

No. 6984

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

**Loan Agreement—*National Highway Project* (with annexed
Loan Regulations No. 3). Signed at Washington, on
11 June 1963**

Official text : English.

*Registered by the International Bank for Reconstruction and Development on 18 November
1963.*

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

**Contrat d'emprunt — *Projet relatif au réseau routier
national* (avec, en annexe, le Règlement n° 3 sur les
emprunts). Signé à Washington, le 11 juin 1963**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement le
18 novembre 1963.*

No. 6984. LOAN AGREEMENT¹ (*NATIONAL HIGHWAY PROJECT*) BETWEEN THE KINGDOM OF THAILAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 11 JUNE 1963

AGREEMENT, dated June 11, 1963, between KINGDOM OF THAILAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS ; DEFINITIONS

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 with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

Section 1.02. For the purposes of this Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows :

(a) The second sentence of Section 3.02 of the Loan Regulations shall apply only to withdrawals pursuant to Section 2.03 (a) of this Agreement.

(b) Section 4.01 of the Loan Regulations is deleted.

Section 1.03. Wherever used in this Agreement :

(a) the term "Department of Highways" means the Department of Highways of the Ministry of Communications of the Borrower ; and

(b) the term "National Highway System" means the system of national highways in the territories of the Borrower which is under the jurisdiction of the Department of Highways.

¹ Came into force on 23 July 1963, upon notification by the Bank to the Government of Thailand.

² See p. 244 of this volume.

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 thirty-five million dollars (\$35,000,000).

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. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account :

- (a) such amounts as shall have been expended (other than for local currency expenditures and expenditures in respect of works referred to in subparagraph (1) of Schedule 2¹ to this Agreement) for the reasonable cost of goods to be financed under this Agreement and, if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such goods ; and
- (b) the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been paid for the reasonable cost of works referred to in subparagraph (1) of Schedule 2 to this Agreement, such percentage not to exceed the foreign exchange component of such cost ;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to May 1, 1963 or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

As used in this Section, the term "local currency expenditures" means expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (b) of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably elect.

Section 2.05. 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.

¹ See p. 244 of this volume.

Section 2.06. The Borrower shall pay interest at the rate of five and one-half per cent (5½%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. 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 (½ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.09. 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 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 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. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Borrower and 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.

¹ See p. 242 of this volume.

Article V

PARTICULAR COVENANTS

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

(b) The Borrower shall cause all highways in the National Highway System to be operated, maintained and repaired in accordance with sound engineering and highway practices and shall cause the equipment included in the Project to be operated and maintained in accordance with sound engineering and administrative practices.

(c) In furtherance of the purposes of (a) and (b) of this Section, 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.

Section 5.02. (a) 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.

(b) 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) 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 operations 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 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.

(c) In carrying out the Project, the Borrower shall employ engineering consultants acceptable to and upon terms and conditions satisfactory to the Borrower and the Bank.

(d) The general design standards to be used for the highways included in the Project shall be satisfactory to the Borrower and the Bank.

(e) Except as the Bank shall otherwise agree, the highways included in the Project shall be constructed by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

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 any other institution 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 importation into the territories of the Borrower.

Section 5.09. The Borrower shall cause all maintenance equipment and spare parts therefor financed out of the proceeds of the Loan to be used exclusively for the purposes of maintaining and repairing the National Highway System.

Article VI

REMEDIES OF 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 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 VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. 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, under the laws of the Borrower, the Department of Highways has jurisdiction to carry out the Project (except for those activities referred to in subparagraph (6) of Schedule 2 to this Agreement) in accordance with the Loan Agreement.

Section 7.02. A date sixty 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 June 30, 1968 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 cables 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 cables 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 J. Burke KNAPP
Vice 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>
July 15, 1968	\$730,000	July 15, 1976	\$1,125,000
January 15, 1969	750,000	January 15, 1977	1,160,000
July 15, 1969	770,000	July 15, 1977	1,190,000
January 15, 1970	790,000	January 15, 1978	1,220,000
July 15, 1970	815,000	July 15, 1978	1,255,000
January 15, 1971	835,000	January 15, 1979	1,290,000
July 15, 1971	860,000	July 15, 1979	1,325,000
January 15, 1972	885,000	January 15, 1980	1,360,000
July 15, 1972	905,000	July 15, 1980	1,400,000
January 15, 1973	930,000	January 15, 1981	1,440,000
July 15, 1973	955,000	July 15, 1981	1,480,000
January 15, 1974	985,000	January 15, 1982	1,520,000
July 15, 1974	1,010,000	July 15, 1982	1,560,000
January 15, 1975	1,040,000	January 15, 1983	1,605,000
July 15, 1975	1,065,000	July 15, 1983	1,650,000
January 15, 1976	1,095,000		

* 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	1 ½%
More than six years but not more than eleven years before maturity	2 ½%
More than eleven years but not more than sixteen years before maturity	3 ½%
More than sixteen years but not more than eighteen years before maturity	4 ½%
More than eighteen years before maturity	5 ½%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is part of the Borrower's development program for its National Highway System (1963-1970) and includes :

- (1) The improvement and construction of sections of the National Highway System as follows :
 - (a) Chiangmai to Lampang ;
 - (b) Songhkla to Naradhiwat ; and
 - (c) Nakorn Pathom to Prajuab.
- (2) The purchase of mechanical equipment to improve and modernize maintenance of the National Highway System.
- (3) The purchase of accounting machines, instruments and other miscellaneous items of technical equipment.
- (4) Consulting engineering services in connection with :
 - (a) engineering, documentation and supervision of construction of the works described in subparagraph (1) hereof ;
 - (b) economic feasibility studies for and engineering and bidding documentation of five additional sections of the National Highway System, *i.e.*, Prajuab to Chumphorn, Saraburi to Nakorn Sawan, Loey to Khonkaen, Udorn to Nakorn Panom, Nakorn Srithmaraj to Kantang ; and
 - (c) reorganization of the Department of Highways with particular emphasis upon development of an efficient maintenance organization.
- (5) A program of technical training abroad for selected Thai personnel from the Department of Highways.
- (6) The reorganization of the Department of Highways in accordance generally with recommendations set forth in a report dated April 1962 of the Public Administration Service of Chicago, Illinois, with such modifications thereof as may from time to time be agreed between the Borrower and the Bank.

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.*]