

REGULATIONS FOR PROCUREMENT AND CONTRACT IN GRANT AID PROJECTS

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Amended by Provision No.314 Dec. 30, 2016

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Amended by Provision No.352 May 20, 2019

CHAPTER 1. GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of these Regulations shall be to stipulate matters entrusted by the Korea International Cooperation Agency Act and the Enforcement Decree of the same Act; Act on Management of Public Institutions; Rules on Contracting Affairs of Public Corporations and Quasi-governmental Institutions; Act on Contracts to Which the State is a Party and the Enforcement Decree of the same Act, and matters necessary for its

implementation.

<Amended on Nov. 2, 2015, May 20, 2019>

Article 2 (Scope of Application)

These Regulations shall apply to procurement and contract to perform Grant Aid Projects by Korea International Cooperation Agency (hereinafter referred to as "KOICA") <Amended on Dec. 30, 2016>

[The Title Amended on Dec. 20, 2016]

Article 3 (Definition)

The terms in these Regulations shall be defined as follows:

1. Deleted. <Dec. 30, 2016>
2. The term "Manufacture and purchase of goods" means any activity related to procurement such as a purchase or manufacture, packaging, transportation, unloading, storage, insurance of goods to be provided to the recipient country; <Amended on Nov. 2, 2015, Dec. 30, 2016>
3. The term "Services" means any activity related to executing related projects such as technical advice and project management and evaluation provided to the recipient country in the form of Expert Personnel Dispatch, Fellowship Program, procurement of commodities, feasibility studies, various design and development plans, and policy development. <Amended on Nov. 2, 2015, Dec. 30, 2016>
4. The term "Construction works" means the execution of all projects including the construction of essential infrastructure such as infrastructure which includes hospitals, schools, houses, roads, airports, railroads, water irrigation facilities, water; and sewage

facilities, water storage facilities, and plants including power and desalination facilities.

<Amended on Nov. 2, 2015>

Article 4 (Delegating and Entrusting Contract Affairs)

(1) When signing a local contract, KOICA shall have the head of the pertinent business department in charge of procurement and contracting; and may delegate or entrust contract-related affairs to the overseas diplomatic officer, or the country directors and expatriates of KOICA. <Amended on Mar. 28, 2013, Nov. 2, 2015>

(2) When the Korean government or KOICA has agreed to cooperate with an international organization, a non-governmental international organization, or a foreign aid organization, KOICA may delegate or entrust the procurement affairs to the organization to perform the project directly or to select a separate project operator. <Amended on Mar. 28, 2013, Nov. 2, 2015, Dec. 30, 2016>

(3) Deleted. <Dec. 30, 2016>

CHAPTER 2. REGISTERING AND OPERATING PROCUREMENT PARTNERS

Article 5 (Registering and Operating Procurement Partners)

(1) KOICA may register and manage related companies as procurement partners to efficiently execute procurement works. <Amended on Nov. 2, 2015>

(2) A person registered as a procurement partner pursuant to Paragraph (1) may omit the examination under Article 13 (2).

(3) Where commodities are procured urgently; or where security must be maintained, specific qualifications shall be required for performing the project, only registered procurement partners may be allowed to participate in tendering pursuant to Paragraph (1).

(4) If necessary to properly and efficiently perform purchasing tasks, procurement partners shall be classified by group according to the characteristics of commodities or procurement; and only procurement partners belonging to the group may participate in the tendering. <Amended on Nov. 2, 2015>

(5) Where tendering for procurement partners pursuant to Paragraphs (3) and (4), public notices pursuant to Article 12 may be issued in lieu of notification of tendering.

(6) Details on registration of procurement partners, such as qualification requirements, examination, registration procedure, and operation are set in the Detailed Rules of Regulations for Procurement and Contract in Grant Aid Projects (hereinafter referred to as "detailed rules"). <Amended on Nov. 2, 2015>

(7) KOICA may exchange or share information related to procurement and contracts with domestic and overseas procurement-related organizations. <Newly Inserted on Nov. 2, 2015>

Article 6 Deleted. <Dec. 30, 2016>

Article 7 (Designating Logistics Company)

(1) A logistics company dedicated to the services of commodities such as transport, packaging, storage, unloading, customs clearance, and insurance may be designated for the smooth supply of commodities.

(2) A logistics company pursuant to the provisions of Paragraph (1) shall be designated by applying the provisions of Article 25.

CHAPTER 3. EXAMINATION AND CALCULATION OF PRICE

Article 8 Deleted. <Dec. 30, 2016>

Article 9 (Procurement Request)

(1) When requesting procurement for goods, the head of the business department shall write in detail the price and detailed specifications for the item and request for procurement promptly considering the local situation of the recipient country and procurement period. If necessary, the head of the procurement department may request the head of the business department to supplement the procurement request. <Amended on Dec. 30, 2016>

(2) Deleted. <Dec. 30, 2016>

Article 10 (Calculating Estimated Price)

The estimated price shall be calculated based upon the amount calculated in the budget, and details shall be set separately.

