

No. 17295

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**UNITED STATES OF AMERICA  
and  
REPUBLIC OF KOREA**

**Project Agreement relating to economic assistance for fishermen (with annexes). Signed at Seoul on 19 January 1977**

*Authentic text: English.*

*Registered by the United States of America on 24 November 1978.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
RÉPUBLIQUE DE CORÉE**

**Accord de projet relatif à une aide économique en faveur des pêcheurs (avec annexes). Signé à Séoul le 19 janvier 1977**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 24 novembre 1978.*

PROJECT AGREEMENT<sup>1</sup> BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND AN AGENCY OF THE GOVERNMENT OF THE REPUBLIC OF KOREA

The above-named Parties hereby mutually agree to carry out a Project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:		1. Project/Activity No.: N/A			
<input type="checkbox"/> PROJECT DESCRIPTION ANNEX A	<input checked="" type="checkbox"/> FOREIGN CURRENCY STANDARD PROVISIONS ANNEX <sup>2</sup>	2. Agreement No.: 7001	3. <input checked="" type="checkbox"/> Original or Revision No.:		
<input type="checkbox"/> STANDARD PROVISIONS ANNEX	<input type="checkbox"/> SPECIAL LOAN PROVISIONS ANNEX	4. Project/Activity Title: Economic Development Activities (National Federation of Fisheries Cooperatives NFFC)			
This Project Agreement is further subject to the terms of the following Agreement between the two Governments, as modified and supplemented:		5. Project Description and Explanation: (See annex A attached.)			
<input type="checkbox"/> GENERAL AGREEMENT FOR TECHNICAL COOPERATION	DATE:	6. AID Appropriation Symbol: N/A			
<input checked="" type="checkbox"/> ECONOMIC COOPERATION AGREEMENT	DATE: 2/28/61 <sup>3</sup>			7. AID Allotment Symbol: N/A	
<input type="checkbox"/> (OTHER)	DATE:				
8. AID Financing:	<i>Previous total (A)</i>	<i>Increase (B)</i>	<i>Decrease (C)</i>	<i>Total to date (D)</i>	
<input type="checkbox"/> DOLLARS					
<input type="checkbox"/> LOCAL CURRENCY					
(a) Total					
(b) Contract services					
(c) Commodities					
(d) Other costs					

<sup>1</sup> Came into force on 19 January 1977 by signature.

<sup>2</sup> Not published herein. For the text, see United Nations, *Treaty Series*, vol. 1115, No. I-17251.

<sup>3</sup> See "Exchange of notes constituting an agreement between the United States of America and the Republic of Korea relating to economic, technical and related assistance, Seoul, 8 February 1961, in United Nations, *Treaty Series*, vol. 405, p. 37.

9. Cooperating Agency Financing: Won		
(a) Total	1,900,000,000	1,900,000,000
(b) Technical and other services		
(c) Counterpart repayment account	1,095,160,000	1,095,160,000
(d) ROKG budget sources	804,840,000	804,840,000
10. Special Provisions (use additional continuation sheets, if necessary): This Agreement authorizes the release of W1,095,160,000 from the counterpart repayment sub-account per an exchange of letters dated December 8, 1976/January 5, 1977, between the Economic Planning Board and USAID/KOREA.		
11. Date of Original Agreement:	12. Date of this Revision: January 19, 1977	13. Estimated Final Contribution Date: March 31, 1978
14. For the Cooperating Government or Agency: <i>Signature:</i> S. JUN SUH <i>Date:</i> <i>Title:</i> Minister EPB, ROKG	15. For the Agency for International Development: <i>Signature:</i> DENNIS P. BARRETT <i>Date:</i> 1/19/77 <i>Title:</i> AID Representative to Korea	

## ANNEX A

I. *General description*

The Republic of Korea has endeavored to promote the economic well-being of Korean fishermen in order to assure a balanced development of the Korean economy. To help the fishermen achieve a favorable livelihood and increase fish production, it was essential that the Korean Government provide them with adequate and timely financing at reasonable rates. The Korean Government therefore established the National Federation of Fisheries Cooperatives (NFFC) in 1962 to strengthen fisheries cooperatives and increase productivity. The NFFC has become the principal central credit agency for fishermen and their cooperatives. In 1965 a fisheries "Revolving Credit Fund" was also established with the use of counterpart funds and other Korean Government loan funds. The fisheries Revolving Credit Fund provided loans to fishermen and the fisheries industry. Repayments of the loans have helped replenish the Fund. In addition, the Korean Government increased the fund by approximately W8.6 billion from its own budgetary sources and from the Counterpart funds during four years from CY 1970 to CY 1973.

