

No. 16236

UNITED STATES OF AMERICA
and
REPUBLIC OF KOREA

**Loan Agreement—Korea—Irrigation Project (with annex).
Signed at Seoul on 11 September 1974**

**First Amendment to the above-mentioned Agreement (with
annex). Signed at Seoul on 30 April 1975**

**Second Amendment to the above-mentioned Agreement of
11 September 1974, as amended. Signed at Seoul on
13 September 1975**

Authentic texts: English.

Registered by the United States of America on 27 January 1978.

ÉTATS-UNIS D'AMÉRIQUE
et
RÉPUBLIQUE DE CORÉE

**Accord de prêt — Corée — Projet relatif à un réseau d'irri-
gation (avec annexe). Signé à Séoul le 11 septembre
1974**

**Premier Amendement à l'Accord susmentionné (avec
annexe). Signé à Séoul le 30 avril 1975**

**Deuxième Amendement à l'Accord susmentionné du 11 sep-
tembre 1974, tel qu'amendé. Signé à Séoul le 13 sep-
tembre 1975**

Textes authentiques : anglais.

Enregistrés par les États-Unis d'Amérique le 27 janvier 1978.

LOAN AGREEMENT¹ (KOREA—IRRIGATION PROJECT) BETWEEN THE REPUBLIC OF KOREA AND THE UNITED STATES OF AMERICA

Dated: September 11, 1974

A.I.D. Loan No. 489-T-090

TABLE OF CONTENTS

<i>Section Number</i>	<i>Title</i>	<i>Section Number</i>	<i>Title</i>
1. The Loan		6. General Covenants, Warranties and Agreements	
Section 1.1.	The Loan	Section 6.1.	Utilization of Eligible Items
Section 1.2.	Project	Section 6.2.	Information and Marking
2. Borrower Repayment Terms and Interest		Section 6.3.	Notice of Material Developments
Section 2.1.	Interest	Section 6.4.	Inspections
Section 2.2.	Principal	Section 6.5.	Taxes
Section 2.3.	Application and Place of Payment	Section 6.6.	Commissions, Fees and Other Payments
Section 2.4.	Prepayment	Section 6.7.	Renegotiation of Terms of the Loan
3. Conditions Precedent to Disbursement		Section 6.8.	Maintenance and Audit of Records
Section 3.1.	Conditions Precedent to Disbursement	Section 6.9.	Reports
Section 3.2.	Conditions Precedent to the Financing of the Advance	Section 6.10.	Continuing Consultation
Section 3.3.	Conditions Precedent to Reimbursement	7. Covenants Concerning Procurement	
Section 3.4.	Terminal Date for Meeting Conditions Precedent	Section 7.1.	Procurement Source and Origin
Section 3.5.	Notification of Meeting Conditions Precedent	Section 7.2.	Eligibility Date
4. Disbursements		Section 7.3.	Reasonable Price
Section 4.1.	Advance	8. Cancellation and Suspension	
Section 4.2.	Reimbursement for Local Currency Costs—Special Letters of Credit	Section 8.1.	Cancellation by the Borrower
Section 4.3.	Other Forms of Disbursement	Section 8.2.	Events of Default; Acceleration
Section 4.4.	Terminal Date for Requests for Reimbursement and for Disbursements	Section 8.3.	Termination of Disbursements
5. Particular Covenants and Warranties Concerning the Project		Section 8.4.	Cancellation by A.I.D.
Section 5.1.	Borrower's Covenants	Section 8.5.	Continued Effectiveness of Agreement
		Section 8.6.	Refunds
		Section 8.7.	Non-Waiver of Remedies
		Section 8.8.	Expenses of Collection
		9. Miscellaneous	
		Section 9.1.	Designation of Representatives
		Section 9.2.	Implementation Letters
		Section 9.3.	Communications
		Annex 1.	List of Sub-Projects

¹ Came into force on 11 September 1974 by signature.

LOAN AGREEMENT

LOAN AGREEMENT, dated September 11, 1974, between the GOVERNMENT OF THE REPUBLIC OF KOREA (hereinafter called the "Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT (hereinafter called "A.I.D.').

Article I. THE LOAN

Section 1.1. THE LOAN. A.I.D. hereby agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount of not to exceed Seventeen Million Two Hundred Thousand United States Dollars (\$17,200,000), to assist in financing up to 75% of the reasonable local currency costs of certain goods and services required for the Project as defined in Section 1.2 hereof. Goods and services financed hereunder are hereinafter referred to as "Eligible Items", and the aggregate amount disbursed hereunder is hereinafter referred to as "Principal".

Section 1.2. PROJECT. As used in this Agreement, the Project shall consist of the completion of the construction of up to sixty-six (66) small/medium scale irrigation systems ("sub-projects") as described in the Borrower's Loan Application dated May 7, 1974. A list of the sub-projects is contained in Annex 1 attached hereto, which Annex may be modified by mutual agreement in writing. The goods and services to be financed under the Loan shall be listed in the implementation letters referred to in Section 9.2 ("Implementation Letters").

