

FINANCIAL PROTOCOL

BETWEEN

THE GOVERNMENT OF THE FRENCH REPUBLIC

AND

THE GOVERNMENT OF MONGOLIA

**FOR THE FINANCING OF THE PROJECT OF ADDITIONAL TRAINING FOR THE
AIR RESCUE UNIT OF THE NATIONAL EMERGENCY MANAGEMENT AGENCY
(NEMA)**

The Government of the French Republic and the Government of Mongolia (hereinafter individually referred to as "the Party" and collectively as the "Parties"),

Wishing to strengthen the bonds of friendship and cooperation that unite them, and to promote the economic development of Mongolia,

Recalling their commitment to the fight against corruption in international business transactions and to social and environmental responsibility,

Acting on the basis of equality and mutual benefit,

Have agreed on the following provisions :

ARTICLE 1 – AMOUNT AND PURPOSE OF THE FINANCIAL SUPPORT

The Government of the French Republic hereby grants the Government of Mongolia financial support for the project of additional training for the air rescue unit of the National Emergency Management Agency (NEMA). Said project is one of the priorities of the Government of Mongolia.

This assistance, in the form of a concessional loan from the French Treasury for a maximum amount of €24,764,120 (twenty-four million and seven hundred sixty-four thousand one hundred twenty euros), will finance the implementation of the above-mentioned project:

- the purchase in France of French goods and services;
- the purchase of Mongolian or foreign goods and services up to 30% (thirty percent) of the total amount of the financial support, the performance of the contracts being the responsibility of the French suppliers.

The execution of the related contract(s) is the responsibility of French suppliers.

ARTICLE 2 – PROJECT FINANCING ARRANGEMENT

Payment of the initial advance for each contract will be financed by the loan from the French Treasury as part of the project referred to in Article 1.

Said advance is equal to fifteen percent (15%) of the Contract amount, excluding transport and insurance costs;

The choice of French suppliers whose contracts are financed under this Protocol shall be made in accordance with Mongolian legislation.

ARTICLE 3 – TERMS AND CONDITIONS GOVERNING FINANCIAL SUPPORT

The financial support shall be granted for a period of 20 years, including a grace period of 5 years. The interest rate shall be 0.282 % per year. The principal shall be paid in 30 equal and consecutive six-month instalments, the first instalment due 66 months after the end of the calendar quarter during which the drawings shall be made. Interest shall be payable on the principal amount outstanding; it shall accrue from the date of each drawdown on the French Treasury loan and shall be paid at six-month intervals.

When a principal or interest due date falls on a non-business day in France or Mongolia, the settlement date is postponed to the next business day. Any amount of principal or interest not paid on its due date shall give rise to interest on arrears from the due date for payment up to the effective date of payment. The interest rate on overdue payments shall be calculated at the Euro Short-Term Rate (€STR) plus 4 % per year, subject to a maximum of 5 % per year. Interest on overdue payments shall bear interest at the rate mentioned above if it is due for a full year.

An implementation agreement shall be signed between Bpifrance Assurance Export (Institutional Activities Department), acting in the name and on behalf of the Government of the French Republic, and the Ministry of Finance of Mongolia, acting in the name and on behalf of the Government of Mongolia. This agreement shall further define the terms for use and repayment of the French Treasury loan.

ARTICLE 4 – CURRENCY OF ACCOUNT AND PAYMENT

The currency of accounts and payment under the terms of this Protocol is the euro.

ARTICLE 5 – REGISTRATION OF THE CONTRACTS

The registration of each contract relating to the project mentioned in Article 1 of this Protocol is subject to:

(i) compliance of the contract with the recommendations made by the preliminary evaluation of the project corresponding to the said contract and validation by the Government of the French Republic of its content, the services included therein and the related prices;

(ii) verification of the conformity of the project with the provisions of the Organisation for Economic Cooperation and Development (OECD) Arrangement on Officially Supported Export Credits;

(iii) absence of arrears concerning amounts due and payable by the Government of Mongolia under Paris Club debt consolidation agreements, French government loans and loans granted by the Agence Française de Développement;

(iv) review of amounts due and payable under bank credits guaranteed by the French Government and granted either to the Government of Mongolia or to its public sector, or with the guarantee of the Government of Mongolia;

(v) compliance with the commitments made in Articles 6 and 7 of this Protocol.

Each contract related to the project referred to in Article 1 shall be registered under this Protocol, after the competent French authorities have stated that these conditions have been duly met, by an exchange of letters between the Head of the Economic Service of the French Embassy in Mongolia, acting with the authorization of the relevant French authorities, and the Ministry of Finance of Mongolia, acting in the name of and on behalf of the Government of Mongolia.

