

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

The Government of the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as the "Sri Lankan Government") and The Government of the Republic of Korea (hereinafter referred to as the "Korean Government"),

In accordance with the Agreement between the Government of the Democratic Socialist Republic of Sri Lanka and the Government of the Republic of Korea concerning Loans from the Economic Development Cooperation Fund signed on December 27, 1995,

Have agreed as follows:

Article 1

The Korean Government shall enable the Sri Lankan Government to obtain loans from the Economic Development Cooperation Fund (hereinafter referred to as the "EDCF") up to a maximum commitment amount in Korean Won not exceeding the equivalent of five hundred million US dollars (US\$500,000,000) for the years 2017 through 2019 to finance EDCF loan projects in the Democratic Socialist Republic of Sri Lanka, unless otherwise agreed by the two Governments.

Article 2

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

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

Article 3

1. The terms and conditions for each individual project shall be specified in each Loan Agreement. Each Loan Agreement shall contain, inter alia, the following principles, unless otherwise agreed by the two Governments:

- (a) The borrower of the Loan shall be the Sri Lankan Government. In case the Loan is extended to local governments or public enterprises, the guarantor shall be the Sri Lankan Government;
- (b) The repayment terms and the interest rate shall be specified in the Loan Agreement for the individual project;
- (c) No interest shall accrue for the Loan covering the consulting services costs, in cases where the consultant is selected from among the Korean firms;

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

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

(f) The suppliers of the goods and services necessary for the implementation of the project shall be selected through competitive bidding among Korean firms;

(g) The consultants shall be employed through limited competitive bidding among Korean consulting firms;

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

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

(j) All import tariff and Value Added Tax (VAT) imposed in the Democratic Socialist Republic of Sri Lanka on goods and services, including consulting services, provided by the suppliers and consultants for the implementation of the project under the Loan Agreement shall either be exempted or borne by the Sri Lankan Government.

2. The revision of any principle stated in paragraph 1 above may be made with the mutual written consent of the two Governments, and shall be set out in the Loan Agreements.

Article 4

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

Article 5

The Loans shall be disbursed by the Bank to the Sri Lankan Government, or to the suppliers and/or consultants on behalf of the Sri Lankan Government, in accordance with the disbursement procedures under the Loan Agreement.

Article 6

1. The Sri Lankan Government shall permit the Bank to maintain an EDCF office under the category of "Specialized Agencies of the UN & Other Agencies" in the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as the "Office") and shall allow resident representatives (hereinafter referred to as the "Representatives") and the EDCF staff (hereinafter referred to as the "Staff members") to be dispatched from the Republic of Korea to discharge their duties in connection with the Loans under this Arrangement.

2. The Sri Lankan Government shall accord the Representatives, the Staff members and their families, as well as the Office, the following privileges, exemptions and benefits:

(a) For the Representatives, the Staff members and their families:

- (i) exemption from income tax and other fiscal charges imposed on or in connection with any emoluments or allowances remitted to them from overseas;
- (ii) exemption from consular fees, customs duties, taxes and other charges of a similar nature, other than those for storage, cartage and similar services, in respect of the importation of personal and household effects, including one motor vehicle for each of the Representatives and the Staff members, with exemption from registration fees, annual revenue license fees and driving license fees, provided that such imports are made within six (6) months of the arrival of the Representatives and the Staff members;
- (iii) exemption from special consumption tax and VAT for a motor vehicle for each of the Representatives and foreign expert Staff members, except locally

recruited Sri Lankans, who are entitled to import a duty free/tax free motor vehicle for the personal use of the Staff members;

