

Commitment Procedure for ODA Loans

Section 1. Introduction

(1) "Commitment Procedure for ODA Loans" is applicable to the ODA Loans provided by JAPAN BANK FOR INTERNATIONAL COOPERATION (hereinafter referred to as "the BANK") under the Section (1), Paragraph 2, Article 23 of THE JAPAN BANK FOR INTERNATIONAL COOPERATION LAW(hereinafter referred to as "the Loan").

(2) Payment for import of goods and services is often arranged under a commercial letter of credit, whereunder a commercial bank operating in a supplier's country makes payment to the supplier against documents specified in the letter of credit and reimburses itself from funds made available by a purchaser through its bank.

(3) When such payment to the supplier is eligible for financing under the Loan, the purchaser may provide in the letter of credit issued by a designated foreign exchange bank (hereinafter referred to as "the Issuing Bank") that the supplier's bank (hereinafter referred to as "the Supplier's Bank") will reimburse itself from a designated Japanese foreign exchange bank in Tokyo (hereinafter referred to as "the Japanese Bank").

(4) The Japanese Bank shall obtain the funds for reimbursement from the BANK under the assurance by the BANK. Such assurance, wherever provided, takes the form of a letter of commitment from the BANK to the Japanese Bank (such assurance hereinafter referred to as "L/COM") whereby the BANK undertakes to disburse, on certain conditions, the amount to be paid by the Japanese Bank under and in accordance with the specified irrevocable letter of credit (hereinafter referred to as "L/C").

Section 2. Issuance of the Letter of Credit and the Letter of Commitment

(1) A borrower of the Loan(hereinafter referred to as "the Borrower"), its designated authority or any other purchaser in the territories of the Borrower shall request the Issuing Bank to issue L/C.

(2) The Issuing Bank shall issue L/C, on behalf of and under authorization of the Borrower, in favour of the supplier through the Japanese Bank substantially in accordance with the attached Form JBIC-LC1 for goods and Form JBIC-LC2 for services respectively. The Japanese Bank shall send a copy of L/C to the BANK in order to obtain L/COM from the BANK.

Note: When the Issuing Bank is a designated foreign exchange bank in Tokyo, the Issuing Bank is identical to the Japanese Bank

(3) When the BANK finds such L/C in order and in conformity with the provisions of the Loan Agreement between the BANK and the Borrower and the terms of the relevant contract between the Borrower and the supplier, the BANK shall, upon receipt of an amount equal to one-tenth percent (0.1%) thereof as the service charge from the Borrower, issue L/COM to the Japanese Bank in accordance with the attached Form JBIC-LOC.

(4) Upon receipt of L/COM, the Japanese Bank shall send L/C, which shall become effective when the Japanese Bank acknowledges receipt of L/COM from the BANK, to the supplier through the Supplier's Bank. The Japanese Bank shall simultaneously send a copy of L/COM to the Issuing

Bank when the Issuing Bank is different from the Japanese Bank, or to the Borrower or its designated authority when the Issuing Bank is identical to the Japanese Bank.

Section 3. Disbursement

(1) The Supplier's Bank shall make payment to the supplier pursuant to the said L/C and request the Japanese Bank to reimburse the funds by sending one set of documents specified in L/C. Simultaneously, the Supplier's Bank shall send the remaining sets of documents directly to the Issuing Bank, when the Issuing Bank is different from the Japanese Bank.

(2) Upon receipt of such request, the Japanese Bank shall present to the BANK the Request for Disbursement in accordance with the attached Form JBIC-RFD(1).

(3) The BANK shall, within fifteen(15) business days of its receipt of the Request for Disbursement, make disbursement of the requested amount to the Japanese Bank under the provisions of L/COM. Accordingly, the Japanese Bank shall make payment to the Supplier's Bank.

Section 4. Contract in a Currency Other than Japanese Yen

(1) In case the relevant contract is fixed and payable in a currency other than Japanese Yen, Forms JBIC-LC1 and JBIC-LC2 attached hereto shall be applied mutatis mutandis, and the Request for Disbursement Form JBIC-RFD(2) shall be applied to that case.

(2) The amount of L/COM shall be Japanese Yen equivalent to the amount in the relevant currency of L/C, converted at the T/T selling rate of the Japanese Bank two (2) business days before the date when L/COM is issued.

(3) The amount stated in the Request for Disbursement shall be the equivalent in Japanese Yen, converted at the T/T selling rate of the Japanese Bank two (2) business days before the date of disbursement.

(4) When the amount of L/C is not fully covered by the amount of L/COM owing to exchange rate fluctuation, the amount not covered by L/COM may be covered, within the limit of the proceeds of the Loan, by means of amendment of L/COM. In the event that the amount of L/C cannot be fully covered by this method, the Borrower shall bear the amount not covered by L/COM.