Article 11 (Expected Maximum Price)

(1) For matters to proceed with competitive tendering or negotiated contract, an Expected Maximum Price shall be prepared according to the relevant specifications and design documents. However, in a case of a negotiated contract pursuant to Paragraph (1) 5 (a)(f) of Article 26 of the Enforcement Decree of the Act on Contracts to Which the State is a

Party (excluding cases requiring the submission of an estimate under the main body of Article 30 (2) of the Enforcement Decree of the same Act); a contract based on competitive dialogue pursuant to Article 43-3 of the Enforcement Decree of the same Act; a contract by negotiation; a contract by a rough estimate or local and international tendering is deemed necessary, the estimated price may not be prepared.

In cases of tendering procedure for a turnkey project under Article 79 (1) 5 and the technology proposal tendering for basic design under Article 98 (3) of the Enforcement Decree of the Act on Contracts to Which the State is a Party, a Maximum Expected Price shall not be prepared. <Amended on Nov. 2, 2015, May 20, 2019>

(2) When an Expected Maximum Price is confirmed pursuant to Paragraph (1), it shall be sealed and placed in a place for tender opening or a place for a negotiated contract in advance, and an Expected Maximum Price shall not be leaked. However, in the case of using a data processing unit, the procedure for sealing is replaced with an Expected Maximum Price encryption procedure. <Amended on Nov. 2, 2015>

(3) An Expected Maximum Price shall be determined based on the total price of the item to be signed. However, in the case of a contract that is executed continuously for a certain period, an Expected Maximum Price shall be determined for the unit price.

(4) An Expected Maximum Price is calculated based upon the quantity to contract, implementation period, supply and demand, terms and conditions of the contract, and other various conditions, and the details are set separately.

CHAPTER 4. METHODS OF TENDERING AND CONTRACT

Article 12 (Public Notice of a Tender)

(1) In cases of competitive tendering, it shall be announced using a data processing unit.

However, if necessary, the method of posting in daily newspapers may be used in parallel.

(2) For contracts not subject to international tendering, a tenderer may submit a written tender through a data processing unit.

(3) If an error in the contents or a violation of laws and regulations is found in the public notice of a tender pursuant to Paragraph (1), and it is necessary to rectify the notification, it shall be notified by adding at least five days to the remaining period. <Newly Inserted on Dec. 30, 2016>

Article 13 (Qualification for Participating in a Tendering)

(1) Only those who meet the following requirements shall participate in competitive tendering:

1. If permission, authorization, license, registration, and report are required or relevant qualification is required under the provisions of other laws and regulations, the permission, authorization, license, registration, and report has been received or conforms to the qualification requirements;
2. If an investigation such as measuring security is necessary, a conformity decision from the relevant agency shall be obtained;
3. It shall meet the other requirements prescribed by the Ordinance of the Ministry of

Economy and Finance.

(2) Paragraph (1) 2 shall not apply when small and medium enterprise cooperatives under the Small and Medium Enterprise Cooperatives Act participate in competitive tendering regarding manufacture and purchase of goods or services (limited to cases where a member who satisfies the requirements under Paragraph (1) 2 makes the goods manufactured or purchased, or perform services).

(3) Only those who do not have evaded taxes, etc. specified in Article 12 (3) of the Enforcement Decree of the Act on Contracts to Which the State is a Party shall participate in competitive tendering.

(4) Before concluding the contract, it shall be confirmed whether the other party falls under Paragraph (3) by a method such as requiring the party to submit supporting documents including a transcript of the criminal record materials or written judgment pursuant to Article 2 (5) of the Act on the Lapse of Criminal Sentences.

(5) If it is impracticable for the other party to submit the supporting documents pursuant to Paragraph (4) when participating in the tendering, a written pledge may be submitted stating that it does not fall under Paragraph (3). In such cases, the pledge shall include the content that the contract may be canceled and terminated, and the contract may be subject to sanctions on an unethical businessperson when it is found that there is a fact that is different from what is written in the pledge.

(6) For the participation of a person who violates Article 34 (1) of the Framework Act on the Construction Industry or Article 13 (1) or (3) of the Fair Transactions in Subcontracting Act, Article 27-4 of the Act on Contracts to Which the State is a Party shall apply mutatis mutandis. <Newly

Inserted on May 20, 2019>

[Wholly Amended on Dec. 30, 2016]

Article 14 (Tender Bond)

Anyone who wishes to participate in competitive tendering shall pay a tender bond, and if successful tenderers do not sign a contract, the tender bond shall be forfeited to KOICA.

Article 15 (tendering for Manufacture and Purchase of Goods and Services)

(1) Documents regarding the tender specified by the Ordinance of the Ministry of Economy and Finance shall be prepared and displayed to submit manufacture and purchase of goods, and services to a tender. If there is a request from a person who wishes to participate in the tender, the documents shall be disclosed from the date of public notice of a tender to the deadline of registration. However, in the case of tendering for manufacture and purchase of goods and services whose estimated price is higher than the notified amount, it shall be issued upon request by a person wishing to participate in the tendering.

<Amended on Nov. 2, 2015, Dec. 30, 2016>

(2) Notwithstanding Paragraph (1), documents related to tendering may be posted on a data processing unit in lieu of access and issuance.

