No. 672

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
REPUBLIC OF KOREA

Development Credit Agreement—*Integrated Dairy Beef Development Project* (with schedules and General Conditions Applicable to Development Credit Agreements). Signed at Washington on 11 February 1971

Authentic text: English.

Filed and recorded at the request of the International Development Association on 3 February 1972.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
RÉPUBLIQUE DE CORÉE

Contrat de crédit de développement — *Projet relatif au développement de centres intégrés de production laitière et d'élevage des bovins* (avec annexes et Conditions générales applicables aux contrats de crédit de développement). Signé à Washington le 11 février 1971

Texte authentique: anglais.

Classé et inscrit au répertoire à la demande de l'Association internationale de développement le 3 février 1972.

DEVELOPMENT CREDIT AGREEMENT[1]

AGREEMENT, dated February 11, 1971, between REPUBLIC OF KOREA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) Korea Dairy Beef Company (hereinafter called KDBC) is a company duly organized on February 14, 1969 under the Commercial Code of the Republic of Korea to carry on and promote livestock and dairy development in Korea;

(B) The authorized capital of KDBC consists of 300,000 shares each of W1,000 and the Agriculture and Fishery Development Corporation (hereinafter called AFDC), a corporation established by the Agriculture and Fishery Development Corporation Act 1968 (Law No. 1960), now holds all the issued share capital of KDBC consisting of 150,000 shares each of W1,000;

(C) KDBC has agreed to increase its authorized capital to six hundred million Won by the issue from time to time of a further 300,000 ordinary shares each of W1,000 and AFDC has agreed to subscribe in cash to such shares and to provide certain further funds to KDBC, all in accordance with the project agreement of even date herewith[2] between the Association, KDBC and AFDC (hereinafter called Project Agreement);

(D) The Borrower has requested the Association to assist in the financing of the Project described in Schedule 2 to this Agreement by extending the Credit as hereinafter provided;

(E) The Project will be carried out by KDBC with the assistance of the Borrower and AFDC and, as part of such assistance, the Borrower will make available to KDBC the proceeds of the Credit as hereinafter provided; and

(F) The Association is willing to make the Credit available upon the terms and conditions set forth hereinafter and in the Project Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

[1] Came into force on 24 August 1971, upon notification by the Association to the Government of the Republic of Korea.

[2] The said Agreement entered into force on 24 August 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 234 KO, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for filing and recording of the present Development Credit Agreement.

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,[1] with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions):

(*a*) The following subparagraph is added to Section 2.01:

" 13. The term 'Project Agreement' shall have the meaning set forth in the Development Credit Agreement. "

(*b*) Section 5.01 and paragraph (*h*) of Section 6.02 are deleted.

(*c*) Paragraph (*i*) of Section 6.02 is renumbered as paragraph (*h*).

(*d*) Section 6.06 is amended by inserting the words ", the Project Agreement " after the words " the Development Credit Agreement ".

(*e*) Section 8.02 is amended by inserting the words "or under the Project Agreement " after the words " the Development Credit Agreement ".

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 and the following additional terms have the following meanings:

(*a*) " Project Agreement " means the agreement between the Association, KDBC and AFDC of even date herewith, as the same may be amended from time to time, and such term includes all schedules to the Project Agreement;

(*b*) " First Subsidiary Loan Agreement " means the agreement to be entered into between the Borrower and KDBC pursuant to Section 3.01 (*b*) (i) of this Agreement, as the same may be amended from time to time with the agreement of the Association, and such term includes all schedules to the First Subsidiary Loan Agreement;

(*c*) " Second Subsidiary Loan Agreement " means the loan agreement to be entered into between KDBC and AFDC pursuant to Section 3.01 (*b*) (ii) of this Agreement, as the same may be amended from time to time by the agreement of the Borrower and the Association, and such term includes all schedules to the Second Subsidiary Loan Agreement;

(*d*) " Subsidiary Loan Agreements " means the agreements and schedules thereto referred to in paragraphs (*b*) and (*c*) of this Section;

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[1] See p. 316 of this volume.

(*e*) " Economic Planning Board " means the Economic Planning Board established under Article 19 of the Government Organization Law, Law No. 1506 of December 14, 1963, as amended up to July 24, 1967, and as the same may be amended from time to time;

(*f*) " Articles of Incorporation " means the Articles of Incorporation of KDBC as of February 14, 1969, as amended up to November 19, 1970, and as the same may be amended from time to time;

(*g*) " Regulations " means the following regulations of KDBC, as the same may be amended from time to time with the consent of the Association:

(i) Regulations on Organization as of November 19, 1970; and
(ii) Regulations on Lending Policies and Procedures to be adopted by KDBC pursuant to Section 4.06 of the Project Agreement;

(*h*) " Won " and the letter " W " means the currency of the Republic of Korea;

(*i*) " Act " means Agriculture and Fishery Development Corporation Act, of 1968, Law No. 1960, as the same may be amended from time to time;

(*j*) " First Subscription " means the subscription in cash to be made by AFDC to the authorized capital of KDBC as of the date of this Agreement, pursuant to paragraph A of Section 2.02 of the Project Agreement;

(*k*) " Subsidiary " means any company which is owned or effectively controlled by KDBC or by any one or more subsidiaries of KDBC or by KDBC and one or more of its subsidiaries;

(*l*) " farm development plan " means a proposal for investment in land clearing, fencing, stock handling facilities, machinery, watering facilities, pasture establishment, dairy heifers, artificial insemination, stock, pasture and dairy management equipment and tools, farm structures, or other related on-farm items or any combination thereof, and for the provision of working capital and technical services in connection therewith;

(*m*) " Goverment Loan " means the funds to be made available by the Government pursuant to Section 3.01 (*b*) (ii) of this Agreement.

Article II

THE CREDIT

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions in the Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to seven million dollars ($7,000,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Development Credit Agreement; provided, however, that except as the Association shall otherwise agree, no withdrawal shall be made on account of expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

Section 2.03. Except as the Association shall otherwise agree, the goods and services (other than consultants' services) to be financed out of the proceeds of the Credit shall be procured in accordance with the provisions of Section 3.03 (*a*) of the Project Agreement.

Section 2.04. The Closing Date shall be March 31, 1977 or such other date as shall be agreed between the Borrower and the Association.

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 May 15 and November 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 May 15 and November 15 commencing May 15, 1981 and ending November 15, 2020, each installment to and including the installment payable on November 15, 1990 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.

Section 2.09. The Director, Bureau of Economic Cooperation, Economic Planning Board of the Borrower, and such other person or persons as he shall appoint in writing, are designated as representatives of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.