

No. 10311

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

**Loan Agreement—*Fourth Highway Project* (with annexed
General Conditions Applicable to Loan and Guarantee
Agreements). Signed at Washington on 27 June 1969**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
12 February 1970.*

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

**Contrat d'emprunt — *Quatrième projet relatif au réseau
routier* (avec, en annexe, les Conditions générales appli-
cables aux contrats d'emprunt et de garantie). Signé à
Washington le 27 juin 1969**

Texte authentique: anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 12 février 1970.*

LOAN AGREEMENT¹

AGREEMENT, dated June 27, 1969, between KINGDOM OF THAILAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the term Third Loan Agreement means the loan agreement dated May 23, 1968³ between the Borrower and the Bank.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty-three million dollars (\$23,000,000).

Section 2.02. (a) 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.

(b) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

¹ Came into force on 29 September 1969, upon notification by the Bank to the Government of Thailand.

² See p. 294, of this volume.

³ United Nations, *Treaty Series*, vol. 651, p. 215.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under the Loan Agreement :

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for the c.i.f. cost of equipment included under Category III of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement;
- (ii) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for consultants' services included in Category II of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement; and
- (iii) the equivalent of forty-five per cent (45%) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for goods or services included in Category I of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement;

provided, however, that if there shall be an increase in the estimate of such payments for goods and services included in Category I, the Bank may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Loan then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

Section 2.04. It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account under Category I of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement may be made on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.

Section 2.05. Notwithstanding the provisions of paragraph (ii) of Section 2.03 of this Agreement, no withdrawals shall be made, under Category II of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, in respect of the cost of consultants' services for detailed engineering of any highway or section thereof included under Part II of the Project (as described in Schedule 3 to this Agreement) unless and until the economic feasibility of such highway or section thereof has been established to the satisfaction of the Bank.

Section 2.06. 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 withdrawn from time to time.

Section 2.07. The Borrower shall pay interest at the rate of six and one-half per cent ($6\frac{1}{2}\%$) per annum on the principal amount of the Loan withdrawn and 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 2 to this Agreement.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Loan Agreement to expenditures on the Project described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree (i) the goods and services (other than consultants' services) to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

Section 3.03. Except as the Bank shall otherwise agree, until the completion of the Project the Borrower shall cause all goods and services 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 VIII of the General Conditions.

Section 4.02. The Minister of Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

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

(b) The Borrower shall take all such timely action (including the adequate provision of funds) as shall be necessary to acquire all such land, rights-of-way and other property rights as shall be required for carrying out the Project.

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

(d) Except as the Bank shall otherwise agree, the Borrower shall cause the works in Part I of the Project as described in Schedule 3 to this Agreement to be carried out by contractors satisfactory to the Bank, employed under contracts satisfactory to the Bank.

(e) The general design standards to be used for the highways included in the Project shall be as set forth in Schedule 5 to this Agreement and as such standards shall be modified from time to time by agreement between the Borrower and the Bank.

(f) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such details as the Bank shall request.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof, and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods and services financed out of such proceeds, the Project, the National Highway System of the Borrower, and the administration, operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof. 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.

(c) 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, the maintenance of the service thereof or the performance of the obligations under the Loan Agreement by the Borrower or the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

(d) 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 5.03. The Borrower shall maintain records adequate to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof and shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any other relevant records and documents.

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 importation into the territories of the Borrower.

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 and any other institution performing the functions of a central bank for the Borrower.

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 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 5.08. The Borrower shall operate, maintain and repair all highways in its National Highway System in accordance with sound engineering and highway practices, and 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 5.09. 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.

Section 5.10. The Borrower shall collect and record, in accordance with sound statistical methods and procedures, such technical, economic and financial information as shall be required for transport planning and, in particular, for the

proper planning of maintenance, improvement and extension of the Borrower's National Highway System.

Section 5.11. The Borrower shall take all steps as shall be required to ensure the widening, improvement and extension of such roads in Thonburi and Bangkok as are necessary to give congestion-free access to the Thonburi-Paktho highway.

Section 5.12. The Borrower shall take all such measures as shall be reasonably required to ensure that the Thonburi-Paktho highway is operated and maintained as a controlled access highway, in accordance with specifications acceptable to the Bank.

