
LOAN NUMBERS 3945/3949-THA

LOAN AGREEMENT
(Ordinary Operations)

(COVID-19 Active Response and Expenditure Support Program)

between

KINGDOM OF THAILAND

and

ASIAN DEVELOPMENT BANK

DATED 16 November 2020

THA 54177

**LOAN AGREEMENT
(Ordinary Operations)**

LOAN AGREEMENT dated 16 November 2020 between KINGDOM OF THAILAND ("Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) ADB has received from the Borrower a development policy letter dated 28 May 2020 ("Policy Letter"), setting forth certain objectives, policies and actions forming the Borrower's countercyclical development expenditures relating to the coronavirus disease (COVID-19) pandemic as described in Schedule 1 to this Loan Agreement ("Program");

(B) the Borrower has applied to ADB for two loans for the purposes of the Program; and

(C) ADB has agreed to make the loans to the Borrower from ADB's ordinary capital resources upon the terms and conditions set forth herein;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All the provisions of ADB's Ordinary Operations Loan Regulations, dated 1 January 2017 ("Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications:

(a) Section 2.01(kk) is deleted and the following is substituted therefor:

"Loan" means each of: (a) Loan 1 (as defined in Section 1.02(c) of the Loan Agreement); and (b) Loan 2 (as defined in Section 1.02(d) of the Loan Agreement.

(b) Section 2.01(ll) is deleted and the following is substituted therefor:

"Loan Account" means:

- (i) in relation to Loan 1, the account opened or to be opened by ADB on its books in the name of the Borrower to which the amount of Loan 1 has been or will be credited; and
- (ii) in relation to Loan 2, the account opened or to be opened by ADB on its books in the name of the Borrower to which the amount of Loan 2 has been or will be credited.

- (c) Section 2.01(tt) is deleted and the following is substituted therefor:

The term "Program" means the program for which ADB has agreed to make the Loans, as described in the Loan Agreement and as the description thereof may be amended from time to time by agreement between ADB and the Borrower.

- (d) The term "Project" wherever it appears in the Loan Regulations shall be substituted by the term "Program".

- (e) Section 2.01(vv) is deleted and the following is substituted therefor:

The term "Program Executing Agency" means the entity or entities responsible for the carrying out of the Program as specified in the Loan Agreement.

- (f) The term "Project Executing Agency" wherever it appears in the Loan Regulations shall be substituted by the term "Program Executing Agency".

- (g) Section 6.01(b) is deleted.

Section 1.02. Wherever used in this Loan Agreement, the several terms defined in the Loan Regulations have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Loan Agreement have the following meanings:

- (a) "Counterpart Funds" means the local currency generated from the Loan proceeds under the Program and referred to in paragraph 4 of Schedule 4 to this Loan Agreement;
- (b) "Deposit Account" means the account referred to in paragraph 3 of Schedule 3 to this Loan Agreement;
- (c) "Loan 1" means the loan provided for in Section 2.01(a) of this Loan Agreement;
- (d) "Loan 2" means the loan provided for in Section 2.04(a) of this Loan Agreement;
- (e) "Loan Disbursement Handbook" means ADB's Loan Disbursement Handbook (2017, as amended from time to time);
- (f) "Loans" means Loan 1 and Loan 2;
- (g) "MOF" means the Borrower's Ministry of Finance or any successor thereto;
- (h) "Policy Letter" means the development policy letter referred to in Recital (A) of this Loan Agreement; and

- (i) "Program Executing Agency" for the purposes of, and within the meaning of, the Loan Regulations means the MOF or any successor thereto acceptable to ADB, which is responsible for the carrying out of the Program.

ARTICLE II

The Loans

Section 2.01. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of five hundred million Dollars (\$500,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Loan Agreement.

(b) Loan 1 has a principal repayment period of 7 years, and a grace period as defined in paragraph (c) of this Section.

(c) The term "grace period" as used in paragraph (b) of this Section means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.02. The Borrower shall pay to ADB interest on the principal amount of Loan 1 withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR; and
- (b) 0.60% as determined by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.03. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of Loan 1 (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.04. (a) ADB agrees to lend to the Borrower from ADB's ordinary capital resources an amount of one billion Dollars (\$1,000,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Loan Agreement.

(b) Loan 2 has a principal repayment period of 2 years, and a grace period as defined in paragraph (c) of this Section.

(c) The term "grace period" as used in paragraph (b) of this Section means the period prior to the first Principal Payment Date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.05. The Borrower shall pay to ADB interest on the principal amount of Loan 2 withdrawn and outstanding from time to time at a rate for each Interest Period equal to the sum of:

- (a) LIBOR; and
- (b) 0.60% as determined by Section 3.02 of the Loan Regulations less a credit of 0.10% as provided by Section 3.03 of the Loan Regulations.

Section 2.06. The Borrower shall pay a commitment charge of 0.15% per annum. Such charge shall accrue on the full amount of Loan 2 (less amounts withdrawn from time to time), commencing 60 days after the date of this Loan Agreement.

Section 2.07. Interest and other charges on the Loans shall be payable semiannually on 15 February and 15 August in each year.