Article II. BORROWER REPAYMENT TERMS AND INTEREST

Section 2.1. INTEREST. The Borrower will pay semi-annually to A.I.D., in dollars, interest on the outstanding balance of the Principal and on any due and unpaid interest. Such interest shall accrue from the dates of the respective disbursements hereunder, the first such interest payment to be due and payable no later than six (6) months after the first such disbursement on a date to be specified by A.I.D. Interest will accrue at a rate of two percent (2%) per annum for ten (10) years after the first disbursement hereunder and at a rate of three percent (3%) per annum thereafter; all interest hereunder shall be computed on the basis of a three hundred sixty-five (365) day year. Disbursements hereunder will be deemed to occur on the date on which A.I.D. establishes special letters of credit or amends upward their amounts in favor of the Borrower.

Section 2.2. PRINCIPAL. The Borrower shall repay the Principal to A.I.D. in United States dollars within forty (40) years from the date of the first disbursement hereunder in sixty-one (61) approximately equal semi-annual installments. The first installment of Principal shall be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 2.1. Upon completion of disbursements, A.I.D. will furnish the Borrower with an amortization schedule in accordance with this Section.

Section 2.3. APPLICATION AND PLACE OF PAYMENT. All payments shall be applied first to the payment of any interest due and unpaid and then to the repayment of Principal. Except as A.I.D. may otherwise agree in writing, all such payments shall be made to the Controller, United States Agency for International Development, Washington, D.C., and shall be deemed to have been paid when there received.

Section 2.4. PREPAYMENT. The Borrower shall have the right to prepay, without penalty, on any date on which interest is due, all or any part of the Principal. Any prepayment shall be applied first to the payment of any accrued and unpaid interest and then to the remaining installments of Principal in the inverse order of their maturity.

Article III. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 3.1. CONDITIONS PRECEDENT TO ANY DISBURSEMENT. Unless A.I.D. otherwise agrees in writing, prior to any disbursement under the Loan, the Borrower shall furnish A.I.D., in form and substance satisfactory to A.I.D.:

- (a) an opinion of the Minister of Justice of the Borrower that this Loan Agreement has been duly authorized or ratified by, and executed on behalf of, the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with its terms;
- (b) statements of the names of the persons who will act as the representatives of the Borrower pursuant to Section 9.1 hereof, together with evidence of their authority and a specimen signature of each such person, certified as to its authenticity by either the person rendering the legal opinion pursuant to Section 3.1 (a) or the person executing this Loan Agreement;
- (c) a financial plan including a schedule of expenditures by category and a schedule of funding by source which demonstrates that funds required for the Project will be made available on a timely basis; and
- (d) material describing the contracting rules and procedures which have been or will be applied by the Borrower in entering into contracts with respect to the Project.

Section 3.2. CONDITIONS PRECEDENT TO THE FINANCING OF THE ADVANCE. Unless A.I.D. otherwise agrees in writing, prior to A.I.D. issuing an Advance Special Letter of Credit (defined in Section 4.1) under the Loan, the Borrower shall meet all the conditions of Section 3.1 and furnish A.I.D., in form and substance satisfactory to A.I.D.:

- (a) evidence of an appropriate supplement budget for 1974 for this Project;
- (b) an estimate of funds anticipated to be expended under the supplemental budget; and
- (c) evidence that from the supplemental budget the Borrower has deposited in a segregated account 1.4 won for each won equivalent of advance that the Borrower is requesting from A.I.D.

Section 3.3. CONDITIONS PRECEDENT TO REIMBURSEMENT. Unless A.I.D. otherwise agrees in writing prior to A.I.D. issuing Special Letter(s) of Credit (defined in Section 4.2) for reimbursement of Eligible Items under the Loan, the Borrower shall meet all the conditions of Section 3.1 and furnish A.I.D. in form and substance satisfactory to A.I.D.:

—documents described in Implementation Letters issued pursuant to Section 9.2 hereof as necessary to support requests for 75% reimbursement for Eligible Items by the Borrower for the Project.

Section 3.4. TERMINAL DATE FOR MEETING CONDITIONS PRECEDENT. Except as A.I.D. may otherwise agree in writing, if the conditions required by

Section 3.1 and 3.2 have not been satisfied within four (4) months or for the initial disbursement under Section 3.3 within six (6) months after the date of execution of this Loan Agreement, A.I.D. may at any time thereafter terminate this Agreement by giving notice to the Borrower. Upon such termination, and notwithstanding any other provisions of this Loan Agreement, the Borrower shall repay to A.I.D. the unpaid Principal, if any, and any accrued interest. Upon full payment in accordance with the foregoing, all other obligations of the Borrower and A.I.D. under this Agreement shall cease.

