

Agreement
between
the Government of Mongolia
and
the Government of the Republic of Poland
on extending a tied aid credit

The Government of Mongolia and the Government of the Republic of Poland, henceforth called the "Contracting Parties", seeking to promote the economic development and welfare of Mongolia as well as to deepen economic cooperation between Mongolia and the Republic of Poland, have agreed as follows:

Article 1

The Government of the Republic of Poland shall extend a credit in the amount not exceeding EUR 50 million (say: fifty million euro), henceforth called "the Credit", to the Government of Mongolia for the financing of projects in the area of modernisation of agriculture, infrastructure, education and environmental protection in Mongolia. The Credit shall be used to finance 100% (say: hundred percent) of the value of the contracts for deliveries of goods and services from the Republic of Poland to Mongolia,

Article 2

1. This Agreement, all projects as well as individual contracts financed under this Agreement are assumed to be in accordance with the Organisation for Economic Cooperation and Development (OECD) regulations concerning tied aid, as defined in the Arrangement on Officially Supported Export Credits, henceforth called "the Arrangement", and other relevant OECD documents.
2. The Government of Mongolia confirms its readiness to utilise the Credit in conformity with the OECD regulations on tied aid and shall provide its support to the Government of the Republic of Poland in ensuring the compliance with such OECD regulations.
3. The Republic of Poland shall notify the OECD this Agreement, all projects as well as the contracts to be financed under the Credit in accordance with the procedures outlined in the Arrangement. In case of any objections of the OECD as to accordance of the notified projects or individual contracts financed under this Agreement with the provisions of this Arrangement, the contracts will not be financed under the Agreement, irrespective of the fact that individual contracts within the projects have been accepted by both Contracting Parties according to Article 3.

4. The Contracting Parties will inform entrepreneurs in the Country of each of the Contracting Parties about the OECD regulations and procedures concerning tied aid.

Article 3

1. The contracts implementing the projects financed under the Credit shall be concluded in accordance with the provisions of this Agreement. The export documents, especially invoices, presented by the parties to the contract shall include the clause "under the Agreement between the Government of Mongolia and the Government of the Republic of Poland on extending a tied aid credit done on".
2. The contracts referred to in Article 1 shall be concluded by entrepreneurs having their seats in the Republic of Poland, henceforth called "Polish entrepreneurs", and the importers from Mongolia not later than one year after the date this Agreement enters into force.
3. The selection of Polish entrepreneurs by the Government of Mongolia for realization of the project to be financed under the Credit shall comply with applicable laws in Mongolia including regulations on public procurement.
4. All projects as well as contracts to be financed under this Agreement shall be approved according to internal laws of the Country of the Contracting Parties.
5. The contracts, concluded in accordance with this Agreement, must be approved by the Contracting Parties according to the following procedure:
 - 1) the Ministry of Finance of Mongolia will inform the Ministry of Finance of the Republic of Poland in writing about the approval of the chosen indicated contract by the appropriate authorities of Mongolia;
 - 2) subsequently, the Ministry of Finance of the Republic of Poland will provide the Ministry of Finance of Mongolia with its written approval of the contract;
 - 3) the contract will enter into force on 15 day after the date the written approval of the Ministry of Finance of the Republic of Poland has been sent to the Ministry of Finance of Mongolia;
 - 4) the approval procedure cannot exceed 60 days for each Contracting Party.
6. Each of the Contracting Parties may additionally make the approval of the contracts dependent, in particular, on good financial standing of the parties to the contract, settlements of taxes and public fees, properly proven realisation of international transactions and declaration of obeying provisions of this Agreement and OECD regulations.

Article 4

1. Payments to the Polish entrepreneurs resulting from the contracts signed and realised under this Agreement shall be made by the Government of the Republic of Poland, represented by the Minister of Economic Development and Finance, by the agency of the bank authorised to service the Credit, according to Article 10 paragraph 1 of this Agreement, from the State Budget of the Republic of Poland in PLN, according to the terms of the contracts.
2. All prices, fixed in accordance with the world market prices, and value of contracts will be denominated in EUR.
3. All the goods exported from the Republic of Poland to Mongolia under this Agreement cannot be re-exported to other countries without the written permission of the Minister of Economic Development and Finance of the Republic of Poland.
4. The value of goods and services of Polish origin within the contract, financed under this Agreement, cannot be less than 60% (say: sixty percent) of the value of this contract. Detailed information on fulfilment of this requirement, including presentation of the relevant documents e.g. certificates of origin, may be demanded by the Contracting Parties from the exporter.