Section 5. Others

(1) Care should be taken to ensure that an agreement on a letter of credit, and on the method of the disbursement be concluded between the Japanese Bank and the Issuing Bank, the Borrower or its designated authority immediately after the signing of the Loan Agreement.

(2) All banking charges or fees accrued in connection with the aforementioned transactions are for the Borrower's account.

(3) Claims or disputes in connection with aforementioned L/C shall be settled among the parties concerned and such claims or disputes shall not exempt the Borrower from any obligation incurred under the Loan Agreement concerned.

Irrevocable Letter of Credit

Date:

L/C No.:

To: _____

(Name and address of
the Advising Bank)

This Letter of Credit has been issued pursuant to Loan Agreement No. _____ dated _____ between (Borrower) and JAPAN BANK FOR INTERNATIONAL COOPERATION, Tokyo, Japan.

Dear Sirs,

We request you to advise (Name and address of the Supplier) that we have opened our irrevocable credit No. _____ in their favour for account of (Name of the Purchaser) for a sum or sums not exceeding an aggregate amount of ¥ _____ (Say Yen _____) available by beneficiary's drafts at sight for full invoice value drawn on (the designated Japanese foreign exchange bank in Tokyo),

To be accompanied by the following documents:

Signed commercial invoice in

Packing list in

Certificate of Origin in

Full set of clean on board ocean bills of lading made out to order and blank endorsed and marked "Freight _____" and "Notify _____"

(Other documents)

evidencing shipment of (Brief description of goods referring to Contract No. _____) from _____ to _____

Partial shipments are _____ permitted. Transshipment is _____ permitted.

Bills of lading must be dated not later than _____ Month _____ Day, Year.

Drafts must be presented to the drawee not later than _____ Month _____ Day, Year.

All drafts and documents under this credit must be marked "Drawn under (Name of the Issuing Bank) irrevocable credit No. _____ dated _____ Month _____ Day, Year, and Import Reference No(s). _____ (if any)".

This credit is not transferable.

We hereby undertake that all drafts drawn under and in compliance with the terms of this credit shall be duly honored on due presentation and delivery of documents to the drawee.

Unless otherwise expressly stated, this credit is subject to "Uniform Customs and Practice for Documentary Credits (1993 Revisions), International Chamber of Commerce Brochure No. 500".

Special Instruction to the negotiating bank:

1. This credit shall become effective when (the designated Japanese foreign exchange bank in Tokyo) acknowledges receipt of the Letter of Commitment from JAPAN BANK FOR INTERNATIONAL COOPERATION under the aforementioned Loan Agreement.
After obtaining the reimbursement from JAPAN BANK FOR INTERNATIONAL COOPERATION in accordance with the provisions of the Letter of Commitment, (the designated Japanese foreign exchange bank in Tokyo) undertakes to remit the amount of the drafts in accordance with instructions issued by you.
2. You must forward the drafts and one complete set of documents to (the designated Japanese foreign exchange bank in Tokyo) together with the certificate stating that the remaining documents have been airmailed direct to us.
3. All banking charges under this credit are for account of (the Borrower) under the said Loan Agreement.

Yours faithfully,

(Name of the Issuing Bank)

(Authorized Signature)

PAYMENT TERMS

This payment terms constitutes an integral part of our Letter of Credit
No. _____ .

I. Initial Payment

Amount: ¥ _____

being _____ % of the total contract price.

Required documents:

Latest presentation date:

II. Intermediate Payment(if any)

Amount: ¥ _____

being _____ % of the total contract price.

Required documents:

Latest presentation date:

III. Payment against Shipping Documents

Amount: ¥ _____

being _____ % of the total contract price.

Note: This attached sheet is not required in case of full payment against
shipping documents.

Irrevocable Letter of Credit

Date:

L/C No.:

To: _____

(Name and address of
the Advising Bank)

This Letter of Credit has been issued pursuant to Loan Agreement No. _____ dated _____ between (Borrower) and JAPAN BANK FOR INTERNATIONAL COOPERATION, Tokyo, Japan.

Dear Sirs,

We request you to advise (Name and address of the Supplier) that we have opened our irrevocable credit No. _____ in their favour for account of (Name of the Purchaser) for a sum or sums not exceeding an aggregate amount of ¥ _____ (Say Yen _____) available by beneficiary's drafts at sight for full Statement value drawn on (the designated Japanese foreign exchange bank in Tokyo).

To be accompanied by the required documents, in accordance with the Payment Schedule attached hereto, concerning (Contract No. _____ with regard to _____ Project).

Drafts must be presented to the drawee not later than Month Day, Year.

All drafts and documents must be marked "Drawn under (Name of the Issuing Bank) irrevocable credit No. _____ dated Month Day, Year .

This credit is not transferable.