(3) When conducting a software business pursuant to the provisions of Article 2 (3) of the Software Industry Promotion Act, the tendering procedure for a turnkey project of goods and services may be called if deemed necessary due to the nature of the contract.

(4) Where calling tendering for a turnkey project of goods and services pursuant to Paragraph (3), a method deemed appropriate to the characteristics of the subject-matter

of the contract shall be selected from among the methods for determining successful tenderers and specified when public notice of a tender is made.

(5) Tendering for manufacture and purchase of goods and services shall be made in a written tender in the format prescribed by the Ordinance of the Ministry of Economy and Finance. The tender amount shall indicate the total amount in the case of a tender conducted based on the total amount, and the unit price in the case of a unit price tender.

[The Title Amended on Dec. 30, 2016] [Wholly Amended on Dec. 30, 2016]

Article 16 (Tendering for Construction Works)

(1) In the case of tendering for construction works, a design document, the BOQ of materials for each type of work, and a document for tendering specified by Ordinance of the Ministry of Economy and Finance; and other documents for tendering determined by KOICA shall be prepared and displayed. If anyone wishes to participate in tendering so requests, the documents shall be inspected from the date of public notice of a tender to the deadline of tender registration. tendering-related documents may be posted on a data processing unit in lieu of access or issuance.

<Amended on Mar. 28, 2013, Nov. 2, 2015, Dec. 30, 2016>

(2) When on-site explanations are deemed necessary, it shall be performed based upon the local circumstances of the recipient country within a certain period determined by KOICA, before the deadline for submission of the written tender. <Amended on Mar. 28, 2013, Nov. 2, 2015>

(3) When on-site explanations are conducted pursuant to Paragraph (2), only those who participated in the on-site explanations shall be allowed to participate in the

tendering.

(4) When tendering, the tenderer shall state the total tender amount in the written tender, but attach the calculation details of the tender amount with the unit price in the BOQ distributed pursuant to Paragraph (1), to the written tender.

(5) In cases of long-term continuous construction works that are performed over one fiscal year, a tender shall be made for the total construction works.

(6) Details of the tender eligibility screening will be determined separately.

<Amended on Dec. 30, 2016>

[The Title Amended on Nov. 2, 2015]

Article 17 (International Tendering and Local Tendering)

(1) If necessary, the project may be submitted to international or local tendering depending on the scale and nature of the project, local circumstances of the recipient country, and aid effectiveness of non-binding priority principles. <Amended on Nov. 2, 2015>

(2) Details on international tendering and local tendering shall be determined separately.

Article 18 (Tendering in Two-Step Competitions, etc.)

(1) If it is impracticable to prepare appropriate specifications in a tender to contract manufacture and purchase of goods and services, or if it is deemed necessary due to the nature of the contract, tenders for specifications or technology may be conducted first and a price tendering may be performed. <Amended on Nov. 2, 2015, Dec. 30, 2016>

(2) In the case of Paragraph (1), only those who are confirmed as qualified as a result of opening tenders for specifications or technology shall be granted qualifications to

participate in price tendering.

(3) Notwithstanding the provisions of Paragraph (1) and (2), if it is deemed necessary according to the characteristics of the contract, tenders for specifications and price, or tenders for technology and price may be conducted simultaneously. In such cases, the price tendering may be opened only to those who are confirmed as qualified as a result of the opening of tenders for specifications or technology.

(4) When tendering is to be conducted under the provisions of Paragraph (1) to (3) evaluation criteria and procedures shall be set before tendering so that anyone who wishes to participate in the tendering may inspect them.

(5) As a result of opening the price proposal under Paragraph (3), if successful tenderers cannot be determined; if two or more people are qualified in standards or technical tendering, the qualified person may be asked to resubmit the tender proposals.

Article 19 Deleted. <Dec. 30, 2016>

Article 20 Deleted. <Dec. 30, 2016>

Article 21 (Method of Signing Contracts)

(1) KOICA or the head of the procurement department shall open a general competition to sign a contract. However, if deemed necessary based upon the purpose, nature, and scale of the contract, a participant may be nominated for competition, or a negotiated contract may be signed.

(2) Competition under Paragraph (1) shall be conducted by tendering; and matters related to tendering shall be announced or notified in advance for candidates to make a tender.

(3) Where opening a general competition pursuant to the main body of Paragraph (1), pre-qualification screening for tendering shall be conducted pursuant to the Act on Contracts to Which the State is a Party; or requirements for qualification for participating in the tendering may be determined by construction capacity, technical capacity, performance, financial position, and the location of the head office on the transcript of incorporation register (in cases of a private business, this refers to the location of the business place stated in the business registration certificate or in documents related to permission, authorization, license, registration, and/or reporting under the relevant laws and regulations. The same as below).

(4) In the process of signing a contract pursuant to Paragraph (1), in the case of competition with the subject of priority purchase pursuant to other laws, the counterparty shall be decided in consideration of the purpose and scale of the contract and the level of consideration for the socially disadvantaged.

(5) KOICA may request an application for registration, submission, reception of written tender through the information and communication media, and programs of the relevant organization for smooth execution of contract work.