II. *ROKG contribution*

The Korean Government has made provisions in its CY 1976 budget for the allocation of W1,900,000,000 from the Economic Development Special Account to the NFFC. Of this amount W1,095,160,000 will be transferred from the Counterpart Fund and the balance of W804,840,000 has been provided from other government budgetary sources. Upon signature of this Project Agree-

ment, the Korean Government agrees to provide W1,095,160,000 from the Counterpart Fund to sub-loan this amount to accredited fishermen in accordance with the terms and conditions described in this Project Agreement to help finance their fishery operating costs.

All loans from the Fishing Operation Fund provided under this Agreement shall be made only to creditworthy fishermen through the auspices of their established fisheries cooperatives on the basis of an annual fishing operational plan of the applicant. The NFFC shall supervise and monitor the administration of such loans. Because of the great need in Korea for money to meet the annual recurring production credit needs of fishermen, loans from the Fund shall be extended on a priority basis to the areas of fisheries production wherein the fishermen can be most benefited and in which loan funds can be profitably used and repaid with interest within one year.

The amount of the loan from these funds to an individual fisherman will be based on his ability to repay, but will not be granted in an amount greater than W5,000,000. A loan to a fisherman from funds released under this Agreement shall be made at an interest rate to be determined by the Operational Board of the NFFC, and shall be secured by a marketing agreement between the fisherman and his fishing organization, pledging to deliver his fisheries production to be marketed through the fishing organization, and providing for a schedule of deductions from such sales sufficient to repay the loan. An individual loan of W500,000 or more shall be secured, by mutual guarantee contracts and a guarantee of the agent organization.

#### *Loan delinquency*

Delinquent loans shall be charged penalty interest until paid in full. No renewal or extension of a loan from any fund shall be made except in a case where the debtor suffers severe damage from natural or other disasters beyond his control or in other special cases specifically considered and approved by the Operational Board of NFFC. In any event extensions or renewals shall be limited and made available to the debtor only after careful consideration. No loans may be made to an individual fisherman or to any cooperative under this Agreement who has an existing delinquent loan with NFFC.

#### *Supervision and administration of the Revolving Credit Fund*

The Operational Board of the NFFC shall determine the interest rate for loans from the funds released under this Agreement. Further, the Board may establish a fee to be paid by the fishermen as a service charge. This fee may in no event exceed 2 percent of the face amount of the loan. The interest and service charge on all loans under the Fund shall be collected upon repayment of the loan.

The Operational Board of the NFFC shall be responsible for proper utilization of the funds provided under this Agreement and to formulate the policies including loan procedures, loan terms and limits, interest rates and security requirements governing the use of the funds in accordance with the provisions of this Agreement. The NFFC through its Operational Board shall serve as the trustee and custodian of the funds and shall be responsible for the supervision of the funds. The NFFC, as trustee and administrator of the Revolving Credit Fund, shall agree that insofar as possible it will use its own funds through loan procedures similar to those outlined in this Agreement.

### III. *Terms and conditions of the NFFC loan*

#### ROKG loan to the NFFC

1. The Korean Government will lend W1,095,160,000 to the NFFC from the Counterpart Repayment Sub-Account at an interest rate of two percent per annum.

2. This loan shall run for twenty-five years, including a five-year grace period, with interest payable on June 30th and December 31st of each year with the first interest payment due on June 30, 1977.

3. The principal shall be repaid in 40 semi-annual installments of W27,379,000 each beginning June 30, 1982 (the principal and interest repayment schedule is attached hereto as

annex C). In the event of default on payment by the NFFC, the Korean Government shall be responsible for the collection of the delinquent amount.

4. Loan repayments (interest and principal) by the NFFC to the Korean Government shall be deposited in such banking institution and such account as the Korean Government may designate. Loan terms and conditions are more fully set forth in the Promissory Note which is attached as annex B.

5. The NFFC shall not be required to deposit either the principal or the interest accruing therefrom into the AID–NFFC Repayment Account.

6. The NFFC agrees to keep the funds provided under this Agreement in a separate account and sub-lend the funds from the account only for fisheries operation costs.

