Loan Agreement

(Additional Financing for the Quito Metro Line One Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

MUNICIPALITY OF THE METROPOLITAN
DISTRICT OF QUITO
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and the MUNICIPALITY OF THE METROPOLITAN DISTRICT OF QUITO (“the Borrower”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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) apply to and form 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 the amount of two hundred and thirty million Dollars ($230,000,000), as such amount may be converted from time to time through a Currency Conversion (“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 III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount, to be paid by the Borrower according to Section 3.01 (a) of the General Conditions.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance to be paid by the Borrower according to Section 3.01 (b) of the General Conditions.

2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are March 15 and September 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.
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 and 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.

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 (60) 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 Condition of Effectiveness consists of the following, namely, that the Subsidiary Agreement has been updated in a manner satisfactory to the Bank.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. For purposes of Section 10.01 of the General Conditions, the Borrower’s Address is:

Venezuela entre Espejo y Chile
Palacio Municipal, 1er piso
Quito, Ecuador

Phone:
593-2-3952300

5.03. For purposes of Section 10.01 of the General Conditions, 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 as of the Signature Date.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By __________________________
Authorized Representative

Name: Humberto López

Title: Acting Regional Vice President, LCRVP

Date: November 29, 2018

MUNICIPALITY OF THE METROPOLITAN DISTRICT QUITO

By __________________________
Authorized Representative

Name: Francisco Carrion Mena

Title: Ambassador of the Republic of Ecuador to the USA

Date: November 29, 2018
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, all under terms of reference acceptable to the Bank.

Part V. Institutional Studies, Safeguards and Project Implementation Supporting Activities

Carrying out of the following activities: (a) demand-driven technical studies; and (b) provision of technical assistance and Training, all to support: (i) the implementation of the Project; (ii) the implementation of the SITP; and (iii) the Borrower’s capacity to carry out its environmental and social safeguards responsibilities and obligations (including the provision of financing of Resettlement Expenditures and related works) under the Project; 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: (a) update the ROP to include the arrangements for the process and procedures for control, approve and monitor cash and in-kind compensations for Resettlement Expenditures, under terms and conditions satisfactory to the Bank; and (b) immediately thereafter carry out the Project in accordance with the provisions of the ROP.

2. The Borrower shall, and shall cause the EPMMQ to, 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 update the Subsidiary Agreement with the EPMMQ, under terms and conditions satisfactory to the Bank.

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. 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 PGASS-H (including the PAC and the PAC Health and Safety), the RPF, the RAPs, the IPPF and any applicable IPPs.

2. Without limitation to paragraph 1 above, the Borrower shall, and shall cause EPMMQ to, ensure that:
(a) for each activity which involves works under the Project for which the RPF provides for the preparation of a RAP: (i) prior to the carry out of any said works, such RAP is prepared and disclosed in accordance with the RPF, adequately consulted with Affected Persons as per the RPF, and furnished to the Bank for review and approval; and (ii) thereafter the RAP is adopted and implemented in accordance with its terms and in a manner satisfactory to the Bank; and

(b) for each activity under the Project for which the IPPF provides for the preparation of an IPP: (i) prior to the carry out of any said activity, such IPP is prepared and disclosed in accordance with the IPPF, adequately consulted upon and furnished to the Bank for review and approval; and (ii) thereafter the IPP is adopted and implemented in accordance with its terms and in a manner satisfactory to the Bank.

3. Without limitation to paragraph 1 above, the Borrower shall cause the EPMMQ to 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.

4. Without limitation to the provisions of this Section, the Borrower shall, and shall cause EPMMQ to: (a) maintain and publicize the availability of the grievance redress mechanism set forth in the PGASS-H 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 EPMMQ under such grievance redress mechanism, all in accordance with the Safeguard Instruments and in manner acceptable to the Bank.

5. The Borrower shall ensure, and cause EPMMQ to ensure, that all contractors and subcontractors (which contracts were awarded pursuant to the terms of Original Loan Agreement): (i) comply with the obligations under the applicable Safeguard Instruments; and (ii) comply with the Code of Conduct that should be provided to and signed by all workers; all in a manner satisfactory to the Bank and as applicable to such civil works commissioned or carried out pursuant to said contracts.

