Loan Agreement

(Quito Metro Line One Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

MUNICIPALITY OF THE METROPOLITAN DISTRICT OF QUITO

Dated November 11, 2013
LOAN AGREEMENT

Agreement dated November 8, 2013, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and MUNICIPALITY OF THE METROPOLITAN DISTRICT OF QUITO ("the 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 two hundred and five million Dollars ($205,000,000) ("Loan"), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement to assist in financing the project described in Schedule I 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 Variable 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amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

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 Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) 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 (iii) 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.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project with the participation of the EPMMQ pursuant to the provisions of the Subsidiary Agreement, 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) EPMMQ shall have failed to perform any of its obligations under the Subsidiary Agreement.

(b) The Borrower and/or the Guarantor shall have failed to perform any of their respective obligations under the Inter-institutional Framework Agreement, 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.

(c) The EPMMQ’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 EPMMQ 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.

(e) The Guarantor’s Executive Decree No. 750 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 Events of Acceleration consist of the following:

(a) Any event specified in Section 4.01 (a) or (b) 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), (d) or (e) 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 the EPMMQ.
The Co-financing Agreements have been executed and delivered and all conditions precedent to their effectiveness or to the right of the Guarantor to make withdrawals under said Co-financing Agreements (other than the effectiveness of this Agreement) have been fulfilled.

5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank’s approval of the Loan which expire on January 23, 2015.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is the Alcalde del Distrito Metropolitano de Quito.

6.02. The Borrower’s Address is:
Venezuela entre Espejo y Chile
Palacio Municipal, 1er piso
Quito, Ecuador

Phone:
593-2-3952300

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

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Hasan Tuluy

Title: Vice President for Latin America and the Caribbean

MUNICIPALITY OF THE
METROPOLITAN DISTRICT OF QUITO

By

Authorized Representative

Name: Dr. Augusto Barrera

Title: Mayor of the Metropolitan District of Quito
SCHEDULE 1

Project Description

The objective of the Project is to improve urban mobility in the Borrower’s territorial jurisdiction serving the growing demand for public transport. The Project will reduce travel time, decrease operational costs of the transport service, improve connectivity, security and comfort of the current system and reduce emissions of pollutants and green-house gases.

The Project consists of the following parts:

**Part I. Construction of Two Metro Stations of the Quito Metro Line One**

Construction of the metro stations of La Magdalena and El Labrador.

**Part II. Infrastructure and Equipment Investment for the Quito Metro Line One**

1. Construction of: (i) about twenty-three kilometers of tunnel linking the Quitumbe and El Labrador metro stations; (ii) thirteen metro stations; and (iii) a yard and maintenance shops at the Quitumbe metro station.

2. Provision and installation of metro system-wide facilities (including the permanent way and systems equipment) for the operation of the Quito Metro Line One.

**Part III. Provision of Train Sets to Operate in the Quito Metro Line One**

Acquisition of at least eighteen six-car train sets, with four automotive cars per train and auxiliary vehicles for track maintenance and yard work, and workshop equipment.

**Part IV. Project Management**

Provision of technical assistance for the management oversight and supervision of the Project.

**Part V. Technical Studies to Support Project Implementation**

Carrying out of demand-driven technical studies to support the implementation of the Project, including a financial management and cost recovery study of the SITP and a study to design a fare collection system for the SITP to be compatible with the fare collection system for the metro, all under terms of reference acceptable to the Bank.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall cause the EPMMQ to maintain, throughout the implementation of the Project, key staff for the Project, including without limitation, a Project coordinator, a procurement specialist, a financial management specialist, an environmental specialist, a social specialist, a physical cultural resources specialist and a health and safety specialist, all with terms of reference, and qualifications and experience satisfactory to the Bank.

B. Project Operational Manual

1. The Borrower shall, and shall cause the EPMMQ to, carry out the Project in accordance with the provisions of the ROP, which sets forth the rules and procedures for the carrying out of the Project, including, inter alia: (a) the procedures for the carrying out, monitoring and evaluation of the Project (including the procurement, disbursement, financial, social and environmental requirements thereof); and (b) a detailed description of the division of functions and responsibilities of the Borrower and EPMMQ for the implementation of the Project.

2. The Borrower shall cause the EPMMQ not to amend or waive any provision of the ROP without the Bank’s prior written approval. In case of any conflict between the terms of the ROP and those of this Agreement, the terms of this Agreement shall prevail.