7. Future proceeds to the NFFC from its operations under the revolving credit fund (after meeting the obligations of the Promissory Note) shall be retained by it and added to its own loan capital.

#### IV. *Auditing*

The Korean Government agrees that AID shall have the right to audit the NFFC books and records, financial statements and all supporting documents pertaining to the loan.

#### V. *Reporting*

The NFFC shall furnish AID with annual audit reports pertaining to the utilization of the funds provided under this Agreement within 120 days following the close of the Korean Government fiscal (calendar) year. These reports will be prepared by Korean auditors satisfactory to AID. The NFFC will also furnish financial reports to the USAID/Korea Controller on a quarterly basis in a format mutually agreed upon between NFFC and the USAID Controller.

#### VI. *Standard provisions*

1. The AID Foreign Currency Standard Provisions are hereby made a part of this Project Agreement and are attached hereto as annex D.

2. The Minister of the Economic Planning Board (EPB) or his designee will be the official responsible for this Project Agreement on the part of the Korean Government. The EPB designates the NFFC as the Agency responsible for the implementation of the Agreement.

3. Endorsement of this Agreement by the Minister of Finance (MOF) indicates MOF's approval and agreement to the provisions contained herein.

4. The Representative USAID/Korea designates the Program Officer the official responsible on the part of USAID/Korea for the implementation of this Agreement.

### ANNEX B

#### PROMISSORY NOTE, NATIONAL FEDERATION OF FISHERIES COOPERATIVES

For the value received, the Borrower, the National Federation of Fisheries Cooperatives (hereinafter referred to as "NFFC") hereby promises to pay to the Republic of Korea Government (hereinafter referred to as "ROKG"), at such place as the ROKG may designate, a principal sum of the lawful currency of the ROKG in total amount and value of one billion ninety-five million and one hundred sixty thousand Won (W1,095,160,000) and to pay interest in such lawful currency from the date the NFFC signs for the receipt of such funds at the rate of two per cent (2%) per annum, computed on the basis of a 365-day year, payable semi-annually on the last day of June and December of each year on the unpaid principal balance of this Promissory Note from time to time outstanding. The first payment of interest under this Promissory Note shall be due on

June 30, 1977. The principal of this Promissory Note shall be paid in forty semi-annual installments beginning on June 30, 1982, in the amount of twenty-seven million three hundred and seventy-nine thousand won (W27,379,000) each.

This Promissory Note is issued pursuant and subject to, and its legal effect is established by, the terms of Project Agreement No. 7001 between the ROKG and the Agency for International Development (AID) of the Government of the United States of America, copies of which will be made available to the NFFC. The NFFC warrants that it is bound by the provisions of such Project Agreement and that it will administer the loan funds made available to it hereunder, in accordance with the terms and conditions specified in such Project Agreement for the use of such funds. It is specifically understood that no modification or amendment of such Project Agreement by the parties thereto shall affect any right or obligations of the NFFC with respect to repayment or administration of the loan funds, unless the NFFC specifically concurs in writing to such modification or amendment.

Upon the default in the payment of any installment of principal due or any interest due on this Promissory Note, the ROKG may, after consultation with AID, declare all or any part of the unpaid principal of this Note to be due and payable immediately, and upon such declaration such principal and interest thereon, shall become due and payable immediately. In addition the ROKG, upon failure of the NFFC to administer the loan funds in accordance with the provisions and the terms and conditions of the aforementioned Project Agreement, may after consultation with AID, or shall (at the written request of AID) declare all or any part of the unpaid principal of this Note to be due and payable immediately, and upon such declaration such principal and interest thereon, shall become due and payable immediately.

No delay in exercising or omission to exercise, any right, power or remedy accruing to it under this Promissory Note shall be construed as a waiver by the ROKG or of AID of its rights, powers or remedies hereunder.

