

11.9.2 Environmental and social (ES) complaints-management

- (a) The Borrower (i) confirms that it has received a copy of the ES Complaints-Management Mechanism's Rules of Procedure and has acknowledged its terms, in particular with respect to actions that may be taken by the Lender in the event that a third party lodges a complaint, and (ii) acknowledges that these ES Complaints-Management Mechanism's Rules of Procedure have, as between the Borrower and the Lender, the same contractually binding effect as this Agreement.
- (b) The Borrower expressly authorises the Lender to disclose to the Experts (as defined in the ES Complaints-Management Mechanism's Rules of Procedure) and to parties involved in the compliance review and/or conciliation processes, the Project documents concerning environmental and social matters necessary for processing the environmental and social complaint, including, without limitation, those listed in Schedule 12 (*Non-exhaustive list of environmental and social documents which the Borrower permits to be disclosed in connection with ES complaints-management mechanism's rules of procedure*).

11.10 Disposals and investments

The Borrower shall not:

- enter into a single transaction or in a series of transactions, whether voluntary or involuntary, to sell, lease, transfer or otherwise dispose of any of its assets except for any sale, lease, transfer or other disposal which is a Permitted Disposal or if it has received the Lender's express no-objection; and
- make any investment except for any investment which is a Permitted Investment or if it has received the Lender's express no-objection.

11.11 Financial Indebtedness

The Borrower shall not incur or permit to be outstanding any Financial Indebtedness other than the Permitted Financial Indebtedness.

The Borrower shall promptly notify the Lender if it incurs any additional Permitted Financial Indebtedness.

11.12 Financial ratios

The Borrower shall at all times ensure that:

- the EBITDA/Debt Service Ratio is not less than one point one (1.1x);
- the Financial Indebtedness to EBITDA Ratio does not exceed ten (10.0x) until the end of the 2030 financial year (included) and seven (7.0x) thereafter.

11.13 Dividends

The Borrower must not distribute dividends or any part of its results to its controlling entity without the prior written consent of the Lender.

11.14 Additional Financing

The Borrower shall not amend or alter the Financing Plan without obtaining the Lender's prior written consent and shall finance any additional costs not anticipated in the Financing Plan on

terms which ensure that the Facility will be repaid in accordance with the Permitted Financial Indebtedness described in Clause 11.11 (*Financial Indebtedness*) and the ratios set out in Clause 11.12 (*Financial ratios*).

11.15 Financial year and Auditors

The Borrower shall not change its financial year end date without the prior approval of the Lender.

If there is a change of Auditors, the Borrower shall appoint as its Auditors a reputable auditing firm with the necessary experience to fulfil their duties as auditors.

The Borrower shall inform the Lender before changing its Auditors or alternate Auditors.

11.16 Pari passu ranking

The Borrower undertakes (i) to ensure that its payment obligations under this Agreement rank at all times at least *pari passu* with its other current and future unsecured and unsubordinated payment obligations and (ii) not to grant prior ranking or guarantees to any other lenders except if the same ranking or guarantees are granted by the Borrower in favour of the Lender, if so requested by the Lender.

11.17 Security

The Borrower shall not grant or allow to exist, for any reason whatsoever, any Security over any of its assets or income streams without the prior written consent of the Lender.

11.18 Assignment

Unless the Lender agrees otherwise in writing, the Borrower shall:

- (a) amend the Insurance Policies to include the Lender as sole beneficiary in respect of any insurance indemnity until all sums due under this Agreement have been re-paid in full; and
- (b) assign to the Lender the benefit of the Provider's Guarantees.

11.19 Project Accounts

The Borrower shall open, maintain and fund the Project Accounts in accordance with the terms and conditions of this Agreement.

11.20 Inspections

The Borrower hereby authorizes, and shall procure that the Concessionary authorizes, the Lender and its representatives to carry out inspections, the purpose of which will be to assess the implementation and operations of the Project and the accounting and financial position of the Borrower and shall retain the records of the Borrower, its employees and sub-contractors and Concessionary in relation to the Project for inspection by the Lender.

