



Treaty Series No. 68 (1975)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the Khmer Republic
concerning an Interest-free Loan
towards the cost of the Prek Thnot
Power and Irrigation Development
Project

(United Kingdom/Khmer Republic Power and Irrigation
Development (Prek Thnot) Loan Agreement 1974)

Phnom Penh, 27 December 1974

[The Agreement entered into force on 27 December 1974]

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

LONDON
HER MAJESTY'S STATIONERY OFFICE

18p net

**EXCHANGE OF NOTES
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE KHMER REPUBLIC CONCERNING
AN INTEREST-FREE LOAN TOWARDS THE COST OF THE
PREK THNOT POWER AND IRRIGATION DEVELOPMENT
PROJECT**

No. 1

*Her Majesty's Ambassador at Phnom Penh to the Minister for Foreign Affairs
ad interim of the Khmer Republic*

*British Embassy,
Phnom Penh.*

Your Excellency,

27 December 1974.

I have the honour to refer to the Multilateral Agreement on Administrative Arrangements for the Prek Thnot (Cambodia) Power and Irrigation Development Project, dated 13 November 1968⁽¹⁾, (hereinafter referred to as "the Multilateral Agreement") to which your Government and mine are signatories, and to propose that a second contribution of the Government of the United Kingdom of Great Britain and Northern Ireland to the finance of the Project and the commitment of that Government and the associated commitments of the Government of the Khmer Republic shall be as respectively set out in Part A and Part B below:

- A. The Government of the United Kingdom of Great Britain and Northern Ireland declare that it is their intention to make available to the Khmer Republic by way of an interest-free loan (hereinafter referred to as "the Loan") a sum not exceeding £60,000 (Sixty thousand pounds sterling).
- 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 or within the control of that Government. The Government of the Khmer Republic shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of or within the control of that Government.
- (2) The Loan shall serve exclusively for the purchase of new goods of British manufacture and of spare parts for British goods already provided under the United Kingdom/Cambodia (Prek Thnot) Loan 1969⁽²⁾ to implement the Prek Thnot Power and Irrigation Project (hereinafter referred to as "the Project") in accordance with the terms of the Multilateral Agreement. British goods and services mean

(1) Treaty Series No. 52 (1969), Cmnd. 3977.

(2) Treaty Series No. 109 (1969), Cmnd. 4174.

goods wholly produced or manufactured in the United Kingdom and work done or services rendered by persons ordinarily resident or carrying on business in the United Kingdom, and the United Kingdom shall be deemed to include the Channel Islands and the Isle of Man.

- (3) For the purpose of these arrangements the Government of the Khmer Republic shall, by a request in the form set out in Annex A to this Note, cause a special account (hereinafter referred to as "the Account") to be opened by the Banque Nationale du Cambodge with the Crown Agents for Oversea Governments and Administrations, 4 Millbank, London, S.W.1. As soon as the Account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of the Khmer Republic shall furnish the Government of the United Kingdom with a copy of their instructions to the Crown Agents given in accordance with the foregoing provisions of this paragraph. The Account shall be operated for the sole purpose of the Loan, under the terms of the Multilateral Agreement.
- (4) Save to the extent (if any) to which the Government of the United Kingdom notify the Government of the Khmer Republic otherwise in writing, drawings from the Loan will be used as provided in paragraph 2 of Part B of this Note only:
 - (a) for payments under a contract for the purchase in the United Kingdom of goods wholly produced or manufactured in the United Kingdom (which expression in this Note will be deemed to include the Channel Islands and the Isle of Man);
 - (b) for payment of charges and commissions payable in the United Kingdom to the Crown Agents in connection with their services on behalf of the Government of the Khmer Republic in connection with this loan.
- (5) Where the Government of the Khmer Republic propose that the Loan should be applied as described in sub-paragraph 4 (a) of Part B of this Note and in furtherance of the approved Project, the Government will ensure that the Crown Agents acting on their behalf, obtain at the earliest opportunity a copy of the Contract, or notification thereof in the form set out in Annex B to this Note and two copies of a certificate from the United Kingdom contractors concerned in the form set out in Annex C to this Note. After the Crown Agents, acting on behalf of the Government of the United Kingdom, have considered the documents referred to, they will decide whether and to what extent a contract is eligible for payment from the Loan.
- (6) To the extent that the Crown Agents, acting on behalf of the Government of the United Kingdom accept a contract and arrange for payment from the Account, and to the extent that reimbursement of costs incurred by the Government of the Khmer Republic is properly due from the Account, the Government of the United Kingdom will on receipt of a request from the Crown Agents, acting on behalf of the Government of the Khmer Republic in the form set out in Annex C (1) to this Note, make payments in sterling into the Account and each such payment will constitute a drawing on the Loan.

