

Mr. Hector Guiliiani Cury
Subsecretario de Credito Publico
Secretaria de Estado de Finanzas
Santo Domingo, the Dominican Republic

March 6 , 2006
Ref. No. DOM-1/06- 53

Re: Loan Agreement for the DGA Computerization Project

Dear Mr. Hector Guiliiani Cury

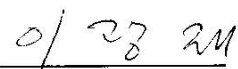
We are pleased to send you a draft of the Loan Agreement for the captioned project to be financed by the Economic Development Cooperation Fund (EDCF). The draft is based on the EDCF standard form and is made in consideration of the matters agreed between your government and the EDCF.

Please review the draft Loan Agreement enclosed. You are kindly requested to confirm the draft or give us your opinion that needs to be reflected on the Loan Agreement as soon as possible.

We are looking forward to a swift and smooth conclusion of the Loan Agreement without any delay resulting from irrelevant issues.

Thank you for your cooperation.

Sincerely yours,


Kwang-Jae Lee
Director
Latin America Team
EDCF Department II

Encl.: Draft of Loan Agreement (EDCF L/A No. DOM-1)

EDCF LOAN AGREEMENT

NO. DOM - 1

Loan Agreement

The DGA Computerization Project

between

**THE GOVERNMENT OF
THE DOMINICAN REPUBLIC**

and

**THE EXPORT-IMPORT BANK OF KOREA
(Government Agency for the EDCF)**

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LOAN AGREEMENT

This Loan Agreement entered into _____, 2006 between THE GOVERNMENT OF THE DOMINICAN REPUBLIC (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 Dominican Republic entered into the Agreement dated _____ concerning EDCF Loans to be extended to the Government of the Dominican Republic 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 Dominican Republic entered into the Arrangement dated _____ concerning the EDCF Loan to finance the implementation of The DGA Computerization 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

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 Country" means the Republic of Korea for foreign currency portion and the Dominican Republic for local currency portion, respectively.

"Interest Payment Date" means each of the dates of ____ 20 and ____ 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 Customs Agency (DGA : Direccion General de Aduanas) of the Dominican Republic which has been authorized to implement the Project.

"Repayment Date" means each of the Thirty six (36) semi-annual consecutive dates of ____ 20 and ____ 20 from and including the date which shall be the 20th day of the month falling Ninety (90) months after the date of this Loan Agreement.

"Supplier(s)"

"**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 Twenty Three Million US Dollars (US\$ 23,000,000), to finance for 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 30 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 Thirty six (36) semi-annual installments on each of the Repayment Dates.

(b) The Repayment Date

(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 seven percent (1.7%) 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 Yoido gwang-Jang branch of Korea Exchange Bank at 12, Yoido-dong, Youngdungpo-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, provided that a part of goods and services may, with the prior consent of the Bank, be procured from the countries other than the Eligible Source up to Ten percent (10%) of the amount of the Loan.

Section 4.02. Disbursement Procedure

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, 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

(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 150-996, Republic of Korea

Attention: Director of the EDCF Department II

Telephone No.: (82-2)3779-6591

Telex No.: K26595 EXIMBANK, K27692 EXIMBK

Fax No.: (82-2)3779-6756, (82-2)3779-6757

For the Borrower

For the Borrower

Postal address: AV. México No. 45, Gazcue, Santo Domingo, Rep. Dom.

Attention: Director of Public Credit

Telephone No.: (809) 687-5131

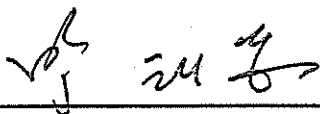
Fax No.: (809) 686-6740

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
The Dominican Republic

For
The Export-Import Bank of Korea

By 
Name: VICENTE BENGUA
Title: Minister of Finance

By 
Name: TAE-DONG PARK
Title: Executive Director

Schedule 1

Description of the Project

1. Outline of the Project

(a) Objectives: To equip the customs authority with the ability to implement the advanced customs practices that will streamline the customs operation, increase transparency, and enforce the tariffs collection.

(b) Location: Santo Domingo, the Dominican Republic

(c) Project Executing Agency: Customs Agency (DGA : Direccion General de Aduanas)

2. Scope of the Project

The scope of the project is as follows.

(a) To develop a customs system, clearance system and cargo system.

(b) To procure and install H/W and S/W.

(c) To establish a back-up center.

(d) To provide consulting services including preparation of master plan, design, supervision and procurement services.

3. Estimated annual fund requirements

(in Thousands of US Dollars)

Year	EDCF	The Dominican Republic
1 st Year	8,400	2,360
2 nd Year	12,600	3,540
Total	21,000	5,900

* Contingencies are not considered.

4. The Project is expected to be completed by 24 months from the effective date of the Loan Agreement. The implementation period, however, may be extended subject to the approval of the Bank.

Schedule 2

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 Thousands of US Dollars)

Category	Estimated Amount
A. Foreign Currency Portion	19,980
· Customs System Development	9,127
· Main Center	6,372
· Backup Center	4,481
B. Consulting service	1,000
C. Contingencies	1,997
D. Service Charges	23
Total	23,000

2. Reallocation

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

(b) If the estimated cost

(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 Category C. *Contingencies*.

Schedule 3

Schedule 3

Amortization Schedule

Due Date

Amount

(in Korean Won)

※ 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

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 procure goods and services to be financed out of the proceeds of the Loan specified in Schedule 2 above through Competitive Bidding among Korean Suppliers (or with a Korean Supplier).
- 5.** Procurement method shall be subject to the Bank's prior review.
- 6.** For contracts to be awarded on the basis of Competitive Bidding among Korean Suppliers, procurement actions shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Procurement Guidelines.
- 7.** All taxes, duties, and levies imposed on goods and services in the Dominican Republic provided by the Suppliers under the Loan Agreement for the implementation of the Project shall either be exempted or borne by the Borrower.

Schedule 5

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, procurement 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 among Korean firms through the selection 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.** All taxes, duties, and levies imposed on consulting services in the Dominican Republic provided by the Consultants for the implementation of the Project shall be either exempted or borne by the Borrower.

Schedule 6

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 Korea Exchange Bank, 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 National Commercial Bank of the Dominican Republic.