Section 3.5. NOTIFICATION OF MEETING OF CONDITIONS PRECEDENT. A.I.D. shall notify the Borrower upon its determination that the conditions precedent specified in Sections 3.1, 3.2 and 3.3 have been met.

Article IV. DISBURSEMENTS

Section 4.1. ADVANCE. Upon satisfaction of the conditions precedent of Sections 3.1 and 3.2 above, A.I.D., upon request, will establish a Special Letter of Credit in a United States bank for the benefit of the Borrower in the principal amount of up to \$5,000,000. The establishment of this Special Letter of Credit (referred to as the "Advance Special Letter of Credit") shall be deemed to be a disbursement of its dollar amount under this Loan. The Advance Special Letter of Credit shall permit draw-downs from time to time to or on behalf of the Borrower upon presentation to the issuer thereof of supporting documentation evidencing Korean imports from the United States on or after the eligibility date in an amount which is equal to the dollar value of the subject imports for which the draw-down(s) is made excluding freight charges on all but U.S.-flag vessels. The form of the documentation required together with procedures upon which the advance may be disbursed shall be set forth in Implementation Letters issued pursuant to Section 9.2 hereof.

Section 4.2. REIMBURSEMENT FOR LOCAL CURRENCY COSTS—SPECIAL LETTERS OF CREDIT. (a) Reimbursement for local currency costs: A.I.D. will reimburse the Borrower for up to 75% of the eligible local currency costs incurred in the completion of sub-projects as described in Section 1.2. Eligible local currency costs are considered to be the costs of Eligible Items less any taxes imposed specifically and explicitly on such Eligible Items. In requesting reimbursement from A.I.D., the Borrower will deduct the amount of any such taxes (for example, but not necessarily limited to, commodity taxes imposed on cement, steel bars and pumping equipment) from the total cost of the completed sub-projects before computing the amount (i.e., up to 75% of the eligible costs) to be reimbursed. Procedures for accepting completed sub-projects and establishing local cost expenditures under this provision will be set forth in Implementation Letters.

(b) Upon satisfaction of the conditions precedent of Section 3.3 including satisfactory completion and acceptance by A.I.D. of one or more sub-projects, the Borrower may obtain reimbursement for local cost expenditures by submitting requests to A.I.D. for the issuance of irrevocable Special Letters of Credit ("SLC") by one or more banks in the United States designated by the Borrower and satisfactory to A.I.D. to the Borrower or any designee of the Borrower pursuant to such documentation requirements as A.I.D. may prescribe in the SLC's and Implementation Letters. Such documentation shall include, among other things, evidence of Korean general commodity imports from the United

States of equal value to the dollars requested for disbursement excluding freight charges on all but U.S.-flag vessels. Banking charges incurred pursuant to this Section in connection with commitment documents and disbursements shall be for the account of the Borrower and if requested, may be financed hereunder. Disbursements hereunder shall be deemed to occur on the date the U.S. bank, as instructed by A.I.D., issues an SLC in favor of the Borrower or his designee.

(c) Exchange Rate: The rate of exchange used in determining the amount of dollars to be made available is the highest rate of exchange, won to dollars, that is not unlawful on the date reimbursement is approved. This rate of exchange is interpreted as the country's selling rate for dollars and includes only the exchange rate itself. Taxes, fees, commissions, and similar charges, if any, are not included in determining the appropriate exchange rate.

Section 4.3. OTHER FORMS OF DISBURSEMENT. Disbursements may also be made through such other means as the Borrower and A.I.D. may agree to in writing.

Section 4.4. TERMINAL DATE FOR REQUESTS FOR REIMBURSEMENT AND FOR DISBURSEMENTS. Except as A.I.D. may otherwise agree in writing, no disbursements as defined in this Article shall be made against documentation received after thirty (30) months, from the date of execution of this Loan Agreement. An SLC or an Advance Special Letter of Credit, however, will remain available for draw-down for up to three years following the last upward adjustment in its face amount. After that time A.I.D. may at its option terminate it and apply any realized funds to a reduction in the outstanding principal.

Article V. PARTICULAR COVENANTS AND WARRANTIES CONCERNING THE PROJECT

Section 5.1. BORROWER'S COVENANTS. Except as A.I.D. may otherwise agree in writing, the Borrower covenants and agrees that it shall:

- (a) carry out the Project, or cause the Project to be carried out in conformity with the Project plan as described in the Borrower's Loan Application for Expansion of Irrigation Facilities Project dated May 7, 1974, with due diligence and efficiency, and in conformity with sound engineering, construction, financial, administrative and management practices. Proposed deviations from this plan in carrying out the Project shall receive the prior written approval of A.I.D.;
- (b) adequately maintain, repair and operate, in accordance with sound engineering, construction, financial, administrative and management practices, all sub-projects financed by the Loan;
- (c) adhere to the financial plan submitted in satisfaction of Section 3.1 (c) of this Loan;
- (d) provide all resources in addition to this Loan and all Korean won which may be necessary for the punctual and effective carrying out of the Project. In no event shall the Borrower's contribution hereunder be less than 25% of the funds contributed to the Project;
- (e) adhere to the materials concerning contract procedures submitted in satisfaction of Section 3.1 (d) of this Loan and, upon request, submit executed contracts used in connection with sub-projects financed by this Loan.