Section 5.13. The Borrower shall promptly inform the Bank of any plans to relocate the town of Loei and of any flooding which might result from the planned construction of the Pa-Mong dam and, in particular, shall consult with the Bank concerning the effect of any such relocation or flooding on the Chumpae-Loei highway.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon, and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1973 or such other date as shall be agreed between the Borrower and the Bank.

Section 7.02. The date of September 29, 1969 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 7.03. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 7.04. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Borrower :

Minister of Finance
Ministry of Finance
Bangkok, Thailand

Alternative address for cables :

Minance
Bankgok

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 :

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Kingdom of Thailand :

By Arun PANUPONG
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF THE LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Highway construction and improvement under Part I of the Project	16,200,000
II. Consultants' services for :	
(i) Supervising construction and improvement under Part I of the Project	1,600,000
(ii) Detailed engineering of highways under Part II of the Project	1,500,000
III. Workshop equipment for highway maintenance under Part III of the Project	700,000
IV. Unallocated	3,000,000
	<u>TOTAL \$23,000,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I through III shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category IV.

2. If the estimate of the cost of the items included in any of the Categories I through III shall increase, an amount equal to the portion, if any, of such increase, to be financed out of the proceeds of the Loan (or, in the case of Category I, an amount equal to 45% of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category from Category IV, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

SCHEDULE 2

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>
April 15, 1974	420,000	April 15, 1982	700,000
October 15, 1974	435,000	October 15, 1982	720,000
April 15, 1975	445,000	April 15, 1983	745,000
October 15, 1975	460,000	October 15, 1983	770,000
April 15, 1976	475,000	April 15, 1984	795,000
October 15, 1976	490,000	October 15, 1984	820,000
April 15, 1977	510,000	April 15, 1985	845,000
October 15, 1977	525,000	October 15, 1985	875,000
April 15, 1978	540,000	April 15, 1986	905,000
October 15, 1978	560,000	October 15, 1986	935,000
April 15, 1979	575,000	April 15, 1987	965,000
October 15, 1979	595,000	October 15, 1987	995,000
April 15, 1980	615,000	April 15, 1988	1,025,000
October 15, 1980	635,000	October 15, 1988	1,060,000
April 15, 1981	655,000	April 15, 1989	1,095,000
October 15, 1981	675,000	October 15, 1989	1,140,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	$\frac{3}{4}$ of 1%
More than three years but not more than six years before maturity	$1\frac{3}{4}$ %
More than six years but not more than eleven years before maturity	$2\frac{3}{4}$ %
More than eleven years but not more than sixteen years before maturity	$4\frac{1}{2}$ %
More than sixteen years but not more than eighteen years before maturity	$5\frac{1}{2}$ %
More than eighteen years before maturity	$6\frac{1}{2}$ %

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project consists of :

Part I

The construction and improvement of the following highways, including supervision by consultants :

- (a) Thern-Lampang (about 95 km)
- (b) Thonburi-Paktho (about 87 km)
- (c) Chumpae-Loei (about 112 km)

Part II

The detailed engineering by consultants of the following highways or sections thereof (totalling approximately 533 km), providing that the economic feasibility of each such highway or section thereof has been established to the satisfaction of the Bank :

- (a) Langsuan-Surat-Pattalung
- (b) Sriracha-Pattaya-Rayong
- (c) Pattaya-Sataheep
- (d) Bangkok (Airport)-Bang Pa In-Saraburi

Part III

The purchase of workshop equipment for highway maintenance.

The Project is expected to be completed by June 30, 1973.

SCHEDULE 4

PROCUREMENT

A. Contracts for Highway Construction and Improvement

1. Prequalification of bidders as described in paragraph 1.3 of the Guidelines referred to in Section 3.02 of this Agreement will be used for bidding on all highway construction and improvement works in Category I of Schedule 1 of this Agreement, and at least 45 days will be allowed for submission of prequalification documents.

2. Bidders shall not be required to be registered in Thailand as a condition to participation in bidding. Should applicable laws or regulations require registration or other similar formalities of a successful bidder, to this end the Borrower shall furnish such bidder every facility to avoid any possible delay.