C. Subsidiary Agreement

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

   (a) the obligation of the Borrower to carry out the Project in accordance with the pertinent provisions of this Agreement, including compliance with the provision referred to in Section I.D of Schedule 2 to this Agreement;

   (b) the right of the Borrower to take remedial actions against the EPMMQ in case the EPMMQ 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 the EPMMQ to: (i) participate in the carrying out of the Project in accordance with the provisions of the Subsidiary Agreement; (ii) comply with the provisions of the Anti-Corruption Guidelines, the ROP and the Safeguard Instruments; (iii) take or permit to be taken all actions to enable the Borrower to comply with its respective obligations under this Agreement; (iv) enable the Borrower and the Bank to inspect the Project, its implementation and operation and relevant records and documents; and (v) 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.

D. Anti-Corruption

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

E. Safeguards

1. The Borrower shall, and shall cause EPMMQ to, ensure that the Project is carried out in accordance with the provisions of the Environmental Impact Assessment (including the EMP), the PEGASHS, the Resettlement Policy Framework and any RAP, if applicable.

2. Without limitations to the provisions of paragraph 1 above, and if as a result of the carrying out of any works under the Project it is determined by the Bank that Resettlement is involved, the Borrower shall: (a) prior to carrying out of any said works cause the EPMMQ to prepare and submit to the Bank for its approval the corresponding RAP in form and substance satisfactory to the Bank (which RAP shall be prepared in accordance with the provisions of the Resettlement Policy Framework); and (b) immediately thereafter implement and/or cause the EPMMQ to implement the pertinent RAP.

3. Without limitations to the provisions of paragraph 1 above, the Borrower shall, not later than three months after the Effective Date or prior to the carrying out of any works under Part II of the Project (whichever occurs first): (a) cause EPMMQ to prepare and furnish to the Bank, an environmental, social, health and safety management program (PEGASHS), acceptable to the Bank, setting forth the additional operational guidelines for the implementation and supervision of
the environmental, social, physical cultural resources, and health and safety aspects of the Project, including: (i) guidance to manage potential environmental, social, physical cultural resources, health and safety risks and mitigate, reduce and/or offset adverse environmental, social, physical cultural resources, health and safety impacts associated with the implementation of Project activities; (ii) a description of the adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of this program; (iii) a detailed description of the mechanism for grievance redress; and (iv) a description of the Project’s communication and dissemination strategy; and (b) thereafter implement and/or cause EMPMQ to implement (as the case may be) the PEGASHS in accordance with its terms, and in a manner acceptable to the Bank.

4. Without limitations to the provisions of paragraph 1 above, the Borrower shall cause the EMPMQ to establish and maintain throughout Project implementation an adequate institutional capacity, including staffing, and systems acceptable to the Bank, as shall be necessary to fully implement, manage, coordinate, and monitor the implementation of the Safeguard Instruments.

5. Without limitation to the provisions of this Section, the Borrower shall, and shall cause EMPMQ to: (a) maintain and publicize the availability of the grievance procedures set forth in the PEGASHS for purposes of listening to complaints raised in relation with the implementation of the Project; and (b) thereafter take all measures necessary to implement the decisions made by the Borrower and EMPMQ under such grievance procedures, in accordance with the Safeguard Instruments and in a manner acceptable to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall cause EMPMQ to 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 indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester. The Borrower shall furnish to the Bank each Project Report 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 to the provisions of Part A of this Section, the Borrower shall cause EMPMQ to prepare, 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. The Borrower shall furnish to the Bank said interim unaudited financial reports as part of each Project Report.

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 four months after the end of such period.

Section III. Procurement

A. General

1. The Borrower shall, and shall cause EPMMQ to, ensure that all goods, works, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Loan are procured in compliance with the standard of economy and efficiency set forth in the Bank’s Articles of Agreement.

2. Goods, Works and Non-consulting Services. Without limitation to the provision mentioned in paragraph 1 above, all goods, works and non-consulting services required for Part II of the Project and to be financed out of the proceeds of the Loan shall be procured by the Borrower: (a) in accordance with the provisions set forth in paragraphs 1.8 and 1.10 (c), 1.14 and 1.16 of the Procurement Guidelines; and (b) otherwise also in accordance with the IADB Procurement Rules.

3. Consultants’ Services. All consultants’ services required for Part V of 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.

4. 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, III, IV and V of the Consultant Guidelines.

B. 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) Least Cost Selection; and (c) Selection based on Consultants’ Qualifications.