6. The Borrower shall ensure, and cause EPMMQ to ensure, that all bidding documents and contracts for civil works to be awarded pursuant to the terms of this Agreement shall include the obligation of the relevant contractors and subcontractors to: (i) comply with the obligations under the applicable Safeguard Instruments; and (ii) adopt and enforce code of conduct that should be provided to and signed by all workers; all in a manner satisfactory to the Bank and as applicable to such civil works commissioned or carried out pursuant to said contracts.

7. Without limitation to the provisions of Section 5.03 of the General Conditions, the Borrower shall provide, and/or cause to be provided, all the funds necessary or appropriate to perform its obligations under the Project, including, as applicable, all the funds required to implement the pertinent RAPs, in a manner satisfactory to the Bank.

8. For purposes of carrying out a land acquisition review of the properties identified in the PAC, the Borrower shall: (a) cause EPMMQ to, not later than forty five (45) business days after the Effective Date, prepare and furnish to the Bank, a time-bound action plan, acceptable to the Bank; and (b) immediately thereafter, implement, and cause EPMMQ to
implement (as the case may be), said time-bound action plan (including any corrective action, as determined and approved by the Bank), in accordance with its terms, and in a manner acceptable to the Bank.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall cause EPMMQ to furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<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>225,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works, goods, non-consulting services, consulting services and Training under Part V of the Project</td>
<td>3,850,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Resettlement Expenditures</td>
<td>1,150,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>230,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

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

   (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed $46,000,000 equivalent may be made for payments made twelve months prior to this date, for Eligible Expenditures under Category (1) and Category (2);

   (b) under Category (3), until the ROP has been updated as provided in Section I.B.1 (a) of this Schedule.

2. The Closing Date is December 31, 2020.
Section IV. Other Undertakings

A. The Borrower and the Bank hereby agree to amend the Original Loan Agreement as reflected in Schedule 4 to this Agreement.
### SCHEDULE 3

**Commitment-Linked Amortization Repayment Schedule**

**Customized Amortization Repayment Schedule**

The Borrower shall repay the principal amount of the Loan as follows:

<table>
<thead>
<tr>
<th>Repayment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 15, 2028</td>
<td>10.86957%</td>
</tr>
<tr>
<td>March 15, 2029</td>
<td>9.34783%</td>
</tr>
<tr>
<td>September 15, 2029</td>
<td>9.34783%</td>
</tr>
<tr>
<td>March 15, 2030</td>
<td>7.82609%</td>
</tr>
<tr>
<td>September 15, 2030</td>
<td>7.82609%</td>
</tr>
<tr>
<td>March 15, 2031</td>
<td>7.82609%</td>
</tr>
<tr>
<td>September 15, 2031</td>
<td>7.82609%</td>
</tr>
<tr>
<td>March 15, 2032</td>
<td>6.52174%</td>
</tr>
<tr>
<td>September 15, 2032</td>
<td>6.52174%</td>
</tr>
<tr>
<td>March 15, 2033</td>
<td>4.34783%</td>
</tr>
<tr>
<td>September 15, 2033</td>
<td>4.34783%</td>
</tr>
<tr>
<td>March 15, 2034</td>
<td>4.34783%</td>
</tr>
<tr>
<td>September 15, 2034</td>
<td>4.34783%</td>
</tr>
<tr>
<td>March 15, 2035</td>
<td>2.17391%</td>
</tr>
<tr>
<td>September 15, 2035</td>
<td>2.17391%</td>
</tr>
<tr>
<td>March 15, 2036</td>
<td>0.86957%</td>
</tr>
<tr>
<td>September 15, 2036</td>
<td>0.86957%</td>
</tr>
<tr>
<td>March 15, 2037</td>
<td>0.86957%</td>
</tr>
<tr>
<td>September 15, 2037</td>
<td>0.86957%</td>
</tr>
<tr>
<td>March 15, 2038</td>
<td>0.86951%</td>
</tr>
</tbody>
</table>
SCHEDULE 4

Amendments to the Original Loan Agreement

The Borrower and the Bank hereby agree to amend the Original Loan Agreement as follows:

1. Schedule 1 is hereby amended to read in its entirety as set forth in Schedule 1 to this Agreement.

2. Section I.E of Schedule 2 is hereby amended to read as follows:

"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 PGASS-H (including the PAC and the PAC Health and Safety), the RPF, the RAPs, the IPPF and any applicable IPPs.