Article VI. GENERAL COVENANTS, WARRANTIES AND AGREEMENTS

Section 6.1. UTILIZATION OF ELIGIBLE ITEMS. Except as A.I.D. may agree otherwise in writing, all Eligible Items shall be used exclusively in carrying out the Project. This restriction shall apply only until such time as such goods can no longer be usefully employed for the Project, provided that no goods financed hereunder shall be exported from the Republic of Korea without the prior written approval of A.I.D., and provided further that no Eligible Items shall at any time be used to promote or assist any project or activity associated with or financed by any country not included in Code 935 of the *A.I.D. Geographic Code Book* as in effect at the time of such projected use except with the prior written consent of A.I.D.

Section 6.2. INFORMATION AND MARKING. The Borrower shall give publicity to the Loan provided for herein and the Project as a program of United States aid, and identify the sub-project sites financed under the Loan as prescribed in Implementation Letters.

Section 6.3. NOTICE OF MATERIAL DEVELOPMENTS. The Borrower represents and warrants that it has disclosed to A.I.D. all circumstances which may materially affect the Project or the discharge of its obligations under this Loan Agreement, and shall inform A.I.D. of any conditions which may constitute a default hereunder or which interfere, or which it is reasonable to believe may interfere, with the Project or the discharge of any of its obligations hereunder.

Section 6.4. INSPECTIONS. The authorized representatives of A.I.D. shall have the right at all reasonable times, whether prior to completion of the Project or subsequent thereto, to inspect the Project, the sub-projects, the utilization of all Eligible Items, the books and records referred to in Section 6.8 and any other documents, correspondence, memoranda, or records relating to the Loan provided for herein or to the Project. The Borrower shall cooperate with A.I.D. to facilitate such inspections and shall afford a reasonable opportunity for authorized representatives of A.I.D. to visit any part of the Republic of Korea for any purpose related to the Loan provided for herein.

Section 6.5. TAXES. The Borrower covenants and agrees that this Loan Agreement shall be free from, and the Principal and interest shall be paid to A.I.D. without deduction for and free from, any taxation or fees imposed under any laws or decrees in effect within the Republic of Korea or any such taxes or fees so imposed or payable shall be reimbursed by the Borrower.

Section 6.6. COMMISSIONS, FEES AND OTHER PAYMENTS. The Borrower warrants and covenants that in connection with obtaining the Loan provided for herein or taking any action under or with respect to this Loan Agreement, it has not paid, and will not pay or agree to pay, nor to the best of its knowledge has there been paid or will there be paid or agreed to be paid by any other person or entity, commissions, fees or other payments of any kind, except as regular compensation to the Borrower's full-time officers and employees or as compensation for bona fide professional, technical or other comparable services. The Borrower shall promptly report to A.I.D. any payment or agreement to pay for such bona fide professional, technical or comparable services to which it is a party or of which it has knowledge (indicating whether such payment has been made or is to be made on a contingent basis), and if the amount of any such payment

is deemed unreasonable by A.I.D., the party concerned shall cause a reduction satisfactory to A.I.D. to be made therein.

Section 6.7. RENEGOTIATION OF TERMS OF THE LOAN. The Borrower agrees to negotiate with A.I.D., at such time or times as A.I.D. may request, an acceleration of the repayment of the Loan in the event that there is any significant improvement in the internal and external economic and financial position and prospects of the country of the Borrower.

Section 6.8. MAINTENANCE AND AUDIT OF RECORDS. The Borrower shall maintain, or cause to be maintained, in accordance with sound accounting principles and practices consistently applied, books and records relating to the Project, the sub-projects, and to this Loan Agreement. Such books and records shall, without limitation, be adequate to show:

- (a) the receipt and use made of Eligible Items;
- (b) the progress of the Project; and
- (c) current data covering operations.

Such books and records shall be regularly audited, in accordance with sound auditing standards, for such period and at such intervals as A.I.D. may require, and shall be maintained for five (5) years after the date of the last disbursement by A.I.D. or until all sums due A.I.D. under this Loan Agreement have been paid, whichever date shall first occur.

Section 6.9. REPORTS. The Borrower will furnish A.I.D. with such information and reports relating to the Project, the sub-projects, Eligible Items, and the Loan provided for herein as A.I.D. may reasonably request.

Section 6.10. CONTINUING CONSULTATION. The Borrower and A.I.D. shall cooperate fully to assure that the purpose of the Loan will be accomplished. To this end, the Borrower and A.I.D. shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under this Agreement, the performance of the consultants, contractors, and suppliers engaged on the Project, and other matters relating to the Project.

