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EDCF LOAN AGREEMENT
NO. VNM-7

Loan Agreement

Vinh Phuc Solid Waste Management and Treatment Project

between

THE GOVERNMENT OF

THE SOCIALIST REPUBLIC OF VIETNAM

and

THE EXPORT-IMPORT BANK OF KOREA

(Government Agency for the EDCF)

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1. **General Terms and Conditions Applicable to EDCF Loan Agreements**
2. **Guideline for Procurement under the EDCF Loan**
3. **Guideline for the Employment of Consultants under the EDCF Loan**
4. **Disbursement Procedures under the EDCF Loan**

LOAN AGREEMENT

This Loan Agreement entered into this 23rd day of June 2006 between THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM (hereinafter called the "**Borrower**") and THE EXPORT-IMPORT BANK OF KOREA (hereinafter called the "**Bank**") which has been entrusted by THE GOVERNMENT OF THE REPUBLIC OF KOREA with the operation and management of the Economic Development Cooperation Fund (hereinafter called the "**EDCF**").

WITNESSETH:

WHEREAS, THE GOVERNMENT OF THE REPUBLIC OF KOREA and THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM entered into the Agreement dated April 12, 1995 concerning EDCF Loans to be extended to THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM or its designated agency for the implementation of projects to be agreed upon between the two Governments;

WHEREAS, based upon the above Agreement, THE GOVERNMENT OF THE REPUBLIC OF KOREA and THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM entered into the Arrangement dated April 11, 2006 concerning the EDCF Loan to finance the implementation of the VINH PHUC SOLID WASTE MANAGEMENT AND TREATMENT PROJECT described in the Description of the Project attached hereto as Schedule 1 (hereinafter called the "**Project**"); and

WHEREAS, in the light of the said Agreement and Arrangement, the Bank has agreed to extend a loan to the Borrower upon the terms and conditions set forth in this Loan Agreement;

NOW, THEREFORE, the Borrower and the Bank agree as follows:

ARTICLE I
Definitions

Section 1.01. Loan Agreement

The following documents shall constitute an integral part of this Loan Agreement:

(i) General Terms and Conditions Applicable to EDCF Loan Agreements;
(ii) Guidelines for Procurement under the EDCF Loan;
(iii) Guidelines for Employment of Consultants under the EDCF Loan; and
(iv) Disbursement Procedures under the EDCF Loan.

Section 1.02. Definitions

Unless the context otherwise requires, the several terms defined in the General Terms and Conditions Applicable to EDCF Loan Agreements (hereinafter called the "**General Terms and Conditions**") have the respective meanings therein set forth and the following additional terms have the following meanings:

"**Eligible Source Countries**" means the Republic of Korea for foreign currency portion and the Socialist Republic of Vietnam for local currency portion, respectively.

"**Interest Payment Date**" means each of the dates of June 20 and December 20 of each year.

"**Loan**" means the loan facility to be made available in favor of the Borrower or the aggregate principal amount of the loan facility disbursed and from time to time outstanding, as the context may so require.

"**Project Completion Date**" means the earlier of (i) the date when the final disbursement under the Loan is made, and (ii) the date when the certification of completion, such as a final acceptance certificate (FAC) or a defect liability certificate, etc., is issued.

"**Project Executing Agency**" means THE VINH PHUC WATER SUPPLY, SEWERAGE & ENVIRONMENT COMPANY which has been authorized to implement the Project.

"**Repayment Date**" means each of the Forty (40) semi-annual consecutive dates of June 20 and December 20 from and including the date which shall be the 20th day of the month falling One Hundred and Twenty Six (126) months after the date of this Loan Agreement.

"**Supplier(s)**" means the supplier(s), contractor(s) or consultant(s) from whom goods or services to be financed out of the proceeds of the Loan are procured.

ARTICLE II
The Loan

Section 2.01. Amount and Purpose of Loan

(a) The Bank agrees to lend to the Borrower, on the terms and conditions set forth in this Loan Agreement, an amount in Korean Won not exceeding the equivalent of Nineteen Million Five Hundred Four Thousand US Dollars (US$19,504,000), to finance the implementation of the Project.

(b) The amount of the Loan shall be denominated in Korean Won and shall be fixed by the Bank in accordance with Section 3.01 of the General Terms and Conditions. The Bank shall then notify the Borrower of the amount of the Loan.

Section 2.02. Use of Proceeds of Loan

(a) The Borrower shall cause the proceeds of the Loan to be used for the purchase of goods and services required for the implementation of the Project from the Eligible Source Countries. The proceeds of the Loan shall be allocated in accordance with the Allocation of the Loan Proceeds attached hereto as Schedule 2.

(b) The final disbursement under this Loan Agreement shall be made within Forty Eight (48) months after the Effective Date of this Loan Agreement, and no further disbursement shall be made by the Bank thereafter unless otherwise agreed upon between the Bank and the Borrower.

ARTICLE III
Repayment and Interest

Section 3.01. Repayment of Principal

(a) The Borrower shall repay the Bank the principal amount of the Loan disbursed in Korean Won in Forty (40) semi-annual installments on each of the Repayment Dates.

(b) The Repayment Date and the Korean Won amount to be repaid on each of the Repayment Dates shall be specified in the Amortization Schedule in the form and substance of Schedule 3 attached hereto. The Amortization Schedule shall be made by the Bank when it fixes the amount of the Loan and the Bank shall notify the Borrower of the Amortization Schedule when it notifies the Borrower of the amount of the Loan in accordance with paragraph (b) of Section 2.01 hereof.

Section 3.02. Payment of Interest

The Borrower shall pay the Bank interest on the principal amount of the Loan disbursed and outstanding at the rate of One point Zero percent (1.0 %) per annum. Such interest shall be paid in arrears on each Interest Payment Date, provided that the first interest for any disbursement made within sixty (60) days prior to any Interest Payment Date may be paid on the next succeeding Interest Payment Date.

Section 3.03. Place of Payment

All sums payable by the Borrower to the Bank under this Loan Agreement shall be paid to the account of the Bank (Account No. 068-13-10395-6) with the Korea Exchange Bank, Yoido-kwangjang Branch, at 12 Yoido-dong, Youngdeungpo-gu, Seoul, Republic of Korea or to such other account as the Bank shall designate by written notice to the Borrower.

ARTICLE IV
Procurement and Disbursement

Section 4.01. Procurement Procedure

(a) All goods and services to be financed out of the proceeds of the Loan shall be procured through the Suppliers in accordance with the provisions of the Procurement Procedure attached hereto as Schedule 4 and the Employment of Consultants attached hereto as Schedule 5.

(b) All goods and services to be financed out of the proceeds of the Loan shall be procured from the Eligible Source Countries.

Section 4.02. Disbursement Procedure

The Loan shall be disbursed in Korean Won by the Bank in accordance with the provisions of the Disbursement Procedure attached hereto as Schedule 6.

Section 4.03. Service Charge

(a) The Borrower shall pay to the Bank the service charge in the amount equal to one-tenth of one percent (0.1%) of the amount of each disbursement in case of the Direct Payment Procedure or the Reimbursement Procedure, and/or of the amount of the letter of commitment in case of the Commitment Procedure.

(b) An amount equal to such service charge shall be financed out of the proceeds of the Loan. The Bank shall pay such amount to itself as the service charge on the date of each disbursement and/or of the issuance of the letter of commitment. Such disbursement out of the Loan shall constitute a valid disbursement of the Loan under this Loan Agreement.

ARTICLE V
Particular Covenants

Section 5.01. Execution of the Project

(a) The Borrower shall implement, or cause the Project Executing Agency to implement, the Project with due diligence and efficiency.

(b) The Borrower shall employ, or cause the Project Executing Agency to employ, consultants for the implementation of the Project.

(c) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower shall make arrangements promptly to provide such funds as shall be needed.

Section 5.02. Reports and Information

(a) The Borrower shall furnish, or cause the Project Executing Agency to furnish, the Bank with progress reports for the Project on a quarterly basis (in March, June, September, and December of each year) from the execution of the first procurement contract to the Project Completion Date in such form and in such detail as the Bank may reasonably request.

(b) Within six (6) months after the Project Completion Date or such later date as shall be agreed upon between the Borrower and the Bank, the Borrower shall furnish, or cause the Project Executing Agency to furnish, the Bank with a project completion report in such form and in such detail as the Bank may reasonably request.

(c) Until all the obligations of the Borrower under this Loan Agreement are fully performed, the Borrower shall furnish the Bank with such other information as the Bank may reasonably request concerning the Project or the Loan.

ARTICLE VI
Miscellaneous

Section 6.01. Delegation of Authority

(a) The Borrower hereby designates the Project Executing Agency as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 4.01, 4.02 and 5.02 of this Loan Agreement.

(b) Any action taken or any agreement entered into by the Project Executing Agency pursuant to the authority conferred under paragraph (a) of this Section shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

Section 6.02. Addresses

The following addresses are specified for the purposes of Section 12.05 of the General Terms and Conditions:

For the Bank

Postal address: THE EXPORT-IMPORT BANK OF KOREA
16-1, Yoido-dong, Youngdungpo-gu
Seoul 150-922, Republic of Korea
Attention: Director, EDCF Department I
Telephone No.: (82-2)3779-6598
Fax No.: (82-2)3779-6757
Telex No.: K26595 EXIMBANK
SWIFT BIC: EXIKKRSE

For the Borrower

Postal Address: MINISTRY OF FINANCE
No. 6-8, Phan Huy Chu Str., Hanoi
Socialist Republic of Vietnam
Attention: Director, External Finance Department
Telephone No.: (84-4)825-7473, (84-4)826-2788
Fax No.: (84-4)826-2266

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Loan Agreement to be signed in their respective names, as of the day and year first above written.

For and on behalf of

The Government of the Socialist Republic of Vietnam

By _____

Name: Vu Van Ninh

Title: Vice Minister
Ministry of Finance

For and on behalf of

The Export-Import Bank of Korea (Government Agency for the EDCF)

By _____

Name: Tae-Dong Park

Title: Executive Director
EDCF Group

Vu Van Ninh

Schedule 1

Description of the Project

1. Outline of the Project

(a) Objective: To establish a fully integrated program and implementation of management, collection, transport and treatment of municipal solid waste in Vinh Phuc Province.

(b) Location: Vinh Phuc Province

(c) Project Executing Agency: Vinh Phuc Water Supply, Sewerage & Environment Company

Attention: Director
Address: Road 317, Phuc Yen Town, Vinh Phuc Province, Socialist Republic of Vietnam
Tel. No.: 84-211-868663
Fax No.: 84-211-868663

2. Scope of the Project

(a) General
1) Land Acquisition, compensation and Resettlement
2) Improvement of access road and utilities
3) Mobilization / Demobilization

(b) Establishment of the 200 tons per day composting facility
1) Construction of Facility Buildings
2) Construction of Composting Plant
3) Weigh Bridge & Soft Ware

(c) Development of a new sanitary landfill
1) Civil works and site preparation
2) Construction of landfill
3) Construction of administration building
4) Purchase of washing equipment

(d) Improvement of garbage collection system
1) Purchase of garbage and sludge collection vehicles
2) Purchase of street sweepers

(e) Project Consulting Service
1) Consulting service for bid
2) Consulting service for detail design
3) Consulting for construction supervision

3. **Estimated annual fund requirements**

(in Thousands of US Dollars)

Year	EDCF	GOV	TOTAL
1st year	4,876	1,189	6,065
2nd year	9,752	1,189	11,891
3rd year	4,876	1,189	6,302
Total	19,504	4,754	24,258

4. The Project is expected to be completed within forty two (42) months from the effective date of the Loan Agreement, which may be extended with the prior consent of the Bank.

Schedule 2

Allocation of Loan Proceeds

1. Allocation

The table below sets forth the categories of goods, services and other items to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan to each category:

(in US Dollars)

Category	Estimated Amount
A. Foreign Currency Portion of	
- Consulting Services	1,400,000
- Civil Works, Construction & Others	11,617,560
·Composting Plant	7,639,640
·Landfill Development	2,152,570
·Administration Building	12,000
·Auxiliaries	807,350
·Garbage Collection Vehicles	976,000
·Other Cost	30,000
B. Local Currency Portion of	
- Civil Works, Construction & Others	5,815,880
·General	2,538,000
·Composting Plant	391,560
·Landfill Development	2,471,680
·Administration Building	185,240
·Auxiliaries	149,400
·Other Cost	80,000
C. Service Charge	19,484
D. Contingencies	
i) Foreign Currency	445,000
ii) Local Currency	206,076
Total	19,504,000

※ Note : Items not eligible for financing under the local currency portion are as shown below:

(1) General administration expense
(2) Taxes and duties
(3) Purchase of land and other real property
(4) Compensation
(5) Other indirect items

2. Reallocation

(a) If the estimated cost of items included in any of the Categories except D. *Contingencies* shall decrease, the amount then allocated to and no longer required for such Category, will be reallocated by the Bank to i) or ii) of Category D. *Contingencies*.

(b) If the estimated cost of items included in Category A. *Foreign Currency Portion* shall increase, the amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan, will be reallocated by the Bank at the request of the Borrower, to Category A. *Foreign Currency Portion* from i) of Category D. *Contingencies*.

(c) If the estimated cost of items included in Category B. *Local Currency Portion* shall increase, the amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan, will be reallocated by the Bank at the request of the Borrower, to Category B. *Local Currency Portion* from ii) of Category D. *Contingencies*, within the limitation of the Loan Amount for the local currency portion to be financed out of the proceeds of the Loan.

Schedule 3

Amortization Schedule

	Due Date	Amount (in Korean Won)
1.		
2.		
3.		
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40.		

※ Note : Each installment will be filled in when the amount of the Loan is fixed in accordance with Section 3.01 of the General Terms and Conditions, and will be finalized after the final disbursement in accordance with paragraph (b) of Section 3.02 and 7.05 of the General Terms and Conditions.

Schedule 4

Procurement Procedure

1. Except as the Bank may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply to the procurement of goods and services to be financed out of the proceeds of the Loan. The term "services" in this Schedule does not include consulting services.

2. Procurement of goods and services shall be subject to the provisions of the Bank's "Guidelines for Procurement under the EDCF Loan" (hereinafter called the "**Procurement Guidelines**"), as amended from time to time, which have been furnished to the Borrower.

3. The Suppliers shall be nationals of the Republic of Korea or juridical person incorporated and registered therein.

4. The Borrower shall carry out Prequalification for the Project in order to ensure that the invitation to bid is sent to those who have adequate capabilities and resources.

5. The Borrower shall procure goods and services to be financed out of the proceeds of the Loan specified in Schedule 2 above through Limited Competitive Bidding among Korean Suppliers.

6. Procurement method shall be subject to the Bank's prior review.

7. The Borrower shall adopt a method of bidding **[two-stage bidding, two-envelope system] for the implementation of the above bidding.

8. For contracts to be awarded on the basis of Limited Competitive Bidding, procurement actions shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Procurement Guidelines.

9. All the Importation Tariffs and Value Added Taxes incurred in connection with the Project shall be either made fully exempt or borne by the Borrower.

Schedule 5

Employment of Consultants

1. The services of consultants shall be utilized in the carrying out of the Project, particularly with regard to the detailed design, project management and construction supervision.

2. The selection and employment of the consultants shall be subject to the provisions of this Schedule and the Bank's "Guidelines for the Employment of Consultants under the EDCF Loan"(hereinafter called the "**Consultant Guidelines**"), as amended from time to time, which have been furnished to the Borrower.

3. The Borrower shall employ the consultant through Limited Competitive Bidding among Korean firms specified in the Consultant Guidelines.

4. The terms of reference, evaluation of proposals, and execution of contract shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Consultant Guidelines.

