No. 8609

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and THAILAND

Loan Agreement — *Vocational Education Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 19 October 1966

Official text : English.

Registered by the International Bank for Reconstruction and Development on 10 April 1967.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et THAÏLANDE

Contrat d'emprunt — *Projet relatif à l'enseignement professionnel* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 19 octobre 1966

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 10 avril 1967.

No. 8609. LOAN AGREEMENT[1] *(VOCATIONAL EDUCATION PROJECT)* BETWEEN THAILAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 19 OCTOBER 1966

AGREEMENT, dated October 19, 1966, between KINGDOM OF THAILAND (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower, as part of its human resources development program, has established objectives for vocational education with which the Bank concurs ;

WHEREAS in order to achieve such objectives it is necessary to expand the Borrower's vocational schools for industry and agriculture and the colleges where vocational teachers for such schools are trained ;

WHEREAS the Bank has agreed to assist the Borrower in the financing of such expansion on the terms and conditions set forth in this Loan Agreement between the Borrower and the Bank ;

NOW THEREFORE the parties hereto hereby agree as follows :

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[2] 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 9.04 is deleted.

[1] Came into force on 19 December 1966, upon notification by the Bank to the Government of Thailand.

[2] See p. 364 of this volume.

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 six million dollars ($6,000,000).

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 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.

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 (½ 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 semi-annually on May 1 and November 1 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 cause the Project to be carried out with due diligence and efficiency and in conformity with sound technical, administrative and financial practices under the direction of a competent Project Director in the Ministry of Education of the Borrower.

(*b*) To assist it in carrying out the Project the Borrower shall employ, on terms and conditions satisfactory to the Borrower and the Bank, qualified and experienced architectural consultants, a Project adviser and two equipment specialists acceptable to the Borrower and the Bank.

(*c*) The Borrower shall furnish, or cause to be furnished, to the Bank promptly upon their preparation the designs, specifications and work and procurement schedules for the Project and any modification subsequently made therein, in such detail as the Bank shall request.

(*d*) 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, and to record the progress of the Project (including the cost thereof) ; shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan 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 and the operations, administration and budget of the Ministry of Education of the Borrower and the schools and colleges included in the Project.

(*e*) 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 sites of the Project.

Section 5.02. (*a*) The Borrower shall operate the schools and colleges included in the Project so as to achieve the educational objectives of the Borrower.

(*b*) The Borrower shall make available promptly as needed all funds, equipment and supplies required for the efficient operation of the schools and colleges included in the Project.

(*c*) The Borrower shall cause the buildings, equipment and other facilities of the schools and colleges included in the Project to be adequately maintained and repaired.

(*d*) The Borrower shall establish and maintain a central purchasing agency in the Ministry of Education which shall be charged with the procurement of all equipment and supplies required for the Ministry of Education and any school, college or other educational institution administered by said Ministry with such organization and powers as shall be required for the efficient discharge of its functions.

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. 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,