

No. 10677

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

Guarantee Agreement—*First EGAT Power Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Electricity Generating Authority of Thailand). Signed at Washington on 10 February 1970

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 18 August 1970.

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

Contrat de garantie — *Premier projet EGAT relatif à l'énergie électrique* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et l'Office thaïlandais de production d'énergie électrique). Signé à Washington le 10 février 1970

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 18 août 1970.

GUARANTEE AGREEMENT¹

AGREEMENT, dated February 10, 1970, between KINGDOM OF THAILAND (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith² between the Bank and Electricity Generating Authority of Thailand (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to forty-six million five hundred thousand dollars (\$46,500,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,³ with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Guarantee Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of its other obligations under this Guarantee Agreement, the Guarantor hereby un-

¹ Came into force on 17 April 1970, upon notification by the Bank to the Government of Thailand.

² See p. 346 of this volume.

³ See p. 344 of this volume.

conditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity and the punctual performance of all the obligations of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor 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 Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor 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 to secure a debt maturing not more than one year after the date on which it is originally incurred.

The term “assets of the Guarantor” as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including the Bank of Thailand or any other institution performing the functions of a central bank.

Section 3.02. (a) The Guarantor 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 it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with

respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor 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 Guarantor 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 Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. 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 Guarantor, 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 Guarantor.

Section 3.04. This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor on or in connection with the execution, issue, delivery or registration thereof.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Article V

Section 5.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Minister of Finance
Ministry of Finance
Bangkok, Thailand

Alternative address for cables:

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:

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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 **SUNTHORN HONGLADAROM**
Authorized Representative

International Bank for Reconstruction and Development:

By **J. BURKE KNAPP**
Vice President

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.*]

LOAN AGREEMENT

AGREEMENT, dated February 10, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and the ELECTRICITY GENERATING AUTHORITY OF THAILAND (hereinafter called the Borrower), an entity established under the Electricity Generating Authority Act, B. E. 2511, of the Kingdom of Thailand.

WHEREAS the International Bank for Reconstruction and Development has previously helped finance four projects forming a part of the programs of the Yanhee Electricity Authority for the development and expansion of its power generating and transmission facilities and has entered into loan agreements with the Yanhee Electricity Authority respectively dated September 12, 1957,¹ March 7, 1963,² March 22, 1965³ and March 24, 1967⁴ providing for such projects;

WHEREAS all activities, properties, debts, rights and liabilities, including the rights and liabilities under the aforesaid loan agreements, of the Yanhee Electricity Authority have been transferred to the Borrower;

WHEREAS the Borrower has been established to generate, acquire, transmit or distribute electricity and to perform other activities incidental thereto as provided in the aforesaid Act;

WHEREAS the Borrower has requested the Bank to assist in the financing of the installation of a power plant at the Sirikit Dam and the construction of a third thermal unit at the South Bangkok Station, as described in Schedule 1 to this Agreement;

WHEREAS by a Guarantee Agreement of even date herewith⁵ between the Guarantor and the Bank the Guarantor has agreed *inter alia* to guarantee the performance by the Borrower of its obligations hereinafter set forth; and

WHEREAS the Bank has agreed, on the basis *inter alia* of the foregoing, to make a loan to the Borrower on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,⁶ with the same force and effect as if they were fully

¹ United Nations, *Treaty Series*, vol. 299, p. 349.

² *Ibid.*, vol. 467, p. 83.

³ *Ibid.*, vol. 538, p. 63.

⁴ *Ibid.*, vol. 599, p. 299.

⁵ See p. 338 of this volume.

⁶ See p. 344 of this volume.

