Loan Agreement

(Manta Public Services Improvement Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

THE MUNICIPALITY OF MANTA

Dated November 20, 2013
LOAN AGREEMENT

Agreement dated November 20, 2020, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and MUNICIPALITY OF MANTA ("Borrower").

Whereas the Borrower is a political subdivision of the Guarantor and hereby represents that it has the necessary legal capacity and powers to enter into this Agreement and perform its obligations set forth herein, all pursuant to the Borrower’s Legal Framework.

The Bank and the Borrower hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred million Dollars ($100,000,000) ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the
2.05. The Payment Dates are February 15 and August 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:
   (i) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and
   (ii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

   (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

2.08. Without limitation upon the provisions of paragraph (a) of Section 2.07 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower, through UGP, shall carry out: (a) Parts I and III.1 of the Project with the participation of EPAM pursuant to the provisions of the Subsidiary Agreement; (b) Parts II and III.2 of the Project with the participation of the Directorate of Public Works and the Directorate of Traffic; and (c) Part IV
of the Project, all in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) EPAM shall have failed to comply with any of its obligations under the Subsidiary Agreement.

(b) SENAGUA shall have failed to implement any of the recommendations of the Poza Honda Dam Study, as applicable to SENAGUA, so as to affect materially and adversely, in the opinion of the Bank, the operation of the rehabilitated water and sewerage networks under Part I of the Project.

(c) EPAM’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of EPAM to perform any of its obligations under the Subsidiary Agreement.

(d) The Borrower’s Legal Framework has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to perform any of its obligations under this Agreement.

4.02. The Additional Event of Acceleration consists of the following:

(a) Any event specified in paragraphs (a) and (b) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty days after notice of the event has been given by the Bank to the Borrower.

(b) Any event specified in paragraphs (c) or (d) of Section 4.01 of this Agreement occurs.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Subsidiary Agreement has been executed on behalf of the Borrower and EPAM.

(b) The UGP has been established pursuant to Section I.A.1 of Schedule 2 to this Agreement.

5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date 90 days after the date of this Agreement, but in no case later than 18 months after the Bank’s approval of the Loan which expire on February 6, 2015.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Alcalde del Gobierno Autónomo Descentralizado Municipal del Cantón Manta.

6.02. The Borrower’s Address is:
Avenida 4 y Calle 9
Manta
Ecuador

Facsimile:
593502621941

6.03. The Bank’s Address is:
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: INTBAFRAD
Telex: 248423(MCI) or 1-202-477-6391
Facsimile: 64145(MCI)
AGREED at the District of Columbia, United States of America of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Jason Tolig

Title: Vice President for Latin America and the Caribbean

THE MUNICIPALITY OF MANTA

By

Authorized Representative

Name: Jaime Estrada Zonilla

Title: Alcalde del Gobierno Autónomo Descentralizado Municipal del Cantón de Manta
SCHEDULE 1

Project Description

The objective of the Project is to support the Borrower in increasing the quality and sustainability of public services for water, sanitation and urban mobility.

The Project consists of the following parts:

Part I. Investments in Water Supply and Sewerage

1. Increase of water storage capacity and rehabilitation of the water network in Selected Districts through, inter alia, the rehabilitation of primary and secondary networks and the installation of household connections and meters.

2. Rehabilitation of the sewerage network in Selected Districts through, inter alia, the rehabilitation of networks, rehabilitation of a pumping station and the installation of household connections.

Part II. Investments in Road Improvement

Improvement of urban streets in Selected Districts through, inter alia: (a) the carrying out of urban street upgrading works; (b) the resurfacing of urban streets, including street paving; and (c) the construction and reconstruction of sidewalks with pedestrian facilities.

Part III. Institutional Strengthening

1. Support to the institutional strengthening of EPAM through, inter alia: (a) the development and implementation of a management improvement program, comprising operational and commercial efficiency activities; (b) the development and implementation of a medium-long term institutional strategic plan; (c) the development of a household connections program for both water and sewerage aimed at improving water usage and tariff collection, as well as promoting the health and environmental benefits of connecting to the network; (d) the development of a water and sewage quality control program including, inter alia, the development of a monitoring plan, the construction of a small laboratory to measure water quality and the provision of technical assistance to improve the maintenance of the existing wastewater treatment plant; and (e) the preparation of a water resources integrated management plan.

2. Support the institutional strengthening of the Directorate of Traffic and the Directorate of Public Works through, inter alia: (a) the provision of technical assistance to optimize and improve the level of service of public transport; (b) the development of a road safety plan; (c) the promotion of efficient road management;
(d) the carrying out of capacity building activities to support the implementation of traffic calming measures; and (e) the provision of technical training to support transport planning and road asset management.