2. Without limitation to paragraph 1 above, the Borrower shall, and shall cause EPMMQ to, ensure that:

   (a) for each activity which involves works under the Project for which the RPF provides for the preparation of a RAP: (i) prior to the carry out of any said works, such RAP is prepared and disclosed in accordance with the RPF, adequately consulted with Affected Persons as per the RPF, and furnished to the Bank for review and approval; and (ii) thereafter the RAP is adopted and implemented in accordance with its terms and in a manner satisfactory to the Bank; and

   (b) for each activity under the Project for which the IPPF provides for the preparation of an IPP: (i) prior to the carryout out of any said activity, such IPP is prepared and disclosed in accordance with the IPPF, adequately consulted upon and furnished to the Bank for review and approval; and (ii) thereafter the IPP is adopted and implemented in accordance with its terms and in a manner satisfactory to the Bank.

3. Without limitation to paragraph 1 above, the Borrower shall cause the EPMMQ 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.

4. Without limitation to the provisions of this Section, the Borrower shall, and shall cause EPMMQ to: (a) maintain and publicize the availability of the grievance redress mechanism set forth in the PGASS-H 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 EPMMQ under such grievance redress mechanism, in accordance with the Safeguard Instruments and in manner acceptable to the Bank.

5. The Borrower shall ensure, and cause EPMMQ to ensure, that all contractors and subcontractors (which contracts were awarded pursuant to the terms of this Agreement): (i) comply with the obligations under the applicable Safeguard Instruments; and (ii) comply
with the Code of Conduct that should be provided to and signed by all workers; all in a manner satisfactory to the Bank and as applicable to such civil works commissioned or carried out pursuant to said contracts.

6. The Borrower shall ensure, and cause EPMMQ to ensure, that all bidding documents and contracts for civil works to be awarded pursuant to the terms of this Agreement shall include the obligation of the relevant contractors and subcontractors to: (i) comply with the obligations under the applicable Safeguard Instruments; and (ii) adopt and enforce code of conducts that should be provided to and signed by all workers; all in a manner satisfactory to the Bank and as applicable to such civil works commissioned or carried out pursuant to said contracts.

7. Without limitation to the provisions of Section 5.03 of the General Conditions, the Borrower shall provide, and/or cause to be provided, all the funds necessary or appropriate to perform its obligations under the Project, including, as applicable, all the funds required to implement the pertinent RAPs, in a manner satisfactory to the Bank.”

3. Section III of Schedule 2 is hereby amended to read in its entirety as follows:

“1. The Borrower shall, and shall cause EPMMQ to, ensure that all goods, works and services required for the Project, and to be financed out of the proceeds of the Loan are procured under procedures consistent with the Bank’s Core Procurement Principles set forth in the Procurement Regulations.

2. Goods, Works and Non-consulting Services. Notwithstanding the provision mentioned in paragraph (a) 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 3.21, 3.23 (e), 3.24, 3.25, 3.32 of the Procurement Regulations; and (b) otherwise also in accordance with the IADB Procurement Rules.

3. Goods, Works, Non-consulting Services and Consulting Services for Part V. All goods, works, and 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 the Procurement Regulations and the provisions of the Procurement Plan.”

4. Any reference to “consultants’ services” is hereby replaced with “consulting services”.

5. The definition of “Procurement Regulations” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 27 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.

6. The definition of “Procurement Plan” is hereby amended in its entirety to read as follows:

“Procurement Plan means the Borrower’s procurement plan for the Project, provided for under Section IV of the Procurement Regulations, as such plan may be updated from time to time with the Bank’s approval.”
7. Section IV.B.2 of Schedule 2 is hereby amended to read in its entirety as follows:

“The Closing Date is December 31, 2020.”

8. The definitions of “Anti-Corruption Guidelines”, “Borrower’s Legal Framework”, “CAF”, “Environmental Impact Assessment”, “EMP”, “EPMMQ Legislation”, “RPF”, “RAP”, “PGASH-S”, “ROP”, “Safeguard Instruments” and “SITP” in the corresponding paragraphs of Section I of the Appendix are hereby amended to read in their entirety as set forth in the corresponding paragraphs of Section I of the Appendix to this Agreement.