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 Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) The term "Yanhee Electricity Authority" means the entity established under the Yanhee Electricity Authority Act, B. E. 2500, of the Kingdom of Thailand;

(b) The terms "First Loan Agreement", "Second Loan Agreement", "Third Loan Agreement" and "Fourth Loan Agreement" mean the loan agreements between the Bank and the Yanhee Electricity Authority (to which the Borrower has succeeded pursuant to the Electricity Generating Authority Act, B. E. 2511 of the Kingdom of Thailand), dated September 12, 1957, March 7, 1963, March 22, 1965 and March 24, 1967, respectively, and the term "Prior Loan Agreements" means all such agreements;

(c) The term "Prior Guarantee Agreements" means the guarantee agreements between the Guarantor and the Bank providing *inter alia* for the guarantee by the Guarantor of the loans under the Prior Loan Agreements.

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 forty-six million five hundred thousand dollars (\$46,500,000).

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, this Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 2 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 Bank and the Borrower.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) in respect of the reasonable cost of goods or services required for the Project and to be financed under this Loan Agreement.

Section 2.04. 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 2.05. The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn and 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 3 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 Loan Agreement to expenditures on the Project, described in Schedule 1 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, the goods and 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 August 1969, 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 Bank and the Borrower.

Section 3.03. Except as the Bank may otherwise agree, 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 General Manager 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 administrative, financial, engineering and public utility practices.

(b) In carrying out the Project, the Borrower shall employ qualified and experienced engineering consultants and contractors, upon terms and conditions satisfactory to the Bank. The selection of the engineering consultants and the nature and scope of their responsibilities shall be the subject of agreement between the Bank and the Borrower.

(c) The Borrower shall furnish 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.

(d) The Borrower shall: (i) 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 (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; (ii) enable the Bank's representatives to inspect its properties and operations, the Project, the goods and any relevant records and documents; and (iii) 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 administration, operations and financial condition of the Borrower.

(e) The Borrower shall: (i) have its accounts and financial statements (balance sheet, statement of income and expenses and related statements) for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors, or through other arrangements, acceptable to the Bank; (ii) furnish to the Bank, as soon as available, but in any case not later than six months after the end of each fiscal year, certified copies of its financial statements for such year, as so audited, and a report of such audit, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning the accounts and financial statements of the Borrower and the audit thereof as the Bank shall from time to time reasonably request.

Section 5.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Bank and the Borrower 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 of the Borrower and other matters relating to the purposes of the Loan.

(b) 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 by the Borrower of its obligations under the Loan Agreement.

Section 5.03. 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 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.

Section 5.04. Subject to such exemptions as shall be conferred by the provisions of Sections 3.03 and 3.04 of the Guarantee Agreement or otherwise, the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; 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 Guarantor.

Section 5.05. The Borrower shall pay or cause to be paid all 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 on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement or the Bonds.

Section 5.06. (a) The Borrower shall take out and maintain with responsible insurers or make other provision satisfactory to the Bank for insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 5.07. The Borrower shall operate and maintain its properties and from time to time make all necessary renewals and repairs thereof, all in accord-

ance with sound engineering standards, and shall at all times carry on its operations and maintain its financial position in accordance with sound financial and public utility practices.

Section 5.08. (a) The Borrower shall establish and maintain prices for the sale of electricity at such levels as shall provide revenues sufficient:

- (i) to cover all operating expenses including interest, depreciation, employee benefits and bonuses;
- (ii) to cover debt amortization and to meet increases in the cost of asset replacement, insofar as they exceed depreciation; and
- (iii) to finance, on an average over any four consecutive years, not less than 30% of the cost of investment in power facilities.

(b) For purposes of the foregoing and as part of such information as may be requested under paragraph (d) (iii) of Section 5.01 of this Agreement, the Borrower shall, within the first six months of each fiscal year:

- (i) prepare and furnish to the Bank a cash-flow analysis for the fiscal year next preceding the year in which the analysis is made and for the forthcoming four years; and
- (ii) prepare and furnish to the Bank all other relevant information concerning the steps taken or planned to be taken by the Borrower in order to comply with its obligations under paragraph (a) hereof.

Section 5.09 (a) Except as the Bank and the Borrower shall from time to time agree, the Borrower shall not:

- (i) incur, in any fiscal year, debt exceeding a sum equivalent to \$20,000,000; or
- (ii) incur debt, including overdraft arrangements, maturing by its terms within five years if by such incurrences the Borrower's total of such indebtedness at any time outstanding shall exceed a sum equivalent to \$5,000,000.