Section 2.08. The Borrower shall repay the principal amount of Loan 1 and Loan 2, respectively, withdrawn from the Loan Account in accordance with the provisions of Schedule 2 to this Loan Agreement.

Section 2.09. (a) The Borrower may at any time request any of the following Conversions of the terms of Loan 1 or Loan 2 in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of Loan 1 or Loan 2, whether withdrawn and outstanding or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of Loan 1 or Loan 2 withdrawn and outstanding from a Floating Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Floating Rate applicable to all or any portion of the principal amount of Loan 1 or Loan 2 withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Floating Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by ADB shall be considered a "Conversion", as defined in Section 2.01(f) of the Loan Regulations, and shall be effected in accordance with the provisions of Article V of the Loan Regulations and the Conversion Guidelines.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loans to be applied to the financing of expenditures for the Program in accordance with the provisions of this Loan Agreement.

Section 3.02. The proceeds of the Loans shall be withdrawn in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.03. The Loan Closing Date for the Loans for the purposes of Section 9.02 of the Loan Regulations shall be 30 June 2021 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. The Borrower shall cause the Program to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, public policy, social, and governance practices.

Section 4.02. In the carrying out of the Program, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 4 to this Loan Agreement.

Section 4.03. The Borrower shall make available, promptly as needed, the funds, facilities, services, and other resources, which are required, in addition to the proceeds of the Loans, for the carrying out of the Program.

Section 4.04. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Program are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 4.05. As part of the information and reports referred to in Sections 7.01 and 7.04 of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB all such reports and information as ADB shall reasonably request concerning (i) the Counterpart Funds and the use thereof; and (ii) the implementation of the Program, including the accomplishment of the targets and carrying out of the actions set out in the Policy Letter.

ARTICLE V

Effectiveness

Section 5.01. A date 90 days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 10.04 of the Loan Regulations.

ARTICLE VI

Miscellaneous

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 12.02 of the Loan Regulations.

Section 6.02. The following addresses are specified for the purposes of Section 12.01 of the Loan Regulations:

For the Borrower

Ministry of Finance
Public Debt Management Office
Rama VI Road, Bangkok
Thailand

Facsimile Numbers:

+66 2 273-9167
+66 2 618-4705.

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 8636-2444
(632) 8636-2015.

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 as of the day and year first above written and to be delivered at the principal office of ADB.

KINGDOM OF THAILAND

By 

Arkhom Termpittayapaisith
Minister of Finance

ASIAN DEVELOPMENT BANK

By 

Hideaki Iwasaki
Country Director

SCHEDULE 1**Description of the Program**

1. The principal objective of the Program is to support the Borrower's countercyclical fiscal policy in response to the COVID-19 pandemic, including by mitigating the adverse impact on poverty caused by the COVID-19 pandemic. The scope of the Program includes the following social, health and economic measures: (i) providing social assistance to individuals including informal workers and farmers through the cash handouts program; (ii) strengthen the healthcare sector to cope with potential surges in COVID-19 cases; and (iii) tax relief measures to support small to medium sized enterprises impacted by COVID-19 implemented. The Program is described in more detail in the Policy Letter.
2. The Program is expected to be completed by 30 June 2021.

SCHEDULE 2

Amortization Schedule

(COVID-19 Active Response and Expenditure Support Program)

1. The following table sets forth the Principal Payment Dates of Loan 1 and the percentage of the total principal amount of Loan 1 payable on each Principal Payment Date (Installment Share). If the proceeds of Loan 1 shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of Loan 1 repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying (a) the total principal amount of Loan 1 withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 August 2023	7.142857
15 February 2024	7.142857
15 August 2024	7.142857
15 February 2025	7.142857
15 August 2025	7.142857
15 February 2026	7.142857
15 August 2026	7.142857
15 February 2027	7.142857
15 August 2027	7.142857
15 February 2028	7.142857
15 August 2028	7.142857
15 February 2029	7.142857
15 August 2029	7.142857
15 February 2030	7.142859
Total	100.000000

2. The following table sets forth the Principal Payment Dates of Loan 2 and the percentage of the total principal amount of Loan 2 payable on each Principal Payment Date (Installment Share). If the proceeds of Loan 2 shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of Loan 2 repayable by the Borrower on each Principal Payment Date shall be determined by ADB by multiplying (a) the total principal amount of Loan 2 withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Due</u>	<u>Installment Share</u> (Expressed as a %)
15 August 2023	25.000000
15 February 2024	25.000000
15 August 2024	25.000000
15 February 2025	25.000000
Total	100.000000

Schedule 2

3. If the proceeds of Loan 1 or Loan 2 shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of Loan 1 or Loan 2, as the case may be, repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) to the extent that any proceeds of Loan 1 or Loan 2, as the case may be, shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 or paragraph 2, as the case may be, of this Schedule; and
- (b) any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by ADB by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 or paragraph 2, as the case may be, of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date specified in the table in paragraph 1 or paragraph 2, as the case may be, of this Schedule, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