The Borrower shall (i) co-operate and provide all reasonable assistance and information to the Lender and its representatives when carrying out such inspections, the timing and format of which shall be determined by the Lender following consultation with the Borrower; and (ii) provide the Lender and its representatives with access to its financial records and its employees.

The Borrower shall reimburse the Lender for any costs incurred by the Lender in respect of one inspection per year.

The Borrower shall retain, and make available for inspection by the Lender, all documents relating to the Eligible Expenses for a period of ten (10) years from the Deadline for Drawdown of Funds.

11.21 Project evaluation

The Borrower acknowledges that the Lender may carry out, or procure that a third party carries out on its behalf, an evaluation of the Project. Feedback from this evaluation will be used to produce a summary containing information on the Project, such as: total amount and duration of the funding, objectives of the Project, expected and achieved quantified outputs of the Project, assessment of the relevance, effectiveness, impact and viability/sustainability of the Project, main conclusions and recommendations.

The main objective of the evaluation will be the articulation of credible and independent judgement on the key issues of relevance, implementation (efficiency) and effects (effectiveness, impact and sustainability).

Evaluators will need to take into account in a balanced way the different legitimate points of view that may be expressed and conduct the evaluation impartially.

The Borrower will be involved as closely as possible in the evaluation, from the drafting of the terms of reference to the delivery of the final report.

The Borrower agrees to the publication of this summary, in particular on the Lender's Website.

11.22 Financial Sanctions Lists and Embargo

The Borrower shall:

- (a) that no funds or economic resources are made available, directly or indirectly, to or for the benefit of persons, groups or entities listed on any Financial Sanctions List; and
- (b) not to finance, acquire or provide any supplies or services and/or intervene in sectors which are subject to an Embargo by the United Nations, the European Union or France or not to exercise an activity in one of those sectors.

11.23 Origin of funds, absence Prohibited Practices

The Borrower shall:

- (a) use the funds of the Facility in accordance with the AFD Group's policy to prevent and combat Prohibited Practices as available on its Website;
- (b) ensure that the funds invested in the Project are not of an Illicit Origin;
- (c) ensure that the Project (in particular during the negotiation, entry into and performance of the contracts funded out of the Facility) does not give rise to any Prohibited Practice;
- (d) as soon as it becomes aware of or suspects any Prohibited Practice, immediately inform the Lender;
- (e) in the event referred to in paragraph (d) or at the Lender's request if the Lender suspects that the acts or practices referred to in paragraph (c) have occurred, take all necessary actions to remedy the situation in a manner satisfactory to the Lender and within the time period requested by the Lender;

- (f) promptly notify the Lender if it becomes aware of any information which may raise a suspicion that its own funds or any funds invested in the Project are of an Illicit Origin; and
- (g) inform the Lender of any change required to be disclosed under any applicable law or any transaction which would result in a change of Control.

11.24 Investigations

The Borrower shall undertake to allow the Lender or any third party mandated by the Lender, to carry out an investigation in the event of an allegation of Prohibited Practice. To this end, the Lender or any third party mandated by it is authorized to:

- (a) interview anyone who may have information about an alleged Prohibited Practice;
- (b) conduct audits and controls, both documentary and on-site, as the Lender may deem appropriate, including access to the accounting books and records or any other documentation relating to the Project held by the Borrower or any person or entity connected with the Project;
- (c) carry out visits of the sites, facilities and works related to the Project; and
- (d) achieve all the steps and actions necessary for these investigations.

The Borrower shall ensure that the tender documents, contracts and sub-contracts financed through the Facility allow the implementation of this Clause.

Non-compliance with this Clause by the Borrower could, at the discretion of the Lender, constitute a Non-Cooperative Practice.

11.25 Visibility and Communication

The Borrower shall implement visibility and communication actions related to the implementation of the Project in accordance with the terms of the Visibility and Communication Guide, and acknowledges having fully read and understood the aforementioned guide. According to the Visibility and Communication Guide, the Project is subject to communication and visibility obligations of LEVEL 1.

