



Treaty Series No. 5 (1975)

Exchange of Notes

*with
dated 89*

concerning Financial Assistance by
the Government of the United Kingdom
of Great Britain and Northern Ireland
to the Provisional Government of
National Union of Laos

(United Kingdom/Laos Electrification Grant and
Loan Agreement 1974)

Vientiane, 25 June 1974

[The Agreement entered into force on 25 June 1974]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
April 1975*

LONDON
HER MAJESTY'S STATIONERY OFFICE

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**EXCHANGE OF NOTES
CONCERNING FINANCIAL ASSISTANCE
BY THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND TO
THE PROVISIONAL GOVERNMENT OF NATIONAL
UNION OF LAOS**

No. 1

*The British Chargé d'Affaires at Vientiane to the
Secretary-General of the Ministry of Foreign Affairs of Laos*

*British Embassy,
Vientiane.*

Your Excellency,

25 June, 1974.

I have the honour to refer to the Second Nam Ngum Development Fund Agreement 1974⁽¹⁾ (hereinafter referred to as the "Fund Agreement") to which the Government of the United Kingdom of Great Britain and Northern Ireland and the Provisional Government of National Union of Laos are signatories and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement in the following terms with the Provisional Government of National Union of Laos in regard to the contribution by the Government of the United Kingdom. The position of the Government of the United Kingdom with regard to the provision of finance is set out in Part A below and the commitments of that Government and the Provisional Government of National Union of Laos as regards associated matters shall be as set out in Part B.

- "A The Government of the United Kingdom declare that it is their intention to make available to the Asian Development Bank (hereinafter referred to as "the Administrator"), acting on behalf of the Provisional Government of National Union of Laos, by way of financial assistance a sum not exceeding £80,000 (eighty thousand pounds) sterling towards the foreign exchange components costs of the rural electrification works for BAN THALAT, PHONE HONG and BAN KEUN villages, Laos (hereinafter referred to as "the project"). Of the total sum intended to be made available (hereinafter referred to as the "UK Aid") 40 per cent will be provided as a grant and 60 per cent in the form of an interest-free loan. It is the intention of the Government of the United Kingdom that funds should be applied in these proportions to each drawing approved for financing under this Agreement.
- B (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note insofar as they relate to things to be done by or on behalf of

⁽¹⁾ Treaty Series No. 45 (1975), Cmnd. 5955.

that Government. The Provisional Government of National Union of Laos shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of that Government.

- (2) (a) In accordance with the terms of the Fund Agreement:
- (i) The Asian Development Bank (ADB) shall act as Administrator of the UK Aid, and
 - (ii) The project shall be executed by the Electricité du Laos (EDL) in accordance with the terms of a Project Agreement, to be signed on 26 June 1974 between Laos EDL and ADB, and
 - (iii) Payments approved against the UK aid shall be made payable to the Fund administered by the ADB.
- (b) For the purpose of these arrangements, the Administrator shall open a special account (hereinafter referred to as "the Account") with a bank in London (hereinafter referred to as "the Bank"). The Account shall be operated only for the purposes of the UK Aid and in accordance with the instructions of the Administrator.
- (3) Save to the extent (if any) to which the Government of the United Kingdom and the Administrator may otherwise agree, drawings from the loan (which will be applied for by the Administrator) may be used as provided in part A only for payments to be made in sterling or other freely convertible currency to persons ordinarily resident or carrying on business in the United Kingdom for
- (i) the purchase in the UK of goods produced or manufactured in the UK (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) or
 - (ii) work done or services rendered by persons ordinarily resident or carrying on business in the UK
- in accordance with arrangements made between the Government of the United Kingdom and the Administrator.
- (4) Upon entry into force of the Fund Agreement, the Administrator shall notify the Government of the United Kingdom of the amount of the loan required to cover estimated disbursements on the Project prior to 30 June 1974. The Administrator, before the beginning of each semi-annual period commencing 1 July 1974 and each 1 January and 1 July thereafter, shall notify the Government of the United Kingdom of the amount of the loan required to cover estimated disbursements on the Project during the semi-annual period in question. Payment of the amounts specified in such notification shall be made at the time specified therein into the Account by the Crown Agents for Oversea Governments and Administrations 4 Millbank London S.W.1 (hereinafter referred to as "the Crown Agents"), and each such payment shall constitute a drawing on the loan and grant in the proportions aforesaid. At the end of each semi-annual period the

Administrator shall submit to the Crown Agents a statement of all disbursements from the Account during the semi-annual period in question supported

- (i) where the disbursement relates to payments for goods or services related to goods by a certificate from the EDL consultants in the form set out in Appendix A to this Note, giving details of the payments made to the United Kingdom suppliers;
- (ii) where the disbursement relates to payments other than for goods or services related to goods, by a certificate from the EDL consultants in the form set out in Appendix B to this Note giving details of the payments made in sterling in the United Kingdom for services provided in or from the United Kingdom.