We hereby undertake that all drafts drawn under and in compliance with the terms of this credit shall be duly honoured on due presentation and delivery of documents to the drawee.

Unless otherwise expressly stated, this credit is subject to "Uniform Customs and Practice for Documentary Credits (1993 Revisions), International Chamber of Commerce Brochure No. 500".

Special Instruction to the negotiating bank:

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After obtaining the reimbursement from JAPAN BANK FOR INTERNATIONAL COOPERATION in accordance with the provisions of the Letter of Commitment, (the designated Japanese foreign exchange bank in Tokyo) undertakes to remit the amount of the drafts in accordance with instructions issued by you.

2. You must forward the drafts and one complete set of documents to (the designated Japanese foreign exchange bank in Tokyo) together with the certificate stating that the remaining documents have been airmailed direct to us.
3. All banking charges under this credit are for account of (the Borrower) under the said Loan Agreement.

Yours faithfully,

(Name of the Issuing Bank)

(Authorized Signature)

PAYMENT SCHEDULE

This payment schedule constitutes an integral part of our Letter of Credit
No. _____ .

I. Initial Payment

Amount: ¥ _____

being _____ % of the total contract price.

Required documents: beneficiary's Statement

Latest presentation date:

II. Progress Payment

Aggregate amount: ¥ _____

being _____ % of the total contract price to be paid as
follows:

	<u>Amount due</u>	<u>Latest Presentation date</u>
1st Instalment: ¥ _____	_____	_____
2nd Instalment: ¥ _____	_____	_____

Required documents: a copy of Statement of Performance issued by (Borrower or
its designated authority), a form of which is attached hereto.

(Form JBIC-LOC)

Date:
Commitment No.

Gentlemen:

LETTER OF COMMITMENT

Reference: Letter of Credit No.

for
in favour of

We hereby irrevocably undertake to reimburse you for a sum or sums not exceeding _____ against the Request for Disbursement, accompanied by a copy of the drafts drawn by the beneficiary, within fifteen (15) business days of our receipt of the Request.

This Letter of Commitment shall expire on

It is further understood that in reimbursing you pursuant to this Letter of Commitment, we shall in no way be liable or responsible for the acts or omissions of the issuing bank, the negotiating bank, the beneficiary and/or any other parties concerned with the captioned Letter of Credit in connection with the issuance, negotiation, payments thereof or any other matters connected therewith.

Very truly yours,

Request for Disbursement (1)

Date:

Ref. No.

To: JAPAN BANK FOR INTERNATIONAL COOPERATION
Tokyo, Japan

Attn: Director, Loan Administration Division 2

Re: Your Loan Agreement No. _____ Country: _____

Letter of Commitment No. _____

Our Letter of Credit No. _____

Gentlemen:

We have received the documents concerning the supply of

(quantity and description of goods and services according to the L/C)
and found them in order and in conformity with the terms of the said Letter of
Credit.

Pursuant to the above Letter of Commitment we hereby request you to
disburse us from the above Loan with the following particulars:

- a) Amount of Disbursement: ¥ _____
(Say Yen _____)
- b) Date of Disbursement:

Very truly yours,

(Name of Japanese Bank)

(Authorized Signature)

Enclosed:

Request for Disbursement (2)

Date:
Ref. No.

To: JAPAN BANK FOR INTERNATIONAL COOPERATION
Tokyo, Japan

Attn: Director, Loan Administration Division 2
Re: Your Loan Agreement No. _____ Country: _____
Letter of Commitment No. _____
Our Letter of Credit No. _____

Gentlemen:

We have received the documents concerning the supply of

(quantity and description of goods and services according to the L/C)
and found them in order and in conformity with the terms of the said Letter of
Credit.

Pursuant to the above Letter of Commitment we hereby request you to
disburse us from the above Loan with the following particulars:

- a) Amount of Disbursement: ¥ _____
(Say Yen _____)
- b) Amount of the Draft
(payable under the said Letter of Credit):
- c) Rate of Exchange:
- d) Date of Disbursement:

Very truly yours,

(Name of the Japanese Bank)

(Authorized Signature)

Enclosed:

Statement of Performance

Date:
Ref.No.

To: _____

(Name and address of
the Supplier)

Re: Letter of Credit No. _____,
dated _____,
issued by _____
for ¥ _____ in favour of _____
_____ concerning _____ Project
under Loan Agreement No. _____ .

I, the undersigned, representing (Borrower), hereby issue a Statement of Performance to entitle _____ to receive the sum of ¥ _____ (Yen _____ Only) from JAPAN BANK FOR INTERNATIONAL COOPERATION in accordance with the Payment Terms stipulated in the Contract No. _____, dated _____, between _____ and _____.

(Name of Borrower)

(Authorized Signature)

Special Instruction:

The details of the actual performance shall be stated in the sheet attached hereto.