Loan Agreement

(Guayaquil Wastewater Management Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

EMPRESA MUNICIPAL DE AGUA POTABLE Y ALCANTARILLADO
DE GUAYAQUIL, EP EMAPAG EP

Dated June 29, 2015
LOAN AGREEMENT

Agreement dated June 29, 2015 between EMPRESA MUNICIPAL DE AGUA POTABLE Y ALCANTARILLADO DE GUAYAQUIL, EP EMAPAG EP ("Borrower" or "EMAPAG EP") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank 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.

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 and two million and five hundred thousand US Dollars (US$102,500,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("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 Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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.

2.06. The Payment Dates are March 1 and September 1 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (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, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable 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.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall, through the PIU, carry out the Project 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 Event of Suspension consist of the following, namely, that the Concession Agreement has been amended, suspended, terminated, abrogated, repealed, waived, whether in whole or in part, or the Borrower failed to enforce or comply with, any of its provisions, in a manner that may affect materially and adversely 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, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — TERMINATION

5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its General Manager.

6.02. The Borrower’s Address is:

EMPRESA MUNICIPAL DE AGUA POTABLE Y ALCANTARILLADO DE GUAYAQUIL, EP EMAPAG EP
Avenida Francisco de Orellana s/n y Miguel H. Alcivar
Edificio Las Cámaras, Mezzanine
Guayaquil, Ecuador

Facsimile: (5934) 2682-225

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 64145(MCI)
Facsimile: 1-202-477-6391
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: JORGE FAMILIA R

Title: REGIONAL VICE PRESIDENT
LATIN AMERICA AND THE CARIBBEAN REGION

EMPRESA MUNICIPAL DE AGUA POTABLE Y ALCANTARILLADO DE GUAYAQUIL, EP EMPAG EP

By _____________________________
Authorized Representative

Name: FRANCISCO BORJA CEVALLOS

Title: AMBASSADOR OF ECUADOR TO THE UNITED STATES OF AMERICA

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SCHEDULE 1

Project Description

The objectives of the Project are to increase access to improved sanitation services and to reduce wastewater pollution in Selected Areas of the City of Guayaquil.

The Project consists of the following parts:

**Part 1  Installation of Household Connections**

Provision of support for the increasing of effective access to sewerage collection services within Selected Areas of the City of Guayaquil, through the installation and rehabilitation of household connections.

**Part 2  Rehabilitation of Sewerage Network**

Provision of support for the rehabilitation of the sewerage network (including sections in the primary, secondary and tertiary network) in Selected Areas of the City of Guayaquil, for the purposes of reducing wastewater loses and enabling their effective collection function.

**Part 3  Wastewater Treatment and Disposal Facilities**

Provision of support for:

(a) the construction of: (i) a new wastewater treatment plant “Las Esclusas” and the associated pumping and transmission facilities at Guasco-H pumping station; and (ii) pumping and transmission facilities at La Pradera pre-treatment station; and

(b) the specialized independent supervision of the construction of the facilities described in paragraph (a) above.

**Part 4  Project Management, Administration, Communication Plan and Management of Social, Environmental and Safety Issues**

Provision of support for: (i) activities associated with overall Project management by the Borrower, including those pertaining to the management of social, environmental and safety matters under the Project; (ii) Project-related audits; (iii) monitoring and evaluation activities; (iv) necessary equipment; (v) minor works required for the refurbishment of the PIU’s office; (vi) technical assistance; and (vii) training.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain, until the completion of the Project a unit (the PIU), responsible for the management, coordination, supervision, monitoring and evaluation of the Project, with structure, responsibilities and key staff with functions, experience, responsibilities and qualifications acceptable to the Bank, as described in the Operational Manual, including procurement, financial management, environmental and social safeguards specialists.

2. The Borrower shall carry out the Project in accordance with a manual (the Operational Manual), satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (a) the detailed description of Project implementation activities and the detailed institutional arrangements of the Project; (b) the Project administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures; (c) the monitoring indicators for the Project; and (d) the ESIA, the ESMPs, and RAP, and specific mechanisms for their implementation, when applicable. In the event that any provision of the Operational Manual shall conflict with this Agreement, the terms of this Agreement shall prevail.

3. The Borrower shall on a date to be agreed with the Bank, but in no case later than twenty-four (24) months after the Effective Date, carry out a review with the Bank on the overall progress and implementation arrangements in the execution of the Project and set out the measures and take any remedial action as a result of such review, as agreed with the Bank.

4. The Borrower, not later than December 31, 2017, shall enter into an agreement with INTERAGUA (the Transfer Agreement) for the purposes of transferring to INTERAGUA, for its operation and maintenance, the new facilities and sewer mains to be constructed under the Project.