Each certificate in the form of Appendix A shall be accompanied by copies of invoices from the United Kingdom contractor endorsed to the effect that the goods supplied have been produced or manufactured in the United Kingdom. Each certificate in the form of Appendix B shall be accompanied by copies of the relevant invoices or accounts from the person concerned who must be a person ordinarily resident or carrying on business in the United Kingdom. After the last payments have been made the Administrator shall ensure that any unspent balance remaining shall be returned to the Government of the United Kingdom through the Crown Agents in reduction of the loan and grant in the prescribed proportion.

- (5) The Provisional Government of National Union of Laos shall repay to the Government of the United Kingdom in pounds sterling in London the proportion of the total sum made available in accordance with this Note which represents a loan, such repayment to be made by instalments paid on the dates and in the amounts specified below, provided that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified for that instalment only the amount then outstanding shall be paid:

INSTALMENTS		<i>Amount</i>
<i>Date due</i>		£
9 October 1981 and on 8 October in each of the succeeding 17 years		1,335
8 April 1982 and on 8 April in each of the succeeding 16 years		1,335
8 April 1999		1,275

- (6) Notwithstanding the provisions of part B(5) above, the Provisional Government of National Union of Laos shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan outstanding."

2. If the foregoing proposals are acceptable to the Provisional Government of National Union of Laos I have the honour to propose that this Note and your reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply and shall be referred to as "the United Kingdom/Laos Electrification Grant and Loan Agreement 1974".

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

P. R. FEARN

APPENDIX A

United Kingdom/Laos (Electrification) Grant and Loan Agreement 1974

Certificate of Costs of Imports from the United Kingdom and Related Services

Address

Date
Certificate for the period

To:

The Crown Agents
.....

We hereby certify that, of the amounts certified in respect of work carried out by Messrs.
on the above-named project during the period shown above, the following represent the United Kingdom imports.

*Imports from United Kingdom and related services :

			£
Previous total	
Amount now certified	
		Total to date £	x

Signed
(Name of consultants)

* These may include the c.i.f. cost to Vientiane of goods purchased in the United Kingdom where the supplier has endorsed the invoice to the effect that the goods were produced or manufactured in the United Kingdom. Freight and insurance may be included on the following basis:

Freight

Goods should be shipped in accordance with normal commercial competitive practice and not directed to ships of any particular flag. Provided shipping costs are paid in sterling in the United Kingdom they may be met from tied aid funds and the flag of the vessel is immaterial.

Insurance

On a c.i.f. contract placed in the United Kingdom, where the insurer is not revealed, insurance is assumed to have been placed with a United Kingdom insurer and the whole contract price may be met from tied aid funds. In all other cases insurance costs may be met from tied aid funds provided it is placed with an insurer carrying on business in the United Kingdom and payment is made in the United Kingdom in sterling.

APPENDIX B

United Kingdom/Laos (Electrification) Grant and Loan Agreement 1974

Certificate of Costs of Services from the United Kingdom

Address

Date
Certificate for the period

To:
The Crown Agents
.....

We hereby certify that, of the amounts certified in respect of work carried out services rendered } by on the above-named project during the period shown above, the following represent the cost of services provided in or from the United Kingdom and paid for in sterling in the United Kingdom.

	£
*UK services:	
Previous total
Amount now certified
Total to date	£ x

Signed
(Name of consultants)

* These may include the cost of services such as salaries, consultancy payments, and insurance provided in or from the United Kingdom by a person ordinarily resident or carrying on business in the United Kingdom provided payment is made in the United Kingdom in sterling.

*The Secretary-General of the Ministry of Foreign Affairs of Laos to the
British Chargé d'Affaires at Vientiane*

*Ministère des Affaires Etrangères,
Vientiane.*

Monsieur le Chargé d'Affaires,

25 June, 1974.

I have the honour to acknowledge receipt of your letter of this date concerning the bilateral Agreement between the Governments of Laos and the United Kingdom of Great Britain and Northern Ireland on Nam Ngum Phase II and which reads in English as follows :

[As in No. 1]

In reply I have the honour to inform you that the foregoing is acceptable to the Provisional Government of National Union of Laos who therefore agree that your Note and this reply shall constitute an Agreement between the two Governments, which shall enter into force on today's date and shall be referred to as "The UK/Laos Electrification Grant and Loan Agreement, 1974".

I avail myself of this opportunity to renew to you the assurances of my highest consideration.

*P. Le Ministre des Affaires Etrangères et P.D.,
Le Secrétaire Général aux Affaires Etrangères*

RAJASOMBAT
Phagna Rajasombat
(Thao Leuam)