**Part IV. Project Management**

Support for Project management through, *inter alia*: (a) the provision of equipment and training for UGP; (b) the provision of technical assistant to support: (i) the monitoring and evaluation activities under the Project; (ii) environmental and social management under the Project; and (iii) the contract management under the Project; and (c) the carrying out of communication campaigns related to Project activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. (a) The Borrower shall establish and thereafter operate and maintain throughout the implementation of the Project, a Project implementation unit ("UGP"), with functions, staffing (including but not limited to a Project Coordinator, a financial management specialist, a procurement specialist, a contract management specialist, an environmental specialist and a social specialist), and responsibilities satisfactory to the Bank, and set forth in the Operational Manual.

(b) Without limitations to the provisions of paragraph (a) above, no later than two months after the Effective Date, the Borrower shall hire: (i) a procurement specialist; (ii) an environmental specialist; (iii) a social specialist; and (iv) a financial management specialist, all under terms of reference approved by the Bank, to carry out the duties and responsibilities specified in the Operational Manual.

2. (a) The Borrower shall carry out the Project in accordance with the provisions of a manual (the Operational Manual), which shall include, inter alia: (i) a detailed description of Project activities and institutional arrangements for the Project; (ii) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (iii) a description of the Project monitoring and evaluation responsibilities; (iv) a description of the institutional and administrative mechanisms established to ensure coordination between UGP and the Borrower staff supporting the implementation of the Project; (v) the EMPs; (vi) the RAP; (vii) the RPF; (viii) the environmental guidelines for the carrying out of small works under Part III.1 (d) of the Project, including procedures to prevent, mitigate, and manage any potential environmental negative impact of the construction of a small laboratory; (ix) the recommendations of the Poza Honda Dam Study, including roles and responsibilities for their implementation; and (x) the Project indicators.

(b) Except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not amend or waive any provision of the Operational Manual. In case of any conflict between the terms of the Operational Manual, the Subsidiary Agreement, and this Agreement, the provisions of this Agreement shall prevail.
B. Subsidiary Agreement

1. For purposes of the carrying out of Parts I and III.1 of the Project, the Borrower shall enter into an agreement ("Subsidiary Agreement") with EPAM, under terms and conditions satisfactory to the Bank, which shall include, *inter alia*:

(a) the obligation of the Borrower to carry out Parts I and III.1 of the Project with the participation of EPAM and in accordance with the pertinent provisions of this Agreement, including compliance with the provision referred to in Section I.C of Schedule 2 to this Agreement;

(b) the right of the Borrower to take remedial actions against the EPAM in case the EPAM shall have failed to comply with any of its obligations under the Subsidiary Agreement (which actions shall previously be agreed with the Bank); and

(c) The obligation of EPAM to: (i) participate in the carrying out of Parts I and III.1 of the Project in accordance with the provisions of the Subsidiary Agreement and the Operational Manual, including the EMPs, and RPF; (ii) no later than six months after the Effective Date, establish and thereafter operate and maintain a Project unit with a lead coordinator to provide support to the carrying out of said Parts of the Project and appoint a lead manager and other area coordinators as defined in the Operations Manual to coordinate the carrying out of Part III.1; (iii) comply with the provisions of the Anti-Corruption Guidelines; (iv) take or permit to be taken all actions to enable the Borrower to comply with its respective obligations under this Agreement; (v) enable the Borrower and the Bank to inspect said Parts of the Project, its implementation and operation and relevant records and documents; and (vi) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

2. The Borrower shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive, or fail to enforce the Subsidiary Agreement or any of its provisions in accordance with its terms an in a manner acceptable to the Bank

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
D. Safeguards

1. Without limitation to the provisions of Section A.2(a)(v), (vi) and (vii) and B.1(c)(i) of this Schedule, the Borrower shall carry out the Project in accordance with the EMPs, the RAP, and RPF.

2. Without limitations to the provisions of paragraph 1 above, if, as a result of a change in the sitting alignments of the works under Part I of the Project, Resettlement is involved, the Borrower shall: (a) prior to carrying out of any said works, prepare and submit to the Bank for its approval the corresponding resettlement action plan, in form and substance satisfactory to the Bank; and (b) immediately thereafter implement and/or cause the EPAM to implement the pertinent resettlement action plan.

