

II

Treaties and international agreements

filed and recorded

from 9 October 1972 to 17 October 1972

No. 684

Traités et accords internationaux

classés et inscrits au répertoire

du 9 octobre 1972 au 17 octobre 1972

N° 684

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**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
REPUBLIC OF KOREA**

Loan Agreement—*Highway Project* (with schedules and General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 29 June 1971

Authentic text: English.

Filed and recorded at the request of the International Bank for Reconstruction and Development on 17 October 1972.

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

Contrat d'emprunt — *Projet relatif au réseau routier* (avec annexes et Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 29 juin 1971

Texte authentique : anglais.

Classé et inscrit au répertoire à la demande de la Banque internationale pour la reconstruction et le développement le 17 octobre 1972.

LOAN AGREEMENT¹

AGREEMENT, dated June 29, 1971, between REPUBLIC OF KOREA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) the Borrower has requested the Bank to assist in the financing of the foreign exchange cost of the Project described in Schedule 2 to this Agreement by making the Loan as hereinafter provided;

(B) by a development credit agreement (S-4 KO) dated July 24, 1968² (hereinafter called the Development Credit Agreement) between the Borrower and the Association, the Association granted to the Borrower a credit (hereinafter called the Credit) in various currencies equivalent to three million five hundred thousand dollars (\$3,500,000) to assist in financing the project described in Schedule 2 to the Development Credit Agreement (hereinafter called the Credit Project);

(C) the Association has, pursuant to the terms of the Development Credit Agreement, requested that the Credit be refunded out of the proceeds of the Loan provided for herein, and the Borrower and the Bank agree with such request;

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, 1969,³ with the same force and effect as if they were fully set forth herein, subject, however, to the deletion of Section 5.01 thereof and to the amendment of Section 6.02 (i) thereof to read as follows: "Any event specified in paragraph (e) or (f) of Section 7.01 shall have occurred," (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, 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) "MOC" means the Ministry of Construction of the Borrower.

(b) "BPR" means the Bureau of Public Roads of MOC responsible for planning, construction and maintenance of national highways, or any successor thereto.

(c) "Guidelines" means the *Guidelines for Procurement under World Bank Loans and IDA Credits* published by the Bank in August 1969, as revised in May 1971.

Article II. THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to fifty-four million five hundred thousand dollars (\$54,500,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule

¹ Came into force on 7 December 1971, upon notification by the Bank to the Government of the Republic of Korea.

² United Nations, *Treaty Series*, vol. 679, p. 325.

³ See p. 245 of this volume.

shall be amended from time to time, for expenditures made (or, if the Bank 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 Loan Agreement, and for refunding the principal amount of the Credit withdrawn and outstanding together with all charges thereon; provided, however, that, except as the Bank 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. The Bank, on the Effective Date, shall, on behalf of the Borrower, withdraw from the Loan Account and pay to the Association the amount required to refund the principal amount of the Credit withdrawn and outstanding and all charges thereon.

Section 2.04. The Closing Date shall be November 30, 1975 or such other date as shall be agreed between the Borrower and the Bank.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of seven and one-quarter per cent ($7\frac{1}{4}\%$) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.09. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 2.10. The Minister of Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article III. EXECUTION OF THE PROJECT

Section 3.01. The Borrower shall carry out or cause the Project to be carried out through its BPR with due diligence and efficiency and in conformity with sound engineering, administrative, and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 3.02. In order to assist the Borrower in the supervision of the construction under Part A of the Project, and in the carrying out of Parts B, C, D and E thereof, the Borrower shall employ consultants acceptable to the Bank upon terms and conditions satisfactory to the Bank.

Section 3.03. In carrying out Part A of the Project, the Borrower shall (i) employ contractors acceptable to the Bank upon terms and conditions satisfactory to the Bank, and (ii) unless the Bank shall otherwise agree, use the general design standards set forth in Schedule 5 to this Agreement.

Section 3.04. Except as the Bank shall otherwise agree, the goods and services required for the Project (other than services of consultants) shall be procured on the basis

of international competition under procedures consistent with the Guidelines, and in accordance with, and subject to, the provisions set forth in Schedule 4 to this Agreement.

Section 3.05. (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as the Bank shall otherwise agree, all goods and services financed out of the proceeds of the Loan shall be used exclusively for the Project until its completion.

Section 3.06. (a) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans, specifications, reports, contract documents, and construction and procurement schedules for the Project, and any material modifications thereof or additions thereto, in such detail as the Bank shall reasonably request.

(b) The Borrower: (i) shall maintain records adequate to record the progress of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Loan, and to disclose the use thereof in the Project; (ii) shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan and any relevant records and documents; and (iii) shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan and the goods and services financed out of such proceeds.

Section 3.07. The Borrower shall take all such action as shall be necessary to acquire as and when needed all such land and rights in respect of land as shall be required for carrying out the Project and for the construction of the intra-urban link referred to in Section 3.08 of this Agreement; shall furnish to the Bank, promptly after such acquisition, evidence satisfactory to the Bank that such land and rights in respect of land are available for purposes related to the Project; and shall not award any contract under Part A of the Project until the Bank shall have been furnished such evidence with respect to the sections of the highways to be constructed under said contracts.

Section 3.08. The Borrower shall: (i) unless the Bank shall otherwise agree, not award any contract for the construction of the Masan-Pusan section under Part A of the Project until all contracts for an intra-urban link from the termination point of said section at Kupo to Tongnae, in the Pusan area, shall have been awarded; (ii) provide or cause sufficient funds to be provided for the construction of said intra-urban link; and (iii) cause the construction of said intra-urban link to be completed in time to permit efficient use of the Masan-Pusan section promptly after its construction is completed.

Section 3.09. Without limitation or restriction upon the obligations of the Borrower under Section 3.01, the Borrower shall take all action necessary including, in particular, the granting of all licenses, permits, and other approvals required to ensure the prompt importation of the equipment required for purposes of the Project.

Article IV. OTHER COVENANTS

Section 4.01. (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.