[Wholly Amended on May 20, 2019]

Article 22 (Determining the Successful Tenderer)

(1) In the case of competitive tendering, a tenderer falling under any of the following subparagraphs shall be determined as the successful tenderer:

1. A person deemed as having sufficient contract execution capability and tenders at the lowest price; <Amended on Dec. 30, 2016>

2. A person who tenders most advantageously to KOICA according to the evaluation criteria specified in the public notice of a tender or tender documentation; <Amended on Dec. 30, 2016>

3. A person who submits the most appropriate tender under the criteria when matters are especially determined in consideration of other matters such as the nature, scale of the contracts.

(2) A general competition shall be established to sign a contract, but a participant may be nominated for competitive tendering or a negotiated contract may be signed if deemed necessary in consideration of the purpose, nature, scale of the contract. In the case of competition with the subject of priority purchase pursuant to other laws, the counterparty shall be decided in consideration of the purpose of the contract and the level of consideration for the socially disadvantaged. <Amended on May 20, 2019>

Article 23 (Selective Competitive Tendering Procedure)

Cases that shall be put into the selective competitive tendering procedure are as follows:

<Amended on Jan. 6, 2011>

1. If it is impracticable to achieve the purpose of the contract unless there is a person who has special equipment, technology, materials, or goods or performance considering the nature or purpose of the contract and there are no more than 10 persons eligible for tendering; <Amended on Jan. 13, 2009>

2. Construction works with an estimated price of less than KRW 300 million (excluding specialized construction) under the Framework Act on the Construction Industry; specialized construction works with an estimated price of KRW 100 million or less under the Framework Act on the Construction Industry; in the case of construction

works with an estimated price of KRW 100 million or less under other construction-related laws and regulations; manufacturing goods with an estimated price of KRW 100 million or less; <Amended on Jan. 13, 2009>

3. Contracts other than a contract for construction or manufacturing, or leases or rentals of goods, with an estimated price of KRW 50 million or less; <Amended on Jan. 13, 2009>
4. Products certified under Article 15 of the Industrial Standardization Act or standard products of excellent organizations under Article 25 of the same Act; <Amended on Jan. 13, 2009, May 20, 2019>
5. In a case of manufacture or purchase products conforming to the standards under Article 33 of the Act on the Promotion of Saving and Recycling of Resources; recycled products that have obtained quality certification pursuant to Article 17 (1) 3 of the Enforcement Decree of the Industrial Technology Innovation Promotion Act; products that have certified as eligible for the Environment Mark pursuant to Article 17 of the Environmental Technology and Industry Support Act; <Amended on Jan. 13, 2009, Nov. 2, 2015, May 20, 2019>
6. When manufacturing or purchasing goods designated or announced by the Minister of SMEs and Startups pursuant to Article 6 of Enforcement Decree of the Act on Facilitation of Purchase of Small and Medium Enterprise-manufactured Products and Support for Development of their Markets from SMEs pursuant to Article 2 of the Framework Act on Small and Medium Enterprises; <Amended on Jan. 13, 2009, Nov. 2, 2015, May 20, 2019>
7. Deleted; <Dec. 30, 2016>

8. If it is not possible by negotiated contract. <Newly Inserted on Dec. 30, 2016>

Article 23-2 (Negotiated Contract)

(1) The cases where negotiated contract shall be made are as follows:

1. In case of signing a contract with the state and local government;
2. When KOICA enters into any of the following contracts with its subsidiary (refers to a corporation that KOICA owns 50/100 or more of the total number of issued stocks or total investments. The same as below) or subsidiary company (refers to a corporation in which the sum of stocks or equity shares owned by KOICA and stocks or equity shares owned by other public enterprises and quasi-governmental institutions or Korea Development Bank shall be 50/100 or more of the total number of issued stocks or total shareholders' equity. The same as below);
 - a. When KOICA entrusts business or lets a contract partner perform on behalf of KOICA under the government's policy for management innovation;
 - b. In case it is inevitable for the maintenance of facilities and equipment possessed by KOICA or of Class 1 facilities pursuant to Subparagraph 2 of Article 2 of the Special Act on Safety Management of Facilities;
 - c. Where inevitable to protect and foster specific technologies deemed by the head of the main authority;
 - d. In cases subsidiary or subsidiary company is shut down for management innovation, and the head of the main authority deems it inevitable.

2-2. In cases where a subsidiary of KOICA (including subsidiaries of other public institutions);
a subsidiary company of KOICA (including a company invested by other public

institutions); a public institution that employs dispatched workers (it is limited to workers who have been performing the work of public enterprises or quasi-governmental Institutions) as workers rather than irregular workers (refers to fixed-term or part-time employees under the Act on the Protection. Etc. of Fixed-term and Part-time Employees) under the standards announced by the Minister of Employment and Labor in consultation with the Minister of Economy and Finance for employment security enters into a contract for the work performed by the dispatched worker;

