

No. 6758

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

Loan Agreement—*Petchburi Irrigation 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.

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

Contrat d'emprunt — *Projet d'irrigation de la vallée du Petchburi* (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. 6758. LOAN AGREEMENT¹ (*PETCHBURI IRRIGATION PROJECT*) BETWEEN THE KINGDOM OF THAILAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 21 DECEMBER 1962

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, 1961² (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 three million four hundred thousand dollars (\$3,400,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.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at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.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interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

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

² See p. 80 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 1¹ 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 2² 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.

¹ See p. 78 of this volume.

² See p. 80 of this volume.

(ii) The Borrower shall cause all works, facilities and activities referred to in subparagraphs (1) through (8) 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 of the land 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 : (i) the design and construction of the dam and appurtenant works ; (ii) the development of improved irrigation practices and the training of engineers therein ; (iii) an experimental farm in the Project area ; and (iv) the extension services in the Project area (as such terms are used in Schedule 2 to this Agreement), the Borrower shall, except as the Borrower and the Bank shall otherwise agree, employ or cause to be employed consultants and other qualified experts acceptable to, and upon conditions satisfactory to, the Borrower and the Bank.

(e) The general design standards to be used for the construction of the dam and appurtenant works, the canals, the distribution ditches and the feeder roads (as such terms are used in Schedule 2 to this Agreement) 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. The Borrower shall ensure that the water impounded by the dam included in the Project will, to the maximum extent possible, be fully, effectively and promptly utilized and that no use, other than for potable purposes, will reduce the amounts of water available for irrigation purposes in the area served by the Project below the amounts needed therefor.

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 (*Third Chao Phya Project*) of even date¹ herewith 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 promulgated a Royal Decree, satisfactory to the Bank, pursuant to 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.

(b) 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 construction feeder roads in the area to be served by the Project.

(c) 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 are specified as additional matters, 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 :

(a) That the Royal Decree pursuant to 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 has been validly promulgated by the Borrower.

¹ See p. 43 of this Volume.

(b) 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.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 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, 1966	\$65,000	May 15, 1975	\$100,000
May 15, 1967	65,000	November 15, 1975	105,000
November 15, 1967	70,000	May 15, 1976	110,000
May 15, 1968	70,000	November 15, 1976	110,000
November 15, 1968	70,000	May 15, 1977	115,000
May 15, 1969	75,000	November 15, 1977	115,000
November 15, 1969	75,000	May 15, 1978	120,000
May 15, 1970	80,000	November 15, 1978	125,000
November 15, 1970	80,000	May 15, 1979	125,000
May 15, 1971	85,000	November 15, 1979	130,000
November 15, 1971	85,000	May 15, 1980	135,000
May 15, 1972	85,000	November 15, 1980	140,000
November 15, 1972	90,000	May 15, 1981	140,000
May 15, 1973	90,000	November 15, 1981	145,000
November 15, 1973	95,000	May 15, 1982	150,000
May 15, 1974	95,000	November 15, 1982	160,000
November 15, 1974	100,000		

* 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	1/2%
More than three years but not more than six years before maturity	1 1/2%
More than six years but not more than eleven years before maturity	2 1/2%
More than eleven years but not more than sixteen years before maturity	3 1/2%
More than sixteen years but not more than eighteen years before maturity	4 1/2%
More than eighteen years before maturity	5 1/2%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is the improvement of irrigation, drainage and flood control in an area of approximately 53,000 hectares adjacent to the Petchburi River in southwest Thailand. It is expected that the works included in the Project will be completed over a six-year period.

The Project includes :

- (1) Construction of a rolled earth-filled dam across the Petchburi River at Kang Krachan, approximately 70 kilometers upstream from the town of Petchburi.
- (2) Enlargement of two diversion gates and of about 70 kilometers of main and lateral canals.
- (3) Construction of about 135 kilometers of supply canals and about 180 kilometers of drainage canals.
- (4) Construction of about 1,700 kilometers of distribution ditches for delivery of water to farms and of necessary farm dikes.
- (5) Construction of about 100 kilometers of feeder roads within the area of the Project.
- (6) Development of improved irrigation practices, including water delivery methods, and the training of engineers and other technicians therein.
- (7) Establishment of an experimental farm to meet requirements for demonstrating water and farm management techniques.
- (8) Improvement and expansion of extension services to provide effective guidance to farmers in the Project area.

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.*]