- (7) Withdrawals from the Account will be made only in the manner and subject to the conditions set out in this paragraph:
- (a) for payments due under a contract made after the date of this Agreement but not later than 31 December 1975 in the cases to which sub-paragraph 4 (a) refers, withdrawals will be made only on receipt by the Crown Agents of:
 - (i) Payment Certificates from the contractors concerned in the form shown in Annex D to this Note and the invoices referred to therein; or
 - (ii) the invoices only in relation to contracts in respect of which a Contract Certificate in the form shown in Annex C to this Note has been provided.
 - (b) The Crown Agents will debit the Account for payments to which sub-paragraph 4 (b) refers and will notify the Government of the Khmer Republic of amounts so debited.
 - (c) Photocopies or duplicates of invoices may be submitted instead of the originals for the purpose of this paragraph.
- (8) If any sums that have been paid out of the Account are subsequently refunded by a contractor or guarantor, the Government of the Khmer Republic will, so long as there are payments or reimbursements to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the Loan.
- (9) The Loan shall be payable by tranches into the Account and, unless the Government of the United Kingdom otherwise agree, such payments shall not be made after 30 June 1976. The countersignature of the Co-ordinator of External Aid for the Project shall serve to validate requests for all such payments.
- (10) The Government of the Khmer Republic shall repay to the Government of the United Kingdom in pounds sterling in London, the total sum borrowed under the arrangements set out in this Note such repayments to be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified in relation to that date only the amount then outstanding need be paid:

INSTALMENTS

<i>Date due</i>	<i>Amount</i>
	£
27 June 1982 and on the 27 June in each of the succeeding 17 years	1,670
27 December 1982 and on the 27 December in each of the succeeding 16 years ...	1,670
27 December 1999	1,550

- (11) Notwithstanding the provisions of paragraph (10) of Part B of this Note, the Government of the Khmer Republic 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 that is still outstanding.
- (12) The Government of the Khmer Republic will permit officers of the British Embassy and other servants or agents of the Government of the United Kingdom to visit the Project for which the Loan is allocated or made available and will furnish such officers, servants and agents with such information relating to the Project and the progress and financing thereof as the latter may reasonably require.

2. If the foregoing proposals are acceptable to the Government of the Khmer Republic, I have the honour to propose that the present Note and its Annexes together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply, and which shall be known as the United Kingdom/Khmer Republic Power and Irrigation Development (Prek Thnot) Loan Agreement 1974.

Please accept, Excellency, the assurances of my highest consideration.

J. E. POWELL-JONES

ANNEX A

Government of the Khmer Republic
Phnom Penh

To: The Crown Agents for Oversea
Governments and Administrations
4 Millbank,
London, S.W.1

Dear Sirs,

**United Kingdom/Khmer Republic Power and Irrigation Development
(Prek Thnot) Loan 1974**

I confirm your appointment as agents of the Government of the Khmer Republic (hereinafter called "the Government") in connection with the administration in the United Kingdom of the above loan which is for a sum not exceeding £60,000 (Sixty Thousand Pounds Sterling).

2. I have to request you on behalf of the Government to open a Special Account in the name of the Government to be styled the United Kingdom/Khmer Republic Power and Irrigation Development (Prek Thnot) Loan 1974 (hereinafter called "the Account").