Attest:

By: [Signed — Signé]<sup>1</sup>

Date: 1977.1.12

National Federation  
of Fisheries Cooperatives:

By: [Signed — Signé]<sup>2</sup>

Title: President

Date: 1977.1.12

## ANNEX C

### PRINCIPAL AND INTEREST REPAYMENT SCHEDULE

<i>Principal installment</i>	<i>Due date</i>	<i>Principal repayment</i>	<i>Outstanding principal</i>	<i>Interest accrued</i>	<i>Total payment</i>
	6/30/77		1,095,160,000	*	*
	12/31/77		1,095,160,000	10,951,600	10,951,600
	6/30/78		1,095,160,000	10,951,600	10,951,600
	12/31/78		1,095,160,000	10,951,600	10,951,600
	6/30/79		1,095,160,000	10,951,600	10,951,600
	12/31/79		1,095,160,000	10,951,600	10,951,600
	6/30/80		1,095,160,000	10,951,600	10,951,600
	12/31/80		1,095,160,000	10,951,600	10,951,600
	6/30/81		1,095,160,000	10,951,600	10,951,600
	12/31/81		1,095,160,000	10,951,600	10,951,600
1	6/30/82	27,379,000	1,067,781,000	10,951,600	38,330,600
2	12/31/82	27,379,000	1,040,402,000	10,677,810	38,056,810
3	6/30/83	27,379,000	1,013,023,000	10,404,020	37,783,020

<sup>1</sup> Signed by Jeon Song ki — Signé par Jeon Song ki.

<sup>2</sup> Signed by Nam Moon Hee — Signé par Nam Moon Hee.

<i>Principal installment</i>	<i>Due date</i>	<i>Principal repayment</i>	<i>Outstanding principal</i>	<i>Interest accrued</i>	<i>Total payment</i>
4	12/31/83	27,379,000	985,644,000	10,130,230	37,509,230
5	6/30/84	27,379,000	958,265,000	9,856,440	37,235,440
6	12/31/84	27,379,000	930,886,000	9,582,650	36,961,650
7	6/30/85	27,379,000	903,507,000	9,308,860	36,687,860
8	12/31/85	27,379,000	876,128,000	9,035,070	36,414,070
9	6/30/86	27,379,000	848,749,000	8,761,280	36,140,280
10	12/31/86	27,379,000	821,370,000	8,487,490	35,866,490
11	6/30/87	27,379,000	793,991,000	8,213,700	35,592,700
12	12/31/87	27,379,000	766,612,000	7,939,910	35,318,910
13	6/30/88	27,379,000	739,233,000	7,666,120	35,045,120
14	12/31/88	27,379,000	711,854,000	7,392,330	34,771,330
15	6/30/89	27,379,000	684,475,000	7,118,540	34,497,540
16	12/31/89	27,379,000	657,096,000	6,844,750	34,223,750
17	6/30/90	27,379,000	629,717,000	6,570,960	33,949,960
18	12/31/90	27,379,000	602,338,000	6,297,170	33,676,170
19	6/30/91	27,379,000	574,959,000	6,023,380	33,402,380
20	12/31/91	27,379,000	547,580,000	5,749,590	33,128,590
21	6/30/92	27,379,000	520,201,000	5,475,800	32,854,800
22	12/31/92	27,379,000	492,822,000	5,202,010	32,581,010
23	6/30/93	27,379,000	465,443,000	4,928,220	32,307,220
24	12/31/93	27,379,000	438,064,000	4,654,430	32,033,430
25	6/30/94	27,379,000	410,685,000	4,380,640	31,759,640
26	12/31/94	27,379,000	383,306,000	4,106,850	31,485,850
27	6/30/95	27,379,000	355,927,000	3,833,060	31,212,060
28	12/31/95	27,379,000	328,548,000	3,559,270	30,938,270
29	6/30/96	27,379,000	301,169,000	3,285,480	30,664,480
30	12/31/96	27,379,000	273,790,000	3,011,690	30,390,690
31	6/30/97	27,379,000	246,411,000	2,737,900	30,116,900
32	12/31/97	27,379,000	219,032,000	2,464,110	29,843,110
33	6/30/98	27,379,000	191,653,000	2,190,320	29,569,320
34	12/31/98	27,379,000	164,274,000	1,916,530	29,295,530
35	6/30/99	27,379,000	136,895,000	1,642,740	29,021,740
36	12/31/99	27,379,000	109,516,000	1,368,950	28,747,950
37	6/30/00	27,379,000	82,137,000	1,095,160	28,474,160
38	12/31/00	27,379,000	54,758,000	821,370	28,200,370
39	6/30/01	27,379,000	27,379,000	547,580	27,926,580
40	12/31/01	27,379,000	0	273,790	27,652,790
		<u>1,095,160,000</u>		<u>323,072,200</u>	<u>1,418,232,200</u>

\* Will be determined later.