Article VII. COVENANTS CONCERNING PROCUREMENT

Section 7.1. PROCUREMENT SOURCE AND ORIGIN. Except as A.I.D. may otherwise agree in writing:

- (a) all Eligible Items shall have both their source and origin in the Republic of Korea;
- (b) all other goods and services obtained for the Project but not financed by A.I.D. shall have their source and origin in countries included in Code 935 of the *A.I.D. Geographic Code Book* as in effect at the time such goods or services are procured. This covenant shall be construed in accordance with A.I.D. regulations as from time to time amended.

Section 7.2. ELIGIBILITY DATE. Except as A.I.D. may otherwise agree in writing, no costs incurred prior to January 1, 1974, for Eligible Items shall be reimbursed.

Section 7.3. REASONABLE PRICE. No more than reasonable prices shall be paid for any goods or service financed, in whole or in part, under the Loan, as

more fully described in Implementation Letters. Such items shall be procured on a fair and, except for professional services, on a competitive basis in accordance with the Borrower's contracting procedures furnished to A.I.D. pursuant to Section 3.1 of this Loan.

Article VIII. CANCELLATION AND SUSPENSION

Section 8.1. CANCELLATION BY THE BORROWER. The Borrower may, with the prior written consent of A.I.D., by written notice to A.I.D., cancel any part of the Loan which, prior to the giving of such notice, A.I.D. has not disbursed or committed itself to disburse.

Section 8.2. EVENTS OF DEFAULT; ACCELERATION. If any one or more of the following events ("Events of Default") shall occur:

- (a) the Borrower shall fail to pay in full any interest payment or installment of Principal required under this Agreement when the same shall become payable by it;
- (b) the Borrower shall fail to comply with any other provision contained herein applicable to it;
- (c) any representation or warranty made by or on behalf of the Borrower with respect to obtaining the Loan provided for herein or made or required to be made hereunder is incorrect in any material respect;
- (d) a material default shall have occurred after the date hereof, and not been remedied after notice, under any other loan agreement between the Borrower and A.I.D.,

then A.I.D., at its option, may declare all or any part of the unrepaid Principal under the Loan provided for herein to be due and payable immediately, and upon any such declaration, unless the default may be cured and is cured within sixty (60) days thereafter, such Principal and all interest accrued thereon shall become immediately due and payable.

Section 8.3. TERMINATION OF DISBURSEMENTS. In the event that at any time:

- (a) an Event of Default has occurred and has not been remedied as provided above; or
- (b) an event occurs that A.I.D. determines to be an extraordinary situation which makes it improbable that the purposes of the Loan provided for herein will be attained or that the Borrower will be able to or will perform its obligations hereunder; or
- (c) any disbursement would be in violation of the legislation governing A.I.D., then A.I.D. at its option, after notice to the Borrower, may (i) decline to issue further commitment documents, (ii) suspend or cancel outstanding commitment documents to the extent that they have not been utilized, giving notice to the Borrower thereof, and (iii) decline to make other disbursements.

Section 8.4. CANCELLATION BY A.I.D. Following any suspension of disbursements pursuant to Section 8.3, if the cause or causes for such suspension of disbursements shall not have been eliminated or corrected within sixty (60) days from the date of such suspension, A.I.D. may, at its option, at any time or times thereafter, cancel all or any part of the Loan that is not then disbursed.

Section 8.5. CONTINUED EFFECTIVENESS OF AGREEMENT. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement shall continue in full force and effect until the payment in full of all Principal and any accrued interest hereunder.

Section 8.6. REFUNDS. (a) In the case of any disbursement not supported by valid documentation in accordance with the terms of this Agreement, or of any disbursement not made or used in accordance with the terms of this Agreement, A.I.D., notwithstanding the availability or exercise of any of the other remedies provided for under this Agreement, may require the Borrower to refund such amount in United States dollars to A.I.D. within thirty days after receipt of a request therefor. Such amount shall be made available first for the cost of goods and services procured for the Project hereunder, to the extent justified; the remainder, if any, shall be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder. Notwithstanding any other provision in this Agreement, A.I.D.'s right to require a refund with respect to any disbursement under the Loan shall continue for five years following the date of such disbursement.

(b) In the event that A.I.D. receives a refund from any contractor, supplier, or banking institution, or from any other third party connected with the Loan, with respect to goods or services financed under the Loan, and such refund relates to an unreasonable price for goods or services, or to goods that did not conform to specifications, or to services that were inadequate, A.I.D. shall first make such refund available for the cost of goods and services procured for the Project hereunder, to the extent justified, the remainder to be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan shall be reduced by the amount of such remainder.

Section 8.7. NON-WAIVER OF REMEDIES. No delay in exercising or omission to exercise any right, power or remedy accruing to A.I.D. under this Loan Agreement shall be construed as a waiver of any such right, power or remedy.