(b) For the purposes of this Section:

- (i) debt shall be deemed to be incurred on the date of execution and delivery of a contract creating such debt; and
- (ii) all indebtedness payable in a currency other than that of the Guarantor shall be valued at the rate of exchange at which such other currency is obtainable on the date such debt is incurred for the purpose of servicing such indebtedness, or if such currency is not obtainable, at the rate of exchange reasonably determined by the Bank.

Article VI

REMEDIES OF THE BANK; AMENDMENTS OF PRIOR LOAN AGREEMENTS

Section 6.01. If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement 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 and the Guarantor 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.

Section 6.02. For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) A default shall have occurred in the performance of any covenant or agreement (other than a covenant or agreement to pay monies) on the part of the Borrower, or the Guarantor under any of the Prior Loan Agreements, any of the Prior Guarantee Agreements, or the Bonds provided for therein, and shall continue for a period of sixty days.
- (b) The Electricity Generating Authority Act, B.E. 2511, of the Kingdom of Thailand, shall have been suspended, terminated or repealed, or materially amended, without the prior agreement of the Bank.

Section 6.03. For the purpose of the Prior Loan Agreements, paragraph (c) of Section 5.02 of Loan Regulations No. 4¹ of the Bank applicable thereto is hereby amended to read as follows:

- “(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement, or the Bonds, or under the loan agreement dated February 10, 1970, between the Bank and the Borrower, the guarantee agreement of even date therewith between the Guarantor and the Bank or the bonds provided for therein;”

and the term “Loan Regulations” as used for the purposes of the Prior Loan Agreements shall mean the Loan Regulations No. 4 of the Bank applicable thereto, as modified in the Prior Loan Agreements and as further amended hereby.

Section 6.04. (a) Section 5.09 of the Prior Loan Agreements shall be amended to read as in Section 5.08 of this Agreement provided.

(b) Section 5.10 of the Second Loan Agreement, Section 5.10 of the Third Loan Agreement and Section 5.11 of the Fourth Loan Agreement shall be amended to read as in Section 5.09 of this Agreement provided.

¹ United Nations, *Treaty Series*, vol. 400, p. 212.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1974, or such other date as shall be agreed between the Bank and the Borrower.

Section 7.02. The date of May 18, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 7.03. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

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.

For the Borrower:

Electricity Generating Authority of Thailand
Nonthaburi
Thailand

Alternative address for cables:

EGAT
Nonthaburi
Thailand

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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Bank for Reconstruction and Development:

By J. BURKE KNAPP
Vice President

Electricity Generating Authority of Thailand:

By SUNTHORN HONGLADAROM
Authorized Representative

SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project is part of the Borrower's continuing development of generating and other facilities. The Project includes:

1. A power plant at the Sirikit dam which is presently under construction by the Royal Irrigation Department. The power plant will contain two 125 MW hydraulic turbine generator units together with necessary auxiliary systems, appurtenances and controls and be capable of future expansion up to a total of four 125 MW units;
2. An outdoor switching station with suitable power transformers, switchgear and controls;
3. Transmission facilities including approximately 250 km of double circuit 230 kv transmission line between Sirikit and Nakorn Sawan with necessary modifications to the Nakorn Sawan switching station; and
4. The addition of a third unit to the South Bangkok thermal plant consisting of one 310 MW oil-fired steam-driven turbine generator with necessary auxiliary systems, appurtenances and controls including necessary expansion of the station switchyard.

The Project is expected to be completed by the end of 1974.

