No. 7805

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and THAILAND

Loan Agreement—*Me Klong Irrigation Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 25 November 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 7 June 1965.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et THAÏLANDE

Contrat d'emprunt — *Projet d'irrigation du Me Klong* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 25 novembre 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 7 juin 1965.

No. 7805. LOAN AGREEMENT[1] (*ME KLONG IRRIGATION PROJECT*) BETWEEN THE KINGDOM OF THAILAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 25 NOVEMBER 1964

AGREEMENT, dated November 25, 1964, between KINGDOM OF THAILAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; DEFINITION

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[2] (said Loan Regulations No. 3 being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

Section 1.02. Whenever used in the Loan Agreement, the term " Royal Irrigation Department " means the Royal Irrigation Department of the Ministry of National Development of the Borrower.

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-two million dollars ($22,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.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at the rate of three-eighths of one per cent ($^3/_8$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

[1] Came into force on 3 February 1965, upon notification by the Bank to the Government of Thailand.
[2] See p. 290 of this volume.

Section 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5^1/_2\%$) 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 ($^1/_2$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semiannually on March 15 and September 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 Loan; Withdrawals

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2[1] 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 imported into the territories of the Borrower and, except as the Borrower and the Bank shall otherwise agree, there to be used exclusively in the carrying out of the Project.

Section 3.03. Pursuant to Section 4.01 of the Loan Regulations, withdrawals from the Loan Account may be made on account of expenditures made before the Effective Date but only on or after December 1, 1964.

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.

[1] See p. 288 of this volume.

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*) (i) The Borrower shall carry out the Project with due diligence and efficiency and in accordance with sound engineering, financial and agricultural practices.

(ii) The Borrower shall operate or perform all works, facilities and activities in the Project in accordance with sound engineering and agricultural practices and shall maintain and operate all works and facilities included in the Project in accordance with such practices.

(iii) In furtherance of the purposes of (i) and (ii) of this paragraph (*a*), the Borrower shall, *inter alia*, make available promptly as needed all funds and other resources which shall be required therefor.

(*b*) 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.

(*c*) 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), to record the results achieved by irrigation of the land in the area of the Project and to reflect in accordance with consistently maintained sound accounting practices the expenditures and availability of funds in respect of the Project of the Royal Irrigation Department or any other department of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof; (ii) shall enable the Bank's representatives to inspect the Project, the operation thereof, 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 results achieved by irrigation of the land in the area of the Project, the goods and the operations, administration and financial resources in respect of the Project of the Royal Irrigation Department or any other department of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

(*d*) In connection with : (i) the design and construction of the diversion dam and appurtenant works; (ii) the land classification of the Me Klong River Plain; and (iii) the preparation of a feasibility report relating to the further development of the Me Klong River Basin; the Borrower shall, except as the Borrower and the Bank shall otherwise agree, employ or cause to be employed qualified experts or consultants acceptable to, and upon conditions satisfactory to, the Borrower and the Bank.

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

Section 5.02. The Borrower shall cause all works and facilities not included in the Project but necessary to or required for the efficient operation thereof to be properly operated and to be adequately maintained and repaired.

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 maintain land classification and drainage units within the Royal Irrigation Department.

Section 5.05. The Borrower shall give priority to the Project in its program for the development of the Me Klong River Basin, and, to that end, shall, if necessary to accomplish the prompt and diligent carrying out of the Project, make such revisions in the schedules for other parts of that program as may be required.

Section 5.06. 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.