4. Withdrawals made within 2 calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

5. Notwithstanding the provisions of paragraphs 1, 2 and 3 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of Loan 1 or Loan 2 to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by ADB by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by ADB under the Currency Hedge Transaction relating to said Conversion; or (ii) if ADB so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

6. If the principal amount of Loan 1 or Loan 2 withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

SCHEDULE 3

Withdrawal of Loan Proceeds

1. Except as set out in this Schedule or as ADB may otherwise agree, the proceeds of the Loans shall be disbursed in accordance with the Loan Disbursement Handbook.
2. An application for withdrawal from the Loan Account for Loan 1 or the Loan Account for Loan 2, as the case may be, shall be submitted to ADB by the Borrower and shall be in a form satisfactory to ADB.
3. (a) Prior to submitting the first application to ADB for withdrawal from the Loan Account for Loan 1 or the Loan Account for Loan 2, as the case may be, the Borrower shall nominate an account (Deposit Account) at the Bank of Thailand into which all withdrawals from the Loan Account for Loan 1 or the Loan Account for Loan 2, as the case may be, shall be deposited. The Deposit Account(s) shall be established, managed and liquidated in accordance with the applicable regulations and procedures of the Borrower.

(b) Separate accounts and records in respect of the Deposit Account(s) shall be maintained in accordance with accounting principles acceptable to ADB. Upon ADB's request, the Borrower shall have the financial statements for the Deposit Account(s) audited by independent auditors, whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB. Promptly after their preparation but in any event not later than 6 months after the date of ADB's request, copies of such audited financial statements and the opinion of the auditors on the financial statements, in the English language, shall be furnished to ADB.
4. No proceeds of the Loans shall be withdrawn to finance any item specified in the Attachment to this Schedule.
5. The Borrower may withdraw the Loans upon effectiveness of this Loan Agreement.

Negative List

No withdrawals of Loan proceeds will be made for the following:

- (i) expenditures for goods included in the following groups or sub-groups of the United Nations Standard International Trade Classification, Revision 3 (SITC, Rev. 3) or any successor groups or sub-groups under future revisions to the SITC, as designated by ADB by notice to the Borrower:

Table: Ineligible Items

Chapter	Heading	Description of Items
112		Alcoholic beverages
121		Tobacco, unmanufactured; tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitute)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), nonirradiated for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum-group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, nonmonetary (excluding gold ore and concentrates)

Source: United Nations.

- (ii) expenditures for goods supplied under a contract that any national or international financing institution or agency will have financed or has agreed to finance, including any contract financed under any loan or grant from the ADB;
- (iii) expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;
- (iv) expenditures for narcotics;
- (v) expenditures for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party; and
- (vi) expenditures on account of any payment prohibited by the Borrower in compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

SCHEDULE 4

Program Implementation and Other Matters

Implementation Arrangements

1. The Borrower, through the Program Executing Agency, shall be responsible for implementation of the Program, including monitoring and reporting the implementation of the Program.

Policy Dialogue

2. The Borrower, through the Program Executing Agency, shall promptly discuss with ADB any problems and constraints encountered during the implementation of the Program and appropriate measures to overcome and mitigate such problems and constraints.

3. The Borrower, through the Program Executing Agency, shall keep ADB informed of policy discussions with other multilateral and bilateral aid agencies that may have implications for the implementation of the Program and shall provide ADB with an opportunity to comment on any resulting policy proposals. The Borrower, through the Program Executing Agency, shall take into account ADB's views before finalizing and implementing any such proposal.

Use of Counterpart Funds

4. The Borrower shall ensure that the Counterpart Funds are used to finance the implementation of certain programs and activities consistent with the objectives of the Program.

Governance and Anticorruption

5. The Borrower shall, and will ensure that the Program Executing Agency shall: (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Program; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.

Monitoring and Review

6. The Borrower, through the Program Executing Agency, shall continue to monitor, provide quarterly reports and engage in policy dialogue with ADB throughout the implementation period of the Program (including gender indicators) until 6 months after the Loan Closing Date. Areas and indicators to be covered include: (a) implementation of its COVID-19 response plan, (b) budget execution, expenditure and flow of funds to support countercyclical measures, including expenditures on medical response activities, social protection and industry support; and (c) tracking of beneficiaries of social assistance under the Program and the Borrower's other countercyclical measures with gender indicators (with sex-disaggregated data, as feasible).

Schedule 4

7. The Borrower and the Program Executing Agency shall ensure that one or more representatives of the Loan Fund Disbursement Consideration Committee (established under the Royal Emergency Borrowing decree and chaired by the Secretary General of the National Economic and Social Development Council of the Kingdom of Thailand) and one or more representatives of the subcommittees (chaired by the Deputy Secretaries General of the National Economic and Social Development Council) are available for and attend quarterly meetings with ADB (which representatives of such committee and subcommittees shall be of equivalent level or management seniority as the representative or representatives fielded by ADB) to discuss priority reform issues in connection with the Program until 6 months after the Loan Closing Date.
8. Within 6 months after the Loan Closing Date, the Borrower shall submit to ADB a Program completion report.