5. The Consultant shall be nationals of the Republic of Korea or juridical person incorporated and registered therein.

6. The method of selection procedure shall be submitted to the Bank for its review.

7. All the Importation Tariffs and Value Added Taxes incurred in connection with the Project shall be either made fully exempt or borne by the Borrower.

Schedule 6

Disbursement Procedures

1. Disbursement Procedures

(a) Disbursements of the Loan shall be made through Commitment Procedure and/or Direct Payment Procedure.

(b) The Bank's "Disbursement Procedures under the EDCF Loan" (hereinafter called the "**Disbursement Procedures**"), which have been furnished to the Borrower, as amended from time to time, shall be applied to disbursement of the Loan.

2. Designation of Banks

With regard to relevant Sections of the Disbursement Procedures, the designated banks are as follows:

(a) The Paying Bank referred to in Section 2.01 shall be the Korea Exchange Bank, a statutory juridical entity organized and existing under the laws of the Republic of Korea with its registered head office at 181, 2-ga, Ulchiro, Chung-gu, Seoul 100-793, Republic of Korea or the Export-Import Bank of Korea.

(b) The Issuing Bank referred to in Section 2.02 shall be the Bank for Foreign Trade of Vietnam(VIETCOMBANK), a statutory juridical entity organized and existing under the laws of the Socialist Republic of Vietnam with its registered head office at 198 Tran Quang Khai Str., Hanoi, Socialist Republic of Vietnam.

Documents Pertaining to EDCF Loan Agreements

General Terms and Conditions Applicable to EDCF Loan Agreements

Guideline for Procurement under the EDCF Loan

Guideline for the Employment of Consultants under the EDCF Loan

Disbursement Procedures under the EDCF Loan

ECONOMIC DEVELOPMENT

COOPERATION FUND

Economic Development
Cooperation Fund

General Terms and Conditions Applicable to EDCF Loan Agreements

ECONOMIC DEVELOPMENT

COOPERATION FUND

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General Terms and Conditions
Applicable to EDCF Loan Agreements

ARTICLE I
Purpose; Application to Loan Agreements

Section 1.01. Purpose

The purpose of these General Terms and Conditions Applicable to EDCF Loan Agreements (the "**General Terms and Conditions**") is to set forth certain terms and conditions generally applicable to loans made by the Bank from the resources of the EDCF.

Section 1.02. Application of General Terms and Conditions

The Loan Agreement shall provide that the parties thereto accept the provisions of the General Terms and Conditions. To the extent so provided in the Loan Agreement, the General Terms and Conditions shall apply thereto and shall govern the rights and obligations thereunder of the parties with the same force and effect as if they were fully set forth therein. No revocation or amendment of the General Terms and Conditions shall be effective in respect of any such Loan Agreement unless both parties thereto have so agreed.

Section 1.03. Inconsistency with Loan Agreement

If any provision of the Loan Agreement or the Guarantee, if any, is inconsistent with a provision of the General Terms and Conditions, the provision of the Loan Agreement or the Guarantee, as the case may be, shall govern.

ARTICLE II
Definitions; References; Headings

Section 2.01. Definitions

The following terms shall have the following meanings wherever used in the General Terms and Conditions:

"**Average Rate**" means the average of the telegraphic transfer selling rates of Korean Won against US Dollar as quoted and publicly displayed by the Bank, during the one month period from the sixteenth (16th) day of two calendar months prior to the month when the first procurement contract for goods and services or the consulting service contract is signed respectively, to the fifteenth (15th) day of one calendar month prior thereto.

"**Bank**" means the Export-Import Bank of Korea, which has been entrusted by the Government of the Republic of Korea with the operation and management of the EDCF.

"**Banking Day**" means a day on which banks are open for business in Seoul, the Republic of Korea and in the country of the Borrower.

"**Borrower**" means the party to the Loan Agreement to which the Bank has agreed to make the Loan.

"**EDCF**" means the Economic Development Cooperation Fund which is the fund established by the Government of the Republic of Korea under the Economic Development Cooperation Fund Act of the Republic of Korea.

"**Effective Date**" means the date on which the Loan Agreement shall have come into force and effect pursuant to Section 11.02.

"**Guarantee**" means the irrevocable and unconditional letter of guarantee to be issued by the Guarantor in favor of the Bank in accordance with the provision of Section 5.01.

"**Guarantor**" means the issuer of the Guarantee.

"**Korean Won**" or the sign "₩" means the lawful currency of the Republic of Korea.

"**Loan**" means the loan provided for in the Loan Agreement.

"**Project**" means the project or program for which the Bank has agreed to make the Loan, as described in the Loan Agreement and as the description thereof may be amended from time to time by agreement between the Bank and the Borrower.

"**Project Executing Agency**" means the entity or entities responsible for carrying out the Project as specified in the Loan Agreement.

"**Purchasing Rate**" means the exchange rate of Korean Won against US Dollar when the Bank purchases US Dollars in the foreign exchange market in the Republic of Korea for the implementation of the Project in accordance with the Borrower's request.

"**US Dollar**" or the sign "**US$**" means the lawful currency of the United States of America.

Section 2.02. References

Except where the context otherwise requires, references to a specified Article or Section shall be construed as references to that specified Article or Section of the General Terms and Conditions.

Section 2.03. Headings

The headings of the Articles and Sections and the Table of Contents hereof are inserted for convenience of reference only and shall have no effect on the interpretation of any provision of the General Terms and Conditions.

ARTICLE III
Loan; Repayment; Interest

Section 3.01. Loan

(a) The amount of the Loan in Korean Won shall be the aggregate of i) the amount allocated for the procurement of goods and services (hereinafter called the "**Goods and Services Portion**") and ii) the amount allocated for the employment of consulting services (hereinafter called the "**Consulting Services Portion**"). Each of the Goods and Services Portion and the

Consulting Services Portion is set out in the Allocation of Loan Proceeds attached to the Loan Agreement as Schedule 2.

(b) The Bank shall, by using the Average Rate, calculate and fix the amount of i) the Goods and Services Portion when it approves the first procurement contract for goods and services and ii) the Consulting Services Portion when it approves the first employment contract for the consulting services, if any, provided that where a part of the proceeds of the Goods and Services Portion and/or the Consulting Services Portion is disbursed in US Dollars in accordance with the provisions of the Loan Agreement, the whole of the corresponding Goods and Services Portion and/or the Consulting Services Portion shall be calculated by using the Purchasing Rate, respectively.

Section 3.02. Repayment of Principal

(a) The Borrower shall repay the principal amount of the Loan disbursed and outstanding in accordance with the Amortization Schedule attached to the Loan Agreement as Schedule 3.

(b) If all disbursements to be made under the Loan Agreement have been completed and the total of such disbursements is less than the full amount of the Loan stipulated therein, the difference between such amount of the Loan and the total of all disbursements shall be deducted proportionately from all subsequent installments of repayment of principal.

(c) The Borrower may, upon payment of all accrued interest and all other amounts then due under the Loan Agreement and upon giving not less than thirty (30) days' prior written notice to the Bank, prepay on any Repayment Date specified in the Loan Agreement, after the Bank sends the Notice of Completion of Disbursement pursuant to Section 7.05, without premium or penalty all or part of the principal amount of the Loan then outstanding. Any such prepayment shall be applied to the installments in inverse order of maturity. When the Borrower prepays any amount of the Loan, the Borrower shall not reborrow such prepaid amount and shall not draw down the undisbursed amount of the Loan.

Section 3.03. Interest

The Borrower shall pay interest semi-annually on each Interest Payment Date at the rate specified in the Loan Agreement on the principal amount of the Loan disbursed and outstanding from time to time. Interest shall accrue from the respective dates on which the Loan is disbursed.

Section 3.04. Overdue Charge

If the Borrower fails to make payment of all or any portion of the principal of the Loan or any other amount payable under the Loan Agreement on the due date therefor (whether at stated maturity, by acceleration or otherwise), the unpaid amount shall bear an overdue charge calculated at the rate of two percent (2%) per annum above the interest rate specified in the Loan Agreement for each day during the period from and including the due date therefor to but excluding the date of actual payment thereof.

Section 3.05. Computation

Interest and overdue charge shall be computed on the basis of a year of 365 days and actual days elapsed. Any fraction of Ten Korean Won (₩10.00) resulting from the computation of any amounts due under the Loan Agreement shall be disregarded.

Section 3.06. Application of Payment

All payments made to or collected by the Bank under the Loan Agreement or under the Guarantee shall be applied by the Bank in the following order of priority: (i) to principal then due and payable, (ii) to accrued interest then due and payable, (iii) to any fee then due and payable, (iv) to any cost then due and payable, (v) to any overdue charge then due and payable, and (vi) to prepayment of principal as specified in paragraph (c) of Section 3.02.

ARTICLE IV
Payments

Section 4.01. Place of Payment

The Borrower shall have all payments of principal of, interest and other charges on, the Loan credited to the Bank's account with such a bank as designated in

the Loan Agreement.

Section 4.02. Banking Day

Whenever any payment is to be made on a day which is not a Banking Day, such payment may be made on the next succeeding Banking Day.

Section 4.03. Currency

The Loan shall be denominated in Korean Won and Korean Won shall be the currency of account, disbursement and any payment to be made by the Borrower hereunder or the Guarantor under the Guarantee, if any, provided that a part of the Loan may be disbursed in US Dollars in accordance with the provisions of the Loan Agreement.

Section 4.04. Payments to be Free and Clear

(a) The principal of, interest and other charges on, the Loan shall be paid in full, without set-off or counterclaim, and free and clear of any tax or other deductions or withholdings of any nature.

(b) If the Borrower or the Guarantor, if any, shall be required by any law or regulation to make any deduction or withholding (on account of tax or otherwise) from any payment under the Loan Agreement or the Guarantee, the Borrower or the Guarantor shall pay such additional amount as may be necessary to ensure that the Bank receives the full amount it would have received if such deduction or withholding had not been made.

Section 4.05. Expenses

The Borrower shall pay, or cause to be paid, all banking charges and/or fees relating to disbursement of the Loan, repayment of principal, payment of interest, or any other charges which may arise in connection with the Loan Agreement.

Section 4.06. Loan Account

The Bank shall open and maintain on its books a loan account in the Borrower's name, showing the disbursements, outstanding amount of the Loan, repayments, prepayments, and the computation and payment of interest and other amounts due and sums paid under the Loan Agreement. Such loan

account shall, in the absence of manifest error, be conclusive and binding on the Borrower as to the existence and amounts of the obligations of the Borrower.

Section 4.07. Notice

The Bank may, when it deems necessary, send the Borrower a Notice concerning Interest and Principal in the form of Annex 1 attached hereto.

*ARTICLE V
Guarantee for Loan

Section 5.01. Guarantee for Loan

When the Bank requires a guarantee for the Loan, the Borrower shall deliver the Guarantee to the Bank, duly signed by the Guarantor acceptable to the Bank, immediately after the execution of the Loan Agreement. The Guarantee shall be substantially in the form of Annex 2 attached hereto.

Section 5.02. Additional Guarantee

When the amount of the Loan is to be increased, the Borrower shall deliver to the Bank an additional Guarantee, signed by the Guarantor acceptable to the Bank, immediately after the Bank and the Borrower have agreed upon such increase.

ARTICLE VI
Procurement

Section 6.01. Procurement Procedures

Goods and services (*the term "services" as used in the General Terms and Conditions includes consulting services*) to be financed out of the proceeds of the Loan shall be procured in accordance with the procurement procedures provided in the Loan Agreement.

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* *When the Bank does not require a guarantee for the Loan, this whole Article V shall be disregarded.*

Section 6.02. Bank's Review and Approval

The Bank may review the Borrower's procurement procedures, documents and decisions relating to procurement. The Loan Agreement shall specify the extent to which the review procedures shall apply in respect of goods and services to be financed out of the proceeds of the Loan.

Section 6.03. Approval of Contract

(a) When each of the procurement contracts for goods and/or services is entered into, the Borrower shall submit to the Bank a duly executed Application for Approval of Contract in the form of Annex 3 attached hereto together with one certified copy of the contract.

(b) When the Bank considers the contract eligible, it shall notify the Borrower of its approval by sending a Notice of Approval of Contract in the form of Annex 4 attached hereto.

Section 6.04. Modifications

Any modification or cancellation of a contract approved by the Bank shall require the prior written consent of the Bank thereto, provided, however, that any change which does not constitute an important modification of the contract and which does not affect the contract price shall not require such consent of the Bank.

ARTICLE VII
Disbursement

Section 7.01. Disbursement Procedures

The Loan shall be disbursed by the Bank as the progress of the Project renders it necessary and in accordance with the disbursement procedures provided in the Loan Agreement (the "**Disbursement Procedures**").

Section 7.02. Constitution of Obligation

A disbursement effected in accordance with the Disbursement Procedures shall constitute a valid and binding obligation upon the Borrower under the terms of the Loan Agreement with relation to such disbursement as from the date of disbursement.

Section 7.03. Adequacy of Documents

(a) All documents or evidence required under the Disbursement Procedures must be adequate in form and substance to satisfy the Bank that the Loan to be disbursed is to be used solely for the purposes specified in the Loan Agreement.

(b) The Borrower shall provide the Bank with any additional documents or evidence which the Bank may reasonably request.

Section 7.04. Notice of Disbursement

After effecting each disbursement, the Bank shall send the Borrower a Notice of Disbursement in the form of Annex 5 attached hereto.

Section 7.05. Notice of Completion of Disbursement

(a) After effecting the final disbursement under the Loan Agreement, the Bank shall send the Borrower and the Guarantor, if any, a Notice of Completion of Disbursement in the form of Annex 6 attached hereto in duplicate. When the cumulative total of disbursements is less than the amount of the Loan and no further disbursement is required for the Project, the Borrower shall notify the Bank of the fact in order that the Bank may know that the final disbursement has been made.

(b) The Borrower shall immediately return to the Bank one copy of the Notice of Completion of Disbursement signed by a duly authorized person.

ARTICLE VIII
Cancellation; Acceleration of Maturity

Section 8.01. Cancellation by the Borrower

After consultation with the Bank, the Borrower may, by notice to the Bank, cancel any amount of the Loan which has not been disbursed prior to the giving of such notice.

Section 8.02. Acceleration of Maturity

When any of the following events shall have occurred and be continuing, the

Bank may, by notice to the Borrower and the Guarantor, if any, suspend in whole or in part the rights of the Borrower. If any of the following events shall have continued for a period of thirty (30) days from the date of such notice, the Bank may terminate disbursement and/or may declare all the principal of the Loan then outstanding, with the interest and any other charges thereon, to be forthwith due and payable whereupon the principal, interest and other charges shall immediately become due and payable:

(a) Default in repayment of principal and/or payment of interest or any other charges required under the Loan Agreement and/or any other Loan Agreement between the Bank and the Borrower;

(b) Default in the performance of any other terms and conditions, covenant or agreement on the part of the Borrower or the Guarantor, if any, under the Loan Agreement or the Guarantee, if any;

(c) Exceptional circumstances beyond the control of the parties (including war, civil war, earthquake, flood, etc.) which make it improbable, in the opinion of the Bank, that the Borrower or the Guarantor, if any, will be able to perform its obligations under the Loan Agreement or the Guarantee, if any; and

(d) Any other event specified in the Loan Agreement for the purposes of this Section.

ARTICLE IX
Administration of Loan

Section 9.01. Management of Project

(a) The Borrower shall carry out the Project, or cause it to be carried out, with all due diligence and efficiency, and in conformity with appropriate engineering, financial and environmental requirements and practices.

(b) The Borrower shall at all times operate and maintain, or cause to be operated and maintained, any facilities relevant to the Project in conformity with appropriate engineering, financial and environmental requirements and

practices, and promptly as needed, make or cause to be made all necessary repairs and renewals thereof.

(c) The Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used solely for the implementation of the Project under the Loan Agreement.

