

No. 682

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
REPUBLIC OF KOREA

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

Authentic text : English.

Filed and recorded at the request of the International Development Association on 26 September 1972.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
RÉPUBLIQUE DE CORÉE

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

Texte authentique : anglais.

Classé et inscrit au répertoire à la demande de l'Association internationale de développement le 26 septembre 1972.

DEVELOPMENT CREDIT AGREEMENT¹

AGREEMENT, dated February 2, 1972, between REPUBLIC OF KOREA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) 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;

(B) The Project will be carried out by Agricultural Development Corporation, a corporation established under the laws of the Borrower (hereinafter referred to as ADC), with the Borrower's assistance and, as part of such assistance, the Borrower will make available to ADC the proceeds of the Credit as hereinafter provided;

(C) The Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to provide additional financial assistance towards the financing of the Project and by an agreement of even date herewith between the Bank and ADC (hereinafter called the Loan Agreement²) the Bank is agreeing to provide such assistance in an aggregate principal amount equivalent to thirty-three million dollars (\$33,000,000) (hereinafter called the Loan) and the Borrower has agreed to guarantee the Loan in accordance with the terms and conditions set forth in an agreement of even date between the Borrower and the Bank (hereinafter called the Guarantee Agreement³);

(D) The Borrower, the Association and ADC intend, to the extent practicable, that the proceeds of the Credit provided for in this Agreement be disbursed on account of expenditures on the Project before disbursements of the proceeds of the Loan provided for in the Loan Agreement are made;

WHEREAS the Association has agreed, on the basis *inter alia* of the foregoing, to extend the Credit to the Borrower upon the terms and conditions herein-after set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

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

² See footnote 3 on p. 234 of this volume.

³ See p. 233 of this volume.

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 deletion of Sections 5.01 and 6.02 (*h*) thereof and to the renumbering of Section 6.02 (*i*) into 6.02 (*h*) thereof (said General Conditions Applicable to Development Credit Agreements of the Association, 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 have the respective meanings therein set forth and the following additional terms have the following meanings :

(a) "Loan Agreement" means the agreement of even date herewith between the Bank and ADC for the purpose of the Project, as such agreement may be amended from time to time; and such term includes the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,² as made applicable to such agreement, all agreements supplemental to the Loan Agreement and all schedules to the Loan Agreement;

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

(c) "Act" means the Rural Development Encouragement Law of 1969 of the Borrower, as the same may be amended from time to time;

(d) "Land Improvement Association" means an association established pursuant to the Act;

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

(f) "Decree" means Enforcement Decree of Rural Development Encouragement Law dated January 27, 1970, as the same may be amended from time to time; and

¹ See p. 270 of this volume.

² United Nations, *Treaty Series*, vol. 691, p. 300.

(g) "By-Laws" means By-Laws of the ADC, as the same may be amended from time to time.

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 fifteen million dollars (\$15,000,000).

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 services of consultants) required for the Project and to be financed out of the proceeds of the Credit shall be procured on the basis of international competition under procedures consistent with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, as revised in May 1971, and in accordance with, and subject to, the provisions set forth in Schedule 2 to the Loan Agreement.

Section 2.04. The Closing Date shall be September 30, 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 March 15 and September 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 March 15 and September 15 commencing March 15, 1982 and ending September 15, 2021, each installment to and including the installment payable on September 15, 1991 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, or such other person or persons he shall designate in writing, are authorized to take, on behalf of the Borrower, 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.

Article III

EXECUTION OF THE PROJECT

Section 3.01. (a) The Borrower shall cause ADC to carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering and agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall relend the proceeds of the Credit to ADC under a subsidiary loan agreement to be entered into between the Borrower and ADC under terms and conditions which shall have been approved by the Association.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

(d) The Borrower shall take and shall cause all its agencies to take all action which shall be necessary on their part to enable ADC to perform all of its obligations under the Loan Agreement and the Subsidiary Loan Agreement and shall not take or permit to be taken any action which might interfere with such performance.

Section 3.02. The Borrower accepts that :

(a) Unless the context shall otherwise require, all references to the Bank and the Loan in the provisions of Articles III, IV, and V (except Section 5.04) and Section 6.03 of, and until the Credit shall have been fully disbursed, to the Bank and the Loan Account in the Schedule 2 to, the Loan Agreement shall be deemed to include the Association, the Credit and the Credit Account, respectively, as the case may be.

(b) If and when the Loan Agreement shall terminate prior to the agreed maturity thereof, the provisions of the Loan Agreement referred to in the