3. When purchasing goods used in overseas offices locally;
4. National security guarantee, diplomatic relations, public interest, and other matters equivalent to this, where it is necessary to conclude a contract in secret;
5. When a product that meets the detailed criteria of a specially selected product determined and notified by the Minister of Strategy and Finance to promote localization, and the product designated as a specially selected product by the head of the agency is manufactured or purchased from the producer within three years from the date of designation;
6. When KOICA enters into a contract with the relevant consignee within two years after it has implemented the performance-sharing system pursuant to Article 8 (1) of the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises, and received confirmation of the performance from the Promotional Headquarters for Promoting the performance-sharing system pursuant to Paragraph (2) of the same Article;
7. When it is possible to make a negotiated contract under Article 26 (1)(2) of

Enforcement Decree of the Act on Contracts to Which the State is a Party (in the case of a negotiated contracting under Paragraph (1) 3 (g) of the same Article, despite the amount notified in (g), it is limited to the purchase of goods less than the amount notified by the Minister of Economy and Finance pursuant to the main body of Article 4 (1) of the Rules on Contracting Affairs of Public Corporations and Quasi-governmental Institutions);

8. When it is possible to make a negotiated contract pursuant to Article 27 (1) of the Enforcement Decree of the Act on Contracts to Which the State is a Party.

(2) Notwithstanding Paragraph (1), the head of an agency or contracting agent shall not enter into a negotiated contract in any of the following cases:

1. In a case of signing a contract with a corporation in which a KOICA retiree works as a CEO, a board member, an auditor, or a person who falls under any of the subparagraphs of Article 401-2 (1) of the Commercial Act (in the case of a non-profit corporation, it refers to a person equivalent to this) within two years from the retirement date of the retiree;

2. In the case of signing a contract with a retiree of KOICA within two years from the retirement date.

(3) In a case of a negotiated contract agreement with a corporation, the head of an agency or contracting agent shall receive a document containing the list of executives from the corporation and confirm that no one falls under Paragraph (2) 1. In such cases, the head of the agency or the contracting agent shall notify the corporation that the contract may be canceled or terminated and may be subject to restrictions on qualification for participating

in tendering if false documents are submitted.

(4) Paragraph (2) and (3) shall not apply when a negotiated contract is concluded pursuant to Paragraph (1) 1, 2, and 7 (limited to cases where a negotiated contract is concluded pursuant to Article 26 (1) 1, 2, and 5 (a) of the Act on Contracts to Which the State is a Party (limited to cases where the estimated price is at least KRW 20 million and an estimate is submitted using the electronic procurement system)) and Article 8.

(5) When a contracting agent concludes a negotiated contract pursuant to Paragraph (4), the details shall be reported to the head of the agency who shall notify the BAI of the conclusion of a negotiated contract without delay.

[Wholly Amended on Dec. 30, 2016, Amended on May 20, 2019]

Article 24 (Joint Contract)

(1) When deemed necessary for a contract such as a manufacture or purchase of goods, services and construction works, a joint contract with two or more counterparty may be concluded. <Amended on Nov. 2, 2015, Dec. 30, 2016>

(2) In the case of writing a contract pursuant to Paragraph (1), the contract shall be confirmed by all counterparty writing name, imprint seal, and sign on the contract.

Article 24-2 (Unit-Price Contract)

When it is necessary to make a contract for purchasing, services, or construction works such as manufacturing, repair, processing, trading, supply, and use for a certain period continuously, a contract may be concluded for the unit price within the budget for the relevant year.

[Newly Inserted on Nov. 2, 2015]

Article 24-3 (Rough Estimate Contract)

When it is not possible to set a price in advance for manufacturing contracts for new products developed; entrustment or agency contract according to laws and regulations with public institutions; purchasing, service, and construction work for emergency disaster support, it is possible to conclude a rough estimate contract.

[Newly Inserted on Nov. 2, 2015]

Article 24-4 Deleted. <Dec. 30, 2016>

Article 25 (Signing a Contract by Negotiation)

(1) In the case of goods or services contracts, if it is deemed necessary for reasons such as professionalism, technology, urgency in the performing the contract; stability of public facilities; other national security purposes, proposals shall be submitted from multiple suppliers, evaluated, and then negotiated. Through this, a contract may be concluded with a person who is deemed to be most advantageous to KOICA. <Amended on Nov. 2, 2015, Dec. 30, 2016>

(2) In the case of signing a contract pursuant to the provisions of Paragraph (1), the contents of the contract by negotiation shall be stated at the time of public notice of a tender.

(3) Necessary documents such as a request for proposal shall be issued to a person who intends to participate in a negotiated contract. Necessary documents such as a request for proposal in the electronic procurement system may be posted in lieu of issuing necessary documents such as a request for proposal. <Newly Inserted on Dec. 30, 2016>

(4) In the case of concluding a contract pursuant to Paragraph (1), an explanation of the

request for proposal may be provided if deemed necessary in consideration of the nature and scale of the contract. In the case of explaining the request for proposal, only those who participated in the explanation may be allowed to participate in the contract. <Newly Inserted on Dec. 30, 2016>

(5) In the case of signing a contract by negotiation pursuant to Paragraph (1), detailed standards shall be determined under the contract conclusion standards set by KOICA, taking into account the performance, technical capacity, project execution plan, financial position, and tender price comprehensively. The person who intends to sign the contract shall be able to readily access the standards. <Newly Inserted on Dec. 30, 2016>