Section 9.02. Reports and Information

(a) The Borrower shall enable, or take such steps as may be necessary to enable, the Bank's representatives to visit any facilities and construction sites included in the Project and to examine goods and services financed out of the proceeds of the Loan and any plant, installation, site, works, building, property, equipment, books, accounts, records and documents relevant to the performance of the obligations of the Borrower under the Loan Agreement.

(b) Should any circumstances arise which prevent, or threaten to prevent, the execution and completion of the Project on schedule, the Borrower shall promptly notify the Bank of such circumstances.

(c) The Borrower shall send, or cause to be sent, to the Bank, promptly upon formulation, details of all plans which would result in any important modification of the Project and these shall be the subject of agreement between the Bank and the Borrower.

Section 9.03. Exchange of View

Each party to the Loan shall, from time to time, as the other party thereto shall reasonably request, afford the other party all reasonable opportunity for exchange of views between the Bank and the Borrower with regard to any and all matters relating to the Loan.

ARTICLE X
Governing Law; Arbitration

Section 10.01. Governing Law

The Loan Agreement and the Guarantee, if any, shall be governed by and

construed in accordance with the laws of the Republic of Korea.

Section 10.02. Arbitration

(a) All disputes or controversies arising from the Loan Agreement or the Guarantee, if any, which cannot be settled between the Bank and the Borrower (together with the Guarantor, if any), shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Bank on the one side and the Borrower and the Guarantor, if any, on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: (i) one arbitrator shall be appointed by the Bank; (ii) a second arbitrator shall be appointed by the Borrower and the Guarantor, if any, or if they shall not agree, by the Guarantor; (iii) and the third arbitrator (the "**Umpire**") shall be appointed by agreement of the parties or, if they shall not agree, by an appropriate organ for the settlement of international disputes. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act as an arbitrator, a successor arbitrator shall be appointed without delay in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of the original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party or parties. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty (30) days after the giving of such notice, the other party or parties shall notify the party instituting the proceeding of the name of the arbitrator appointed by such other party or parties.

(e) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(f) Subject to the provisions of this Section and except as the parties shall

otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(g) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties, and each party shall abide by and comply with any such award.

(h) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal convenes, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The Arbitral Tribunal may, before it commences its activities, collect equal sums from both parties in such amounts as may be considered necessary to cover its expenses. The expenses of the Arbitral Tribunal shall finally be borne by one or both parties according to the terms of the award. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(i) If within thirty (30) days after the counterparts of the award have been delivered to the parties the award shall not be complied with, a party may institute proceedings to enforce the award against the party with obligations to it under the award in any court of competent jurisdiction.

ARTICLE XI
Effectiveness; Termination

Section 11.01. Conditions Precedent to Effectiveness
The Loan Agreement shall not become effective until the following documents

and evidence shall have been received by the Bank, in form and substance satisfactory to the Bank:

(a) Documentary evidence of the authority of each person (i) who has signed the Loan Agreement on behalf of the Borrower, and (ii) who will make, sign and deliver documents required under the Loan Agreement on behalf of the Borrower, together with the authenticated specimen signatures of each such person;

(b) The Guarantee, if any, duly executed by the Guarantor and documentary evidence of the authority of the person who has signed the Guarantee together with the authenticated specimen signature of such person; and

(c) A legal opinion of legal counsel to the Borrower substantially in the form of Annex 7 attached hereto, and a legal opinion of legal counsel to the Guarantor, if any, substantially in the form of Annex 8 attached hereto.

Section 11.02. Effective Date

The Loan Agreement shall become effective on the date on which the Bank declares itself satisfied with the evidence of authority and the specimen signatures, the Legal Opinion, and the Guarantee, if any, mentioned in Section 11.01 above. The Bank shall immediately notify the Borrower in writing of the effective date of the Loan Agreement.

Section 11.03. Evidence of Authority and Specimen Signatures

(a) When any change has been made relevant to the evidence of authority mentioned in paragraph (a) of Section 11.01 above, the Borrower shall notify the Bank in writing of the fact, providing the Bank with satisfactory new evidence of authority.

(b) When a person(s) has been appointed to replace a person(s) specified in the evidence of authority referred to in paragraph (a) of Section 11.01 above, the Borrower shall notify the Bank in writing of the fact, providing the Bank with an authenticated specimen signature of the newly appointed person(s).

Section 11.04. Termination of Loan Agreement

(a) If the Loan Agreement shall not have become effective within one hundred and twenty (120) days after the date of the signing of the Loan Agreement, the Loan Agreement shall terminate unless the Bank, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. The Bank shall notify the Borrower and the Guarantor, if any, of such later date.

(b) If the procurement of goods or services to be financed out of the proceeds of the Loan shall not have been carried out within eighteen (18) months after the effective date of the Loan Agreement, the determination of assistance policy for the Project, made by the Government of the Republic of Korea, shall be invalid, and accordingly the Loan Agreement shall terminate.

(c) If and when the entire principal amount of the Loan shall have been repaid and all interest and other charges payable to the Bank under the Loan Agreement shall have been paid, the Loan Agreement and the Guarantee, if any, shall forthwith terminate.

ARTICLE XII
Miscellaneous Provisions

Section 12.01. Failure to Exercise Rights

No failure on the part of the Bank to exercise, or delay in exercising, any of its rights under the Loan Agreement or the Guarantee, if any, shall be construed to be a waiver thereof, nor shall any single or partial exercise by the Bank of any of its rights under the Loan Agreement or the Guarantee, if any, impair the Bank's further exercise of such rights or any other right.

Section 12.02. Non-Exemption of the Borrower from Obligations

All claims or disputes in connection with any supply contract for procurement of goods or services to be financed by the Loan shall be settled among the parties thereto, and no such claims or disputes shall exempt the Borrower from any obligations incurred under the Loan Agreement.

Section 12.03. Assignment

The Borrower shall not assign or transfer any rights or obligations under the Loan Agreement without prior written consent of the Bank.

Section 12.04. Non-Discrimination

Regarding repayment of principal and payment of interest or any other charges payable under the Loan Agreement, the Borrower shall undertake not to treat such debts to the Bank less favorably than its any other debts other than short-term debts.

Section 12.05. Notices and Requests

(a) Any notice or request required to be given or made under the Loan Agreement or the Guarantee, if any, shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand, received by mail or dispatched by cable, telex or facsimile to the party to which it is to be given or made at such party's address specified in the Loan Agreement or the Guarantee, if any, or at such other address as that party shall have designated by notice to the party giving the notice or making the request.

(b) All notices, requests or other communications to be made under the Loan Agreement or the Guarantee, if any, shall be in the English language.

Section 12.06. Execution in Counterparts

The Loan Agreement may be executed in several counterparts, each of which shall be an original.

Annex 1

Notice concerning
Interest and Principal

Date: [•]

(Name and Address of the Borrower)

Attention: [•]

Re: **EDCF Loan Agreement No. [•] for [•] Project**

Please be notified of the due date and amount payable by you under the captioned EDCF Loan Agreement as follows:

	Due Date	Amount
Principal		
Interest※		
Total		

※*Interest computation: As per attached sheet.*

Please credit the above amount to the account of the Export-Import Bank of Korea (*Account No.*: [•]) with [•] (*Name and Address of the designated bank in Seoul*) on or before the due date (*Seoul Time*).

Annex 2

Guarantee for the Loan

Date: [•]

The Export-Import Bank of Korea
Seoul, Republic of Korea

Attention: President

In consideration of the Loan amount to be extended in Korean Won, not exceeding the equivalent of [•] US Dollars (US$ [•]), to (*Name of the Borrower*) (the "**Borrower**") for [•] Project (*Name of the Project*) by THE EXPORT-IMPORT BANK OF KOREA (the "**Bank**") under the Loan Agreement No. [•], dated [•] between the Borrower and the Bank (the "**Loan Agreement**"), (*Name of the Guarantor*) (the "**Guarantor**") hereby guarantees jointly and severally with the Borrower the due and punctual payment of the principal of, and the interest and any other charges on, the Loan as provided for in the Loan Agreement.

The Guarantor, furthermore, agrees that:

(a) The Guarantor shall not be exempted from any of its liabilities under this Guarantee by reason of any extension of maturity, forbearance or concession given to the Borrower, any exercise of right or remedy against the Borrower, or any modification or amplification of the provisions of the Loan Agreement, provided that if the principal of the Loan is thereby increased, the Guarantor shall be exempted from its liabilities to the extent of such increase; and

(b) So long as any amount due and payable by the Borrower under the Loan Agreement shall be outstanding and unpaid, the Guarantor shall:

(i) Not take any action which would prevent or interfere with the performance by the Borrower or any other beneficiaries of the Loan, if any, of obligations under the Loan Agreement; and

(ii) Not, without prior written consent of the Bank, take any action for the dissolution or disestablishment of the Borrower or any other beneficiaries of the Loan, if any, or for the suspension of their activities.

(c) The Guarantor waives notice of acceptance of this Guarantee, notice concerning principal and interest, and notice of dishonor or non-payment of any such liabilities.

Very truly yours,

(Name of the Guarantor)

_____

Name:
Title:

Annex 3

Application for Approval of Contract

The Export-Import Bank of Korea
Seoul, Republic of Korea

Date: [•]

Attention: Director, Economic Development Cooperation Fund Department [•]

Re: Application for Approval of Contract under the Loan Agreement No.[•] dated [•]

In accordance with Section 6.03 of the General Terms and Conditions, we hereby apply for your Approval of the Contract for (*Name of the Project*) (the "**Contract**"). The details of the Contract are as follows:

a. Number and Date of the Contract:
b. Name of the Purchaser:
c. Name of the Supplier:
d. Contract Price:
e. EDCF Loan Amount
   i) amount of the Loan to be disbursed in Korean Won:
*[ii) amount of the Loan to be disbursed in US Dollar:
   We hereby request you to purchase US$ [•] in accordance with Section 4.02 and 5.03 under the Loan Agreement.]

One certified copy of the Contract is attached hereto. Please notify us of your approval of the Contract in accordance with Section 6.03 of the General Terms and Conditions.

Very truly yours,

(Name of the Borrower)

(Authorized Signature)
Name :
Title :

* Delete if not applicable

Annex 4

Notice of Approval of Contract

Date: [•]

(Name and Address of the Borrower)

Attention: [•]

Re: Approval of Contract concerning Contract No. [•] dated [•] between [•] and under the Loan Agreement No. [•] dated [•]

We hereby inform you that the Contract referred to above has been approved by us in accordance with Section 6.03 of the General Terms and Conditions. Disbursements for this Contract shall be made by us within the limit of [•] (*Amount*).

Very truly yours,

(Authorized Signature)

Annex 5

Notice of Disbursement

(Name and Address of the Borrower)

Attention: [•]

Re: **EDCF Loan Agreement No. [•] for [•] Project**

We hereby notify you that, pursuant to your Application for Disbursement No. [•]_____ dated [•], we have made the following disbursement under the EDCF Loan Agreement No. [•] dated [•] between [•] *(Name of the Borrower)* and the Export-Import Bank of Korea:

1. Number of disbursement: [•]
2. Date of disbursement: [•]
3. Amount of disbursement:

Disbursement	Principal to be repaid	Remark
₩ [•]	₩ [•]	
US$ [•]	US$ [•]	US$ [•]×@ = ₩ [•]

4. Cumulative total of disbursements under the said Loan Agreement (including this disbursement): ₩ [•]

Very truly yours,

(Authorized Signature)

Annex 6

Notice of Completion of Disbursement

(Name and Address of the Borrower) Date: [•]

Re: **EDCF Loan Agreement No. [•] for [•] Project**

With reference to the Loan Agreement No. [•] dated [•] between (*Name of the Borrower*) and the Export-Import Bank of Korea, we hereby notify you that all disbursements under the said Loan Agreement have been completed.

The details of disbursements under the Loan Agreement are as follows:

1. Loan Limit (A): ₩ [•]
2. Cumulative Total of Disbursements (B): ₩ [•]
3. Unused Balance (A-B): ₩ [•]
4. Date of the Final Disbursement: [•]

We also wish to notify you that the said Loan Agreement shall be implemented henceforth as follows:

1. Amortization Schedule: As per attached schedule.
2. Due Dates of Interest Payments:
   (i) Due Date of Next Payment: [•], 20[•]
   (ii) Due Date thereafter: [•], 20 and [•], 20 of each year.

In confirmation of this Notice, please return to us immediately one copy, signed by a duly authorized person.

Very truly yours,

(Authorized Signature)

(*Please do not detach*)

.....

Date: [•]

We hereby acknowledge receipt of this Notice and confirm that the Loan Agreement shall be implemented as stated above.

(Name of the Borrower)
(Authorized Signature)

Annex 7

Legal Opinion on Loan Agreement

Date: [•]

The Export-Import Bank of Korea
Seoul, Republic of Korea

Attention: [•]

Re: **EDCF Loan Agreement No. [•] for [•] Project**

With respect to the EDCF Loan amount to be extended in Korean Won, not exceeding the equivalent of [•] US Dollars (US$ [•]), by the Export-Import Bank of Korea(the "**Bank**") to (*Name of the Borrower*) (the "**Borrower**") in accordance with the terms and conditions of the Loan Agreement No. [•], dated [•], between the Bank and the Borrower (the "**Loan Agreement**"), I, the undersigned, acting as legal counsel for the Borrower, certify as follows:

I have considered and examined, among other things, the documents:

(a) The Agreement dated [•] and the Arrangement dated [•] between the Government of [•] *(Name of the Borrower's Country)* and the Government of the Republic of Korea;

(b) The Loan Agreement;

(c) Evidence of authority and specimen signatures issued by [•];

(d) Such other documents as I have considered necessary or desirable for this opinion; and

(e) All the laws and regulations in the country of the Borrower relevant to the power and authority of the Borrower to execute, deliver and perform the Loan Agreement.

Based upon the foregoing, I hereby certify as follows:

1. That the Loan Agreement has been made, signed and delivered, for and on behalf of the Borrower, by [•] *(Name and Title of the Authorized Person),* who has the power and authority to do so;

2. That the Borrower is authorized to borrow foreign currency funds from abroad and that the terms and conditions of the Loan Agreement are in compliance with the provisions of the laws of the Borrower's country;

3. That, therefore, the Loan Agreement has been duly authorized by and made, signed and delivered on behalf of the Borrower and constitutes a valid and binding obligation upon the Borrower with regard to all its terms and conditions; and

4. That the authorization and any other procedures necessary for implementation of the Loan Agreement have been duly effected and completed.

Very truly yours,

_____

Name:
Title:

Annex 8

Legal Opinion on Guarantee

Date: [•]

The Export-Import Bank of Korea
Seoul, Republic of Korea

Attention: [•]

Re: **EDCF Loan Agreement No.** [•] **for** [•] **Project**

With respect to the Guarantee dated [•] given by [•] (*Name of the Guarantor*) (the "the **Guarantor**") in respect of the EDCF Loan amount to be extended in Korean Won, not exceeding the equivalent of [•] US Dollars (US$[•]), by the Export-Import Bank of Korea (the "**Bank**") to [•] *(Name of the Borrower*) (the "**Borrower**") in accordance with the terms and conditions of the Loan Agreement No. [•], dated [•], between the Bank and the Borrower (the "**Loan Agreement**"), I, the undersigned, acting as legal counsel for the Guarantor, certify as follows:

I have considered and examined, among other things, the following documents:

(a) The Agreement dated [•] and the Arrangement dated [•] between the Government of [•] *(Name of the Borrower's Country)* and the Government of the Republic of Korea;

(b) The Loan Agreement;

(c) The Guarantee;

(d) Such other documents as I have considered necessary or desirable for this opinion; and

(e) All the laws and regulations in the country of the Guarantor relevant to the power and authority of the Guarantee to execute, deliver and perform the Guarantee.