B. Anti-Corruption

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

1. The Borrower shall:

   (a) carry out Parts 1 and 2 of the Project in accordance/compliance with their respective Environmental and Social Management Plan ("ESMP");

   (b) carry out Part 3 of the Project in accordance/compliance with the ESMP, the Environmental and Social Impact Assessment (ESIA) and the Resettlement Action Plan; and

   (c) refrain from taking any action which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or voidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the Bank.

2. Prior to the commencement of the civil works under the Project, the Borrower shall ensure that:

   (a) all necessary governmental permits and clearances for such civil works, shall have been obtained from the competent Guarantor’s authority/ies and submitted to the Bank;

   (b) if applicable, that the Safeguard Documents have been revised, updated and disclosed in a manner satisfactory to the Bank;

   (c) all resettlement measures under Part 3(a)(i) of the Project set forth in the RAP for such civil works shall have been fully executed; and

   (d) all land acquisition required for such civil works under Part 3(a)(i) of the Project shall have been concluded and such land shall be free of encumbrances and ready to be handed over to the winning bidder, all in a manner acceptable to the Bank.

3. The Borrower shall ensure that the contracts for civil works under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to such civil works commissioned/awarded pursuant to said contract.

4. The Borrower, not later than December 31, 2017, prepare, in a manner acceptable to the Bank, a master plan for the future management and final disposal/reuse of bio-solids generated by the new wastewater treatment plant "Las Esclusas" to be constructed under Part 3(a)(i) of the Project.
Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

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 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 (45) 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 the Project Report not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank, as set forth in the Operational Manual.

3. The Borrower shall have the Financial Statements of the Project 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 (1) fiscal year of the Borrower, or any other period required as agreed upon with the Bank. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

4. For purposes of paragraph 3 above, the Borrower shall: (i) send the terms of reference for the audit for Bank’s no objection not later than four (4) months after the Effective Date; (ii) select and contract, by no later than six (6) months after the Effective Date, and thereafter maintain, throughout the implementation of the Project, the services of a qualified and experienced auditor, acceptable to the Bank, under terms of reference satisfactory to the Bank, to serve as independent external auditor for a period of at least three (3) consecutive years.

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.

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 additional provisions referred to in Section III.E of this Schedule 2 to this Agreement); (b) Shopping (subject to the additional provisions referred to in Section III.E of this Schedule 2 to this Agreement, when applicable); 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 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; 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 or used for the purposes of evaluation.

(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 2.52 and 2.53 of the Procurement Guidelines.
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 shall 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, non-consulting services and consultants' services under Part 1 of the Project</td>
<td>2,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works, non-consulting services, and consultants' services under Part 2 of the Project</td>
<td>37,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) (a) Works and non-consulting services under Part 3(a)(i) of the Project</td>
<td>50,750,000</td>
<td>52%</td>
</tr>
<tr>
<td>(b) Consultants' services under Part 3 (b)</td>
<td>7,750,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, small works, non-consulting services, consultants’ services and Training under Part 4 of the Project</td>
<td>4,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.08(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>102,500,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term "Training" means expenditures (other than those for consultants’ services) incurred by the Borrower in connection with the carrying out of training, seminars, and workshops, including the reasonable travel costs (e.g. accommodations,
transportation costs and *per diem*) of trainees and trainers (if applicable), catering, rental of training facilities and equipment, logistics and printing services, as well as training materials and equipment under the Project.

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 US$20,500,000 equivalent may be made for payments made prior to this date but on or after January 5, 2015, for Eligible Expenditures under Categories (1), (2), and (4); or

   (c) for payments under Categories (3)(a) and (3)(b) unless the Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it have been fulfilled.

2. The Closing Date is December 31, 2019.

**Section V. Other Undertakings**

A. **Debt Service Coverage Ratio**

(a) Except as the Bank shall otherwise agree, the Borrower shall not incur any Debt, unless the Net Revenues for the fiscal year immediately preceding the date of such incurrence or for a later twelve-month period ended prior to the date of such incurrence, whichever is the greater, shall be at least one (1) time the estimated maximum debt service requirements of the Borrower for any succeeding fiscal year on all debt of the Borrower, including the debt to be incurred.

(b) For the purposes of this Section:

   (i) The term "Debt" means any indebtedness of the Borrower maturing by its terms more than one (1) year after the date on which it is originally incurred.

   (ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.
(iii) The term "Net Revenues" means the difference between: (A) the sum of revenues from all sources related to operations and Net Non-Operating Income; and (B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

