

Signed at Colombo July 13, 2016

Entered into force July 13, 2016

**FRAMEWORK ARRANGEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF KOREA  
AND  
THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA  
CONCERNING LOANS FROM  
THE ECONOMIC DEVELOPMENT COOPERATION FUND  
FOR THE YEARS 2016 THROUGH 2018**

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

In accordance with the Agreement between the Government of the Republic of Korea and the Government of the Democratic Socialist Republic of Sri Lanka 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 three hundred million US dollars (US\$300,000,000) for the years 2016 through 2018 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, as set forth in the Annex to this Agreement, 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 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 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 Agreements.

## Article 6

1. The Sri Lankan Government shall permit the Bank to register and 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") 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, Staff and their families, as well as the Office, the following privileges, exemptions and benefits:

(a) For the Representatives, Staff 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 Representative and Staff member, 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 Staff members;
- (iii) exemption from special consumption tax and value added tax on one motor vehicle for each Representative or Staff member who does not import any motor vehicle into the Democratic Socialist Republic of Sri Lanka, in case of a local purchase;
- (iv) 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;
- (v) issuance of one-month entry visas, by the relevant authorities of the Democratic Socialist Republic of Sri Lanka, to the Representatives, Staff 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; and
- (vi) notification to the Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka of the arrival of the Representatives and Staff, and issuance of identification cards to secure the cooperation of all government agencies necessary for the performance of the duties of the Representatives and Staff;

(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 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 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 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, Staff and 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, Staff 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, Staff 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 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, Staff and their families, as well as the Office, privileges, exemptions and benefits no less favorable than those accorded to the representatives, staff 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.

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

Done in duplicate at Colombo, on this 13th day of July, 2016, in the English language.

FOR THE GOVERNMENT OF  
THE REPUBLIC OF KOREA

FOR THE GOVERNMENT OF  
THE DEMOCRATIC SOCIALIST REPUBLIC OF  
SRI LANKA

**Annex**  
**List of Candidate Projects**

The Parties shall collaborate in the candidate projects set out below:

1. The Construction of Bypass Tunnel to Divert Traffic on Kandy-Mahiyangana Road within Kandy City Area
2. Setting up national e-learning Platform
3. Installation of e-tariff system in Sri Lanka
4. Establishment of Land Data Infrastructure and Land Information Service System
5. Construction of Small-sized Water Treatment Facility
6. Supply of Waste Collection Vehicles
7. Establishment of Ocean University
8. Relocation of Welikada Prison Complex
9. Construction of Central Highways
10. Construction of Northern Provincial Council Complex
11. Development of Mankulam Water Supply
12. Other projects agreed upon by both Parties

The Parties understand that the list of candidate projects may be amended reflecting changes in the Sri Lankan development strategy, the specific needs of each Government, and other factors. Also, the Sri Lankan Government understands that the EDCF funding for specific projects herein is subject to the Korean Government's approval.