Based upon the foregoing, I hereby certify as follows:

1. That the Guarantor has the full power and authority, under the laws of the Guarantor's country, to guarantee the Loan made by the Bank to the Borrower in accordance with the terms and conditions of the Loan Agreement;

2. That the Guarantee was made, signed delivered by *(Name and Title)* who is authorized to do so for and on behalf of the Guarantor;

3. That, therefore, the Guarantee has been duly authorized by and made, signed and delivered on behalf of the Guarantor and constitutes a valid and binding obligation upon the Guarantor with regard to all its terms and conditions; and

4. That the authorization and any other procedures necessary for implementation of the Guarantee have been duly effected and completed.

Very truly yours,

_____

Name:
Title:



Economic Development
Cooperation Fund

Guidelines for Procurement under the EDCF Loan

ECONOMIC DEVELOPMENT COOPERATION FUND

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Guidelines for Procurement under the EDCF Loan

ARTICLE I
Introduction

Section 1.01. Purpose

(a) The purpose of these Guidelines is to set forth the general principles and procedures to be followed by the Borrower in carrying out the procurement of goods and works (including related services) required for the Project to be financed in whole or in part by the Export-Import Bank of Korea (the "**Bank**") from the resources of the Economic Development Cooperation Fund (the "**EDCF**").

(b) The term "the Borrower" as used in these Guidelines also refers to the Project Executing Agency and the term "services" as used in these Guidelines excludes consulting services. Terms not otherwise defined in these Guidelines shall have the meanings ascribed to them in the "General Terms and Conditions applicable to EDCF Loan Agreements" of the Bank.

(c) The Loan Agreement governs the relationships between the Borrower and the Bank, and these Guidelines are made applicable to procurement of goods and works for the Project. The rights and obligations of the Borrower and the Suppliers of goods and works for the Project are governed by the bidding documents, and by the contracts signed by the Borrower with the Suppliers of goods and works, and not by these Guidelines or the Loan Agreements. No party other than the parties to the Loan Agreement shall derive any rights therefrom or have any claim to loan proceeds.

Section 1.02. General Considerations

(a) The responsibility for the implementation of the Project, and therefore for the award and administration of contracts under the Project, rests with the Borrower.

(b) The proceeds of the EDCF Loans are required to be used with due attention to considerations of economy, efficiency and non-discrimination among those eligible to bid for procurement contracts.

(c) Except as otherwise agreed upon between the Bank and the Borrower, the procurement methods acceptable to the Bank are: (i) Competitive Bidding ("CB"); (ii) Limited Competitive Bidding ("LCB"); (iii) Shopping; and (iv) Direct Contracting.

(d) The procedures to be followed in case of CB are described in ARTICLE II of these Guidelines; ARTICLE III describes the circumstances under which methods other than CB may be employed in the interests of economy and efficiency.

(e) The particular procurement methods and the categories of goods and works to which they apply are determined by the agreement between the Bank and the Borrower either prior to or at the stage of the appraisal of the Project, and shall be specified in the Loan Agreement.

(f) The Borrower shall carry out due diligence on the technical and financial qualifications of Suppliers to be assured of their capabilities in relation to the specific contract.

Section 1.03. Applicability of Guidelines

(a) These Guidelines apply to all procurement of goods and works to be financed by the proceeds of the Loan. The application of these Guidelines to a particular Project financed by the Bank shall be stipulated in the Loan Agreement between the Bank and the Borrower.

(b) For the procurement of those goods and works not financed out of the proceeds of the Loan, the Borrower may adopt its own procurement procedures. In such cases the Bank should be satisfied that the procedures to be used shall fulfill the Borrower's obligations to cause the Project to be carried out diligently and efficiently.

Section 1.04. Eligibility

(a) Goods eligible for financing under the Loan Agreement are those which have origins of the Eligible Source Countries defined in the Loan Agreement. Such goods eligible for financing shall be satisfactory to the following rules of origin:

(i) Either that the goods have been wholly obtained in the Eligible Source Countries; or

(ii) That in the case of more than one country concerned in the production, the last substantial transformation has been carried out in the Eligible Source Countries;

Section 1.05. Advance Contracting and Retroactive Financing

(a) In certain circumstances, advance contracting, whereby the Borrower signs a contract before the signing of the related Loan Agreement may be acceptable in the interests of more rapid and efficient execution of the Project. The procurement procedures shall be in accordance with these Guidelines in order for the eventual contracts to be eligible for the financing by the Bank, and the normal review process by the Bank shall be followed.

(b) A Borrower undertakes such advance contracting at its own risk, and any approval of the Bank with the procedures, documentation or proposal for award does not commit the Bank to make a loan for the Project in question. The reimbursement by the Bank of any payments made by the Borrower under the contract prior to the Effective Date of the Loan Agreement is referred to as "Retroactive Financing," and is only permitted within the limits specified in the Loan Agreement.

Section 1.06. Bank's Review

The Bank reviews the Borrower's procurement procedures, documents, bid evaluations, award proposal and contracts to ensure that the procurement process is properly carried out. These review procedures are described in Annex 1 attached hereto. The Loan Agreement shall specify the extent to which these review procedures shall apply in respect of the different categories of goods and works to be financed out of the proceeds of the Loan.

Section 1.07. Misprocurement

The Bank does not finance expenditures for goods and works which have not been procured in accordance with the agreed provisions in the Loan Agreement. In such cases, the Bank shall declare misprocurement, and it is the policy of the

Bank to cancel that portion of the loan allocated to the goods and works that have been misprocured. The Bank may, in addition, exercise other remedies provided for under the Loan Agreement. Even once the contract is awarded after obtaining a "no objection" from the Bank, the Bank may still declare misprocurement if it concludes that the "no objection" was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower or the terms and conditions of the contract modified without Bank's approval.

Section 1.08. Fraud and Corruption

It is the Bank's policy to require that Borrowers (including beneficiaries of EDCF loans), as well as bidders, suppliers, and contractors under contracts financed by EDCF loans, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank:

(a) defines, for the purposes of this provision, the terms set forth below as follows:

(i) "corrupt practice" means the offering, giving, receiving, or soliciting, directly or indirectly, of any thing of value to influence the action of a public official in the procurement process or in contract execution; and

(ii) "fraudulent practice" means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract.

(b) will reject a proposal for award if it determines that the bidder recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question;

(c) will declare a firm ineligible, for a period determined by the Bank, to be awarded a contract financed by an EDCF Loan if it at any time determines that the firm has engaged in corrupt or fraudulent practices in competing for, or in executing, a contract financed by an EDCF Loan.

ARTICLE II
Competitive Bidding

A. General

Section 2.01. Type and Size of Contracts

(a) Contracts may be awarded on the basis of unit prices for work performed or items supplied, or on a lump-sum price or cost-plus-fees basis, or by a combination thereof for different portions of the contract, depending on the nature of the goods or works to be provided. The bidding documents shall clearly state the type of contracts selected.

(b) The size and scope of individual contracts shall depend on the magnitude, nature and location of the Project. For projects requiring a variety of works and equipment, separate contracts generally are awarded for the works and for the supply and/or installation of different major items of plant and equipment.

(c) In appropriate cases, e.g. where special processes or closely integrated manufacturing are involved, the Bank may allow turnkey contracts under which the engineering, supply of equipment, and the construction of a complete plant are provided through a single contract.

Section 2.02. Two-Stage Bidding and Two-Envelope Bidding

(a) In order to maximize competition and to facilitate bid evaluation with respect to large and complex contracts where the problem of technically unequal bids is likely to be encountered, a two-stage bidding procedure may be adopted. The use of this procedure must be agreed upon by the Bank and the Borrower.

(b) For works, machinery or equipment for which complete technical specifications are prepared in advance, a two-envelop bidding procedure may be adopted. Under this procedure, bidding will be invited to submit technical and price proposals simultaneously in two separate envelopes.

Section 2.03. Advertising

On all contracts subject to CB, invitations to prequalify or to bid shall be advertised in at least one newspaper of general circulation (in an English

language newspaper if possible) in the Borrower's country. Copies of such invitations (or the advertisement therefor) shall also be sent promptly to the Bank.

Section 2.04. Prequalification of Bidders

(a) Prequalification is in principle necessary for large or complex works, or in any other circumstances in which the high costs of preparing detailed bids could discourage competition, such as custom-designed equipment, industrial plant, specialized services, some complex information and technology and contracts to be let under turnkey. This also ensures that invitations to bid are extended only to those who have adequate capabilities and resources.

(b) Prequalification shall be based entirely upon the capability of prospective bidders to perform the particular contract satisfactorily, taking into account their:

(i) experience and past performance on similar contracts;

(ii) capabilities with respect to personnel, equipment and plant; and

(iii) financial position.

(c) The invitation to prequalify for bidding on specific contracts shall be advertised and notified as described in Section 2.03 above.

(d) The scope of the contract and a clear statement of the requirements for prequalification shall be provided to prospective bidders wishing to be considered for prequalification. Every such bidder who meets the specified criteria shall be allowed to bid. Borrower shall inform all applicants of the results of prequalification.

(e) As soon as prequalification is completed, the bidding documents shall be made available to the qualified prospective bidders. Verification of the information provided in the submission for prequalification shall be confirmed at the time of award of contract, and award may be denied to a bidder that is judged to no longer have the capability or resources to successfully perform the contract.

B. Bidding Documents

Section 2.05. Bidding Documents

(a) Bidding documents shall contain all information necessary for a prospective bidder to prepare a bid for the goods and works to be provided. While the detail and complexity of these documents shall vary with the size and nature of the proposed bid package and contract, they shall generally include the following: invitation to bid; instructions to bidders; form of bid; form of contract; conditions of contract, both general and special; drawings; technical specifications; bill of quantities; the type(s) of security required or acceptable; and necessary appendices.

(b) The basis for bid evaluation and selection of the lowest evaluated bid shall be clearly outlined in the instructions to bidders and/or the specifications.

(c) If a fee is charged for the bidding documents, it shall be reasonable and reflect the cost of their production and shall not be so high as to discourage qualified bidders. Guidelines on the principal components of the bidding documents are given in the following paragraphs.

(d) The Borrower shall use the appropriate bidding documents which are internationally recognized and acceptable to the Bank. The Bank recommends the Borrower to use the Standard Bidding Documents(SBDs) issued by the international development institutions such as the World Bank, the Asian Development Bank, etc. However, the SBDs shall be modified in accordance with the requirements of the Loan Agreement and these Guidelines, and subject to the Bank's review.

Section 2.06. References to the Bank

(a) If the Borrower wishes to refer to the Bank in bidding documents the following language shall be used:

"[•] (*Name of the Borrower*) has received (or in appropriate cases 'has applied for') a loan from the Export-Import Bank of Korea from the resources of the Economic Development Cooperation Fund of the Republic of Korea in the amount of [•] (*US Dollar amount*) toward the cost of [•] (*Name of the Project*)

and intends to apply a portion of the proceeds of this loan to payments under the contract for which this invitation to bid is issued."

(b) The terms and conditions of the contract and payments therefore by the Bank shall be subject in all respects to the terms and conditions of the Loan Agreement, including 'Guidelines for Procurement under the EDCF Loan'. Except as the Bank may specially otherwise agree, no party other than the Borrower (*Name of the Borrower*) shall derive any rights from the Loan Agreement or have any claim to the loan proceeds.

Section 2.07. Bid Bonds or Guarantees

A bid bond or any other bidding guarantee may be required to secure the validity of the bid within the period specified in the invitation to bid. However, it shall not be set too high to discourage suitable bidders. The bidding documents shall specify the type and amount of the bid bond or bidding guarantee and release thereof.

Section 2.08. Conditions of Contract

(a) The contract documents shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of the Borrower and the contractor or supplier, and the functions and authority of the engineer or architect, if one is employed by the Borrower, in the supervision and administration of the contract. In addition to the general conditions of contract, any special conditions appropriate to the nature and location of the Project shall be included.

(b) The conditions of contract shall provide a balanced allocation of risks and liabilities between the Borrower and the contractor or supplier.

Section 2.09. Language

Bidding documents shall be prepared in English. If any other language is to be used in the bidding documents, a full English text shall be incorporated in those documents and it shall be specified which is prevailing.

Section 2.10. Clarity of Bidding Documents

(a) Bidding documents shall describe clearly and precisely the works to be done or goods to be supplied, the place and period of delivery or installation, the warranty and maintenance requirements, and other pertinent terms.

(b) The technical specifications shall describe all essential features of the item(s) to be procured and shall state that any non-conformity to these essential features would render the bid as substantially unresponsive. Drawings shall be consistent with the text of the technical specifications.

(c) Bidding documents shall indicate the methods, terms and conditions of bid evaluation, as well as the factors or bases (including those unquantifiable in monetary terms and the specific weights to be given) to be taken into account in comparing bids. If the Borrower reserves its right to compare bid prices based on single items or a group of items or as a total package, this shall be stated in the bidding documents.

Section 2.11. Standards

If particular national or other standards with which equipment or materials must comply are cited, bidding documents shall state that equipment or materials meeting other standards which ensure equivalent or higher quality than the standards specified shall also be accepted.

Section 2.12. Use of Brand Names

Specifications shall be based on relevant characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications shall be avoided unless this is deemed necessary to ensure inclusion of certain essential features. In such a case, the reference shall be followed by the words "or equivalent" and the specifications shall permit offers of alternative goods which provide performance and quality at least equal to those specified.

Section 2.13. Currency of Bids and Contracts

(a) The bid price shall be stated in US Dollars. However, it shall be stipulated in the bidding documents that the contract price shall be stated in Korean Won converted by using the exchange rate applicable to the calculation of the

amount of the Loan under the provisions of the Loan Agreement.

(b) Notwithstanding paragraph (a) above, a portion of the contract price may be stated in US Dollars within the amount of the Loan to be disbursed in US Dollars under the provisions of the Loan Agreement.

Section 2.14. Price Adjustment Provisions

(a) Bidding documents shall clearly indicate whether price adjustments are allowed in the event that changes occur in the major cost components of the contract such as labor, equipment, and materials. Price adjustment provisions are usually not necessary for simple contracts involving delivery of goods within about a year.

(b) The specific formula for and ceiling on price adjustment shall be defined in the bidding documents.

Section 2.15. Advance Payments

The percentage of the total payment to be made in advance upon effectuation of the contract for mobilization and similar expenses shall be reasonable and specified in the bidding documents. Other advances, for example, for materials delivered to the site for use in works shall also be defined in the bidding documents. The bidding documents shall specify the arrangements for any security required for advance payments.

Section 2.16. Performance Bond and Retention Money

(a) Bidding documents for works shall require security in an amount sufficient to protect the Borrower in case of breach of the contract by the contractor. This security shall be provided by a performance bond or a bank guarantee in an appropriate form and amount as specified in the bidding documents. The amount of the bond or guarantee may vary with the size and nature of the works. Security shall extend sufficiently beyond the estimated date for completion of the works to cover the warranty or maintenance period specified in the contract. Alternatively, a separate security may be obtained for that period.

(b) In contracts for the supply of goods, the need for performance security shall depend on the market conditions and commercial practice for the particular kind

of goods. Suppliers or manufacturers may be required to provide a bank guarantee to protect against nonperformance of the contract. Such guarantee may also cover warranty obligations or, alternatively, a percentage of the payments may be held as retention money to cover warranty obligations. The guarantees or retention money shall be reasonable in amount.

Section 2.17. Insurance

Bidding documents shall state precisely the types of insurance to be provided by the successful bidder and should indicate the kinds of risks insured against, the liabilities to be covered, and the duration of the insurance.

Section 2.18. Liquidated Damages and Bonus Clauses

Provisions for liquidated damages or similar payments in an appropriate amount shall be included in the bidding documents to provide compensation to the Borrower when delays in completion of works or delivery of goods would result in extra cost, loss of revenues or of other benefits to the Borrower. Provisions may also be made for payment of bonuses to contractors or suppliers for completion of works or delivery of goods ahead of the time specified in the contract when such earlier completion or delivery would benefit the Borrower.