Section 8.8. EXPENSES OF COLLECTION. All reasonable costs incurred by A.I.D. (other than salaries of its staff) after an Event of Default has occurred, in connection with the collection of amounts due under this Loan Agreement, may be charged to the Borrower and reimbursed as A.I.D. shall specify.

Article IX. MISCELLANEOUS

Section 9.1. DESIGNATION OF REPRESENTATIVES. (a) All actions required or permitted to be performed or taken under this Loan Agreement by the Borrower or A.I.D. may be performed by their respective duly authorized representatives.

(b) The Borrower hereby designates the Minister, Economic Planning Board, as its respective representative with authority to designate in writing other representatives in their dealings with A.I.D. The representatives designated in or pursuant to the preceding sentence, unless A.I.D. is given notice otherwise, shall have authority to agree, on behalf of the Borrower respectively, to any modification of this Loan Agreement. Until receipt by A.I.D. of written notice of revocation of the authority of any such representative, A.I.D. may accept

the signature of such representative on any instrument as conclusive evidence that any action effected by such instrument is authorized by the party on whose behalf such representative purports to act.

Section 9.2. IMPLEMENTATION LETTERS. A.I.D. shall from time to time issue Implementation Letters that will prescribe the procedures applicable hereunder in connection with the implementation of this Loan Agreement.

Section 9.3. COMMUNICATIONS. Any communication or document given, made or sent by the Borrower or A.I.D. pursuant to this Loan Agreement shall be in writing and shall be deemed to have been duly given, made or sent to the party to which it is addressed when it shall be delivered by hand or by mail, telegram, cable or radiogram to such party at its following address:

To the Borrower:

Mail Address: Minister of Economic Planning Board
Government of the Republic of Korea
Seoul, Korea

To A.I.D.:

Mail Address: Director
United States Agency for International Development
Seoul, Korea

Other addresses may be substituted for the above upon giving of notice as provided herein.

All communications and documents submitted to A.I.D. hereunder shall be in English, and all technical and engineering specifications therein shall be in English except as A.I.D. may otherwise agree in writing.

EXECUTED at Seoul, Korea, on the date first above written.

United States of America:
By: MICHAEL H. B. ADLER
Title: Director

The Republic of Korea:
By: WAN-SON TAE
Title: Deputy Prime Minister

ANNEX I

LIST OF SUB-PROJECTS

- | | | |
|------------------|--------------------|-----------------|
| 1. Ha-gi | 23. Cho-jeon | 45. Saeng-rim |
| 2. Yoon-nae | 24. Man-geong-gang | 46. Do-cho |
| 3. Chang-weon | 25. Gum-dong | 47. Go-pung |
| 4. Seong-su | 26. Do-gab | 48. Ji-san |
| 5. Cheol-weon | 27. O-yu | 49. Geo-jin |
| 6. Dae-cheon | 28. Mae-ho | 50. Je-dong |
| 7. Pung-gang | 29. E-bug | 51. Keum-sa |
| 8. Go-deok | 30. Gu-man | 52. Seong-yeon |
| 9. Cho-gye | 31. Gi-gye | 53. San-nam |
| 10. Sin-gog | 32. Na-po | 54. Jung-bug |
| 11. Jang-yu | 33. An-deok | 55. O-weon |
| 12. Neung-seo | 34. Yang-hwa | 56. Yeo-cheon |
| 13. In-deok | 35. Hwa-chon | 57. Da-jeong |
| 14. Myeong-gwan | 36. Ma-dun | 58. Hwang-dun |
| 15. Pung-yang | 37. Do-bong | 59. Song-weol |
| 16. Im-jin | 38. Ha-nam | 60. Gong-seong |
| 17. Yang-seo | 39. Dong-cheon | 61. Gyo-dong |
| 18. Jang-ha | 40. Yong-am | 62. Mang-deog |
| 19. Se-do | 41. Ma-jin | 63. Cho-dae |
| 20. Cheong-young | 42. Gae-wun | 64. Ga-jo |
| 21. Gun-am | 43. Dong-song | 65. Go-yeon |
| 22. Jeong-an | 44. Jeom-gog | 66. Gung-pyeong |
-

FIRST AMENDMENT¹ TO LOAN AGREEMENT² (KOREA—IRRIGATION PROJECT) BETWEEN THE REPUBLIC OF KOREA AND THE UNITED STATES OF AMERICA

Dated: Apr. 30, 1975

A.I.D. Loan No. 489-T-090A
Project No. 489-22-120-706

FIRST AMENDMENT

The LOAN AGREEMENT dated the 11th day of September, 1974,² between the REPUBLIC OF KOREA ("Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.") is hereby amended as follows:

1. Section 1.1 is deleted in its entirety and the following is substituted in lieu thereof:

"*Section 1.1. THE LOAN.* A.I.D. agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount of not to exceed Twenty Three Million Seven Hundred Thousand United States Dollars (\$23,700,000), to assist in financing up to 75% of the reasonable local currency costs of certain goods and services required for the Project as defined in Section 1.2 hereof. The amount loaned hereunder shall be deemed to consist of (i) an amount not to exceed Seventeen Million Two Hundred Thousand United States Dollars (\$17,200,000) ('Loan—Part I') and (ii) an amount not to exceed Six Million Five Hundred Thousand United States Dollars (\$6,500,000) ('Loan—Part I'). Loan—Part I and Loan—Part II are hereinafter collectively referred to as the 'Loan'. Goods and services financed hereunder are hereinafter referred to as 'Eligible Items' and the aggregate amount of disbursements under the Loan is hereinafter referred to as 'Principal'."