Publications by the Borrower, in whatever form and whatever medium, including the internet, shall carry the following disclaimer: *"This document was produced with the financial assistance of JEFIC Co-financiers. The views expressed herein can in no way be taken to reflect the official opinion of the JEFIC Co-financing"*.

11.26 Completion of projects

The Borrower shall ensure that:

- (a) the project Tramo 1 Quinto Acueducto has been implemented; and
- (b) the fase 1 Sistema 3 project infrastructures (PTAR Mi Lote, EBML2 and EBML 3) are in operation.

11.27 Project implementation

The Borrower shall not allow any resettlement on the Project implementation.

11.28 Financing Plan

The Borrower undertakes to self-finance any amount linked to the Project implementation and not already listed under Schedule 3 (*Financing Plan*), including but not limited to (i) all costs related to Environmental and Social risks and impacts generated by the Project and not foreseen under Schedule 8 (*Environmental and Social Commitment Plan*), (ii) remaining costs of the PIU, and (iii) applicable local taxes.

12. **INFORMATION UNDERTAKINGS**

The undertakings in this Clause 12 (*Information Undertakings*) take effect on the Signing Date and remain in full force and effect for as long as any amount is outstanding under this Agreement.

12.1 Financial Statements, budget and Financial Forecasts

The Borrower shall supply to the Lender:

- (a) as soon as they are available and in any event within 180 calendar days after the end of each financial year, its audited Financial Statements (including a balance sheet, income statement and any schedules thereto) prepared in accordance with the Applicable Accounting Principles accompanied by a letter from the Auditors, addressed to the directors of the Borrower in relation to the Financial Statements for that financial year;
- (b) as soon as it is available and in any event by the end of the current financial year, a budget in respect of the next successive financial year;
- (c) as soon as they are available and in any event within 180 calendar days after the end of each financial year, the revised Financial Forecasts; and
- (d) as soon as they are available and in any event within 45 calendar days after the end of the relevant financial semester, its half-year financial statements as communicated to the Ministry of Economy and Finance of Ecuador for the relevant semester.

The Financial Statements, budget and Financial Forecasts provided by the Borrower in accordance with this Clause 12.1 (*Financial Statements, budget and Financial Forecasts*) must be accompanied by a certificate signed by a duly authorised representative of the Borrower, confirming that such Financial Statements, budget and Financial Forecasts fairly represent the Borrower's financial situation as at the date on which they were prepared.

The Borrower shall ensure that all of the financial statements provided in accordance with this Clause 12.1 (*Financial Statements, budget and Financial Forecasts*) are prepared in accordance with the Applicable Accounting Principles.

The Borrower irrevocably authorises the Auditors to communicate directly with the Lender if the Lender makes such a request in the form set out in Schedule 5 (*Form of Letter to the Auditors*).

12.2 Financial ratios

The Borrower shall supply to the Lender a Ratio Certificate signed by both the Auditors and a duly authorised representative of the Borrower setting out each financial ratio with the details of the calculation specified in Clause 11.12 (*Financial ratios*) at the same time as it supplies the financial statements to the Lender in accordance with Clause 12.1(a) (*Financial Statements, budget and Financial Forecasts*).

12.3 Progress report

- (a) Until the Technical Completion Date, the Borrower shall provide to the Lender on a half-yearly basis a technical and financial progress report in relation to the implementation of the Project and an annual follow-up report of the Project' indicators in the form set out in Schedule 9 (*Form of follow-up Report of the Project' Indicators*)
- (b) Within six (6) months after the Technical Completion Date, the Borrower shall supply to the Lender a general progress report including a follow-up report with respect to the Project' indicators in the form set out in Schedule 9 (*Form of follow-up Report of the Project' Indicators*).

12.4 Co-Financing

The Borrower shall promptly inform the Lender of any cancellation (in whole or in part), or any prepayment under a Co-Financing.

12.5 Project Accounts

The Borrower shall supply to the Lender within fifteen (15) Business Days after the end of each half year, a copy of the bank statements in relation to the Project Accounts.

