

**ARRANGEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF KOREA
AND
THE GOVERNMENT OF [●] (*name of the borrower's country*)
CONCERNING A LOAN FROM
THE ECONOMIC DEVELOPMENT COOPERATION FUND
FOR [●] (*project name*)**

The Government of the Republic of Korea and the Government of [●] (*name of the borrower's country*),

In accordance with the Agreement between the Government of the Republic of Korea and the Government of [●] (*name of the borrower's country*) concerning Loans from the Economic Development Cooperation Fund signed on [●] (*month day, year*),

Have agreed as follows:

Article 1

1. The Government of the Republic of Korea shall enable the Government of [●] (*name of the borrower's country*) to obtain a loan (hereinafter referred to as the "Loan") from the Export-Import Bank of Korea (hereinafter referred to as the "Bank"), the government agency for the Economic Development Cooperation Fund (hereinafter referred to as the "EDCF"), for [●] (*project name*) (hereinafter referred to as the "Project").
2. The borrower of the Loan shall be the Government of [●] (*name of the borrower's country*) (hereinafter referred to as the "Borrower"), acting by and through [●] (*name of the relevant ministry*).
3. The Loan shall be denominated in Korean Won. The amount of the Loan shall not exceed the equivalent of [●] (*number in letters*) US dollars (US\$[●] (*number*)) and shall be fixed in Korean Won in accordance with the relevant provisions of a Loan

Agreement to be concluded between the Borrower and the Bank (hereinafter referred to as the “Loan Agreement”).

Article 2

The terms and conditions of the Loan, as well as the procedures for its utilization, shall be governed by the Loan Agreement, which shall contain, inter alia, the following principles:

- (a) The repayment period shall be [●] (*number in letters*) ([●] (*number*)) years including a grace period of [●] (*number in letters*) ([●] (*number*)) years;
- (b) The interest rate shall be [●] (*number in letters*) percent ([●] (*number*))% per Annum;

[When the Borrower makes a procurement contract with Korean Small and Medium Enterprises (SMEs) or Medium-Large Companies, preferential interest rates shall apply to the Loan covering civil works and procurement of equipment and facilities as follows:

- (i) In case one or more Korean SMEs (including a consortium or joint venture (JV) by Korean SMEs) enter into the contract, zero percent (0%) interest rate shall apply.*
- (ii) In case one or more Korean Medium-Large Companies (including a consortium or joint venture (JV) by Korean Medium-Large Companies) enter into the contract, [fifty percent (50%) of the current interest rate shall apply]¹.*
- (iii) In case the consortium or joint venture (JV) in which Korean SMEs and/or Medium-Large Companies occupy fifty percent (50%) or above of the share while one or more SMEs take at least twenty percent (20%) of the share enter into a contract, [fifty percent (50%) of the current interest rate shall apply]¹.²*

[No interest shall accrue on the Loan covering the consulting services provided by Korean Consultant(s)].²

- (c) The disbursement period shall be [●] (*number in letters*) ([●] (*number*)) months from the effective date of the Agreement or such other period as the Borrower and the Bank agree upon;

¹ If the recipient country is a Least Developed Country classified by the UN, no interest shall accrue.

² Delete if not applicable

- (d) A service charge of one-tenth of one percent (0.1%) of the amount of each disbursement shall be collected by the Bank;
- (e) All banking charges and/or costs for services rendered by banks in connection with disbursements of the proceeds of the Loan, repayment of principal or payment of interest payable to the Bank under the Loan Agreement shall be subject to a banking arrangement to be concluded between the concerned banks designated by the Borrower and the Bank; and
- (f) In the event the Borrower fails to make payment of all or any portion of the principal of the Loan or any other amount when due under the Loan Agreement, the unpaid amount shall bear an overdue charge at the rate of two percent (2.0%) per annum in addition to the interest rate specified in the Loan Agreement.

Article 3

1. The eligible source countries for the procurement of goods and services, including consulting services, to be financed out of the Loan shall be the Republic of Korea for the foreign currency portion and [●] (*name of the borrower's country*) for the local currency portion. Procurement from countries other than the eligible source countries, if any, shall be set out in the Loan Agreement.
2. The suppliers of the goods and services necessary for the implementation of the Project shall be selected through competitive bidding among Korean firms.
3. The consultants shall be employed through limited competitive bidding among the Korean consulting firms.
4. The procurement or consulting contracts shall be concluded within eighteen (18) months from the effective date of the Loan Agreement.
5. Details of the methods and procedures for procurement shall be set out in the Loan Agreement.

Article 4

In the event the funds available from the proceeds of the Loan are insufficient for the full implementation of the Project, the Borrower shall promptly make arrangements to provide such funds as shall be needed.

Article 5

The proceeds of the Loan shall be disbursed by the Bank to the Borrower, or to the supplier(s) and/or consultant(s) on behalf of the Borrower, in accordance with the progress of the Project, up to the amount of the Loan, and within the disbursement period specified in the Loan Agreement and in accordance with the disbursement procedure under the Loan Agreement.

Article 6

Other terms and conditions to be specified in the Loan Agreement shall be determined through negotiations between the Borrower and the Bank.

Article 7

This Arrangement may be amended by the mutual written consent of the two Governments. The amendment of this Arrangement shall not affect the validity of the Loan advanced prior to such amendment.

Article 8

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

Article 9

1. This Arrangement shall enter into force on the date of signature and shall remain effective, unless otherwise agreed upon by the two Governments, until the Borrower performs all the obligations under the Loan Agreement.
2. Either Government may terminate this Arrangement at any time by notification through diplomatic channels. The termination shall take effect six months from the date of the notification of termination to the other Government. Outstanding obligations at the time of such termination shall nonetheless be completed in accordance with the provisions of this Arrangement, unless otherwise agreed by the Korean Government.

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

Done in duplicate at [●] (*place*), on this [●] (*ordinal number in letters*) day of [●] (*month*), [●] (*year*) in the English language.

FOR THE GOVERNMENT OF
THE REPUBLIC OF KOREA

FOR THE GOVERNMENT OF
[●]