ARTICLE 6 – COMMITMENTS TO THE FIGHT AGAINST CORRUPTION

The Parties recall their commitment to the fight against corruption in international business transactions.

The Parties to the contracts registered under this Protocol shall neither offer nor give to a third party, nor seek, accept, or be promised, directly or indirectly, for their benefit or that of another party, any undue advantage, pecuniary or of any other nature, which would or could be an illegal and corrupt practice.

The Parties undertake to ensure that the project referred to under Article 1 of this Protocol does not result in corruption practice. The Parties undertake to inform each other as soon as they are aware of information giving rise to suspicions and to take the necessary measures to address the situation, within the appropriate timeframe and to the satisfaction of the Government of the French Republic.

In the event of non-compliance with the aforementioned undertakings, the Government of the French Republic reserves the right, as it sees fit, to refuse the registration of a contract, and/or to suspend the disbursement of the financial support granted to the Government of Mongolia, and/or to require the early repayment of all or part of the financial support granted to the Government of Mongolia.

ARTICLE 7 – COMMITMENTS TO SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

In order to promote sustainable development, the Parties agree that it is necessary to encourage compliance with the environmental and social standards recognized by the international community, including the international conventions of the International Labour Organization (ILO) and the United Nations (UN) concerning climate change, biodiversity and the environment, in particular the Stockholm Convention on Persistent Organic Pollutants, as well as the International Finance Corporation Performance Standards.

ARTICLE 8 – DEBT REPAYMENT DEFERRAL IN CASE OF NATURAL DISASTER

In the event of an extreme climatic event, the borrower may request a suspension of debt servicing from the Government of the French Republic under the conditions defined in the financing agreement signed between Bpifrance Assurance Export (Institutional Activities Department), acting in the name of and on behalf of the Government of the French Republic, and the Ministry of Finance of Mongolia, acting in the name of and on behalf of the Government of Mongolia.

It is not possible to request more than three debt service suspensions from the French Government under this Project.

ARTICLE 9 – DEADLINES OF THE FINANCIAL SUPPORT

In order to qualify for the financial support referred to in Article 1, all contracts signed between French suppliers and Mongolian purchasers must be registered by December 31st, 2024 at the latest.

Drawings under the French Treasury loan granted by this Protocol must be made by December 31st 2028.

ARTICLE 10 – TAXATION

Notwithstanding the provisions of the tax treaty signed between the Government of the French Republic and the Government of Mongolia on April 18, 1996, and for the

purpose of reserving the financing provided for in the present Protocol for the development of Mongolia, it is understood that, for registered contracts, the supply of goods and services, including technical assistance, by French companies within the framework of the present Protocol, as well as the import, export, purchase, use or disposal of goods and services contributing to the production of such supplies, will not be subject to any customs duties, taxes, social security contributions or other compulsory levies in Mongolia.

If any such levies, whatever their purpose or nature, have to be paid in accordance with Mongolian regulations on the above-mentioned transactions, the French party or the French companies shall not be liable for their payment.

In addition, the repayment of principal and the payment of interest, commissions, expenses and incidentals relating to the execution of this Financial Protocol shall be made net of all taxes and other public charges applicable in Mongolia.

ARTICLE 11 – POST-EVALUATION OF THE PROJECT

The Government of the French Republic may, at its own expense, carry out a retrospective economic, financial and accounting evaluation of the Project implemented in application of this Protocol, in order in particular to ensure that the Project has achieved its objectives. The Government of Mongolia shall be associated, if it so wishes, with the conduct of this evaluation, in accordance with procedures to be defined, in order to benefit directly from the results of the study. The Government of Mongolia undertakes to welcome the evaluation mission sent by the Government of the French Republic and to facilitate its access to information concerning the project.

ARTICLE 12 – ENTRY INTO FORCE

This Protocol shall enter into force on the date of receipt of the last written notification transmitted through diplomatic channels confirming the completion by each of the Parties of the internal procedures necessary for its entry into force.

ARTICLE 13 – AMENDMENTS TO THE PROTOCOL

This Protocol may be amended by mutual written agreement between the Parties. Such amendments shall form an integral part of this Protocol.

ARTICLE 14 – DISPUTE SETTLEMENT

Any dispute relating to the interpretation or the implementation of this Protocol shall be settled amicably by consultation or negotiation between the Parties.

IN WITNESS WHEREOF, the representatives of the two Governments, duly authorized to that effect by their respective Governments, have signed this Protocol and affixed their seal thereto.

Done in [], on

In two (02) originals copies, in French and Mongolian languages, the two texts being authentic.

For the Government of
the French Republic

For the Government of
Mongolia