

II

Treaties and international agreements

filed and recorded

from 1 August 1970 to 11 August 1970

No. 657

Traités et accords internationaux

classés et inscrits au répertoire

du 1^{er} août 1970 au 11 août 1970

N° 657

No. 657

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
REPUBLIC OF KOREA**

**Development Credit Agreement—*Education Project* (with
annexed General Conditions Applicable to Develop-
ment Credit Agreements). Signed at Washington on
4 June 1969**

Authentic text: English.

*Filed and recorded at the request of the International Development Association
on 11 August 1970.*

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
RÉPUBLIQUE DE CORÉE**

**Contrat de crédit de développement — *Projet relatif à l'en-
seignement* (avec, en annexe, les Conditions générales
applicables aux contrats de crédit de développement).
Signé à Washington le 4 juin 1969**

Texte authentique : anglais.

*Classé et inscrit au répertoire à la demande de l'Association internationale de
développement le 11 août 1970.*

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated June 4, 1969, between REPUBLIC OF KOREA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association dated January 31, 1969,² with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to fourteen million eight hundred thousand dollars (\$14,800,000).

Section 2.02. (a) The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit.

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pur-

¹ Came into force on 25 May 1970, upon notification by the Association to the Government of the Republic of Korea.

² See p. 382 of this volume.

suant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

Section 2.03. The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Development Credit Agreement:

- (i) such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Categories I, III and IV of the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement; and
- (ii) the equivalent of thirty-five percent (35%) of such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Category II of the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement, provided, however, that if there shall be an increase in an estimate of such payments for goods or services included in such Category, the Association may by notice to the Borrower adjust the above percentage as required in order that withdrawals of the amount of the Credit then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

Section 2.04. No withdrawals from the Credit Account shall be made:

- (i) under Categories III and IV of the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; or
- (ii) on account of payments for taxes imposed by the Borrower or any of its political sub-divisions on, or in connection with the importation or supply of, goods or services included in Category I of said allocation of the proceeds of the Credit.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Service charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each June 15 and December 15 commencing June 15, 1979 and ending December 15, 2018, each installment to and including the installment payable on December 15, 1988 to be one-half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1\frac{1}{2}\%$) of such principal amount.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Development Credit Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, (i) the goods and services (other than consulting services) to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Association, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Association.

Section 3.03. Except as the Association may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall carry out the Project with due diligence and efficiency, in conformity with sound technical, financial and administrative standards and with due regard to economy, and shall at all times make or cause to be made available, promptly as needed, all funds and other resources required for carrying out the Project and for the effective utilization, staffing, equipping, operation and maintenance of the educational institutions included in the Project.