Section 2.19. Force Majeure

The conditions of contract included in the bidding documents shall, when appropriate, stipulate that failure on the part of the parties to perform their obligations under the contract would not be considered a default if such failure is due to force majeure as defined in the contract.

Section 2.20. Settlement of Disputes

Whenever possible, the conditions of contract shall contain provisions dealing with the applicable law and the forum for the settlement of disputes. It would usually be advantageous to consider international commercial arbitration in contracts for the procurement of goods and services. The Bank, however, shall not be named arbitrator or be asked to name an arbitrator.

C. Bid Opening, Evaluation and Award of Contract

Section 2.21. Time Interval between Invitation and Submission of Bids

The time allowed for the preparation and submission of bids shall be determined with due consideration of the particular circumstances of the Project and the size and complexity of the contract. Generally, not less than 45 days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, shall be allowed for bidding. Where large works or complex items of equipment are involved, this period shall be generally not less than 90 days to enable prospective bidders to conduct investigations at the site before submitting their bids. In such cases, the Borrower is recommended to convene pre-bid conferences and arrange site visits.

Section 2.22. Bid Opening Procedures

All bids shall be opened publicly at the date, time and place stipulated in the invitations to bid. Bids received after the time stipulated shall be returned unopened. The name of each bidder and the total amount of each bid shall be publicly read aloud and recorded when opened, and a copy of this record shall be promptly sent to the Bank and to all bidders who submitted bids in time.

Section 2.23. Confidentiality

After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and proposals concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the award of contract is notified to the successful bidder.

Section 2.24. Clarifications or Alteration of Bids

No bidder shall be permitted to alter its bid after the first bid has been opened. The Borrower may ask any bidder for clarification needed to evaluate its bid but shall not ask or permit any bidder to change the substance or price of its bid after the bid opening.

Section 2.25. Examination of Bids

Following the opening of bids, it shall be ascertained whether material errors in computation have been made in the bids; whether the bids are substantially responsive to the bidding documents; whether the required securities have

been provided; whether documents have been properly signed; and whether the bids are otherwise generally in order. If a bid is not substantially responsive to the bidding documents or contains inadmissible reservations, it shall be rejected. A technical analysis shall then be made to evaluate responsive bids and to enable bids to be compared.

Section 2.26. Evaluation and Comparison of Bids

(a) Bids which conform to the technical specifications and are substantially responsive to the bidding documents will be compared on the basis of their evaluated costs and the bid with the lowest evaluated cost, which may not necessarily be the lowest-priced bid, shall be selected for award.

(b) Bid evaluation shall be consistent with the terms and conditions set forth in the bidding documents. The bidding documents shall specify the relevant factors in addition to price to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated bid. Factors which may be taken into consideration include, *inter alia*, the operating costs, the efficiency and compatibility of the equipment, the availability of service and spare parts, the reliability of proposed construction methods and minor deviations, if any. To the extent practicable, these factors shall be expressed in monetary terms or given a relative weight in the evaluation provisions of the bidding documents.

(c) Where contractors are responsible for all duties, taxes and other levies under contracts, bidders shall take these factors into account in preparing their bids. The evaluation and comparison of bids shall be on this basis. Any procedure under which bids above or below a predetermined bid value assessment are automatically disqualified is not permitted.

Section 2.27. Evaluation Report

A detailed report on the evaluation and comparison of bids setting forth the specific reasons on which the determination of the lowest evaluated bid was based shall be prepared by the Borrower or its consultants.

Section 2.28. Postqualification of Bidders

If there has been no prequalification of bidders, the Borrower shall determine

whether the bidder whose bid has been evaluated the lowest has the capability and resources to carry out the contract concerned effectively. The criteria to be met shall be set out in the bidding documents, and if the bidder does not meet them, its bid shall be rejected. In such an event, the Borrower shall then make a similar decision regarding the next lowest evaluated bidder.

Section 2.29. Rejection of All Bids

(a) The bidding documents usually provide that the Borrower may reject all bids. Such rejection is justified when the bids submitted are not substantially responsive, or where there is evidence of lack of competition. However, all bids shall not be rejected and new bids invited on the same specifications solely for the purpose of obtaining lower prices in the new bids, except in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount.

(b) If all bids are rejected, the Borrower shall review the causes justifying the rejection and consider making either revisions of the specifications or modification of the Project (or amounts of work or items called for in the original invitations to bid), or both, before inviting new bids. In special circumstances, the Borrower may, as an alternative to rebidding, negotiate with the lowest evaluated bidder (or, failing a satisfactory result of such negotiation, with the next-lowest evaluated bidder) to try to obtain a satisfactory contract.

(c) The Bank's prior approval shall be obtained before rejecting all bids, soliciting new bids, or entering into negotiations with the lowest evaluated bidder.

Section 2.30. Award of Contract

The Borrower shall award the contract to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined:

(i) to be substantially responsive to the bidding documents; and

(ii) to offer the lowest evaluated cost. A bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

Section 2.31. Debriefing

The Borrower shall inform the bidders that any bidder who wishes to ascertain the grounds, on which its bid was not selected, shall request an explanation from the Borrower after the award of contract. The Borrower shall promptly provide an explanation of why such bid was not selected, either in writing and/or in a debriefing meeting, at the option of the Borrower. The requesting bidder shall bear all the costs of attending such a debriefing.

ARTICLE III
Other Methods of Procurement

Section 3.01. Limited Competitive Bidding

LCB is essentially competitive bidding by direct invitation without open advertisement, and may be an appropriate method of procurement in cases where (i) the amounts are small, (ii) there are only a limited number of suppliers of the particular goods or services needed, or (iii) other exceptional reasons may justify departure from full CB procedures. Under the procedure of the LCB, Borrowers shall seek bids from a list of potential suppliers broad enough to assure competitive prices. In all respects other than advertisement, CB procedures shall apply.

Section 3.02. Shopping

(a) Shopping is a procurement method based on comparing price quotations obtained from several suppliers (*in the case of goods*) or from several contractors (*in the case of civil works*), with a minimum of three, to assure competitive prices, and is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities of small value, or simple civil works of small value.

(b) Requests for quotations shall indicate the description and quantity of the goods or specifications of works, as well as desired delivery (or completion) time and place. Quotations may be submitted by letter, facsimile or by electronic means. The evaluation of quotations shall follow the same principles as of open bidding. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

Section 3.03. Direct Contracting

(a) Direct contracting involves dealing with a particular supplier or contractor and may be an appropriate procurement method in the following situations:

(i) Where the Borrower buys small or off-the-shelf items generally valued at less than Five Hundred and Thousand US Dollars (US$500,000);

(ii) Where the Borrower has adequate reasons for wishing to maintain reasonable standardization of its equipment or spare parts in the interests of compatibility with existing equipment;

(iii) Where the Borrower has adequate reasons for wishing to maintain continuity of services provided under an existing contract awarded in accordance with procedures acceptable to the Bank;

(iv) Where the required equipment is proprietary and obtainable only from one supplier;

(v) Where the contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of his guarantee of performance; and

(vi) Where the advantages of CB, LCB or Shopping would be outweighed by the administrative burden involved due to the size, efficiency or urgency of procurement.

(b) Before initiating a negotiation with a prospective supplier, the Borrower shall review the capability of the prospective supplier to perform the particular contract satisfactorily, taking into account its (i)experience and past performance on similar contracts; (ii) capabilities with respect to personnel, equipment and plan; and (iii) financial position. The Bank shall be furnished with a copy of the report of such review by the Borrower.

Section 3.04. Force Account

Force account, that is, construction by the use of the Borrower's own personnel

and equipment, may be the only practical method for constructing some kinds of works. The use of force account may be justified where:

(i) quantities of work involved cannot be defined in advance;

(ii) works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices;

(iii) work is required to be carried out without disrupting ongoing operations;

(iv) risks of unavoidable work interruption are better borne by the Borrower than by the supplier; and

(v) there are emergencies needing prompt attention.

Annex I

REVIEW BY THE BANK OF PROCUREMENT DECISION

1. The following provisions set forth standard arrangements for the review by the Bank of procurement actions taken by Borrowers in cases where competitive bidding is required in the procurement of goods or works. These provisions shall apply to all such cases except as otherwise agreed by the Bank. Procedures for review of contract and its modification shall be subject to the following provisions of General Terms and Conditions Applicable to EDCF Loan Agreements.

2. Prequalification Procedure

(a) Prequalification Invitation. The prequalification invitation and all related documents (including the proposed prequalification methodology and criteria) shall show the loan number and shall be approved by the Bank before they are issued. For this purpose, one copy of the draft prequalification invitation and all related documents shall be submitted to the Bank for approval.

(b) Issue of Prequalification Invitation. As soon as the prequalification invitation has been advertised and notified as required in Section 2.03 hereof, the Bank shall be furnished with a report including a copy of the prequalification invitation as issued and a copy of the newspaper advertisement as published.

(c) Proposal for Prequalification. As soon as the prequalification applications have been evaluated, approval of the Bank shall be obtained to the results of the evaluation before such results are communicated to the applicants for prequalification. For this purpose, the Bank shall, promptly after the evaluation of prequalification application, be furnished with a copy of (i) a list of the applicants for prequalification; (ii) a summary and evaluation of the applications; and (iii) the proposal for prequalification (together with the consultants' recommendations, where applicable).

3. Competitive Bidding

(a) Invitation to Bid and Bidding Documents. The invitation to bid and all related bidding documents (including bidding instructions and conditions, specifications, form and conditions of contract) shall show the loan number and shall be approved by the Bank before they are issued. For this purpose, a copy of the invitation to bid and all related bidding documents shall be submitted to the Bank. The draft bidding documents to be submitted to the Bank for approval shall show all important conditions of bidding including the proposed bidding period and the proposed delivery period.

(b) Issue of Invitation to Bid. As soon as the invitation to bid has been advertised as required in section 2.03, the Bank shall be furnished with a report including a copy of the invitation to bid as issued and a copy of the newspaper advertisement as published.

(c) Proposal for Award. As soon as the bids received have been evaluated, approval of the Bank shall be obtained to the proposal for award of contract before a contract is awarded. For this purpose, the Bank shall be furnished with a copy of (i) an account of the public opening of the bids; (ii) a summary and evaluation of the bids; (iii) the proposal for award (together with the consultants' recommendations, where applicable); (iv) a draft contract; and (v) an appropriate certificate of the eligibility of the proposed contract where required by the Bank. In case the bidding procedure allows for more than one stage, the Bank's approval of the results of the evaluation at each stage shall be obtained before the results are communicated to the bidder.

(d) Award of Contract. Promptly after each contract is awarded, the Bank shall be furnished with two copies of the contract as executed. If the final contract proposed to be executed differs substantially from the draft contract previously approved by the Bank, or if any substantial amendment of the contract is proposed after its execution, the proposed changes shall be submitted to the Bank for prior approval.

Annex 2

GUIDANCE TO BIDDERS

Purpose

1. This Annex 2 provides guidance to potential bidders wishing to participate in the procurement financed by EDCF loans.

Responsibility for Procurement

2. The responsibility for the implementation of the project, and therefore for the payment of goods, works, and services under the Project, rests solely with the Borrower. The Bank, for its part, is required by the Loan Agreement to ensure that funds are paid from the EDCF only as expenditures are incurred. Disbursements of the proceeds of a loan are made only at the Borrower's request. Supporting evidence that the funds are used in accordance with the Loan Agreement and the agreement between the Bank and the Borrower stated in Section 1.02 in these Guidelines shall be submitted with the Borrower's payment application. As emphasized in Section 1.02 of these Guidelines, the Borrower is legally responsible for the procurement. It invites, receives, and evaluates bids, and awards the contract. The contract is made between the Borrower and a supplier or a contractor. The Bank is not a party to the contract.

Bank's Role

3. As stated in Section 1.06 of these Guidelines, the Bank reviews the procurement procedures, documents, bid evaluations, award recommendations, and the contract to ensure that the process is carried out in accordance with agreed procedures, as required in the Loan Agreement. In the case of major contracts, the documents are reviewed by the Bank prior to their issue, as described in Annex 1. Also, if, at any time in the procurement process (even after the award of contract), the Bank concludes that the agreed procedures were not followed in any material respect, the Bank might declare misprocurement, as described in Section 1.07. However, if a Borrower has awarded a contract after obtaining the Bank's "no objection," the Bank will declare misprocurement only if the "no objection" was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower. Furthermore, if the Bank determines that the Bidder recommended for the

award has engaged in corrupt or fraudulent practices, the Bank may reject a proposal for award set forth in Section 1.08 of these Guidelines.

4. The Bank has recommended Standard Bidding Documents (SBDs) issued by the international development institutions such as the World Bank, the Asian Development Bank, etc., as stated in Section 2.05. The prequalification and bidding documents are finalized and issued by the Borrower.

Bidder's Role

5. Once a bidder receives the prequalification or bidding document, the bidder shall study the documents carefully to decide if it can meet the technical, commercial, and contractual conditions, and if so, proceed to prepare its bid. The bidder shall then critically review the documents to see if there is any ambiguity, omission, or internal contradiction, or any feature of specifications or other conditions which are unclear or appear discriminatory or restrictive; if so, it shall seek clarification from the Borrower, in writing, within the time period specified in the bidding documents for seeking clarifications.

6. The criteria and methodology for selection of the successful bidder are outlined in the bidding documents, generally under Instructions to bidders and specifications. If these are not clear, clarification shall be similarly sought from the Borrower.

7. In this connection it shall be emphasized that the specific bidding documents issued by the Borrower govern each procurement, as stated in Section 1.01 of these Guidelines. If a bidder feels that any of the provisions in the documents are inconsistent with these Guidelines, it shall also raise this with the Borrower.

8. It is the responsibility of the bidder to raise any issue of ambiguity, contradiction, omission, etc., prior to the submission of its bid, to assure submission of a fully responsive and compliant bid, including all the supporting documents requested in the bidding documents. Noncompliance with critical (technical and commercial) requirements will result in rejection of the bid. If a bidder wishes to propose deviations to a noncritical requirement, or propose an alternative solution, the bidder shall quote the price for the fully compliant bid and then separately indicate the adjustment in price that can be offered if the

deviation is accepted. Alternative solutions shall be offered only when authorized in the bidding documents. Once bids are received and publicly opened, bidders shall not be required or permitted to change the price or substance of a bid.

Confidentiality

9. As stated in section 2.23 of these Guidelines, the process of bid evaluation shall be confidential until the publication of contract award. This is essential to enable the Borrower and Bank to avoid either the reality or perception of improper interference. If at this stage a bidder wishes to bring additional information to the notice of the Borrower, the Bank, or both, it shall do so in writing.

Debriefing

10. As stated in section 2.31, if, after notification of award, a bidder wishes to ascertain the grounds on which its bid was not selected, it shall address its request to the Borrower.



Economic Development
Cooperation Fund

Guidelines for the Employment of Consultants under the EDCF Loan

ECONOMIC DEVELOPMENT COOPERATION FUND

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Guidelines for the Employment of Consultants under the EDCF Loan

Article I
General

Section 1.01. Introduction

(a) For the efficient and proper preparation and implementation of projects financed in whole or in part by the Export-Import Bank of Korea (the "**Bank**") from the resources of the Economic Development Cooperation Fund (the "**EDCF**"), most Borrowers require the assistance of consultants. The Borrower under these Guidelines refers to the Project Executing Agency, as well.

(b) The purpose of these Guidelines is to indicate the Bank's views as to the proper selection and employment of consultants and to ensure the impartiality of consultants and, in addition, to set forth the general rules to be followed by Borrowers in their use of consultants.