C. **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.

**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) Works, goods and non-consulting services under Part II the Project</td>
<td>200,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services under Part V of the Project</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>205,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
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 $41,000,000 equivalent may be made for payments made prior to this date but on or after August 30, 2013 (but in no case more than one year prior to the date of this Agreement), for Eligible Expenditures under Category (1) and Category (2).

2. The Closing Date is December 31, 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, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Number</th>
<th>Principal Payment Date</th>
<th>Principal Payment Amount (Currency of Commitment)</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2/15/2029</td>
<td>30,000,000.00</td>
<td>14.63</td>
</tr>
<tr>
<td>2</td>
<td>8/15/2029</td>
<td>20,500,000.00</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>2/15/2030</td>
<td>20,500,000.00</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>8/15/2030</td>
<td>20,000,000.00</td>
<td>9.75</td>
</tr>
<tr>
<td>5</td>
<td>2/15/2031</td>
<td>20,000,000.00</td>
<td>9.75</td>
</tr>
<tr>
<td>6</td>
<td>8/15/2031</td>
<td>20,000,000.00</td>
<td>9.75</td>
</tr>
<tr>
<td>7</td>
<td>2/15/2032</td>
<td>20,000,000.00</td>
<td>9.75</td>
</tr>
<tr>
<td>8</td>
<td>8/15/2032</td>
<td>10,500,000.00</td>
<td>5.12</td>
</tr>
<tr>
<td>9</td>
<td>2/15/2033</td>
<td>10,500,000.00</td>
<td>5.12</td>
</tr>
<tr>
<td>10</td>
<td>8/15/2033</td>
<td>10,000,000.00</td>
<td>4.87</td>
</tr>
<tr>
<td>11</td>
<td>2/15/2034</td>
<td>5,000,000.00</td>
<td>2.43</td>
</tr>
<tr>
<td>12</td>
<td>8/15/2034</td>
<td>5,000,000.00</td>
<td>2.43</td>
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<td>13</td>
<td>2/15/2035</td>
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<td>19</td>
<td>2/15/2038</td>
<td>500,000.00</td>
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<td>20</td>
<td>8/15/2038</td>
<td>500,000.00</td>
<td>0.24</td>
</tr>
<tr>
<td>21</td>
<td>2/15/2039</td>
<td>500,000.00</td>
<td>0.24</td>
</tr>
<tr>
<td>22</td>
<td>8/15/2039</td>
<td>500,000.00</td>
<td>0.24</td>
</tr>
</tbody>
</table>
23 | 2/15/2040 | 500,000.00 | 0.24 |
24 | 8/15/2040 | 500,000.00 | 0.24 |
25 | 2/15/2041 | 500,000.00 | 0.24 |
26 | 8/15/2041 | 500,000.00 | 0.24 |
27 | 2/15/2042 | 500,000.00 | 0.24 |
28 | 8/15/2042 | 500,000.00 | 0.24 |
29 | 2/15/2043 | 500,000.00 | 0.37 |

| Total: | 205,000,000.00 | 100 |

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.

(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, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

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.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


2. “Bank’s Articles of Agreement” means the “International Bank for Reconstruction and Development Articles of Agreement” effective on December 27, 1945, as amended to the date of this Agreement.

3. “Borrower’s Legal Framework” means the following pieces of legislation governing the creation and functioning of the Borrower: (a) the Borrower’s Law (Ordenanza Metropolitana) No. 1 (Código Municipal para el Distrito Metropolitano de Quito), dated December 12, 1997, and published in the Official Gazette 226 on December 31, 1997, as amended to the date of this Agreement; (b) the Guarantor’s Law No. 46 (Ley de Regimen del Distrito Metropolitano de Quito), dated November 11, 1993, and published in the Official Gazette 345 on December 27, 1993, as amended to the date of this Agreement; (c) 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; and (d) the Guarantor’s Organic Code of Planning and Public Finances (Código Orgánico de Planificación y Finanzas Públicas), dated October 14, 2010, and published on the Official Gazette 306 on October 22, 2010, as amended to the date of this Agreement.

4. “CAF” means Corporación Andina de Fomento, the Andean Development Corporation.

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

6. “Co-financiers” means the CAF, the EIB, and the IADB.

7. “Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, the following loan amounts: (a) a loan amount of $250,000,000 from CAF; (b) a loan amount of $259,280,000 from EIB; and (c) a loan amount of $200,000,000 from the IADB, for an aggregate amount of $709,280,000 million, to be provided by said Co-financiers to assist in financing the Project.
8. “Co-financing Agreements” means the following agreements to be entered into between the Guarantor and the EIB, the Guarantor and the CAF and the Guarantor and the IADB, providing for the Co-financing.


