No. 681

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
REPUBLIC OF KOREA

Guarantee Agreement—*Yong San Gang Irrigation Project* (with General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 2 February 1972

Authentic text: English.

Filed and recorded at the request of the International Bank for Reconstruction and Development on 26 September 1972.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
RÉPUBLIQUE DE CORÉE

Contrat de garantie — *Projet relatif à l'irrigation de la région du Yong San Gang* (avec Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 2 février 1972

Texte authentique : anglais.

Classé et inscrit au répertoire à la demande de la Banque internationale pour la reconstruction et le développement le 26 septembre 1972.

GUARANTEE AGREEMENT[1]

AGREEMENT, dated February 2, 1972, between REPUBLIC OF KOREA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) By the Development Credit Agreement of even date herewith[2] between the Guarantor and the International Development Association (hereinafter called the Association) the Association has agreed to make a Credit to the Guarantor in various currencies equivalent to fifteen million dollars ($15,000,000) and the Guarantor has agreed to relend the proceeds of the Credit to Agricultural Development Corporation (hereinafter called the Borrower), all in accordance with the terms and conditions set forth in the Development Credit Agreement;

(B) By the Loan Agreement of even date herewith[3] between the Bank and the Borrower the Bank has agreed to make to the Borrower a loan in various currencies equivalent to thirty-three million dollars ($33,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969,[4] with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Section

[1] Came into force on 15 September 1972, upon notification by the Bank to the Government of the Republic of Korea.

[2] See p. 245 of this volume.

[3] The said Agreement entered into force on 15 September 1972. 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 Bank as document LN 795 KO, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for filing and recording of the present Guarantee Agreement.

[4] See p. 242 of this volume.

1.01 of the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, 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 and in section 1.02 of the Loan Agreement have the respective meanings therein set forth.

Article II

Guarantee; Bonds; Provision of Funds

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

Section 2.03. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

Article III

Other Covenants

Section 3.01. The Guarantor covenants that it will duly perform all its obligations under the Development Credit Agreement as if they were fully set forth herein.

Section 3.02. (*a*) It is the mutual intention of the Guarantor and the Bank