(c) How these Guidelines are to apply to a particular Project financed by the Bank is to be stipulated in the Loan Agreement between the Bank and the Borrower. Terms not otherwise defined herein shall have the meanings ascribed to them in the General Terms and Conditions applicable to EDCF Loan Agreements.

Section 1.02. General Considerations

The Borrower is responsible for preparing and implementing the Project, and therefore for selecting the consultant, and awarding and subsequently administering the contract.

Section 1.03. Need for Consultants

The Bank and the Borrower shall agree on the need to employ consultants and the Terms of Reference for their services either prior to or in the course of the negotiations relating to the Loan. At the same time, the two parties shall agree on the approximate amount of funds required for such services.

Section 1.04. Bank's Files on Consultants

(a) The Bank maintains files of information supplied by a number of consultants concerning their capability and experience. Such information provides a basis for the Bank's assessment of the acceptability of consultants proposed or chosen by Borrowers.

(b) Information in the Bank's files on consultants shall be available to Borrowers who wish to review and assess the experience and qualifications of consultants they are considering for the Project. However, the information available in the Bank's reference files is limited, and it is frequently necessary for the Bank, or the Borrower, to request additional detailed information from a particular consultant in order to form a judgment of its capability to carry out a specific assignment.

(c) The fact that the Bank has been supplied with or has supplied information about a consultant does not entitle that consultant to any contract connected with the Bank. Neither does it indicate that the Bank endorses the consultant's qualifications in general, nor that the Bank will approve that consultant's appointment for any specific Project.

Section 1.05. Advance Contracting and Retroactive Financing

(a) In certain circumstances, advance contracting, whereby the Borrower signs a contract before the signing of the related Loan Agreement may be acceptable in the interests of more rapid and efficient execution of the Project. The consultant selection procedures shall be in accordance with these Guidelines in order for the eventual contracts to be eligible for the financing by the Bank, and the normal review process by the Bank shall be followed.

(b) A Borrower undertakes such advance contracting at its own risk, and any approval of the Bank with the procedures, documentation or proposal for award does not commit the Bank to make a loan for the Project in question. The reimbursement by the Bank of any payments made by the Borrower under the contract prior to the Effective Date of the Loan Agreement is referred to as "Retroactive Financing", and is only permitted within the limit of the Loan specified in the Loan Agreement.

Section 1.06. Bank's Review

The procedures for consultant selection by Borrowers and the terms and conditions of the employment contract between the Borrower and the consultant shall be subject to the review of the Bank. The procedures for the Bank's review are described in Annex 1 attached hereto.

Section 1.07. References to the Bank

(a) The Borrower shall use the following paragraph when referring to the Bank in the Letter of Invitation and contract documents:

"[Name of the Borrower] has received (or in appropriate cases, 'has applied for') a loan from the Export-Import Bank of Korea from the resources of the Economic Development Cooperation Fund of the Republic of Korea in the amount [•] (*loan amount*) toward the cost of the Project (*Name of the Project*), and intends to apply a portion of the proceeds of this loan to payments under the contract for which this invitation to bid is issued.

(b) The terms and conditions of the contract and payments therefore by the Bank shall be subject in all respects to the terms and conditions of the Loan Agreement, including 'Guidelines for the Employment of Consultants under the EDCF Loan'. Except as the Bank may specially otherwise agree, no party other than the Borrower (*Name of the Borrower*) shall derive any rights from the Loan Agreement or have any claim to the loan proceeds."

Section 1.08. Misprocurement

The Bank does not finance expenditures for consulting services if the consultants have not been selected or the services have not been contracted in accordance with the agreed provisions of the Loan Agreement approved by the Bank. In such cases, the Bank shall declare misprocurement, and it is the Bank's policy to cancel that portion of the loan allocated to the services that have been misprocured. The Bank may, in addition, exercise other remedies provided for under the Loan Agreement. Even once the contract is awarded after the approval of the Bank, the Bank may still declare misprocurement if it concludes that the contract was approved on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower or that the terms and conditions of the contract had been modified without Bank's approval.

Section 1.09. Fraud and Corruption

It is the Bank's policy to require that Borrowers (including beneficiaries of Bank loans), as well as consultants under the EDCF-financed contracts, observe the highest standard of ethics during the selection and execution of such contracts. In pursuance of this policy, the Bank:

(a) defines, for the purposes of this provision, the terms set forth below as follows:

(i) "corrupt practice" means the offering, giving, receiving, or soliciting of, directly or indirectly, any thing of value to influence the action of a public official in the selection process or in contract execution;

(ii) "fraudulent practice" means a misrepresentation or omission of facts in order to influence a selection process or the execution of a contract;

(b) shall reject a proposal for award if it determines that the consultant recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question;

(c) shall declare a consultant ineligible, for a period determined by the Bank, to be awarded a contract financed by an EDCF loan if it at any time determines that the consultant has engaged in corrupt or fraudulent practices in competing for, or in executing, a contract financed by an EDCF loan.

Article II
Consulting Services

Section 2.01. Types of Consultants

(a) In general, consultants fall into one or more of the following categories:

(i) Independent Consultants;

(ii) Organizations of a public character, including public corporations and foundations, which also provide consulting services;

(iii) Firms which combine the functions of consultant with those of contractor, manufacturer, supplier, or which are associated with, affiliated to, or owned by contractors, manufacturers, suppliers.

(b) To ensure professional impartiality, firms in category (iii) of paragraph (a) of this Section shall normally be acceptable only if they agree to limit their role to that of consultant and to disqualify themselves and their associates/affiliates from working in any other capacity on the same Project. Therefore, only in special cases and only with clear justification, may the Bank and the Borrower agree to permit firms in category (iii) and/or their associates/affiliates to be invited to on the Project as contractors or suppliers, if they are also employed on the same Project as consultants.

Section 2.02. Types of Assignments

The services of consultants used by the Borrowers often include: (i) Pre-investment studies: including studies to establish investment priorities and sector policies, to assess governmental operations and institutions for project formulation and implementation, and to determine the feasibility and justification of investment projects; (ii) Detailed engineering and design: including preparation of detailed designs, specifications, cost estimates and tender documents; and (iii) Project implementation: including supervision of project execution, assistance in project operation for an initial period, execution of training programs, and institution building or financial studies for the successful implementation of projects.

Section 2.03. Responsibilities of Consultants

(a) The consultant shall at all times exercise all reasonable skill, care, and diligence in the discharge of its duties and shall be responsible for the accuracy and completeness of its work.

(b) In all professional matters the consultant shall act as a faithful adviser to the Borrower. The Borrower may, however, delegate to the consultant the authority to act on its behalf and to make final decisions on certain matters, especially as to design, tests, certification of invoices, acceptance of equipment, and certification of completion of work. The nature of and the limits to such delegation of authority to the consultant shall be clearly defined in the Terms of Reference and in the contract between the Borrower and the consultant.

(c) In case of differences of opinion between the Borrower and the consultant on any important matters involving professional judgement that might affect the proper evaluation or execution of the Project, the consultant shall promptly submit to the Borrower a written report, which the latter shall forward to the Bank with its comments, in time to allow the Bank to study it and communicate with the Borrower before any irreversible step are taken in such matters. In cases of urgency, the consultant shall have the right to insist that the matter be raised immediately with the Bank for discussion.

Section 2.04. Competence of Consultants

In order to ensure the efficient and proper execution of the Project as specifically required by the Loan Agreement, it is essential that consultants employed on the Projects clearly possess the necessary competence.

Section 2.05. Impartiality of Consultants

In order to ensure that the goods and services used for the Projects are suitable and their cost reasonable, and in order to ensure also that designs and specifications in no way limit the Bank's requirements regarding competitive bidding, it is also essential that consultants employed on the Projects shall be demonstrably impartial.

Article III
Procedures for Selection of Consultants

Section 3.01. General

(a) The Bank normally requires Borrowers to adopt the following procedures in the selection and employment of consultants:

(i) Preparation of the Terms of Reference and cost estimates;

(ii) Preparation of a Short List of Consultants;

(iii) Invitation to submit proposals;

(iv) Evaluation of proposals; and

(v) Negotiation of a contract.

(b) The Bank may, however, accept the Borrower's employment of a specific consultant in cases of the following:

(i) Where the consultant has already satisfactorily carried out services for the project concerned, such as preparation of a pre-investment study;

(ii) Where the consultant has satisfactorily carried out services on a project closely related and/or similar to the Project concerned;

(iii) Where the consultant is considered to be the only firm qualified to provide the services required; or

(iv) Where the consultant is considered to be the best for the services required for other adequate reasons.

(c) All documents relating to the selection and employment of consultants are to be in English. If another language is used in those documents, a full English text is to be incorporated in them and it shall be specified which is governing.

Section 3.02. Terms of Reference

(a) The Terms of Reference are the initial statement to the consultant of the work that is required to and, with eventual modifications, form an integral part of the contract which governs the work that the consultant is to perform.

(b) Normally, the Terms of Reference should contain the following:

(i) a precise statement of the objectives of the assignment;

(ii) the scope and timing of the required services;

(iii) the inputs to be provided by the Borrower; and

(iv) particulars of the output (i.e., reports, drawings, etc.) required by the consultant.

Section 3.03. Short List of Consultants

(a) The selection of a consultant for a particular assignment usually begins with the preparation of a Short List of Consultants to be invited to submit proposals.

(b) Such a Short List shall normally consist of not less than three and not more than five consultants.

(c) Should the Borrower find it difficult to compile a satisfactory Short List of qualified consultants from the information available to it from its own past experience and other sources, the Bank shall, at the request of the Borrower, make available information on consultants, from which the Borrower may draw up its own Short List.

Section 3.04. Invitation for Proposals

(a) After the completion of a Short List of Consultants, the Letter of Invitation shall be sent to the "short-listed" consultants to submit their proposals.

(b) The Letter of Invitation shall include the Terms of Reference and any other supplementary information (which may include estimated man-months) concerning the proposed work and the conditions under which the work is to be performed.

(c) Except as otherwise provided in Section 3.07, the Letter of Invitation shall clearly indicate that financial terms are not to be included in the proposals at this stage, that the selection shall be made on the basis of qualifications to perform the work, and that financial terms shall be discussed and agreed only at the time of contract negotiations with the selected consultant.

(d) The Letter of Invitation shall also stipulate the details of the selection procedure to be followed, including the technical evaluation categories and an indication of the weight to be given to each.

Section 3.05. Evaluation of Proposals

(a) Proposals received by the Borrower in response to the invitation shall be evaluated in accordance with the criteria stipulated in the Letter of Invitation. Such criteria shall normally include:

(i) The consultant's general experience and performance record in the field covered by the Terms of Reference;

(ii) The adequacy of the proposed approach, methodology and work plan; and

(iii) The experience and records of the staff members to be assigned to the work.

(b) The relative importance of the above-mentioned three factors will vary with the type of consulting services to be performed, but in the overall rating of the proposals most weight shall normally be given either to the qualifications of the staff members to be assigned to the Project or to the approach and methodology, rather than to the reputation or fame of the consultant.

(c) The qualifications of the staff members to be assigned to the Project should be evaluated on the basis of the following three criteria:

(i) General qualifications (education, length of experience, types of position held, duration of service with the consultant, etc.);

(ii) Suitability for the Project (experience in performing the duties which will be

assigned to them in the Project); and

(iii) Familiarity with the language and the conditions of the country in which the work is to be performed, or experience in similar environments.

(d) In its evaluation of the proposals, the borrower shall use numerical ratings and prepare an evaluation report. Such evaluation report should normally give detailed information on the organization responsible for the evaluation, selection criteria and relative weight distribution.

Section 3.06. Contract Negotiations

(a) After the evaluation of the proposals has been completed, the Borrower shall invite the first-ranked consultant to enter on negotiations on the conditions (including costs and financial terms) of a contract between them.

(b) If the two parties are unable to reach agreement on a contract within a reasonable time, the Borrower shall terminate the negotiations with the first-ranked consultant and invite the consultant who ranked second in the evaluation to enter on negotiations. This procedure will be followed until the Borrower reaches agreement with a consultant.

(c) While there shall be some flexibility in work plans, staff assignment and major work inputs which have been previously agreed as appropriate for the assignment should not be materially modified to meet a budget.

Section 3.07. Informing Unsuccessful Consultants

Promptly after completion of negotiations with the selected consultant, the Borrower shall notify the other consultants on the Short List that they have been unsuccessful.

Section 3.08. Debriefing

In the notification referred to in Section 3.07., the Borrower shall inform the short-listed consultants that any consultant who wishes to ascertain the grounds on which its proposal was not selected, shall request an explanation from the Borrower. The Borrower shall promptly provide the explanation as to why such proposal was not selected, either in writing and/or in a debriefing meeting, at the

option of the consultant. The requesting consultant should bear all the costs of attending such a debriefing.

Section 3.09. Two-Envelope System

Notwithstanding the Bank's general policy, set forth in Section 3.04 above, that proposals be invited from consultants without financial terms, the Borrower may, if it so prefers, invite price proposals together with technical proposals, by utilizing a "two-envelope system" according to the following procedures:

(i) A technical proposal and a financial proposal shall be obtained simultaneously but in separate envelopes from each of the "short-listed" consulting firms. The financial proposals shall be submitted in sealed envelopes;

(ii) The technical proposals shall first be evaluated and ranked, and the financial proposals shall be kept separate and unopened;

(iii) The first-ranked firm shall then be invited for contract negotiations and the financial envelope of this firm shall be opened in the presence of the firm;

(iv) If acceptable financial terms cannot be agreed upon with the first-ranked firm, negotiations shall be terminated with the concurrence of the Bank, and the firm next in ranking shall be invited for negotiations (and so on, if necessary until an agreement is concluded); and

(v) When a contract has been successfully negotiated, the financial envelopes of the remaining firms must be returned to them unopened.

Section 3.10. Special Selection Procedures

(a) The application of the general procedures for selection of consulting firms set forth in Sections 3.01 to 3.09 above may be waived by the Bank in exceptional cases if there is adequate justification, such as where only one firm may be invited to submit proposals because of its previous involvement in the same Project or in a closely related project.

(b) Before initiating a negotiation with a prospective consultant pursuant to paragraph (a) of Section 3.10 above, the Borrower shall review the capability of the prospective consultant to perform the particular contract satisfactorily. The Bank shall be furnished with a copy of the report including the selection method for its review.

Article IV
Contract

Section 4.01. General

The contract between the Borrower and the consultant shall be prepared in such detail as to adequately protect the interests of both parties to the contract. As a rule, the contract shall, *inter alia*, include the principal clauses outlined below.

Section 4.02. Scope of Project and of Consulting Services

The contract shall describe in detail the scope and duration of the Project and of the services to be rendered by the consultant.

Section 4.03. Responsibilities of Parties to Contract

(a) The contract shall clearly describe the responsibilities of the Borrower and the consultant and the relationship between them.

(b) Where the consultant is a joint venture or other form of association of several firms, the contract shall clearly state whether they will be "jointly and severally" responsible for performance under the contract, or whether one firm will be "solely" responsible, and shall state which firm will be acting on behalf of the joint venture (or other type of association of firms) in all its relations and communications with the Borrower.

Section 4.04. Contract Amount

The contract should clearly state the total amount, or ceiling, of fees to be paid to the consultant.

Section 4.05. Description of Consultant's Fees

(a) The personnel costs and fees necessary for fulfillment of the contract shall normally be expressed in terms of fixed "man-month rates" for each expert staff member to be provided by the consultant. The "man-month rate" shall cover the basic salary of the staff member, the firm's overheads (including financial, social security and other benefits payable to, or for, the staff member, such as vacation pay, sick leave pay, insurance, etc.) and the consultant's fee.

(b) The contract shall normally include an amount set aside for contingencies, such as unexpected work and rising costs, which the consultant may not use, however, without the written approval of the Borrower.