- (iv) In case of a local purchase, the Representatives and the Staff members except locally recruited Sri Lankans will be allowed to purchase a motor vehicle without taxes from the privileged person or privileged organizations who already imported duty free vehicles through the Diplomatic Privileges Act. Temporary recruited staff members are not entitled to import or buy a duty free vehicle.
- (v) permission to enter, leave and sojourn in the Democratic Socialist Republic of Sri Lanka for the duration of their assignment therein, and the expediting and facilitation of the procedures for alien registration, and exemption from consular fees;
- (vi) issuance of one-month entry visas, by the relevant authorities of the Democratic Socialist Republic of Sri Lanka, to the Representatives, the Staff members and their families for their entry into the country, and upon their arrival in the Democratic Socialist Republic of Sri Lanka, issuance of multiple-entry residence visas valid for the duration of their assignment, by the Controller General of the Department of Immigration and Emigration of the Democratic Socialist Republic of Sri Lanka, on the recommendation of the Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka, in accordance with the prevailing immigration laws of the Democratic Socialist Republic of Sri Lanka;
- (vii) notification to the Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka of the arrival of the Representatives and the Staff members, and issuance of diplomatic identification cards to the representatives and foreign expert identification cards to the other Staff members to secure the cooperation of all government agencies necessary for the performance of the duties of the Representatives and the Staff members; and

- (viii) issuance of special passes to the representatives to enter airports/seaports beyond the passport control point to receive and/or send off experts and missions of bank; Permanent Airport access pass will be issued for the representatives; Seaport access may be facilitated based on the request/need.

(b) For the Office:

- (i) exemption from customs duties, taxes and other charges of a similar nature, other than those for storage, cartage and similar services, as well as from the requirements of obtaining import licenses and certificates of foreign exchange coverage, in respect of the importation of the Office equipment;
- (ii) importation, free of customs duties, or local purchase, free of special consumption tax and value added tax, of motor vehicles necessary for the Office activities, provided that the number of cars is agreed between the relevant authorities of the two Governments;
- (iii) exemption from income tax and other fiscal charges imposed on or in connection with funds for the Office expenses remitted from overseas; and
- (iv) exemption from value added tax imposed on the Office rent;

(c) Other measures necessary for the performance of the duties of the Representatives, the Staff members and the Office.

3. The motor vehicles mentioned in paragraph 2 above shall be subject to the payment of customs duties and taxes if they are subsequently sold or transferred within the Democratic Socialist Republic of Sri Lanka to individuals or organizations not entitled to exemption from such duties and taxes or similar privileges.

4. The Representatives, the Staff members and their families, as well as the Office, importing goods free of customs duties, taxes and other charges of a similar nature, in accordance with sub-paragraphs (a) (ii) and (b) (i) and (ii) of paragraph 2 above, shall present details of such

goods to the authority concerned of the Sri Lankan Government to assist with import and re-export formalities.

5. The Representatives, the Staff members and their families, as well as the Office, shall re-export, sell within the Democratic Socialist Republic of Sri Lanka or grant to the Sri Lankan Government on its approval of the goods imported free of customs duties, taxes and other charges of a similar nature in accordance with the laws and regulations of the Democratic Socialist Republic of Sri Lanka.

6. The Sri Lankan Government shall accord the Representatives, the Staff members and their families, as well as the Office, privileges, exemptions and benefits no less favorable than those accorded to the representatives, staff members and their families, as well as the offices, of executing agencies of any third country or of any international organization performing a similar mission in the Democratic Socialist Republic of Sri Lanka. These privileges shall not be applicable to Sri Lankan Nationals.

Article 7

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

Article 8

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

Article 9

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

Article 10

1. This Arrangement shall enter into force on the date of signature and shall remain in force, unless otherwise agreed by the two Governments, until the Sri Lankan Government performs all the obligations under each of the Loan Agreements.

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

3. The Framework Arrangement between the Korean Government and the Sri Lankan Government concerning Loans from the Economic Development Cooperation Fund for the years 2016 through 2018 signed on July 13, 2016 shall be terminated on the date when this Arrangement enters into force and be replaced by this Arrangement.

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

Done in duplicate at Seoul, on this 29th day of November 2017 in the English language.

FOR THE GOVERNMENT OF
THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA

M. M. M. M.

FOR THE GOVERNMENT OF
REPUBLIC OF KOREA

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