Article 25-2 (Signing a Contract through Competitive Dialogue)

(1) In the case of a contract for goods or services that requires expertise or technology and falls under any of the following subparagraphs, KOICA shall adjust or confirm the details and the implementation plan of the contract objectives through competitive or technical dialogue (hereinafter referred to as "competitive dialogue") about the details of the subject-matter of the contract with the persons eligible for tendering, receive and evaluate the proposal to conclude the contract with the person who is considered to be the most advantageous to KOICA:

1. When it is impracticable to determine the technical requirements or the details of the final subject-matter of the contract in advance;
2. When it is impracticable to select the optimal alternative due to various alternatives such as goods or services;
3. In a case of purchasing non-commercial products;

4. Other cases where KOICA deems necessary, such as when the contents of the subject-matter of the contract are complicated or highly impracticable.

(2) When KOICA intends to sign a contract pursuant to Paragraph (1), it shall state the meaning of the contract by competitive dialogue at the time of public notice of a tender.

(3) Before a competitive dialogue, KOICA shall select a person eligible for tendering to participate in the competitive dialogue by reviewing the contents of the proposals of the persons eligible for tendering.

(4) KOICA shall provide necessary documents such as a request for proposal confirmed by competitive dialogue, to the tenderers participating in the competitive dialogue.

(5) KOICA may pay all or part of the cost of participating in the competitive dialogue, to participants who have not been selected as successful tenderers among those who participated in the competitive dialogue and submitted proposals within the scope of the budget.

(6) When signing a contract through competitive dialogue, negotiation-based contract rules shall apply mutatis mutandis to the explanation of the request for proposal, detailed criteria for concluding contracts, and evaluating the proposal. In such cases, the phrase "contract by negotiations" shall be construed as "contract by competitive dialogue".

(7) In addition to the matters stipulated in Paragraph (1) through (6), matters necessary for the method, procedure, and payment of participation fees for

competitive dialogue shall apply mutatis mutandis to the method determined by the Minister of Economy and Finance. <Newly Inserted on May 20, 2019>

CHAPTER 5. SIGNING AND FULFILLING CONTRACTS

Article 26 (Contract Bonds)

(1) KOICA shall ensure that the other party wishing to sign a contract pays a contract bond. However, payment of all or part of a contract bond may be exempted if it is specified in detailed rules. <Amended on Nov. 2, 2015, Dec. 30, 2016>

(2) <Deleted. Nov. 2, 2015>

(3) When the counterparty fails to fulfill its contractual obligations, KOICA shall forfeit the contract bonds to the National Treasury. In such cases, when the payment of all or part of the contract bond is exempted according to Paragraph (1), the amount corresponding to the contract bond shall be forfeited to the National Treasury according to the detailed rules. <Newly Inserted on Dec. 30, 2016>

Article 27 (Amendment of Contract Details)

(1) After signing a contract that is burdened by KOICA, such as purchases, technical services, and construction works, the provisions of the contract may be amended in the event of price fluctuations or design changes. <Amended on Nov. 2, 2015>

(2) If a recipient country or international organization requests the provisions of such a project to be amended, the provisions of the contract may be amended.

Article 28 Deleted. <Dec. 30, 2016>

Article 29 (Payments and Advanced Payments)

(1) The price for goods and construction works shall be paid within five days from the date of receipt of the invoice for payment after inspection of the project and the standard date of each of the following subparagraphs. In such cases, the payment period may be extended by up to five days by agreement with the contracting party: <Amended on Nov. 2, 2015, Dec. 30, 2016>

1. In the case of FOB or CIF: The date of shipment;

2. In the case of FCA;

a. Payment for manufacturing or purchase: The date of completion of the inspection;

b. Payment for services such as transportation or insurance: The date of shipment;

3. Product inspection and construction works: The date of completion of the examination;

<Amended on Nov. 2, 2015>

4. Deleted; <Amended on May 20, 2019>

5. Others, including technical services: The date of approval after examination of the outcome; <Amended on Nov. 2, 2015>

(2) In cases of payment for a purchase, if the goods which have been inspected shall be shipped at least one month from the original shipment schedule due to unexpected reasons such as reasons attributable to KOICA, circumstances of a recipient country, and change of ship schedules. Notwithstanding the provisions of Paragraph (1) 1, part or all of the price may be paid before the date of shipment of the goods. <Amended on Nov. 2, 2015>

(3) When a counterparty requests advanced payment, it shall be paid and the timing and

conditions of payment shall be determined separately.