9. The definitions of “Resettlement”, “Consultant Guidelines” and “Procurement Guidelines”, set forth in Section I of the Appendix are hereby deleted in their entirety and the subsequent paragraphs renumbered accordingly.

10. The definitions of “Code of Conduct”, “IPPF”, “IPP”, “Affected Person”, “PAC” and “PAC Health and Safety” are hereby included in alphabetic order in Section I of the Appendix to read in their entirety as set forth in the corresponding paragraphs of Section I of the Appendix to this Agreement.
APPENDIX

Section I. Definitions

1. “Affected Person” means a person or entity who, on account of the execution of the Project, has experienced or would experience direct economic and social impact caused by: (a) the involuntary taking of land resulting in: (i) relocation or loss of shelter, (ii) loss of assets or access to assets, and (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of such person; and “Affected Persons” means more than one such Affected Person.

2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

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; (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; (e) the Guarantor’s Law (Ley Orgánica para la Eficiencia en la Contratación Pública), dated March 16, 2017, and published in the Official Gazette 966 on March 20, 2017, as amended to the date of this Agreement; (f) the Guarantor’s Law (Ley Orgánica del Sistema Nacional de Contratación Pública), dated July 22, 2008, and published in the Official Gazette 395 on August 4, 2008, as amended to the date of this Agreement; and (g) the Guarantor’s Executive Decree (Reglamento a la Ley Orgánica del Sistema Nacional de Contratación Pública), published in the Official Gazette 588 on May 12, 2009, as amended to the date of this Agreement.

4. “CAF” means Banco de Desarrollo de América Latina, the Latin America Development Bank.

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


7. “Co-financiers” means the CAF, the EIB, and the IADB.
8. "Co-financing" means, for purposes of paragraph 16 of the Appendix to the General Conditions, the following loan amounts: (a) loan amounts of $250,000,000 and $152,200,000 from CAF; (b) loan amounts of $259,280,000 and $44,152,000 from EIB; and (c) loan amounts of $200,000,000 and $250,000,000 from the IADB, for an aggregate amount of $1,155,632,000 million, to be provided by said Co-financiers to assist in financing the Project.

9. "Co-financing Agreements" means the following: (a) agreements entered into between: (i) the Guarantor and the EIB dated November 28, 2012, as amended and restated on November 14, 2016; (ii) the Guarantor and the CAF dated June 26, 2015; and (iii) the Guarantor and the IADB dated June 16, 2015; and (b) the agreements to be entered into between the Guarantor and the IADB, and the Guarantor and CAF, all providing for the Co-financing.


11. "EMP" means the Borrower’s environmental management plan, dated October 2015, 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.

12. "Environmental Impact Assessment" means: (a) the assessment of the environmental and social impacts of the Project, dated November 2012, acceptable to the Bank; and (b) the assessment of the environmental and social impacts of changes to the Project in the Quitumbe area (variante Quitumbe), acceptable to the Bank, and disclosed on the Bank’s website on November 21, 2017; as such assessment may be updated from time to time with 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 Metropolitanas): (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 0194, 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 Original Project.

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

18. “IADB Procurement Rules” means Políticas para la Adquisición de Bienes y Obras Financiadas por el Banco Interamericano de Desarrollo, dated March 2011.

19. “Indigenous Peoples Policy Framework or IPPF” means the Borrower’s framework, acceptable to the Bank, and disclosed on the Bank’s website on May 10, 2018, setting forth the principles, organizational arrangements (including consultation, budget and disclosure), design criteria to be applied to Project activities which affect indigenous peoples and guidelines for the preparation and the implementation of IPPs, as such framework may be amended from time to time with prior written agreement of the Bank.

20. “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. “IPP” means any indigenous peoples plan to be prepared by the EPMMQ in accordance with the IPPF, and acceptable to the Bank, as the same may be updated from time to time with the prior written approval of the Bank; and “IPPs” means, collectively, all such IPP.

22. “Original Loan Agreement” means the loan agreement for the Original Project between the Borrower and the Bank, dated November 11, 2013, as amended as of the Signature Date (Loan No. 8285-EC).

23. “Original Project” means the project described in Schedule 1 to the Original Loan Agreement.

24. “PAC” means the Borrower’s corrective action plan, acceptable to the Bank and included in the PGASS-H, which includes measures to mitigate and compensate environmental and social impacts resulting from the implementation of the Project.

