

FRAMEWORK ARRANGEMENT BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF KOREA AND
THE GOVERNMENT OF MONGOLIA
CONCERNING LOANS FROM
THE ECONOMIC DEVELOPMENT COOPERATION FUND
FOR THE YEARS 2017 THROUGH 2019

The Government of Mongolia (hereinafter referred to as the "Mongolian Government") and the Government of the Republic of Korea (hereinafter referred to as the "Korean Government"), (hereinafter jointly referred to as the "Parties"),

In accordance with the Agreement between the Government of the Republic of Korea and the Government of Mongolia on the Extension of Loans from the Economic Development Cooperation Fund signed on December 6, 1996,

Have agreed as follows:

Article 1

1. The Korean Government shall enable the Mongolian Government to obtain loans from the Economic Development Cooperation Fund (hereinafter referred to as the "EDCF") up to a maximum commitment amount in Korean Won not exceeding the equivalent of seven hundred million US dollars (US\$ 700,000,000) for the years 2017 through 2019 to finance EDCF loan projects in Mongolia, unless otherwise agreed by the Parties. The commitment amount shall include the outstanding balance in Korean Won equivalent to two hundred million US dollars (US\$ 200,000,000) remaining under the Framework Arrangement dated December 2, 2011 as well as the Exchange of Notes dated December 16, 2015.

2. With regard to implementation of the Arrangement, the Mongolian Government shall be represented by the Ministry of Finance of Mongolia.

Article 2

An EDCF loan for each individual project (hereinafter referred to as a "Loan") shall be extended to the Mongolian Government in accordance with the following procedures:

- (a) The Korean Government and the Mongolian Government shall identify potential projects in close collaboration with each other, and the Mongolian Government shall submit a list of prospective projects to be financed under this Arrangement to the Korean Government;
- (b) The Mongolian Government shall request the Korean Government, through diplomatic channels, to extend a Loan for each individual project;
- (c) In case the Korean Government decides to extend a Loan for a requested project after its appraisal of the project, the Korean Government shall inform the Mongolian Government of its decision through diplomatic channels; and
- (d) Details of each individual project and the Loan amount for the project shall be set out in and made available through a loan agreement (hereinafter referred to as a "Loan Agreement") to be concluded between the Export-Import Bank of Korea (hereinafter referred to as the "Bank") and the Mongolian Government.

Article 3

1. Each Loan Agreement shall contain, inter alia, the following principles, unless otherwise agreed by the Parties:

- (a) The borrower or guarantor of the Loan shall be the Mongolian Government;
- (b) The repayment terms and the interest rate shall be specified in the Loan Agreement for the individual project. General terms and conditions include a

repayment period of thirty (30) years, which includes a ten (10) year grace period, and an interest rate of zero point two percent (0.2%) per annum. Such terms and conditions are subject to change reflecting the revision of the country classification, and may be determined in due consideration of the characteristics of the individual project;

(c) No interest shall accrue for the portion of the Loan covering the consulting services costs, in case the consultant is selected from among Korean firms;

(d) In the event that the Mongolian Government fails to make payment of all or any portion of the principal of the Loan or any other amount due under the Loan Agreement, the unpaid amount shall bear an overdue charge at the rate of two percent (2 %) per annum in addition to the interest rate specified in the Loan Agreement;

(e) The eligible source countries for the procurement of goods and services, including consulting services, to be financed out of the Loan shall be the Republic of Korea for the foreign currency portion and Mongolia for the local currency portion; procurement from countries other than the eligible source countries, if any, shall be set out in the Loan Agreement;

(f) The suppliers of the goods and services necessary for the implementation of the Project shall be selected through competitive bidding among Korean firms in accordance with the Guidelines for Procurement under the EDCF Loan;

(g) The consultants shall be employed through limited competitive bidding among Korean consulting firms in accordance with the Guidelines for Employment of Consultants under the EDCF Loan;

(h) The procurement or consulting contracts shall be concluded within eighteen (18) months from the effective date of the Loan Agreement;

(i) Details of the methods and procedures for the procurement shall be governed by the Loan Agreement; and

(j) All taxes, duties and levies imposed on goods and services in Mongolia provided by the suppliers and/or the consultants for the implementation of the project under the Loan Agreement, referred in Article 2(d), shall either be exempted or borne by the Mongolian Government.

2. The revision of any principle stated in paragraph 1 of this Article may be made with the mutual consent of the Parties, and shall be set out in the Loan Agreement.

Article 4

Should the Loan allocated to a project be insufficient for the implementation of the project, the Mongolian Government shall take responsibility to provide such funds as shall be needed.

Article 5

The Loans shall be disbursed by the Bank to the Mongolian Government, or to the supplier(s) and/or consultant(s) on behalf of the Mongolian Government after its disbursement approval, in accordance with the disbursement procedures under the Loan Agreements.

Article 6

The Parties mutually agree to further negotiate the specific terms and conditions of the Loan Agreements in line with this Arrangement.

Article 7

This Arrangement may be amended by the mutual written consent of the Parties. The amendments shall become effective on the date agreed upon by the Parties. The amendment of this Arrangement shall not affect the validity of any Loan advanced prior to such amendment.

Article 8

Any dispute arising out of the interpretation or implementation of this Arrangement shall be settled amicably through negotiations between the Parties.

Article 9

1. This Arrangement shall enter into force on the date on which Korean Government receives written notification of its ratification from the Mongolian Government after ratification by the Parliament of Mongolia, and shall remain in force, unless otherwise agreed by the Parties, until the Mongolian Government performs all the obligations under each of the Loan Agreements.

2. Either Party may terminate this Arrangement at any time by notification to the other Party through diplomatic channels. The termination shall take effect six (6) months from the date of the notification of termination to the other Party. Obligations outstanding at the time of such termination shall nonetheless be completed in accordance with the provisions of this Arrangement, unless otherwise agreed by the Korean Government.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed this Arrangement.

Done in duplicate at Seoul, on this 16th day of January, 2018, in the English language.

FOR THE GOVERNMENT OF
MONGOLIA



FOR THE GOVERNMENT OF
THE REPUBLIC OF KOREA

