

No. 8609

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
THAILAND

Loan Agreement—*Vocational Education Project* (with
annexed Loan Regulations No. 3). Signed at
Washington, on 19 October 1966

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
10 April 1967.*

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
THAÏLANDE

Contrat d'emprunt — *Projet relatif à l'enseignement pro-
fessionnel* (avec, en annexe, le Règlement n° 3 sur
les emprunts). Signé à Washington, le 19 octobre 1966

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 10 avril 1967.*

No. 8609. LOAN AGREEMENT¹ (*VOCATIONAL EDUCATION PROJECT*) BETWEEN THAILAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 19 OCTOBER 1966

AGREEMENT, dated October 19, 1966, between KINGDOM OF THAILAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower, as part of its human resources development program, has established objectives for vocational education with which the Bank concurs ;

WHEREAS in order to achieve such objectives it is necessary to expand the Borrower's vocational schools for industry and agriculture and the colleges where vocational teachers for such schools are trained ;

WHEREAS the Bank has agreed to assist the Borrower in the financing of such expansion on the terms and conditions set forth in this Loan Agreement between the Borrower and the Bank ;

NOW THEREFORE the parties hereto hereby agree as follows :

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 with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations) :

Section 9.04 is deleted.

¹ Came into force on 19 December 1966, upon notification by the Bank to the Government of Thailand.

² See p. 364 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 Loan Agreement set forth or referred to, an amount in various currencies equivalent to six million dollars (\$6,000,000).

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, this Loan Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ 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 six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

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 1 and November 1 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 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied 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. The Borrower shall cause all goods financed out of the proceeds of the Loan 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) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound technical, administrative and financial practices under the direction of a competent Project Director in the Ministry of Education of the Borrower.

(b) To assist it in carrying out the Project the Borrower shall employ, on terms and conditions satisfactory to the Borrower and the Bank, qualified and experienced architectural consultants, a Project adviser and two equipment specialists acceptable to the Borrower and the Bank.

(c) The Borrower shall furnish, or cause to be furnished, to the Bank promptly upon their preparation the designs, specifications and work and procurement schedules for the Project and any modification subsequently made therein, in such detail as the Bank shall request.

(d) The Borrower 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, and to record the progress of the Project (including the cost thereof); shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents; and 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, administration and budget of the Ministry of Education of the Borrower and the schools and colleges included in the Project.

(e) 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 sites of the Project.

Section 5.02. (a) The Borrower shall operate the schools and colleges included in the Project so as to achieve the educational objectives of the Borrower.

(b) The Borrower shall make available promptly as needed all funds, equipment and supplies required for the efficient operation of the schools and colleges included in the Project.

(c) The Borrower shall cause the buildings, equipment and other facilities of the schools and colleges included in the Project to be adequately maintained and repaired.

(d) The Borrower shall establish and maintain a central purchasing agency in the Ministry of Education which shall be charged with the procurement of all equipment and supplies required for the Ministry of Education and any school, college or other educational institution administered by said Ministry with such organization and powers as shall be required for the efficient discharge of its functions.

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 ; and (ii) 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 Bond shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

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 or paragraph (a) of Section 6.02 of this Agreement 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.

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

(a) a default shall have occurred in the payment of principal or service charges or any other payment required under any development credit agreement between the Borrower and the International Development Association ; and

(b) failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under any other loan agreement or under any guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement even though such payment has been made by other persons.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be June 30, 1970, or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 7.02. If this Loan Agreement shall not have come into force and effect by December 20, 1966, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower of such date.

Section 7.03. 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, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 7.04. 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 S. NIMMANHEMINDA
Authorized Representative

International Bank for Reconstruction and Development :

By Simon ALDEWERELD
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>
November 1, 1976	\$ 75,000	May 1, 1987	\$ 140,000
May 1, 1977	80,000	November 1, 1987	145,000
November 1, 1977	80,000	May 1, 1988	150,000
May 1, 1978	85,000	November 1, 1988	155,000
November 1, 1978	85,000	May 1, 1989	160,000
May 1, 1979	90,000	November 1, 1989	165,000
November 1, 1979	90,000	May 1, 1990	170,000
May 1, 1980	95,000	November 1, 1990	175,000
November 1, 1980	95,000	May 1, 1991	180,000
May 1, 1981	100,000	November 1, 1991	185,000
November 1, 1981	105,000	May 1, 1992	190,000
May 1, 1982	105,000	November 1, 1992	195,000
November 1, 1982	110,000	May 1, 1993	200,000
May 1, 1983	110,000	November 1, 1993	210,000
November 1, 1983	115,000	May 1, 1994	215,000
May 1, 1984	120,000	November 1, 1994	220,000
November 1, 1984	120,000	May 1, 1995	230,000
May 1, 1985	125,000	November 1, 1995	235,000
November 1, 1985	130,000	May 1, 1996	240,000
May 1, 1986	135,000	November 1, 1996	250,000
November 1, 1986	140,000		

* 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 these columns 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 four years before maturity	½%
More than four years but not more than eight years before maturity	1%
More than eight years but not more than fourteen years before maturity	2%
More than fourteen years but not more than twenty years before maturity	3%
More than twenty years but not more than twenty-six years before maturity	4%
More than twenty-six years but not more than twenty-eight years before maturity	5%
More than twenty-eight years before maturity	6%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project comprises :

(A) The construction of additional buildings and alterations and renovations to existing buildings at :

- (a) 14 trades and industries schools,
- (b) 9 agricultural schools,
- (c) Thewes Vocational Teachers College,
- (d) Bang Pra Agricultural Teacher Training College and the vocational school attached to it.

(B) Procurement and installation of furniture and equipment (including livestock) for the above-mentioned schools and colleges.

(C) (a) A five-year vocational teachers' training program with the assistance of six expatriate specialists ;

(b) A five-year agricultural teachers' training program with the assistance of five expatriate specialists.

(D) Training abroad (to supplement the on-job training) of :

- (a) at least 12 Thai teachers for the trades and industries training program ;
- (b) at least 10 Thai teachers for the agricultural education program.

The location, schedules of accommodation and equipment requirements of the schools and colleges as well as the qualifications and functions of expatriate specialists and local counterparts for the teacher training programs are to be determined from time to time by agreement between the Borrower and the Bank.

Construction of the buildings and installation of the equipment included in the Project are expected to be completed by the end of 1969.

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.*]