Section 4.06. Currency

Costs and fees shall normally be expressed in Korean Won, provided that costs and fees to be disbursed in US Dollars under the provisions of the Loan Agreement may be expressed in that currency.

Section 4.07. Conditions and Methods of Payment

(a) The contract shall specify the conditions and methods of payment, the currency or currencies in which payment is to be made, and the rate of exchange for any currency conversions, if required.

(b) Payments to the consultant should be scheduled in such a manner as roughly to keep pace with its expenditures. In line with this concept, the contract may, when appropriate, provide for the following:

(i) An advance payment to the consultant at the time the contract becomes effective that will approximately cover its initial reimbursable expenses; and

(ii) Withholding of the final payment until all services covered by the contract have been completed, or certain performance guarantees have been given.

In case of (ii) above, however, the final payment shall be made within the disbursement period stipulated in the Loan Agreement.

Section 4.08. Services to be Provided by Borrower

The contract shall clearly specify the services and facilities to be provided by the Borrower, such as counterpart staff, maps, aerial photographs, data and statistics, office space, housing, vehicles and equipment.

Section 4.09. Serious Hindrances

The contract shall require the consultant to report to the Borrower promptly the occurrence of any event or condition which might delay or prevent completion of any significant part of the Project in accordance with the agreed schedules, and indicate what steps should be taken to meet the situation.

Section 4.10. Reports

The contract shall specify the scope, number, type and frequency of the reports to be submitted by the consultant to the Borrower.

Section 4.11. Modifications

The contract shall provide that it may only be modified by an agreement in writing between the parties to the contract.

Section 4.12. Force Majeure

The contract shall provide that failure on the part of either party to perform its obligations under the contract would not be considered a default if such failure is due to force majeure as defined in the contract.

Section 4.13. Termination

The contract shall include a clause specifying in detail on what conditions either party may terminate the contract and a clause stipulating procedures to be followed by the party wishing to terminate the contract. The contract shall clearly state the rights and obligations of both parties in the event of termination of the contract.

Section 4.14. Settlement of Disputes

The contract shall establish the procedures to be followed in case of a dispute arising between the Borrower and the consultant in connection with the contract.

Section 4.15. Applicable Laws

The contract shall stipulate the laws which are to govern its interpretation and performance.

Section 4.16. Language

The contract shall normally be prepared in English. If another language is used in the contract, a full English text shall be incorporated in the contract and it shall be stipulated which is governing.

Annex 1

REVIEW BY THE BANK OF THE SELECTION OF CONSULTANTS

Except as the Bank may otherwise agree, the following procedures shall be subject to the Bank's approval.

(a) Before proposals are invited from consultants, the Borrower shall submit to the Bank, for the Bank's approval, the Terms of Reference, Short List of Consultants, and draft Letter of Invitation.

(b) Before inviting the highest-ranked consultant to enter on contract negotiations, the Borrower shall send to the Bank, for the Bank's approval, the results of its evaluation of proposals received.

(c) When, as provided for in Section 3.06 (b) of the Consultant Guidelines, the Borrower wishes to terminate the contract negotiations with the highest-ranked consultant and invite the second-ranked consultant to enter on negotiations, the Borrower shall inform the Bank of this fact, stating its reasons for the Bank's reference.

(d) If the Borrower wishes, as provided for in Section 3.01 (b) of the Consultant Guidelines, to employ a specific consultant, the Borrower shall inform the Bank in writing of its reasons, for the Bank's approval.

(e) Promptly after executing a contract, the Borrower shall submit to the Bank, for the Bank's approval, one certified copy of the Contract.

Any modification or cancellation of a contract approved by the Bank shall require the prior written consent of the Bank thereto, provided, however, that any change which does not constitute an important modification of the contract and which does not affect the contract price shall not require such consent of the Bank.

Annex 2

GUIDANCE TO CONSULTANTS

Purpose

1. This annex provides guidance to consultants wishing to provide consulting and professional services financed from the resources of the EDCF.

Responsibility for Selection of Consultants

2. The responsibility for the implementation of the Project, and therefore for the payment of consulting services under the Project, rests solely with the Borrower. Disbursements of the proceeds of a loan are made only at the Borrower's request. Supporting evidence that the loans are used in accordance with the Loan Agreement shall be submitted with the Borrower's withdrawal application. Payment may be made (a) to reimburse the Borrower for payment(s) already made from its own resources, (b) directly to a third party (to the consultant). As emphasized in Section 1.02 of these Guidelines, the Borrower is responsible for the selection and employment of consultants. It invites, receives, and evaluates proposals and awards the contract. The contract is made between the Borrower and the consultant. The Bank is not a party to the contract.

Bank's Role

3. The Bank reviews the Letter of Invitation, the evaluation of proposals, award proposal, and contract to ensure that the process is carried out in accordance with agreed procedures, as required in the Loan Agreement. For all contracts subject to Bank's review, the Bank reviews the documents before they are issued, as described in Annex 1. Also, if at any time in the selection process (even after the award of contract) the Bank concludes that the agreed procedures were not followed in any substantial respect, the Bank may declare

misprocurement, as described in section 1.08. However, if the Borrower has awarded a contract after obtaining the Bank's approval, the Bank shall declare misprocurement only if the approval was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower. Furthermore, if the Bank determines that the consultant recommended for the award has engaged in corrupt or fraudulent practices, the Bank may reject a proposal for award set forth in section 1.09 of these Guidelines.

Consultants' Role

4. When consultants receive the Letter of Invitation, and if they can meet the requirements of the terms of reference and the commercial and contractual conditions, they shall make the arrangements necessary to prepare a responsive proposal (for example, visiting the country of the assignment, seeking associations, collecting documentation, setting up the preparation team). If the consultants find in the Letter of Invitation documents - especially in the selection procedure and evaluation criteria - any ambiguity, omission or internal contradiction, or any feature that is unclear or that appears discriminatory or restrictive, they shall seek clarification from the Borrower, in writing, within the period specified in the Letter of Invitation for seeking clarifications.

5. In this connection, it shall be emphasized that the specific Letter of Invitation issued by the Borrower governs each selection, as stated in these Guidelines. If consultants feel that any of the provisions in the Letter of Invitation are inconsistent with these Guidelines, they shall also raise this issue with the Borrower.

6. Consultants shall ensure that they submit a fully responsive proposal including all the supporting documents requested in the Letter of Invitation. It is essential to ensure accuracy in the curricula vitae of key staff submitted with the proposals. Once technical proposals are received and opened, consultants shall not be required nor permitted to change the substance, the key staff, and so forth. Similarly, once financial proposals are received, consultants shall not be required or permitted to change the quoted fee and so forth.

Confidentiality

7. The process of proposal evaluation shall be confidential until the announcement of contract award, except for the disclosure of the technical points as indicated. Confidentiality enables the Borrower and the Bank to avoid either the reality or perception of improper interference. If, during the evaluation process, consultants wish to bring additional information to the notice of the Borrower, the Bank, or both, they shall do so in writing.

Debriefing

8. If after contract award, a consultant wishes to ascertain the grounds on which its proposal was not selected, it shall address its request to the Borrower as indicated in section 3.08.



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Disbursement Procedures under the EDCF Loan

ARTICLE I
General

Section 1.01. Purpose

The purpose of these Disbursement Procedures (the "**Disbursement Procedures**") is to set forth the procedures to be followed by the Borrowers (and the Project Executing Agencies where applicable) for disbursement of proceeds of Loans extended by the Export-Import Bank of Korea (the "**Bank**") from the resources of the Economic Development Cooperation Fund (the "**EDCF**"). Terms not otherwise defined in the Disbursement Procedures shall have the meanings ascribed to them in the "General Terms and Conditions Applicable to EDCF Loan Agreements."

Section 1.02. Standard Procedures

(a) The standard procedures for disbursement of EDCF Loans consist of:

(i) Commitment Procedure;

(ii) Reimbursement Procedure; and

(iii) Direct Payment Procedure.

(b) The Borrower may use any or all of these procedures in accordance with the provisions of the relevant Loan Agreement.

Section 1.03. Minimum Amount of Application

The amount of each application for disbursement shall not be less than Thirty Million Korean Won (₩30,000,000) or its equivalent except the final disbursement under the Loan Agreement.

Section 1.04. Advice of Disbursement to the Borrower

The Bank will expeditiously process each disbursement application received from the Borrower. If and to the extent the disbursement application is approved, payment is promptly arranged and the Borrower shall be advised of such disbursement. If for any reason the application is not approved, the Bank shall promptly notify the Borrower of the extent of disapproval with reasons.

Section 1.05. Expenses

All banking charges or fees accrued in connection with the disbursement procedures are for the Borrower's account, provided, however, that such charges or fees may be borne by the supplier, contractor or consultant (collectively the "**Supplier**") according to the terms of the relevant supply contract.

Article II
Commitment Procedure

Section 2.01. Introduction

(a) Under the Commitment Procedure, the Borrower shall arrange an irrevocable letter of credit (the "**Letter of Credit**") issued in favor of the Supplier to make payment for the import of goods and services which are eligible for financing under the Loan Agreement.

(b) The Letter of Credit shall provide that a bank doing business in the Supplier's country (the "**Advising Bank**") shall reimburse itself from a designated Korean foreign exchange bank in Seoul (the "**Paying Bank**").

(c) The Paying Bank shall obtain reimbursement from the Bank under the assurance of the Bank. Such assurance, whenever provided, takes the form of a letter of commitment (the "**Letter of Commitment**") whereby the Bank undertakes to reimburse, on certain conditions, the amount paid or to be paid by the Paying Bank under and in accordance with the specified Letter of Credit.

Note: When the Advising Bank is a designated foreign exchange bank in Seoul, the Advising Bank is identical to the Paying Bank.

Section 2.02. Issuance of the Letter of Credit and the Letter of Commitment

(a) The Borrower or its designated authority shall request the foreign exchange bank in the Borrower's country as designated in the Loan Agreement (the "**Issuing Bank**") to issue the Letter of Credit in accordance with the terms of the relevant supply contract.

(b) The Issuing Bank shall issue the Letter of Credit, on behalf of and under authorization of the Borrower, in favor of the Supplier through the Advising Bank substantially in the form of Annex 1 for goods and in the form of Annex 2 for services respectively. The Paying Bank shall send a copy of the Letter of Credit to the Bank in order to obtain the Letter of Commitment from the Bank.

(c) When the Bank finds such Letter of Credit in order and in conformity with the provisions of the Loan Agreement and the terms of the contract concerned, the Bank shall issue the Letter of Commitment to the Paying Bank in the form of Annex 3.

(d) Upon receipt of the Letter of Commitment, the Paying Bank shall send the Letter of Credit, which shall become effective when the Paying Bank acknowledges receipt of the Letter of Commitment from the Bank, to the Supplier through the Advising Bank. The Paying Bank shall simultaneously send a copy of the Letter of Commitment to the Issuing Bank.

Section 2.03. Bank's Reimbursement

(a) The Advising Bank shall make payment to the Supplier pursuant to the Letter of Credit and request the Paying Bank to reimburse the funds by sending one set of documents specified in the Letter of Credit. Simultaneously the Advising Bank shall send the remaining sets of documents directly to the Issuing Bank.

(b) Upon receipt of such request, the Paying Bank shall present to the Bank the Request for Reimbursement in the form of Annex 4 attached hereto.

(c) The Bank shall, within fifteen (15) business days of its receipt of the Request for Reimbursement, make reimbursement of the requested amount to the Paying Bank in accordance with the Letter of Commitment. Such reimbursement by the Bank shall constitute a valid disbursement of the Loan under the Loan Agreement.

Section 2.04. Contract in US Dollar

(a) In case the relevant contract is fixed and payable in US Dollars, Forms EDCF-LC1 and EDCF-LC2 attached hereto shall be applied mutatis mutandis to that case.

(b) The amount of the Letter of Commitment and the Request for Reimbursement shall be stated in US Dollars.

Section 2.05. Others

(a) Care should be taken to ensure that an agreement on the Letter of Credit, and on the method of the reimbursement be concluded between the Paying Bank, the Issuing Bank and the Borrower or its designated authority after the signing of the Loan Agreement.

(b) Claims or disputes in connection with aforementioned Letter of Credit shall be settled among the parties concerned and such claims or disputes shall not exempt the Borrower from any obligation under the Loan Agreement concerned.

Article III
Reimbursement Procedure

Section 3.01. Introduction
The Reimbursement Procedure is to be followed in cases where the Borrower has made payments which are eligible for financing under the Loan Agreement.

Section 3.02. Application for Disbursement
The Borrower shall request the Bank to make disbursement for a sum not exceeding the amount actually paid by the Borrower by sending to the Bank an Application for Disbursement in the form of Annex 5 and its Summary Sheet in the form of Annex 6.

Section 3.03. Supporting Documents
The Borrower shall submit to the Bank following documents in support of the Application for Disbursement. It is not necessary to furnish original documents; a photocopy will suffice.

(a) For all cases described in (b) through (e) below:

(i) the contract or confirmed purchase order[1)] - showing that the payment was due, and

(ii) evidence of payment[2)] - showing the date and amount paid.

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1) If this has already been furnished to the Bank, a reference to the letter or documents with which it was sent earlier should be given in the "Footnote" of the Summary Sheet.

2) Such as a bill of exchange, a cancelled bank check, a demand draft, a simple receipt, or a bank's remittance advice, etc.

(b) For payment against delivery/shipment of goods; in addition to (a) above:

(i) supplier's invoice - indication of the goods, quantities and prices, and

(ii) bill of lading or other similar documents.

(c) For payments made prior to delivery/shipment of goods:

Only those listed in (a) above. However, as promptly as the supplier's invoice and the bill of lading become available, copies of these documents should be furnished to the Bank.

(d) For payments for consultants and other services; in addition to (a) above:

(i) bill, claim or invoice of the consultants or suppliers of services rendered and amount payable to them. If such services relate to the importation of goods (e.g., freight, insurance payments), adequate reference should be given to enable the Bank to relate each of these items to specific goods which are eligible for financing by the Bank.

(e) For payments under civil works contracts; in addition to (a) above:

(i) bill, claim or invoice of the contractor- showing, in sufficient details, the work performed by the contractor and amount claimed therefor, and

(ii) certificate - signed by the chief engineering officer of the Borrower assigned to the Project, to the effect that the work performed by the contractor is satisfactory and in accordance with the terms of the contract.

Section 3.04. Bank's Disbursement

When the Bank finds the Application for Disbursement and its supporting documents in order and in conformity with the provisions of the Loan Agreement and the terms of the relevant contract, the Bank shall make disbursement. Disbursement shall be made within fifteen (15) business days from the date of receipt of the Application by paying into the account of the Borrower with a bank designated by the Borrower. Such reimbursement shall constitute a valid disbursement of the Loan under the Loan Agreement.

Article IV
Direct Payment Procedure

Section 4.01. Introduction
Under the Direct Payment Procedure, payment to be financed from the EDCF Loan may be paid to the Supplier by the Bank. Accordingly, the Borrower may request the Bank to pay the due amount to the Supplier's account with a bank as designated by the Borrower.

Section 4.02. Application for Payment
The Borrower shall present an Application for Payment in the form of Annex 7 and its Summary Sheet in the form of Annex 8. The Application for Payment should show clearly the specific amount to be paid as well as the date on which such amount would become due for payment.

Section 4.03. Supporting Documents
The Borrower should submit to the Bank following documents in support of the Application for Payment. It is not necessary to furnish original documents; a photocopy will suffice.

(a) The contract or purchase order under which the specified amount is due to be made; unless it has already been furnished to the Bank.

(b) If payment to be made relates to shipment of goods, the supplier's invoice showing items of shipment should be furnished; if shipment has already been effected, the relevant bill of lading should also be furnished.

(c) If payment to be made relates to rendering of services, the supplier's or consultant's claim showing sufficient details should be furnished.

