

No. 8946

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

**Loan Agreement—*Phasom Dam Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington, on 19 September 1967**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 29 January 1968.*

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

**Contrat d'emprunt — *Projet relatif au barrage de Phasom* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington, le 19 septembre 1967**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 29 janvier 1968.*

No. 8946. LOAN AGREEMENT<sup>1</sup> (*PHASOM DAM PROJECT*)  
BETWEEN THE KINGDOM OF THAILAND AND THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT. SIGNED AT WASHINGTON, ON 19 SEP-  
TEMBER 1967

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AGREEMENT, dated September 19, 1967, 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, as amended February 9, 1967,<sup>2</sup> with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

*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 twenty-six million dollars (\$26,000,000).

*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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.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.* 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the rate of three-eighths of one per cent ( $\frac{3}{8}$  of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time.

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<sup>1</sup> Came into force on 14 November 1967, upon notification by the Bank to the Government of Thailand.

<sup>2</sup> See p. 290 of this volume.

*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 commitment outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on February 15 and August 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 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 carry out or cause to be carried out the Project with due diligence and efficiency and in accordance with sound engineering 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 or cause to be employed consultants and experts acceptable to the Borrower and the Bank. The nature and scope of the responsibilities of such consultants and experts and the other terms and conditions of their employment shall be determined in respect of each part of the Project by agreement between the Borrower and the Bank.

(c) The general design standards to be used in the construction of the works and facilities included in the Project shall be satisfactory to the Borrower and the Bank.

(d) The Borrower shall employ, on terms and conditions satisfactory to the Borrower and the Bank, qualified and experienced contractors, acceptable to the Borrower and the Bank, to construct the main dam and related structures included in the Project.

(e) The Borrower: (i) shall maintain 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 expenditures and availability of funds in respect of the works and facilities included in the Project of the Royal Irrigation Department or any other department or agency of the Borrower responsible for the construction, operation and maintenance of such works and facilities of the Project or any part thereof; (ii) shall enable the Bank's representatives to inspect the Project, the operation of the works and facilities included therein, 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, administration and financial resources in respect of the works and facilities included in the Project of the Royal Irrigation Department or any other department or agency of the Borrower responsible for the construction, operation and maintenance of such works and facilities of the Project or any part thereof.

*Section 5.02.* The Borrower shall cause the works and facilities included in the Project to be operated and maintained in accordance with sound engineer-

ing and agricultural practices and shall take such action as shall be reasonably required to ensure the most economic use of the water made available by such works for agricultural development, power generation and flood control.

*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.* 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 5.05.* 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 or any other institution performing the functions of a central bank.

*Section 5.06.* 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 5.07.* The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the 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.

## *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 June 30, 1973, or such other date as shall be agreed between the Borrower and the Bank.

*Section 7.02.* The date of November 14, 1967, is specified for the purposes of Section 9.04 of the Loan Regulations.

*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. VINICCHAYAKUL  
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>
August 15, 1973 . . . . .	\$575,000	February 15, 1981 . . . . .	\$895,000
February 15, 1974 . . . . .	590,000	August 15, 1981 . . . . .	925,000
August 15, 1974 . . . . .	610,000	February 15, 1982 . . . . .	950,000
February 15, 1975 . . . . .	630,000	August 15, 1982 . . . . .	980,000
August 15, 1975 . . . . .	645,000	February 15, 1983 . . . . .	1,010,000
February 15, 1976 . . . . .	665,000	August 15, 1983 . . . . .	1,040,000
August 15, 1976 . . . . .	685,000	February 15, 1984 . . . . .	1,070,000
February 15, 1977 . . . . .	705,000	August 15, 1984 . . . . .	1,100,000
August 15, 1977 . . . . .	730,000	February 15, 1985 . . . . .	1,135,000
February 15, 1978 . . . . .	750,000	August 15, 1985 . . . . .	1,170,000
August 15, 1978 . . . . .	775,000	February 15, 1986 . . . . .	1,205,000
February 15, 1979 . . . . .	795,000	August 15, 1986 . . . . .	1,240,000
August 15, 1979 . . . . .	820,000	February 15, 1987 . . . . .	1,275,000
February 15, 1980 . . . . .	845,000	August 15, 1987 . . . . .	1,315,000
August 15, 1980 . . . . .	870,000		

\* 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 . . . . .	5%
More than eighteen years before maturity . . . . .	6%

SCHEDULE 2  
DESCRIPTION OF PROJECT

The Project consists of (a) the construction of the Phasom Dam and reservoir, together with ancillary facilities, in order to provide (i) irrigation for dry-season cropping of an area from 180,000 to 400,000 ha (depending on crops grown) in the northern part of the Chao Phya plain, (ii) irrigation for dry-season cropping of about 200,000 ha and a dependable irrigation supply for 400,000 ha of wet-season cropping in the Nan River



valley, (iii) a future source of electric power, and (b) studies and investigations relating thereto.

The Project includes :

A. *Phasom Dam and Reservoir*

- (i) The construction of a concrete flat-slab buttress type dam or an earth-filled dam about 100 meters high and about 800 meters long and appurtenant structures.
- (ii) The construction of five saddle dams about 20 km northwest of the main dam site.
- (iii) The construction of ancillary facilities for the construction and operation of the dam and the reservoir (power supply and communications, construction camp, permanent operating facilities).
- (iv) The construction of two access roads, one from Uttradit to the dam site and the other to the saddle dams, and completion of all road work and bridges in the area of the main dam and camp site.

B. *Studies and Investigations :*

- (i) A study, to be carried out in 1967, to determine the best timing for installation and the optimum capacity of power generating facilities at the Phasom Dam.
- (ii) The completion by the end of 1968 of a semi-detailed soil survey or land classification in the northern part of the Chao Phya plain and in the Nan River valley.
- (iii) A study, to be started not later than January 1, 1968 and to be completed by the end of September 1969, for the formulation of an agricultural development program for the rapid introduction of second cropping in the northern part of the Chao Phya plain.
- (iv) A feasibility study, to be started not later than January 1, 1968 and to be completed by the end of 1969, for the development of an irrigation scheme in the Nan River valley.

Construction of the Phasom Dam and reservoir and ancillary facilities is expected to be completed by the end of July, 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.*]