(4) When it is found that all or part of the request is unfair after the request for payment pursuant to Paragraph (1) or (3), the invoice may be returned to the counterparty, specifying the reason. In such cases, the period from the date of return to the date of receipt of the reclaim shall not be included in the payment period under Paragraph (1) or (3). <Newly Inserted on Dec. 30, 2016>

(5) Where calculating the period under Paragraph (1) and (2), holidays and Saturdays are excluded. <Newly Inserted on Dec. 30, 2016>

Article 30 (Penalty for Delay)

When the counterparty delays its contractual obligations without justifiable grounds, the counterparty shall be required to pay the penalty for delay. However, if the performance of the contract is deemed delayed due to reasons other than the counterparty's fault, the number of days shall not be counted as the number of days delayed. <Amended on Dec. 30, 2016>

Article 31 (Defect Warranties)

(1) When signing a contract, a warranty period against defects shall be set to guarantee repair of defects. However, this shall not be the case where defect repair is unnecessary; construction works that objectively do not require defect repair due to the nature of the construction works such as dismantle structures, simple rock cutting, sand, and gravel extraction among the detailed work of the construction industry pursuant to Attachment 1 of the Enforcement Decree of the Framework Act on the Construction Industry; construction works where the contract amount does

not exceed KRW 30 million. <Amended on May 20, 2019>

(2) Warranty bond shall be paid at a rate of between 2/100 and 10/100 of the contract amount to guarantee repair of defects and the bond shall be kept for the warranty period under the provisions of Paragraph (1).

Article 31-2 (Liquidated Damages)

(1) When signing contracts for construction works and services that require liquidated damages, it is mandatory to purchase indemnity insurance and join a mutual aid association. <Amended on Dec. 30, 2016>

(2) Details related to the calculation of insurance costs shall be determined separately.
<Amended on Dec. 30, 2016>

[This Article Newly Inserted on Nov. 2, 2015]

Article 32 (Payment and Settlement of Service Cost)

(1) Technical service fees shall be paid in installments or lump-sum according to the terms and conditions of the contract and the counterparty's request. <Amended on Nov. 2, 2015, Dec. 30, 2016>

(2) The counterparty shall return the balance after settlement of the service fee is confirmed and the details shall be determined separately. <Amended on Nov. 2, 2015, Dec. 30, 2016>

Article 33 (Performing Integrity Agreements)

(1) KOICA shall require a tenderer or counterparty to agree not to directly or indirectly give or receive money, goods, or entertainment (including providing fraudulent employment to relatives) to tenderers or counterparty in the process of tendering,

successful tendering, contract signing, or performing the contract (including after completion and delivery) to increase transparency and fairness in contracts. If this is not observed, a contract (hereinafter referred to as "integrity agreement") shall be concluded with the condition that the tendering or successful tendering may be canceled or the contract may be canceled or terminated. <Amended on Nov. 2, 2015, Dec. 30, 2016, Feb. 28, 2018>

(2) KOICA shall separately determine the details of Paragraph (1) and include it in the terms and conditions of the contract.

(3) If the integrity agreement is not observed, KOICA shall cancel the relevant tendering or successful tendering, or cancel or terminate the contract. However, if it is deemed that it is significantly harming the public interest taking into account various circumstances such as the severity of the misconduct including providing money and goods or entertainment (including providing fraudulent employment to relatives); the extent of the fulfillment of the contract; the extent of the loss of the state due to the suspension of execution of the contract, the agreement may be continued to be implemented with the approval of the president of KOICA as prescribed by the Enforcement Decree of the Act on Contracts to Which the State is a Party. <Newly Inserted on Jan. 6, 2011, Dec. 30, 2016, Feb. 28, 2018>

CHAPTER 6. RESTRICTIONS ON PARTICIPATION IN TENDERING, ETC.

Article 34 (Cancelling and Terminating Contracts)

(1) In the case of forfeiture of contract bonds pursuant to Article 26 (2), KOICA shall cancel or terminate the contract and notify the counterparty of the reason, unless otherwise specified in the contract. <Amended on Dec. 30, 2016>

(2) If the reason for collecting a penalty for delay occurs under Article 30 and the amount reaches the equivalent amount of contract bonds (including exempt contract deposit) pursuant to Article 26 (1), the contract may be canceled, terminated, or maintained as follows: <Amended on Dec. 30, 2016, May 20, 2019>

1. Where it is deemed obvious that there is no possibility to perform the contract due to reasons attributable to the counterparty: Contract bonds shall be forfeited to the National Treasury and the contract is canceled or terminated under Article 26;
2. In cases not falling under Subparagraph 1, when the counterparty is deemed able to perform the contract and it is necessary to maintain the contract: The contract bonds shall be paid additionally corresponding to the part in which the contract implementation has not been completed (the amount of the initial contract deposit plus the maximum amount of penalty for delay pursuant to Article 74 (3) of the Enforcement Decree of the National Contract Act shall be the limit) and the contract shall be maintained. In such cases, Article 50 (6) through (8), and (10) of the Enforcement Decree of the National Contract Act shall apply mutatis mutandis to the payment of additional contract bonds.

(3) Deleted. <Amended on May 20, 2019>

[Wholly Amended on Dec. 30, 2016]

Article 35 (Supervision, Examinations, and Inspections)

(1) Where signing contracts for purchasing, technical services, and construction works, KOICA shall supervise them under the contract, design documents, and other related documents to ensure the contract is performed properly. <Amended on Nov. 2, 2015>

(2) When the counterparty referred to in Paragraph (1) has fully performed all or part of the contract, KOICA shall inspect such performance under the contract, design documents, and other related documents to confirm this.