Article 5

The date of each Credit utilisation shall be the date of disbursement of the funds to the Polish entrepreneur in accordance with the terms of the contract. The payment will be made to the Polish entrepreneur only upon receipt by Bank Gospodarstwa Krajowego, appointed to service the Credit according to Article 10 paragraph 1 of this Agreement, of the appropriate payment authorisation from the Bank appointed to service the Credit by the Government of Mongolia in accordance with Article 10 paragraph 1 of this Agreement.

Article 6

1. The repayment of each Credit utilisation by the Government of Mongolia in favour of the Government of the Republic of Poland shall take place in 56 equal, semi-annual, consecutive instalments paid in EUR on every 15 April and 15 October of a given year after a 5-year grace period from the date of the respective credit utilization.
2. The first instalment shall be paid on the first payment date after a 5-year grace period from the date of credit utilization.

Article 7

1. The Credit utilised as in Article 5 above shall bear interest at the rate of 0.15 % (say: zero point fifteen percent) p.a. The interest shall be calculated from the date referred to in Article 5.
2. Interest shall be paid in EUR, in semi-annual consecutive instalments, from the date of each credit utilisation, for interest periods ending on 15 April and 15 October each year.
3. The first interest is payable at the end of an interest period in which utilization of credit has been made.
4. Due interest for each interest period is calculated on the basis of 360 days a year taking into consideration the effective number of days (365[366]/360).
5. In the event the Government of Mongolia fails to make any payment resulting from this Agreement on respective maturity dates, the unpaid amount shall bear default interest at the rate of 1.5 % (say: one point five percent) p.a. above the contractual rate as defined in paragraph 1. Default interest shall be calculated for the period from the maturity date to the date of actual payment.
6. In the event of late payment or if an amount paid under this Agreement is not sufficient to cover the total amount due, the amount paid shall be applied against amounts due in chronological order and in the first instance against interest accrued after the due date, in the second instance against interest accrued up to the due date and thereafter against principal.

Article 8

Payments to the Polish entrepreneurs resulting from the contracts realised under this Agreement shall be made under the stipulations of the Agreement until the date of the execution of these contracts, according to the terms of the relevant contracts, but for no longer than 5 years from the date the contract enters into force.

Article 9

In case any payment resulting from this Agreement falls due on a day that is not a business day in the country through which payment will be made, such payment shall be made on the next succeeding business day after the originally stipulated payment date. For the purpose of this Agreement, business day means a date on which banks are open for domestic and foreign exchange settlements in a given country as above.

Article 10

1. In order to make possible the realisation of payments within the framework of this Agreement, Bank Gospodarstwa Krajowego, acting on behalf of the Government of the Republic of Poland, shall open in its books an account in EUR in the name of the Bank appointed to service the Credit by the Government of Mongolia styled „Tied Aid Credit to the Government of Mongolia” to record utilisation of the Credit as well as subsequent payments of due principal instalments and interest. Bank appointed to service the Credit by the Government of Mongolia, shall open in its books a counter account in the name of Bank Gospodarstwa Krajowego. The Credit accounts shall be free from any charges.
2. Bank Gospodarstwa Krajowego and the Bank appointed to service the Credit by the Government of Mongolia shall conclude within the shortest possible time from entering into force of this Agreement a Banking Arrangement that is necessary for the implementation of this Agreement.

Article 11

1. Any taxes, obligations, charges and other fees, which may arise in connection with the execution of contracts concluded under this Agreement, will be paid by each side of a contract in its respective country and will not be financed by the Credit.
2. Any bank commissions as well as any other payments, which may be due for any reason whatsoever related to the repayments under this Agreement, will be paid by each side of a contract in its respective country outside of the framework of the Credit.
3. All repayments of principal and payments of interest instalments under this Agreement shall be made without deduction of any fees or taxes that may be imposed by the authorities of Mongolia.

Article 12

Any differences between the Contracting Parties relating to the interpretation and application of this Agreement shall be settled in direct negotiations between appropriate authorities of both Contracting Parties.

Article 13

Changes to this Agreement can be introduced only in writing as Annex which will be the integral part of the Agreement. The Annex will enter into force according to the Article 15 of the Agreement.

Article 14

All correspondence and documentation relating to this Agreement shall be conducted in English.

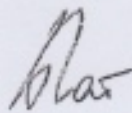
Article 15

This Agreement shall be approved according to internal laws of each of the Contracting Parties, which shall be confirmed by exchange of notes. It shall come into force on the date of the receipt of the later note. This Agreement remains valid until all obligations of both Contracting Parties arising from this Agreement are fulfilled.

Done at*Ulaanbaatar*..... on *May 9th, 2011* in two originals, each in the Mongolian, Polish and English languages, all texts being equally authentic.

In case of any divergences of interpretation, the English text shall prevail.

For the Government
of Mongolia



For the Government
of the Republic of Poland