3. Unless the Bank shall otherwise agree, contracts for road construction and improvement under Category I of said Schedule 1 shall be on a unit price basis and each contract shall be for an amount of not less than the equivalent of U. S. \$3,000,000, and the standard contract form and specifications adopted by the Borrower for road contracts under the Third Loan Agreement shall in all cases be used for the Project.

4. Copies of invitations to bid, together with tender documents and a list of pre-qualified contractors, shall be sent to the Bank at the same time as such tender documents are sent to prospective bidders. Unless the Bank shall otherwise agree, forty-five days shall be allowed for submission of bids. Prior to award of any contract, the Borrower shall submit to the Bank for its approval the proposed contract, together with an analysis of all bids received and the consultants' comments and recommendations thereon. If it is proposed to award any contract to a bidder other than the one quoting the lowest price, the reasons for such proposal shall be stated. A conformed copy of each contract shall be furnished to the Bank as soon as it is signed.

B. *Contracts for Purchase of Workshop Equipment for Highway Maintenance*

1. With respect to goods under Category III of said Schedule 1, identical or similar items of equipment shall be grouped together wherever practicable for purposes of bidding and procurement, and such groupings of items shall be submitted to the Bank for its approval before inviting bids.

2. Before inviting bids with respect to goods under Category III of said Schedule 1, information concerning the advertising coverage as well as the bidding documents shall be submitted to the Bank for its approval. After such approval has been obtained, bids shall be invited, and the time interval between the invitation to bid and bid opening, referred to in Section 3.1 of the Guidelines, shall be not less than forty-five days.

3. Before awards of contracts are made with respect to goods under Category III of said Schedule 1, the Borrower shall send to the Bank for its approval an evaluation of the bids received and the Borrower's proposals concerning the contract and the award. Bids shall be evaluated in accordance with Section 3.7 of the Guidelines, and shall take into account the advantages resulting from the standardization of equipment and the manufacturer's spares and servicing facilities. If it is proposed to award the contract to other than the bidder offering the lowest evaluated price, the reason for such an exception to Section 3.9 of the Guidelines shall be promptly stated to the Bank in writing. One conformed copy of each contract for the purchase of such goods shall be sent to the Bank promptly after its conclusion.

4. For certain items or groups of items under Category III of said Schedule 1, international competitive bidding may be dispensed with, provided that the Borrower shall in all such cases promptly send to the Bank for its approval details of the proposed procurement procedure as well as periodic lists of such items indicating the expected price of such goods and the intended suppliers thereof.

SCHEDULE 5

DESIGN STANDARDS

Design Standards for Two-Lane Primary and Secondary Highways (Rural)

1. Bridge width : 8 m minimum
2. Vertical clearance : 4.50 m
3. Design wheel load (pavement) : 10,000-12,000 lb.
4. Design bridge loading : H 20-S 16
5. Geometric Design Features :

	<i>Flat and Moderately Rolling</i>	<i>Rolling and Hilly</i>	<i>Mountainous and Alpine</i>
(a) <i>Primary</i>			
Design speed (km/h)	80-100	60-80	50-60
Maximum gradient	4%	6%	8%
Right of way (m)	60-80	60-80	60-80
(b) <i>Secondary</i>			
Design speed (km/h)	70-90	55-70	40-55
Maximum gradient	6%	8%	10%
Right of way (m)	40-60	40-60	40-60

6. Roadway Features :

Class	Primary			Secondary	
	P (1)	P (2)	P (3)	S (1)	S (2)
Annual equivalent average daily traffic (ADT)*	8000-4000	4000-1500	below 1500	above 1500	below 1500
Suggested surface type	high	intermediate	intermediate	intermediate	intermediate to low
Width of surfacing (m)	7.00-6.50	6.50-6.00	6.00	6.00	5.50
Width of shoulder (m) flat terrain**	2.50-2.75	2.25-2.50	2.00	2.00	1.75
Width of roadbed**	12	11	10	10	9

Design Standards for Project Highway Sections

	Standard	Pavement Width (m)
Thern-Lampang	P (2)	6.50
Thonburi-Paktho	P (1)	7.00
Chumpae-Loei	P (2) and P (3)	6.50 and 6.00

*ADT based on 7-year traffic projection, using the following factors :

- (a) Trucks and buses (3T and over) : 2 in flat and rolling terrain
3 in mountainous terrain
(b) All other motor vehicles : 1

**Widths reduced in mountainous terrain

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.]