25. “PAC Health and Safety” means the Borrower’s corrective action plan for health and safety issues, acceptable to the Bank and included in the PGASS-H, which includes measures to mitigate and compensate health and safety impacts resulting from the implementation of the Project.

26. “PEGASHS or PGASS-H” means Programa para la Gestión Ambiental, Social, Higiene y Seguridad Laboral Para el Proyecto Primera Línea del Metro de Quito, referred to in Section I.D.1 of Schedule 2 to this Agreement, acceptable to the Bank, and disclosed in the Bank’s website on May 14, 2018, 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: (a) guidance to manage: (i) potential environmental, social, physical cultural resources, health and safety and gender based violence and sexual exploitation and abuse risks, (ii) mitigate, reduce and/or offset adverse environmental, social, physical cultural resources, and (iii) health and safety impacts
associated with the implementation of Project activities; (b) measures designed to prevent gender-based violence and sexual exploitation and abuse; (c) a description of the adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of this program; (d) a detailed description of the mechanism for grievance redress; (e) a description of the Project’s communication and dissemination strategy; (f) the PAC; and (g) the PAC Health and Safety, as the same may be updated from time to time with the prior written approval of the Bank.

27. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016 and revised November 2017.

28. “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.

29. “RAP” means: (i) the Plan de Reasentamiento Proyecto Primera Linea del Metro de Quito Ecuador, acceptable to the Bank, and disclosed on the Bank's website on May 7, 2018; and (ii) any resettlement action plan to be prepared by the EPMMQ in accordance with the RPF, and acceptable to the Bank, as the same may be updated from time to time with the prior written approval of the Bank; and “RAPs” means, collectively, all such RAP.

30. “Resettlement Expenditures” means the expenditures incurred in financing the cost of: (i) providing resettlement compensation and assistance under the Project in accordance with the RPF and pertinent RAPs; (ii) any resettlement compensation measures to be implemented under the PAC; and (iii) if applicable, any corrective measures to be implemented under the time-bound action plan referred to in Section I.D.8 of Schedule 2 to this Agreement.

31. “Resettlement Policy Framework or RPF” means the Marco de Políticas de Reasentamiento Primera Línea del Metro Quito, acceptable to the Bank, and disclosed on the Bank’s website on May 7, 2018, setting forth the resettlement principles, procedures, institutional arrangements, eligibility criteria, entitlements and compensation, including valuation procedures, budget, public disclosure and consultation, monitoring and evaluation and guidelines, all governing resettlement preparation and implementation of RAP, as said framework may be amended and/or supplemented from time to time with the prior written approval of the Bank.

32. “ROP” means Reglamento Operativo de Proyecto, the Borrower’s operational manual for the Project, dated April 24, 2018, acceptable to the Bank, which sets forth, 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 function and responsibilities of the Borrower and EPMMQ for the implementation of the Project, and 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.

33. “Safeguard Instruments” means collectively, the Environmental Impact Assessment (including the EMP), the PGASS-H (including the PAC and the PAC Health and Safety), the IPPF, the IPPs, the RPF, and the RAPs.
“Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

“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.

“Subsidiary Agreement” means the agreement between the Borrower and EPMMQ dated August 7, 2015, 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.

“Training” means expenditures (other than those for consulting services) incurred by the EPMMQ in connection with the carrying out of seminars, workshops, including the reasonable travel costs (i.e. accommodation, transportation and per-diem, inter alia) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials for the purposes of and directly related to the activities described in the Project.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. 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 “semicolon” 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).”

2. Section 5.13 of the General Conditions is hereby modified to read in its entirety as follows:

“(a) The Borrower shall, and shall cause EPMMQ to, ensure that all goods, works and services required for the Project, and to be financed out of the proceeds of the Loan are procured under procedures consistent with the Bank’s Core Procurement Principles set forth in the Procurement Regulations.

(b) Notwithstanding the provision mentioned in paragraph (a) 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 3.21, 3.23 (e), 3.24, 3.25, 3.32 of the Procurement Regulations; and (b) otherwise also in accordance with the IADB Procurement Rules.

(c) All goods, works and services required for the 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 the Procurement Regulations and the Provisions of the Procurement Plan."