SCHEDULE 2

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Sirikit Power Plant	
(a) Civil engineering works including power conduits	8,000,000
(b) Construction equipment	1,500,000
(c) Power plant equipment including turbine generators, transformers, switchgear and miscellaneous auxiliary equipment	7,000,000
(d) Transmission facilities	4,500,000
II. South Bangkok Thermal Unit No. 3	
Power plant equipment including turbine generator, boiler, transformers, switchgear and miscellaneous auxiliary equipment	19,000,000
III. Consulting Services	3,500,000
IV. Unallocated	3,000,000
	<u>TOTAL 46,500,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to 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 to III shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan 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 3

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>
February 15, 1975	855,000	February 15, 1983	1,480,000
August 15, 1975	885,000	August 15, 1983	1,535,000
February 15, 1976	915,000	February 15, 1984	1,585,000
August 15, 1976	945,000	August 15, 1984	1,640,000
February 15, 1977	980,000	February 15, 1985	1,700,000
August 15, 1977	1,015,000	August 15, 1985	1,760,000
February 15, 1978	1,050,000	February 15, 1986	1,820,000
August 15, 1978	1,085,000	August 15, 1986	1,885,000
February 15, 1979	1,125,000	February 15, 1987	1,950,000
August 15, 1979	1,165,000	August 15, 1987	2,020,000
February 15, 1980	1,205,000	February 15, 1988	2,090,000
August 15, 1980	1,245,000	August 15, 1988	2,165,000
February 15, 1981	1,290,000	February 15, 1989	2,240,000
August 15, 1981	1,335,000	August 15, 1989	2,315,000
February 15, 1982	1,385,000	February 15, 1990	2,405,000
August 15, 1982	1,430,000		

* 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	1%
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity	3 1/4%
More than eleven years but not more than sixteen years before maturity	5%
More than sixteen years but not more than eighteen years before maturity	6%
More than eighteen years before maturity	7%

SCHEDULE 4

PROCUREMENT

1. With respect to contracts of \$100,000 equivalent or more, the following procedures shall apply:

(a) Invitations to bid, specifications, and all other tender documents, together with a description of the advertising procedures to be followed, as well as procedures of invitations as to qualification information in case any prequalifications are prescribed, will be submitted to the Bank for review and approval prior to the issuance of invitations to bid or invitations for qualification information.

(b) After bids have been received and analyzed, the analyses of the bids and the recommendations thereon together with the reasons for such recommendation, will be submitted to the Bank for approval prior to making an award of contract or issuing any letter of intent.

(c) If the final contract or letter of intent is to differ substantially from the terms and conditions contained in the respective documents approved by the Bank under (a) and (b) above, the text of the proposed changes shall be submitted to the Bank for review and approval prior to the execution of such contract or issuance of such letter of intent.

(d) One conformed copy of any letter of intent issued and of any contract executed under (a) and (b) above will be sent to the Bank promptly upon its issuance or execution and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract.

II. With respect to contracts of less than \$100,000 equivalent, the documents referred to in Paragraph I above will be furnished to the Bank promptly after the signing of such contracts.

III. Wherever for the purpose of determining the lowest evaluated bid, as provided for in the *Guidelines for Procurement under World Bank Loans and IDA Credits* (dated August 1969), it is necessary to compare bids for the supply of goods manufactured in the territories of the Guarantor with bids for the supply of goods manufactured outside the territories of the Guarantor, these rules shall apply:

(a) In respect of goods manufactured outside the territories of the Guarantor the following elements of the bid price shall be used:

- (i) The c.i.f. landed price (i.e. including ocean freight, insurance and other shipping charges) of such goods,
- (ii) The total amount of all customs duties and similar levies due on the importation of such goods, but only insofar as the total of such duties and levies does not exceed the equivalent of 15% of the c.i.f. landed price of such goods,
- (iii) The cost of transportation of such goods from the point of entry into the territories of the Guarantor to the site or warehouse nearest to the site at which such goods are to be used; and

(b) In respect of goods manufactured within the territories of the Guarantor the following elements of the bid price shall be used:

- (i) The ex-factory price of such goods, before local sales or other purchase taxes,
 - (ii) The cost of transportation of such goods from the factory to the site or warehouse nearest to the site at which such goods are to be used.
-