(iv) The term "Net Non-Operating Income" means the difference between: (A) revenues from all sources other than those related to operations; and (B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.
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>Repayment Date</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1, 2030</td>
<td>9.41444%</td>
</tr>
<tr>
<td>March 1, 2031</td>
<td>8.23030%</td>
</tr>
<tr>
<td>September 1, 2031</td>
<td>7.50620%</td>
</tr>
<tr>
<td>March 1, 2032</td>
<td>6.84590%</td>
</tr>
<tr>
<td>September 1, 2032</td>
<td>6.24360%</td>
</tr>
<tr>
<td>March 1, 2033</td>
<td>5.69440%</td>
</tr>
<tr>
<td>September 1, 2033</td>
<td>5.19340%</td>
</tr>
<tr>
<td>March 1, 2034</td>
<td>4.73650%</td>
</tr>
<tr>
<td>September 1, 2034</td>
<td>4.31980%</td>
</tr>
<tr>
<td>March 1, 2035</td>
<td>3.93980%</td>
</tr>
<tr>
<td>September 1, 2035</td>
<td>3.59320%</td>
</tr>
<tr>
<td>March 1, 2036</td>
<td>3.27710%</td>
</tr>
<tr>
<td>September 1, 2036</td>
<td>2.98880%</td>
</tr>
<tr>
<td>March 1, 2037</td>
<td>2.72590%</td>
</tr>
<tr>
<td>September 1, 2037</td>
<td>2.48610%</td>
</tr>
<tr>
<td>March 1, 2038</td>
<td>2.26740%</td>
</tr>
<tr>
<td>September 1, 2038</td>
<td>2.06790%</td>
</tr>
<tr>
<td>March 1, 2039</td>
<td>1.88600%</td>
</tr>
<tr>
<td>September 1, 2039</td>
<td>1.72010%</td>
</tr>
<tr>
<td>March 1, 2040</td>
<td>1.56870%</td>
</tr>
<tr>
<td>September 1, 2040</td>
<td>1.43070%</td>
</tr>
<tr>
<td>March 1, 2041</td>
<td>1.30490%</td>
</tr>
<tr>
<td>September 1, 2041</td>
<td>1.19010%</td>
</tr>
<tr>
<td>March 1, 2042</td>
<td>1.08540%</td>
</tr>
</tbody>
</table>
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 (2) 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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. “City of Guayaquil” means the capital of the Ecuadorian province of Guayas, located on the western bank of the Guayas River, which flows into the Pacific Ocean at the Gulf of Guayaquil.


5. “Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of $102,500,000 to be provided by the Co-financier to assist in the financing of Part 3 of the Project.

6. “Co-financing Agreement” means the agreement to be entered into between the Borrower and the Co-financier providing for the Co-financing.

7. “Concession Agreement” means the agreement between ECAPAG (Empresa Cantonal de Agua Potable y Alcantarillado de Guayaquil) and INTERAGUA for the provision of water and sanitation services to the City of Guayaquil dated April 11, 2001. On September 28, 2012, and through Municipal Order (Ordenanza Municipal) of the same date, EMAPAG EP took over the rights and responsibilities of ECAPAG EP with respect to the Concession Agreement.


10. “Environmental and Social Impact Assessment or ESIA” means the environmental and social impact assessment prepared by the Borrower dated February 25, 2015, acceptable to the Bank, and published on the Bank’s InfoShop and the Borrower’s web page www.emapag-ep.gob.ec on February 26, 2015, which assessment evaluates the likely
positive and negative environmental and social impact of Project activities, updated or supplemented from time to time with the prior written concurrence from the Bank.

11. "Environmental and Social Management Plan or ESMP" means each of the three plans for Parts 1, 2 and 3 of the Project prepared by the Borrower, published all three in the Bank’s InfoShop on February 26, 2015 and in the Borrower’s website on February 26, 2015 (www.emapag-ep.gob.ec), as such plans may be amended from time to time with the prior approval of the Bank. Each plan shall include, inter alia: (a) specific activities, budget and responsibilities to ensure the implementation of measures to avoid, minimize and/or mitigate potential direct and indirect environmental impacts associated with the applicable Part of the Project; (b) measures for the protection of natural habitats; and (c) procedures for the screening of any physical cultural resources in the Project area and incorporating “chance find” procedures in the event that culturally significant resources are discovered during Project implementation.


14. “INTERAGUA” means the private consortium in charge of operating the water supply and sewerage systems of the City of Guayaquil.


16. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 24, 2015 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.

17. “Resettlement Action Plan” means the Borrower’s resettlement action plan for Part 3 of the Project dated February 20, 2015, acceptable to the Bank, and published in the Bank’s InfoShop and in the Borrower’s website on February 20, 2015 (www.emapag-ep.gob.ec), as such plan may be amended from time to time with the prior approval of the Bank, which includes, 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.

18. “Operational Manual” means the manual dated February 24, 2015 prepared by the Borrower for the operation of the Project referred to in Section I.A.1 of Schedule 2 to this Agreement.
19. “Safeguards Documents” means the ESIA, ESMPs and the RAP.

20. “Selected Areas” means any eligible area within the City of Guayaquil that meets the criteria established in the Operational Manual.

21. “Transfer Agreement” means Acta de Entrega y Recepción de Obra, the agreement referred to in Section I.A.4 of Schedule 2 of this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

   "Section 3.01. Front-end Fee; Commitment Charge

   (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

   (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

   “19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

   “68. “Loan Payment” means any amount payable by the Loan Parties to the Bank
pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.