3. With respect to any consultancy to be provided for the preparation of a water resources integrated management plan under Part III.1(e) of the Project, the Borrower, through UGP, shall ensure that the terms of reference for said technical assistance shall be satisfactory to the Bank following its review thereof, and to that end, such terms of reference shall duly incorporate the requirements of the applicable Safeguard Policies, then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the Project indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank, as part of each Project Report, interim unaudited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower or any other period agreed with the Bank. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. **Procurement**

A. **General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the provisions included in Section III.E to this Schedule; (b) Shopping; and (c) Direct Contracting.
C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2, 5.3, 5.4 and 5.5 of the Consultants Guidelines for the Selection of Individual Consultants (chapter V); and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

E. Special Provisions

1. In addition and without limitation or restriction to any other provisions set forth in this Section or the Procurement Guidelines, the following provisions shall govern the procurement of goods, works and non-consulting services under National Competitive Bidding procedures under this Section:

   (a) Each bid shall be evaluated and the corresponding contract awarded to the responsive bidder which meets appropriate technical and financial standards of capability and whose bid has been determined to be the lowest evaluated bid in a manner satisfactory to the Bank. Such determination shall be made exclusively on the basis of the specifications, conditions and evaluation criteria, stipulated in the bidding documents. For purposes of bid evaluation and comparison, the only bid amount or amounts to be used as a factor shall be the bid amount or amounts as quoted in the corresponding bid, including correction of arithmetic errors.

   (b) No reference value shall be required for publication in the bidding documents.

   (c) There will be no prescribed minimum number of bids submitted for a contract to be subsequently awarded.
(d) The bidding documents shall be acceptable to the Bank, and include the anticorruption clauses as provided by section 1.16 of the Procurement Guidelines.

(e) Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement which will affect their ability to bid such as, but not limited to, the requirement to authenticate (legalizar) their bidding documents or any documentation related to such bidding documents with the Ecuadorian Consulate, the Guarantor’s Ministry of Foreign Affairs, or any authority as a prerequisite of bidding, or be required to enter into a joint venture agreement with local bidders.

(f) No margin of preference shall be granted for any particular category of bidders.

(g) The single envelope procedure shall be used.

(h) All bids shall be opened at the stipulated time and place in accordance with a procedure acceptable to the Bank.

(i) A merit point system shall not be used in the pre-qualification and post-qualification of bidders.

(j) The award of contracts for goods, works and non-consulting services shall be based exclusively on price and, whenever appropriate, shall also take into account factors similar to those referred to in paragraphs 2.51 and 2.53 of the Procurement Guidelines, provided, however, that the bid evaluation shall always be based on factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid.

(k) Whenever a discrepancy shall occur between the amounts in figures and the amounts in words of a bid, the amounts in words shall govern.

(l) In the event that a bidder whose bid was evaluated as the bid with the lowest evaluated price withdraws its bid, the contract may be awarded to the second lowest responsive evaluated bid.

(m) The Borrower shall use standard bidding documents and standard evaluation formats, all satisfactory to the Bank.
2. In addition and without limitation or restriction to any other provisions set forth in this Section or the Consultant Guidelines, the following provisions shall govern the procurement of consultants' services:

(a) The Borrower shall use standard requests for proposals and standard evaluation formats, all satisfactory to the Bank.

(b) The invitation to submit proposals should be sent to the consulting firms included in a short list only as approved by the Bank. The invitation to submit proposals should not be open to any other consulting firm.

(c) Foreign consultants shall not be required to take an action that could deter their ability to participate such as, but not limited to, be locally registered, give any participation to or enter into a joint venture with a local firm or individual, authenticate (legalizar) any documentation related to their participation in the selection process with Ecuadorian authorities or to be registered in the Guarantor’s National Registry of Suppliers (Registro Nacional de Proveedores).

(d) Consultants (firms and individuals) shall not be required to present proposals and performance securities as a condition to present proposals and/or sign a consultants’ contract.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services under Part I of the Project</td>
<td>44,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, and consultants’ services under Part II of the Project</td>
<td>49,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, minor works, non-consulting services, consultants’ services and Training under Part III of the Project</td>
<td>5,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, consultants’ services and Training under Part IV of the Project</td>
<td>200,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>100,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3. For the purposes of this Section the term "Training" means expenditures (other than consultant and non-consultant services) for scholarships and fellowships for training courses to be provided in the Borrower’s territory or abroad; and study tours and internships in the Borrower’s territory or abroad.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or

   (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $1,000,000 equivalent may be made for payments made prior to this date but on or
after June 28, 2013 (but in no case more than one year prior to the date of this Agreement), for Eligible Expenditures under the Project.