(3) For goods to be delivered, an inspection shall be performed to confirm whether it is consistent with the contract. However, small-sum or low-price of commodities that have been quality-certified by a nationally-accredited institution may be replaced with a quality guarantee issued by the manufacturer or counterparty through self-inspection without separate inspection.

(4) If necessary, KOICA may designate a specialized institution such as a professional inspection company equipped with inspection equipment and expertise; or may entrust an expert to perform the tasks under Paragraph (1) or (2).

Article 36 (Exemption of Bonds)

(1) Notwithstanding the provisions of Articles 14, 26, and 31, the payment of all or part of the bonds may be exempted as prescribed by detailed rules. <Amended on Nov. 2, 2015, Dec. 30, 2016>

(2) In the case of Paragraph (1), a document stating the amount of the relevant bond shall be paid to KOICA shall be submitted when the ground for forfeiture arises. <Amended on Nov. 2, 2015, Dec. 30, 2016>

Article 37 (Warnings and Restrictions on Qualification for Participating in tendering)

A warning shall be issued and qualifications for participating in tendering shall be restricted against any person who may impair the fair process of competition or the proper performance of the contract; or who deemed inappropriate to participate in other tendering. Limitations are set separately. <Amended on Dec. 30, 2016>

Article 38 (Establishing and Operating the Contracting Council)

(1) In the process of deciding on major contract-related matters falling under any of the following subparagraphs, if the head of the procurement department determines that it is fair and efficient to make decisions by gathering consensus, the Contracting Council may be established and operated:

1. A negotiated contracting related to purchases and/or services with an estimated price of KRW 100 million or more; or construction works with an estimated price of KRW 200 million or more pursuant to Article 23-2 (2); <Amended on Nov. 2, 2015, Dec. 30, 2016>
2. Qualifications for participating in the tendering, type of tendering, contract signing, and method of selecting successful a tenderer in the competitive tendering;
3. Necessity and amended contents of revised contract;
4. Imposition of penalties for delaying performance; canceling or terminating the contract; and sanctions pursuant to Articles 30, 34, and 37;
5. Matters that a tendering participant or counterparty inquiries about or requests correction regarding tendering, signing of contracts, performing contracts; <Newly

Inserted on Nov. 2, 2015>

6. Matters regarding the improvement of the purchasing system; <Newly Inserted on Nov. 2, 2015>

7. Other matters deemed by the head of the procurement department as requiring separate deliberation. <Amended on Nov. 2, 2015>

(2) Detailed matters regarding the composition and operation of the contracting committee in Paragraph (1) shall be determined separately. <Amended on Dec. 30, 2016>

[This Article Newly Inserted on May 13, 2011]

Article 39 (Mutatis Mutandis and Exception)

(1) For matters not specifically specified in these Regulations, the Rules on Contracting Affairs of Public Corporations and Quasi-governmental Institutions shall govern; and Act on Contracts to Which the State is a Party and Enforcement Decree and Enforcement Rules of the same Act shall apply mutatis mutandis. <Amended on Nov. 2, 2015, Dec. 30, 2016, May 20, 2019>

(2) Notwithstanding these provisions, in a case falling under Articles 4 (2) and 17, a contract may be concluded differently according to the laws and regulations of the recipient country, local customs, and international practices.

[Wholly Amended on May 13, 2011]

Article 40 (Detailed Rules)

The president may determine matters necessary for the enforcement of these provisions in the detailed rules. <Amended on May 13, 2011, Mar. 28, 2013.>

ADDENDA

Article 1 (Enforcement Date) These provisions shall enter into force from the date of approval by the Minister of Foreign Affairs and Trade.

ADDENDA <Jan. 13, 2009>

Article 1 (Enforcement Date) These provisions shall enter into force from the date of approval by the Minister of Foreign Affairs and Trade.

ADDENDA <Jan. 6, 2011>

Article 1 (Enforcement Date) These provisions shall enter into force from the date of approval by the Minister of Foreign Affairs and Trade, but shall apply from November 19, 2010.

ADDENDA <May 13, 2011>

Article 1 (Enforcement Date) These provisions shall enter into force from the date of approval by the Minister of Foreign Affairs and Trade.

ADDENDA <Mar. 28, 2013.>

Article 1 (Enforcement Date) These provisions shall enter into force from the date of approval by the president.

ADDENDA <Nov. 2, 2015>

Article 1 (Enforcement Date) These provisions shall enter into force from November 2, 2015 after a resolution by the Executive Board.

ADDENDA <Dec. 30, 2016>

Article 1 (Enforcement Date) These provisions shall enter into force from December 30, 2016 with approval by the Minister of Foreign Affairs after a resolution by the Executive Board.

ADDENDA <Feb. 28, 2018>

Article 1 (Enforcement Date) These provisions shall enter into force from February 28, 2018.

ADDENDA <May 20, 2019>

Article 1 (Enforcement Date) These provisions shall enter into force from May 20, 2019.

Article 2 (Case of Application Regarding the Limit of Additional Payments) The amended provisions of Article 34 shall be applied from the case where the contract period expires after these provisions enter into force and thus a penalty for delay occurs.