3. Payments into the Account will be made from time to time by the Government of the United Kingdom of Great Britain and Northern Ireland on receipt of requests in the form shown in Annex C to the United Kingdom/Khmer Republic Power and Irrigation Development (Prek Thnot) Loan Agreement 1974 (a copy of which is attached hereto) and which you are hereby authorised to present on behalf of the Government. The amount of the Loan to be drawn on any one occasion will be sufficient, together with any balance which may be available in the Account, to cover the payments and reimbursements properly due from the loan in accordance with paragraphs 1B (3) and (4) of the above-mentioned Agreement. It is possible that, as a result of refunds becoming due from contractors, payments into the Account will also be made by the Government itself.

4. Payments from the Account are to be made only in respect of the payments and reimbursements falling due under the contracts and transactions for the purposes of the loan as set out in paragraph 1B (2) of the above-mentioned Agreement and in the manner and subject to the conditions described therein.

5. You are to send to the Government of the United Kingdom, with copies to the Government, specimen signatures of the officers of the Crown Agents authorised to sign Requests for Drawing on behalf of the Government, together with specimen signatures of the officers authorised to sign on behalf of the Khmer Republic and of the Co-ordinator of External Aid for the Project.

6. Your charges and commissions for acting as our agents in connection with this loan shall be chargeable to the Account.

7. A copy of this letter has been sent to the Government of the United Kingdom.

Yours faithfully,

ANNEX B

NOTIFICATION OF CONTRACT

United Kingdom/Khmer Republic Power and Irrigation Development
(Prek Thnot) Loan 1974

To: The Crown Agents for Oversea
Governments and Administrations
4 Millbank,
London, S.W.1

Notification of Contract No.....

Project Title:

Project Code No.:

The following are details of a contract under which it is proposed that payments shall be made in accordance with the terms and conditions of the above Loan.

1. Name and address of
United Kingdom Contractor:
2. Date of Contract:
3. Name of Purchaser:
4. Short description of goods
and/or works or services:
5. Value of Contract: £
6. Terms of Payment:

Signed on behalf of the Government of
the Khmer Republic

Date.....

ANNEX C

Reqn. No.
O.D.M.
Acceptance No.....

CONTRACT CERTIFICATE

(For Chemicals and Allied Products use alternative " Certificate " overleaf)
Particulars of Contract

1. Date of Contract..... 2. Contract No.....

3. Description of goods or services to be supplied to the purchaser.....

If a number of items are to be supplied, a detailed list should be appended to this certificate.

4. Total contract price payable by purchaser (state CIF, C & F or FOB)
£.....

IF GOODS ARE TO BE SUPPLIED THE FOLLOWING SECTIONS MUST BE COMPLETED. If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods *not* originating in the United Kingdom, but purchased by the contractor directly from abroad, *i.e.* % of imported raw material or components used to manufacture:

- (a) % FOB value.....
- (b) Description of items and brief specifications.....

6. If any raw material or components used originated from abroad, *e.g.* copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify:

- (a) % FOB value.....
- (b) Description of items and brief specifications.....

IF SERVICES ARE TO BE SUPPLIED, THE FOLLOWING SECTION SHOULD ALSO BE COMPLETED.

7. State the estimated value of any work to be done or services performed in the purchaser's country by:

- (a) Your firm (site engineer's charges, etc.).....
- (b) Local contractor.....

8. Qualifying remarks as necessary in respect of paragraph 5, 6 or 7 above

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate. I hereby undertake that in performance of the contract no goods or services which are not of United Kingdom origin will be supplied by the Contractor other than those specified in paragraphs 5, 6, 7 and 8 above.

Note: For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

Signed

Position held

Name and Address of Contractor

Date

Contractors should note that goods should not be manufactured until acceptance has been notified.

FOR OFFICIAL USE ONLY				PAYMENTS			
Name or number of Project.....							
Amount committed	Date of entry	Acceptance		Date	Amount	PA No.	Initials
		Date	Initials				
£							

ANNEX C (CHEMICALS)

Reqn. No.:

CONTRACT CERTIFICATE FOR CHEMICAL AND ALLIED PRODUCTS ONLY

1. Date of Contract..... Contract No.....
 Project Title (if appropriate).....
2. *Description of Product(s) to be supplied by Purchaser (Note A)* £ Price U.K. Tariff Classification No. (Note B) Is the product of U.K. origin? (See Note C) State Yes or No
-
-
-
3. Total [estimated] Contract Price payable by Purchaser in Sterling—£.....
4. (Declaration.) I hereby declare that I am employed in the United Kingdom by the contractor named below and I have the authority to sign this certificate, and that the above information is correct.
- Signed
- Position held
- Name and Address of Contractor
- Date.....