2. A revised Annex 1, referred to in Section 1.2, is attached hereto.

3. Section 3.1 is retitled *Section 3.1.1. CONDITIONS PRECEDENT TO ANY DISBURSEMENT UNDER LOAN—PART I.*

4. Immediately following Section 3.1.1, Section 3.1.2 shall be added as follows:

"*Section 3.1.2. CONDITIONS PRECEDENT TO ANY DISBURSEMENT UNDER LOAN—PART II.* Unless A.I.D. otherwise agrees in writing, prior to any disbursement under Loan—Part II, the Borrower shall furnish A.I.D., in form and substance satisfactory to A.I.D.:

(a) an opinion of the Minister of Justice of the Borrower that this First Amendment has been duly authorized or ratified by, and executed on behalf of, the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all its terms; and

¹ Came into force on 30 April 1975 by signature.

² See p. 66 of this volume.

(b) a revised, comprehensive financial plan essentially updating the financial plan submitted in accordance with Section 3.1.1 (c) of this Loan Agreement. This revised plan shall again include a schedule of actual and projected eligible expenditures by sub-project and calendar year, beginning with 1974, until the completion of the Project, such plan to cover each of the 66 irrigation sub-projects eligible for reimbursement under the Loan. It shall also include a schedule of funding which identifies the source of funds and demonstrates that all funds required will be available when needed to ensure expeditious completion of all 66 sub-projects.”

5. Section 3.4 is retitled *Section 3.4.1. TERMINAL DATE FOR MEETING CONDITIONS PRECEDENT UNDER LOAN—PART I.*

6. Immediately following Section 3.4.1, Section 3.4.2 shall be added as follows:

“*Section 3.4.2. TERMINAL DATE FOR MEETING CONDITIONS PRECEDENT UNDER LOAN—PART II.* Except as A.I.D. may otherwise agree in writing, if the above-described documents and materials are not furnished within one hundred twenty (120) days of the date of execution of this First Amendment, A.I.D. may at any time thereafter terminate this Amendment by giving written notice to the Borrower. In the event of any termination under this paragraph, the Loan Agreement dated September 11, 1974, shall remain in full force and effect.”

7. Section 4.4 is amended by deleting the phrase quote after thirty (30) months unquote and substituting therefor the phrase quote after thirty-six (36) months unquote.

8. Section 7.2 is deleted in its entirety and the following is substituted in lieu thereof:

“*Section 7.2. ELIGIBILITY DATE.* Except as A.I.D. may otherwise agree in writing, no cost incurred prior to January 1, 1974, for Eligible Items shall be reimbursed under Loan—Part I and no cost incurred prior to January 1, 1975, for Eligible Items shall be reimbursed under Loan—Part II.”

9. Except as specifically modified and amended hereby, the Loan Agreement dated September 11, 1974, shall remain in full force and effect. All references in said Agreement to the words “Loan Agreement” or “this Agreement” shall be deemed to mean the Loan Agreement as hereby amended.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its respective duly authorized representative, have caused this First Amendment to be signed in their names and delivered as of the 30 day of April 1975.

United States of America:

By: MICHAEL H. B. ADLER
Title: Director

Republic of Korea:

By: DUCK-WOO NAM
Title: Deputy Prime Minister

ANNEX I

LIST OF SUB-PROJECTS (*Revised*)