11. “EMP” means the Borrower’s environmental management plan, dated November 2012, acceptable to the Bank, which incorporates, inter alia, the recommendations of the Environmental Impact Assessment, including aspects related to physical cultural resources, as the same may be updated from time to time with the prior written approval of the Bank.


13. “EPMMQ” means Empresa Pública Metropolitana Metro de Quito, the Borrower’s Quito Metro Public Metropolitan Company duly vested with legal personality pursuant to the EPMMQ’s Legislation.

14. “EPMMQ’s Legislation” means the following Borrower’s Laws (Ordenanzas Metropolitana): (a) Ordenanza Metropolitana 0237, dated April 27, 2012, as amended to the date of this Agreement, establishing the EPMMQ; (b) Ordenanza Metropolitana 0383, dated April 2, 2013, as amended to the date of this Agreement; (c) Ordenanza Metropolitana 0301, dated September 15, 2009, as amended to the date of this Agreement, governing the empresas públicas metropolitanas; and (d) Ordenanza Metropolitana 0192, dated March 14, 2012, as amended to the date of this Agreement, establishing the SITP.

15. “Executive Decree No. 750” means the Guarantor’s Decreto Ejecutivo No. 750, dated April 28, 2011, and published in the Borrower’s Official Gazette on May 6, 2011, mandating the Guarantor’s Ministry of Finance and National Secretariat of Planning and Development to take the necessary measure to provide at least 50% of the funds for the financing of Parts I through IV of the Project.


17. “IADB” means Inter-American Development Bank.

19. “Inter-institutional Framework Agreement” means the agreement dated March 21, 2013, entered into between the Borrower and the Guarantor to facilitate the implementation of the provisions of the Guarantor’s Executive Decree 750.


21. “Procurement Plan” means the Borrower’s procurement plan for Part V of the Project, dated June 11, 2013 and referred to in paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraph.

22. “PEGASHS” means *Programa para la Gestión Ambiental, Social, Higiene y Seguridad Laboral Para el Proyecto Primera Linea del Metro de Quito*, referred to in Section I.E.3 of Schedule 2 to this Agreement, as the same may be updated from time to time with the prior written approval of the Bank.

23. “Quito Metro Line One” means the metrorail line of approximately 23 km of extension, including a total of 15 stations, connecting Quitumbe and El Labrador stations.

24. “RAP” means any of the resettlement action plans to be prepared by the EPMMQ in accordance with the Resettlement Policy Framework, as the same may be updated from time to time with the prior written approval of the Bank.

25. “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.

26. “Resettlement Policy Framework” means the EPMMQ’s framework, dated May 2013, acceptable to the Bank, setting forth the Resettlement procedures, institutional arrangements, eligibility criteria, entitlements and compensation, including valuation procedures, budget, public disclosure and consultation, monitoring and evaluation governing Resettlement preparation and
implementation, as said framework may be amended and/or supplemented from
time to time with the prior written approval of the Bank.

27. “ROP” means Reglamento Operativo de Proyecto, the Borrower’s operational
manual for the Project, dated June 2013, referred to in Section I.B.1 of Schedule
2 to this Agreement, as said manual may be amended from time to time with
agreement of the Bank.

28. “Safeguard Instruments” means any of the following documents: the
Environmental Impact Assessment (including the EMP), the PEGASHIS, the
Resettlement Policy Framework, and any needed RAP.

29. “SITP” means Sistema Integrado de Transporte de Pasajeros, the Borrower’s
Integrated Transit System established pursuant to the Borrower’s Law
(Ordenanza Metropolitana) No. 0194, dated February 28, 2012, which system
consists of three components: (i) the metrorail system to be constructed under the
Project and which will serve as the backbone to the SITP; (ii) the Metrobus-Q
bus rapid transit system; and (iii) the system of buses in mixed traffic, all within
the Borrower’s territory.

30. “Subsidiary Agreement” means the agreement referred to in Section I.C.1 of
Schedule 2 to this Agreement, as such agreement may be amended from time to
time with the prior written approval of the Bank.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

Section 2.05 is modified as follows: (a) the word “and” after paragraph (b) is
replaced with a semicolon, (b) the “period” at the end of paragraph (c) is replaced with a
“semi colon” followed by the word “and”; and (c) a new paragraph (d) is added after
paragraph (c) to read as follows:

“(d) the payment is for the financing of the reasonable works, goods and non-
consulting services under Part II of the Project which are deemed eligible for
financing by all the Co-financiers (as said term is defined in the Loan
Agreement).”