension services to provide effective guidance to farmers.

The Project also includes an overall study of the existing organization of operations and maintenance in the Royal Irrigation Department of the Ministry of Agriculture of the Borrower with a view to recommending improvements therein.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268.*]