- | | | |
|--------------------|----------------|----------------|
| 1. Ha-gi | 23. Keum-dong | 45. Do-cho |
| 2. Yoon-nae | 24. Do-gab | 46. Ko-pung |
| 3. Chang-woon | 25. O-ryu | 47. Ji-san |
| 4. Seong-su | 26. Mae-ho | 48. Geo-jin |
| 5. Cheol-woon | 27. Yi-bug | 49. Yi-dong |
| 6. Chang-dong | 28. Ku-man | 50. Keum-sa |
| 7. Pung-gang | 29. Gi-gye | 51. Seong-yeon |
| 8. Go-deok | 30. Na-po | 52. San-nam |
| 9. Cho-gye | 31. An-deok | 53. Joong-bug |
| 10. Jang-yoo | 32. Yang-hwa | 54. Yeo-ju |
| 11. Neung-seo | 33. Hwa-chon | 55. Da-jeong |
| 12. Myung-kwan | 34. Ma-dun | 56. Hwang-dun |
| 13. Pung-yang | 35. Do-bong | 57. Song-weol |
| 14. Im-jin | 36. Ha-nam | 58. Gong-seong |
| 15. Yang-seo | 37. Dong-cheon | 59. Gyo-dong |
| 16. Jang-ha | 38. Yong-am | 60. Mang-deok |
| 17. Se-do | 39. Ma-jin | 61. Cho-dae |
| 18. Cheong-yong | 40. Gae-wun | 62. Ga-jo |
| 19. Gun-am | 41. Dong-song | 63. Go-yeon |
| 20. Jeong-an | 42. Jeom-gog | 64. Goon-pyung |
| 21. Cho-jeon | 43. Saeing-lim | 65. In-deok |
| 22. Man-kyung-gang | 44. Sin-gog | 66. Hak-ha |
-

SECOND AMENDMENT¹ TO LOAN AGREEMENT² (*KOREA—IRRIGATION PROJECT*) BETWEEN THE REPUBLIC OF KOREA AND THE UNITED STATES OF AMERICA

Dated: Sept. 13, 1975

A.I.D. Loan No. 480-T-090B
Project No. 489-22-120-706

· SECOND AMENDMENT

The LOAN AGREEMENT dated the 11th day of September, 1974,² as amended, between the REPUBLIC OF KOREA (“Borrower”) and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT (“A.I.D.”), is hereby amended as follows:

1. Section 1.1 is deleted in its entirety and the following is substituted in lieu thereof:

“*Section 1.1. THE LOAN.* A.I.D. agrees to lend to the Borrower, pursuant to the Foreign Assistance Act of 1961, as amended, an amount of not to exceed Twenty Five Million Seven Hundred Thousand United States Dollars (\$25,700,000), to assist in financing up to 75% of the reasonable local currency costs of certain goods and services required for the Project as defined in Section 1.2 hereof. The amount loaned hereunder shall be deemed to consist of (i) an amount not to exceed Seventeen Million Two Hundred Thousand United States Dollars (\$17,200,000) (‘Loan—Part I’), (ii) an amount not to exceed Six Million Five Hundred Thousand United States Dollars (\$6,500,000) (‘Loan—Part II’), and (iii) an amount not to exceed Two Million United States Dollars (\$2,000,000) (‘Loan—Part III’). Loan—Part I, Loan—Part II, and Loan—Part III are hereinafter collectively referred to as the ‘Loan’. Goods and services financed hereunder are hereinafter referred to as ‘Eligible Items’ and the aggregate amount of disbursements under the Loan is hereinafter referred to as ‘Principal’.”

2. Immediately following Section 3.1.2, Section 3.1.3 shall be added as follows:

“*Section 3.1.3. CONDITIONS PRECEDENT TO ANY DISBURSEMENT UNDER LOAN—PART III.* Unless A.I.D. otherwise agrees in writing, prior to any disbursement under Loan—Part III, the Borrower shall furnish A.I.D., in form and substance satisfactory to A.I.D., an opinion of the Minister of Justice of the Borrower that this Second Amendment has been duly authorized or ratified by, and executed on behalf of, the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all its terms.”

¹ Came into force on 13 September 1975 by signature.

² See p. 66 of this volume.

3. Immediately following Section 3.4.2, Section 3.4.3 shall be added as follows:

“*Section 3.4.3. TERMINAL DATE FOR MEETING CONDITION PRECEDENT UNDER LOAN—PART III.* Except as A.I.D. may otherwise agree in writing, if the above-described document is not furnished within one hundred twenty (120) days of the date of execution of this Second Amendment, A.I.D. may at any time thereafter terminate this Amendment by giving written notice to the Borrower. In the event of any termination under this paragraph, the Loan Agreement dated September 11, 1974, as amended, shall remain in full force and effect.”

4. Section 7.2. is deleted in its entirety and the following is substituted in lieu thereof:

“*Section 7.2. ELIGIBILITY DATE.* Except as A.I.D. may otherwise agree in writing, no cost incurred prior to January 1, 1974, for Eligible Items shall be reimbursed under Loan—Part I and no cost incurred prior to January 1, 1975, for Eligible Items shall be reimbursed under Loan—Part II or Loan—Part III.”

5. Except as specifically modified and amended hereby, the Loan Agreement dated September 11, 1974, as heretofore amended, shall remain in full force and effect. All references in said Agreement to the words “Loan Agreement” or “this Agreement” shall be deemed to mean the Loan Agreement as hereby amended.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its respective duly authorized representative, have caused this Second Amendment to be signed in their names and delivered as of the 13th day of September 1975.

United States of America:

By: MICHAEL H. B. ADLER
Title: Director

Republic of Korea:

By: DUCK-WOO NAM
Title: Deputy Prime Minister