

No. 9332

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

**Loan Agreement—*Third Highway Project* (with annexed
Loan Regulations No. 3, as amended). Signed at Wash-
ington, on 23 May 1968**

Official text : English.

*Registered by the International Bank for Reconstruction and Development on
5 December 1968.*

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

**Contrat d'emprunt — *Troisième projet de construction de
routes* (avec, en annexe, le Règlement n° 3 sur les em-
prunts, tel qu'il a été modifié). Signé à Washington, le
23 mai 1968**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 5 décembre 1968.*

No. 9332. LOAN AGREEMENT¹ (*THIRD HIGHWAY PROJECT*) BETWEEN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THAILAND. SIGNED AT WASHINGTON, ON 23 MAY 1968

AGREEMENT, dated May 23, 1968, between the 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 Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated February 15, 1961 as amended February 9, 1967², 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 4.01 is deleted.

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 twenty-nine million dollars (\$29,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. (a) The Borrower shall be entitled, subject to the provisions of this Loan Agreement, to withdraw from the Loan Account:

¹ Came into force on 30 July 1968, upon notification by the Bank to the Government of Thailand.

² See p. 232 of this volume.

- (i) the equivalent of such percentage as shall from time to time be established by agreement between the Borrower and the Bank of such amounts as shall have been paid or, if the Bank shall so agree, shall be required to meet payments to be made for the reasonable cost of goods to be financed under this Loan Agreement other than payments specified in clause (ii) below; and
- (ii) such amount as shall have been paid or, if the Bank shall so agree, shall be required to meet payments to be made in currencies other than currency of the Borrower for consulting services and overseas training of staff to be financed under this Loan Agreement and supplied from outside the territories of the Borrower.

(b) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of : (i) expenditures prior to the date of this Agreement 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.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03(a)(i) of this Agreement shall be in such currency or currencies as the Bank shall from time to time reasonably select.

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.

Section 2.06. The Borrower shall pay interest at the rate of six and one quarter per cent ($6\frac{1}{4}\%$) 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 ($\frac{1}{2}$ 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 semi-annually on April 15 and October 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 1 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 2 to this Agreement. The specific allocation of the proceeds of the Loan, and the methods and procedures for procurement of the goods to be financed out of such proceeds, 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 used exclusively in carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister of Finance of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in accordance with sound engineering, administrative and financial practices and shall make available, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) 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.

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

(d) The highways included in the Project shall be constructed by contractors acceptable to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

(e) 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.

Section 5.02. 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, 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; shall enable the Bank's representatives to inspect the Project, the operation thereof, 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 expenditure of the proceeds of the Loan, the Project, the goods, 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, and traffic on the National Highway System of the Borrower.

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 at the request of either party 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; or (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 and free from all restrictions 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 Borrower shall operate, maintain and repair all highways in its National Highway System in accordance with sound engineering and highway practices, shall maintain suitable workshops and other repair facilities for the highway maintenance equipment required therefor and shall adequately maintain and repair or promptly replace such equipment.

Section 5.08. The Borrower shall take all steps reasonably required to ensure at all times that the dimensions and axle-loads of vehicles using the highways in its National Highway System shall not exceed the limits prescribed by the existing legislation of the Borrower or such other limits as may be agreed upon from time to time between the Borrower and the Bank.

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 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

MISCELLANEOUS

Section 7.01. The Closing Date shall be September 30, 1972 or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 7.02. If the Loan Agreement shall not have come into force and effect by July 26, 1968, the 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 the purposes of this Section. The Bank shall promptly notify the Borrower of such later 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 cables 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 cables 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 Bunchana ATTHAKOR
Authorized Representative

International Bank for Reconstruction and Development :
By Robert S. McNAMARA
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>
October 15, 1972	\$540,000	October 15, 1980	\$885,000
April 15, 1973	555,000	April 15, 1981	910,000
October 15, 1973	575,000	October 15, 1981	940,000
April 15, 1974	595,000	April 15, 1982	970,000
October 15, 1974	610,000	October 15, 1982	1,000,000
April 15, 1975	630,000	April 15, 1983	1,030,000
October 15, 1975	650,000	October 15, 1983	1,065,000
April 15, 1976	670,000	April 15, 1984	1,095,000
October 15, 1976	690,000	October 15, 1984	1,130,000
April 15, 1977	715,000	April 15, 1985	1,165,000
October 15, 1977	735,000	October 15, 1985	1,205,000
April 15, 1978	760,000	April 15, 1986	1,240,000
October 15, 1978	780,000	October 15, 1986	1,280,000
April 15, 1979	805,000	April 15, 1987	1,320,000
October 15, 1979	830,000	October 15, 1987	1,360,000
April 15, 1980	855,000	April 15, 1988	1,410,000

* To the extent that any portion 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>Premiums</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 3/4%
More than sixteen years but not more than eighteen years before maturity.	5%
More than eighteen years before maturity.	6 1/4%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consist of :

Part I.

The construction and improvement of the following sections of the National Primary Highway System of the Borrower totalling about 480 km :

(a) Bang Pa In – Nakorn Sawan (including access roads to Angthong and Singburi)

(b) Saraburi – Lomsak

Part II.

The detailed engineering of approximately 635 km of feeder roads, to be selected in agreement with the Bank.

Part III.

A program for overseas training of members of the technical staff of the Department of Highways of the Borrower.

The Project is expected to be completed by October, 1972.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER
GOVERNMENTS

[Not published herein. See United Nations. Treaty Series, Vol. 615. p. 98.]