2. The Closing Date is June 30, 2018.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date.

<table>
<thead>
<tr>
<th>Principle Payment Number</th>
<th>Principle Payment Date</th>
<th>Principle Payment Amount (Currency of Commitment)</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8/15/2018</td>
<td>$1,750,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>2</td>
<td>2/15/2019</td>
<td>$1,750,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>3</td>
<td>8/15/2019</td>
<td>$1,750,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>4</td>
<td>2/15/2020</td>
<td>$1,750,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>5</td>
<td>8/15/2020</td>
<td>$1,750,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>6</td>
<td>2/15/2021</td>
<td>$1,750,000</td>
<td>1.75%</td>
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<tr>
<td>7</td>
<td>8/15/2021</td>
<td>$1,750,000</td>
<td>1.75%</td>
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<tr>
<td>8</td>
<td>2/15/2022</td>
<td>$1,750,000</td>
<td>1.75%</td>
</tr>
<tr>
<td>9</td>
<td>8/15/2022</td>
<td>$1,750,000</td>
<td>1.75%</td>
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<tr>
<td>10</td>
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<td></td>
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<td>Amount</td>
<td>Rate</td>
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<tr>
<td>23</td>
<td>8/15/2029</td>
<td>$1,750,000</td>
<td>1.75%</td>
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<tr>
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<td></td>
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2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

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(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
APPENDIX

Section I. Definitions


2. “Borrower’s Legal Framework” means the following pieces of legislation governing the creation and functioning of the Borrower: (a) the Guarantor’s Legislative Decree, dated September 29, 1922, and published in the Official Gazette No. 602 on September, 30, 1922, as amended to the date of this Agreement; and (b) the Guarantor’s Organic Code of Territorial, Autonomic and Decentralized Organization (Código Orgánico de Organización Territorial, Autonomía y Descentralización), dated August 11, 2010 and published in the Official Gazette on October 19, 2010, as amended to the date of this Agreement.

3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. “Directorate of Public Works” means Dirección de Obras Públicas, the Borrower’s Public Works Directorate.


7. “EMPs” means any of the following environmental management plans for the Project satisfactory to the Bank and referred to in Section I.D.1 of Schedule 2 of this Agreement, as said plans may be amended from time to time with the Bank’s prior approval: (a) the “Plan de Manejo Ambiental para la Segunda Fase del Proyecto Plan Maestro Hidrosanitario de Manta”, dated April, 2013, prepared for the carrying out of Part I of the Project, and (b) the “Plan de Manejo Ambiental: Proyecto Regeneración Vial para Manta “R.V” (Pavimentación, Repavimentación, Construcción de Aceras y Bordillos)”, dated April, 2013, prepared for the carrying out of Part II of the Project.

8. “EPAM” means Empresa Pública Aguas de Manta, Manta’s Public Water Company established pursuant to the EPAM’s Legislation.
9. “EPAM’s Legislation” means the Borrower’s Law *(Ordenanza)*, dated April 15, 2010 and published in the Official Gazette No. 41 on May 19, 2010, creating EPAM, as said decree has been amended to the date of this Agreement.


11. “Operational Manual” means the Borrower’s manual, dated June 27, 2013, satisfactory to the Bank referred to in Section I.A.2 of Schedule 2 to this Agreement, as such manual may be amended from time to time with the Bank’s prior approval.

12. “Poza Honda Dam Study” means the Borrower’s study, dated April 2013, which assesses the operating and maintenance conditions of the Poza Honda dam, including recommendations to improve said conditions, as said recommendations are set forth in the Operational Manual.


14. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated June 25, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

15. “RAP” means the Borrower’s resettlement action plan for Part II of the Project, dated June 9, 2013, satisfactory to the Bank and referred to in Section I.D.1 of Schedule 2 of this Agreement, containing, *inter alia*, a program of actions, measures and policies for compensation of persons, including compensation arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms for each site, as the same may be amended and supplemented from time to time with the Bank’s prior written approval.

16. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
17. "Resettlement Policy Framework" or "RPF" means the Borrower's policy framework for Resettlement, dated June 9, 2013, satisfactory to the Bank and referred to in Section I.D.1 of Schedule 2 of this Agreement, providing procedures and guidelines for the preparation, adoption, implementation and monitoring of a resettlement action plan, as said framework may be amended from time to time with the prior approval of the Bank.


19. "Selected District" means: (a) for purposes of the implementation of Part I of the Project, any of the following districts in the Borrower's territory: Los Esteros, Tarqui, Manta, and/or any other district proposed by the Borrower during Project implementation to be benefitted under said Part of the Project and acceptable to the Bank; and (b) for purposes of the implementation of Part II of the Project, any of the following districts in the Borrower's territory: Los Esteros, Tarqui, Manta, Eloy Alfaro and/or any other district proposed by the Borrower during Project implementation to be benefitted under said Part of the Project and acceptable to the Bank.

20. "SENAGUA" means Secretaría Nacional del Agua, the Guarantor's National Water Secretariat created pursuant to the Guarantor's Executive Decree No. 1088, dated 15 May 2008 and publish in the Official Gazette No. 346 on May 27, 2008, as amended to the date of this Agreement.

21. "Subsidiary Agreement" means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Borrower shall coordinate the implementation of Parts I and III.1 of the Project with EPAM.

22. "UGP" means Unidad de Gerenciamiento del Proyecto, the Borrower's Project implementation unit referred to in Section I.A.1. (a) of Schedule 2 to this Agreement.