(d) If payment to be made relates to work performed under a civil works contract, the claim of the contractor showing the work performed and amount due to be paid should be furnished; a certificate, to the effect that the work has been performed satisfactorily and that the payment claimed by the contractor is due under and in accordance with the terms of the contract, should also be furnished by the chief engineering officer of the Borrower assigned to the Project.

Section 4.04. Bank's Payment
When the Bank finds the Application for Payment and its supporting documents in order and in conformity with the provisions of the Loan Agreement and the

terms of the contract concerned, the Bank shall pay the requested amount. The payment shall be made by depositing the amount into the account of the Supplier with a bank as designated by the Borrower within fifteen (15) business days or on the date as specified in the Application whichever is later. Such payment by the Bank shall constitute a valid disbursement of the Loan under the Loan Agreement.

Annex 1 (Form EDCF-LC1)

IRREVOCABLE LETTER OF CREDIT

Date:
L/C No.:

To: *(Name and address of the Advising Bank)*

This Letter of Credit has been issued pursuant to EDCF Loan Agreement No. [•], dated [•] (*Name and address of the Borrower*) and THE EXPORT-IMPORT BANK OF KOREA

Dear Sirs,

We request you to advise [•] (*Name and address of the Supplier*) that we have opened our irrevocable credit No.[•] in their favor for account of [•] (*Name of the Borrower*) for a sum or sums not exceeding an aggregate amount of [•] available by beneficiary's drafts at sight for full invoice value drawn on (*the designated Korean foreign exchange bank in Seoul*),

To be accompanied by the following documents:

Signed commercial invoice in [•]
Packing list in [•]
Certificate of Origin in [•]
Full set of clean on board ocean bills of lading made out to order and blank endorsed and marked "Freight [•] " and "Notify [•] " (Other documents)

evidencing shipment of (*Brief description of goods referring to Contract No.* [•]) from [•] to [•] Partial shipments are [•] permitted. Transshipment is [•] permitted. Bills of lading must be dated not later than [•], 20____. Drafts must be presented to the drawee not later than [•], 20_____.

All drafts and documents under this credit must be marked "Drawn under [•] (*Name of the Issuing Bank*) irrevocable credit No. [•] dated [•], 20_____, and Import Reference No(s). [•] (if any)".

This credit is not transferable.

We hereby undertake that all drafts drawn under and in compliance with the terms of this credit shall be duly honored on due presentation and delivery of documents to the drawee.

Unless otherwise expressly stated, this credit is subject to "Uniform Customs and Practice for Documentary Credits (1993 Revisions), International Chamber of Commerce Brochure No. 500."

Special Instructions to the Negotiating Bank:

1. This credit shall become effective when [•] (*the designated Korean foreign exchange bank in Seoul*) acknowledges receipt of the Letter of Commitment from THE EXPORT-IMPORT BANK OF KOREA under the aforementioned Loan Agreement. After obtaining the reimbursement from THE EXPORT-IMPORT BANK OF KOREA in accordance with the provisions of the Letter of Commitment, [•] (*the designated Korean foreign exchange bank in Seoul*) shall undertake to remit the amount of the drafts in accordance with instruction issued by you.

2. You must forward the drafts and one complete set of documents to (the designated Korean foreign exchange bank in Seoul) together with the certificate stating that the remaining documents have been airmailed direct to us.

Yours faithfully,

(Name of the Issuing Bank)

(Authorized Signature)

PAYMENT TERMS

This payment terms constitutes an integral part of our Letter of Credit No. [•].

I. Initial Payment
Amount: [•] being [•] % of the total contract price.
Required documents:
Latest presentation date:

II. Intermediate Payment (if any)
Amount: [•] being [•] % of the total contract price.
Required documents:
Latest presentation date:

III. Payment against Shipping Documents
Amount: [•] being [•] % of the total contract price.

Note: This attached sheet is not required in case of full payment against shipping documents.

Annex 2 (Form EDCF-LC2)

IRREVOCABLE LETTER OF CREDIT

Date:
L/C No.:

To: *(Name and address of the Advising Bank)*

This Letter of Credit has been issued pursuant to EDCF Loan Agreement No. _____, dated _____ between *(Name and address of Borrower)* and THE EXPORT-IMPORT BANK OF KOREA

Dear Sirs,

We request you to advise [•] (*Name and address of the Supplier*) that we have opened our irrevocable credit No. [•] in their favor for account of [•] (*Name of the Borrower*) for a sum or sums not exceeding an aggregate amount of [•] available by beneficiary's drafts at sight for full invoice value drawn on [•] (*the designated Korean foreign exchange bank in Seoul*).

To be accompanied by the following documents, in accordance with the Payment Schedule attached hereto, concerning (*Contract No.* [•] *with regard to* [•] *Project*).

Drafts must be presented to the drawee not later than [•], 20____. All drafts and documents must be marked "Drawn under [•] (*Name of the Issuing Bank*) irrevocable credit No. [•] dated [•], 20____.

This credit is not transferable.

We hereby undertake that all drafts drawn under and in compliance with the terms of this credit shall be duly honored on due presentation and delivery of documents to the drawee.

Unless otherwise expressly stated, this credit is subject to "Uniform Customs and Practice for Documentary Credits (1993 Revisions), International Chamber of Commerce Brochure No. 500."

Special Instructions to the Negotiating Bank:

1. This credit shall become effective when [•] (*the designated Korea foreign exchange bank in Seoul*) acknowledges receipt of the Letter of Commitment from THE EXPORT-IMPORT BANK OF KOREA under the aforementioned Loan Agreement.

   After obtaining the reimbursement from THE EXPORT-IMPORT BANK OF KOREA in accordance with the provisions of the Letter of Commitment, [•] (*the designated Korean foreign exchange bank in Seoul*) undertakes to remit the amount of the drafts in accordance with instructions issued by you.

2. You must forward the drafts and one complete set of documents to [•] (*the designated Korean foreign exchange bank in Seoul*) together with the certificate stating that the remaining documents have been airmailed direct to us.

Yours faithfully,

(*Name of the Issuing Bank*)

(*Authorized Signature*)

PAYMENT SCHEDULE

The payment schedule constitutes an integral part of our Letter of Credit No. [•].

I. Initial payment
Amount: [•] being [•] % of the total contract price.
Required documents: Beneficiary's statement
Latest presentation date:

II. Progress payment
Aggregate amount: [•] being [•] % of the total contract price to be paid as follows:

	Amount due	Latest Presentation
1st Installment:	_____	_____
2nd Installment:	_____	_____
_____:	_____	_____

Required documents: a copy of Statement of Performance issued by (*Borrower or its designated authority*), a form of which is attached hereto.

STATEMENT OF PERFORMANCE

Date:
Ref. No.:

To (*Name and address of the Supplier*)

Re: Letter of Credit No. [•], dated [•] issued by [•] for (*Amount*) in favor of [•] concerning [•] Project under EDCF Loan Agreement No. [•] .

I, the undersigned, representing [•] (*Name of the Borrower*), hereby issue a Statement of Performance to entitle [•] (*Name of the Supplier*) to receive the sum of (*Amount*) THE EXPORT-IMPORT BANK OF KOREA in accordance with the Payment Terms stipulated in the Contract No. , dated , between [•] (*Name of Supplier*) and [•] (*Name of Purchaser*).

(*Name of Borrower*)

(*Authorized Signature*)

Special Instruction:

The details of the actual performance shall be stated in the sheet attached hereto.

Annex 3 (Form EDCF-LOC)

LETTER OF COMMITMENT

Date:
Commitment No.:

To: (*Name and address of Paying Bank*)

Reference: Letter of Credit No. [•] dated [•], issued by [•] for [•] (*Amount*) in favor of[•] (*Name of the Supplier*).

Gentlemen:

We hereby irrevocably undertake to reimburse you for a sum or sums not exceeding [•] against the Request for Reimbursement, accompanied by a copy of the drafts drawn by the beneficiary, within fifteen (15) business days of our receipt of the Request.

This Letter of Commitment shall expire on [•].

It is further understood that in reimbursing you pursuant to this Letter of Commitment, we shall in no way be liable or responsible for the acts or omissions of the issuing bank, the negotiating bank, the beneficiary and/or any other parties concerned with the captioned Letter of Credit in connection with the issuance, negotiation, payments thereof or any other matters connected therewith.

Yours truly,

The Export-Import Bank of Korea

(*Authorized Signature*)

Annex 4 (Form EDCF-RFR)

REQUEST FOR REIMBURSEMENT

Date:
Ref. No.:

To: The Export-Import Bank of Korea Seoul, Korea
Attn: Director, EDCF Department

Re: Loan Agreement (No. [•]) dated [•]
Country: [•]
Letter of Credit No. [•]
Letter of Commitment No. [•]

Gentlemen,

We have received the documents concerning the supply of [•] (*quantity and description of goods or services according to the Letter of Credit*) and found them in order and in conformity with the terms of the said Letter of Credit.

Pursuant to the above Letter of Commitment, we hereby request you to make reimbursement to us from the above Loan with the following particulars:

(a) Amount of Reimbursement:
(b) Amount of the Draft:
(payable under the said Letter of Credit):
*(c) Rate of Exchange
(d) Date of Reimbursement:

Yours truly,

*(Name of Paying Bank)*_____

(Authorized Signature _____)
Name :
Title :

Enclosed: _____

* Delete if not applicable.

Annex 5 (Form EDCF-AFD(1))

APPLICATION FOR DISBURSEMENT

Date :
Loan Agreement No.:
App. Serial No.:

To : The Export-Import Bank of Korea
Seoul, Republic of Korea

Attn : Director, EDCF Department

Gentlemen,

1. Pursuant to the Loan Agreement No. [•] dated[•] between THE EXPORT-IMPORT BANK OF KOREA (hereinafter referred to as the "Bank") and [•] *(Name of the Borrower)*, the undersigned hereby requests disbursement of the sum of [•] *(Amount)* in reimbursement of expenditures as described in the attached Summary Sheet(s).

2. For such reimbursement, please make disbursement of the requested amount by paying it into the account of [•] *(Name of the Borrower)* (*account no.* ____) with *(Name and Address of the Authorized Bank)* on *(Date of Disbursement)*.

3. The undersigned has not previously requested for disbursement of any amounts from the Loan for the purpose of reimbursing or of meeting the expenditures described in the attached Summary Sheet(s). The undersigned has not obtained nor will obtain funds for such purpose out of any other loan, credit or grant available to the undersigned except short-term loans or credits, if any, established in anticipation of the disbursement requested herein and to be repaid pro tanto with the funds disbursed hereunder and any charges, commission or interest paid or payable under such anticipatory short-term credits are not included in the amount herein requested to be disbursed.

4. The undersigned certifies that:

(a) the expenditures, hereby sought to be reimbursed, were made for the purposes specified in the Loan Agreement;

(b) the goods and services purchased with these expenditures have been procured in accordance with the applicable procurement procedures agreed upon with the Bank pursuant to the said Loan Agreement and the cost and terms of purchase thereof are reasonable;

(c) the said goods and services were or will be supplied by the supplier(s) specified in the attached Summary Sheet(s) and were or will be produced in (or, in the case of services, supplied from) the eligible source country (countries) under the Loan Agreement; and

(d) as of the date of this request there is no existing default under the Loan Agreement, nor, to the best of the undersigned's knowledge and belief, under the Guarantee, if any.

5. This request consists of (*Number*) page(s) and (*Number*) signed and numbered Summary Sheet(s).

(Name of the Borrower)

(Authorized Signature)
Name :
Title :

Enclosed :

Annex 6 (Form EDCF-AFD(2))

Summary Sheet of Disbursement

Date:
Loan Agreement No.:
App. Serial No.:

Summary Sheet No. [•]
No. and Title of Category/Subcategory _[•]
(For more than ten items, use additional sheet(s) with same number)

1	2	3	4	5	6	7	8	9	10	11
Item No.	Delivery date	Country of Origin	Description of Goods and Services	No. and date of Contract or Purchase order	Name And Address of supplier	Date of payment	Amount paid	Amount claimed	Nature of Payment made	Remarks
1 2 3 4 5 6 7 8 9 10										
Total										

Note: Column 10 is to indicate, against each item, whether the payment is a down-payment, or an installment payment (if so, the number of installment) or the final payment in full settlement.

(Name of the Borrower)

(Authorized Signature)
Name:
Title:

Annex 7 (Form EDCF-AFP(1))

APPLICATION FOR PAYMENT

Date :
Loan Agreement No. :
App. Serial No. :

To : The Export-Import Bank of Korea
Seoul, Korea

Attn : Director, EDCF Department

Gentlemen,

1. Pursuant to the Loan Agreement No. [•] dated [•] between The Export-Import Bank of Korea (hereinafter referred to as the "Bank")and [•] *(Name of the Borrower)*, the undersigned hereby requests payment of the sum of [•] *(Amount)* for the undersigned's settlement of expenditures as described in the Summary Sheet(s) of Payment attached hereto.

2. For such settlement, please make payment of the requested amount by paying it into the account(s) of the Supplier(s) *(account No.* [•]) with[•] *(Name and Address of the Supplier's Bank)* by the [•]th of [•], [•].

3. The undersigned has not requested for disbursement of any amounts under the Loan Agreement for the purpose of meeting the expenditures described in the attached Summary Sheet(s). The undersigned has not obtained nor will obtain funds for such purpose out of any other loan, credit or grant available to the undersigned.

4. The undersigned certifies that:

(a) The expenditures described in the attached Summary Sheet(s) are to be made for the purposes specified in the Loan Agreement;

(b) The concerned goods and services purchased have been procured in accordance with the applicable procurement procedures agreed upon with the Bank pursuant to the said Loan Agreement and the cost and terms of purchase thereof are reasonable;

(c) The said goods and services were or will be supplied by the supplier(s) specified in the attached Summary Sheet(s) and were or will be produced in (or, in the case of services, supplied from) the eligible source country (countries) under the Loan Agreement; and

(d) As of the date of this request there is no existing default under the Loan Agreement.

5. This application consists of *(Number)* page(s) and *(Number)* signed and numbered summary Sheet(s).

(Name of the Borrower)

(Authorized Signature)

Name :
Title :

Annex 8 (Form EDCF-AFP(2))

Summary Sheet of Payments

Date:

Serial No.:

1	2	3*	4	5	6	7	8	9**
Transaction	Supplier	Nationality of Supplier	Description of Goods and Services	Origin	Contract Amount	Date of payment	Amount of payment	Nature of payment
1. 2. 3. 4.								
Total								

The undersigned certifies that the Supplier(s) and goods and/or services stated above are eligible under the Loan Agreement.

* *Note for 3. Nationality of Supplier: Country in which the Supplier is incorporated and registered.*

** *Note for 9. Nature of Payment: A down-payment, an installment payment or the final payment, etc.*

_____

(*Authorized Signature*)

Contacts for Inquiries

For further information, please contact the following offices ;

The Embassy of the Republic of Korea in your country

The Ministry of Strategy and Finance of the Republic of Korea
Attn : Director, Development Cooperation Division, International Economic Affairs Bureau
Government Complex-Sejong, 477, Galmae-ro,
Sejong Special Self-Governing City 339-012, Korea
Fax : (8244) 215-8152
Tel : (8244) 215-7710, 215-7723

The Ministry of Foreign Affairs of the Republic of Korea
Attn : Director, Development Cooperation Division, Development Cooperation Bureau
60, Sajik-ro 8-gil, Jongno-gu, Seoul 110-787, Korea
Fax : (822) 2100-8359
Tel : (822) 2100-8137, 2100-8348

The Export-Import Bank of Korea
Attn : Director General, EDCF Asia Dept.
38, Eunhaeng-ro (16-1, Yeouido-dong), Yeongdeungpo-gu, Seoul 150-996, Korea
Fax : (822) 3779-6756
Tel : (822) 3779-6601