NOTES

- A. This form is only to be used for chemical and allied products, most of which are covered by the appropriate sub-headings of Chapters 15, 25, 28-35 and 37-40 of the U.K. Tariff.
- B. See:
- (i) H.M. Customs and Excise Tariff H.M.S.O.
- (ii) Classification of Chemicals in Brussels Nomenclature H.M.S.O.
- C. (i) A product is regarded as "U.K. origin" if made either wholly from indigenous U.K. materials or according to the appropriate EFTA qualifying process using imported materials wholly or in part.
- (ii) The EFTA qualifying processes are set out in Schedule I of the "EFTA Compendium for Use of Exporters", H.M.S.O.
- (iii) For the purposes of this declaration it is to be emphasised that the "alternative percentage criterion" DOES NOT APPLY.
- (iv) The words "Area Origin" where they appear in the above Schedule must be taken to mean "U.K. Origin" only.
- (v) For the purposes of this declaration, the "Basic Materials List" (Schedule III of the EFTA Compendium) does not apply.
- (vi) If a qualifying process is not listed for the material in question, advice should be sought from Loans Administration Section, Finance Department, Ministry of Overseas Development, Eland House, Stag Place, London, S.W.1.
- D. For the purpose of this declaration the U.K. includes the Channel Islands and the Isle of Man.

ANNEX C (1)

Crown Agents for Oversea Governments and Administrations
4 Millbank,
London, S.W.1

REQUEST FOR DRAWING

D.F. No.

Dear Sirs,

Please pay the sum of £..... to the United Kingdom/Khmer Republic Power and Irrigation Development (Prek Thnot) Loan 1974 Account at the Crown Agents.

This sum shall, on payment into the Account, constitute a drawing on the Loan. The balance in hand is £.....

Yours faithfully,

for the Crown Agents
on behalf of the Government of the Khmer Republic

Funding Approved..... ODM
Finance Department
Overseas Development Administration
Eland House,
Stag Place,
London, S.W.1

ANNEX D

United Kingdom/Khmer Republic Power and Irrigation Development
(Prek Thnot) Loan 1974

PAYMENT CERTIFICATE

I hereby certify that

- (i) the payments referred to in the invoices listed below, which or copies of which accompany this payment certificate, fall due and are due to be made in respect of Contract No. dated between the contractor named below and (Purchaser) and are in accordance with the particulars of this contract notified in the contract certificate signed on behalf of the said contractor on.....

Contractor's Invoice No.	Date	Amount £	Short description of goods, works and/or services

(ii) The amounts specified in paragraph (i) do not include any additional foreign content to that declared in paragraph 5, 6 or 7 of the contract certificate.

(iii) I have the authority to sign this certificate on behalf of the Contractor named below.

Signed
Position held
For and on behalf of
Name and Address of Contractor
.....
Date

Note: For the purpose of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

No. 2

*The Minister for Foreign Affairs ad interim of the Khmer Republic to
Her Majesty's Ambassador at Phnom Penh*

Phnom Penh,

27th December 1974.

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of 27th December 1974 which reads as follows:

[As in No. 1]

2. In reply I have the honour to inform Your Excellency that the foregoing proposals are acceptable to the Government of the Khmer Republic who therefore agree that your Note together with its Annexes and this reply shall constitute an Agreement between the two Governments which shall enter into force on this day's date and be referred to as "The United Kingdom/Khmer Republic Power and Irrigation Development (Prek Thnot) Loan Agreement 1974".

Please accept, Excellency, the assurances of my highest consideration.

-HOU HONG

*Minister for Foreign Affairs a.i.
of the Khmer Republic.*

[Annexes as in No. 1]