12.6 Information – miscellaneous

The Borrower shall supply to the Lender:

- (a) immediately upon becoming aware of them, details of any event or circumstance which is or may be an Event of Default or which has or may have a Material Adverse Effect, the nature of such an event and all the actions taken or to be taken to remedy it (if any);
- (b) promptly upon becoming aware of them, detailed information regarding any litigation, arbitration or administrative proceedings which are current, threatened or pending against the Borrower and which might, if adversely determined, have a Material Adverse Effect;
- (c) promptly upon becoming aware of them, details of any incident or accident directly related to the implementation of the Project which might have a significant impact on the Project site, the working conditions of its employees or any Contractors' employees, the nature of such incident or accident, together with details of any action taken or proposed to be taken, as applicable, by the Borrower to remedy it;
- (d) promptly, details of any decision or event which might affect the organisation, completion or operation of the Project;
- (e) copies of any amendment to its constitutional documents which is required to be made by law;
- (f) details of any change required to be disclosed under any applicable law or any transaction which would result in a direct or indirect change of Control of the Borrower;
- (g) promptly upon becoming aware of them, details of any change in the Concession Agreement;
- (h) on an annual basis, details on the Concession Agreement negotiations and perspectives and on the operation of the concession by the Concessionary;

- (i) promptly but in any event within five (5) Business Days after becoming aware of them, details of any notification of default, termination, dispute or material claim made against it under a Project Document or affecting the Project, together with details of any action taken or proposed to be taken by the Borrower to remedy it;
- (j) during the completion of services (including but not limited to services related to studies and monitoring where the Project involves the provision of such services), the interim and final reports drafted by any service provider, and after full completion of such services an overall execution report;
- (k) at the Lender's request, the documents distributed to its creditors at the same time as such documents are sent to the creditors;
- (l) promptly, any further information regarding its financial condition, assets and operations or any documents or other communications given or received by it under any Project Document that the Lender may reasonably request; and
- (m) as soon as possible, throughout the duration of the business relationship, provide the Lender with any document or information about the Borrower that the Lender may request, to enable the Lender to fulfill its know-your-customer ("KYC") obligations under anti money laundering and anti-terrorist regulations, in particular for the purpose of updating its KYC information on the Borrower.

13. EVENTS OF DEFAULTS

13.1 Events of Default

Each of the events or circumstances set out in this Clause 13.1 (*Events of Default*) is an Event of Default.

(a) Payment Default

- (i) The Borrower does not pay on the due date any amount payable by it under this Agreement in the manner required under this Agreement. However, without prejudice to Clause 4.3 (*Late Payment and Default Interest*), no Event of Default will occur under this paragraph (a) if such payment is made in full by the Borrower within five (5) Business Days of the due date;
- (ii) The Guarantor has failed to make payment of principal, interest or any other amount due to the Lender: (a) under the Guarantee Agreement, or (b) under any other agreement between the Guarantor and the Lender.

(b) Financing Documents and Project Documents

Any Financing Agreement or Project Document, or any of the rights and obligations set out therein, ceases to be in full force and effect, is subject to a notice of termination or its validity, legality or enforceability is challenged.

No Event of Default will occur pursuant to this paragraph (b) if (i) the challenge or notice of termination is withdrawn within thirty (30) calendar days after the date on which the Lender informed the Borrower of such challenge or notice or the Borrower became aware of such challenge or notice; and (ii), according to the opinion of the Lender, such dispute or request has not had a Material Adverse Effect during such thirty (30) day period.

(c) Undertakings and Obligations

The Borrower does not comply with any term of the Financing Documents, including, without limitation, any of the undertakings it has given pursuant to Clause 11 (*Undertakings*) and Clause 12 (*Information Undertakings*).

Save for the undertakings given pursuant to Clauses 11.22 (*Financial Sanctions Lists and Embargo*), 11.23 (*Origin of funds, absence Prohibited Practices*) and Clause 11.9 (*Environmental and social responsibility*) in respect of which no grace period is permitted, no Event of Default will occur under this paragraph (c) if the non-compliance is capable of remedy and is remedied within fifteen (15) Business Days of the earlier of (A) the date of the Lender's notice of failure to the Borrower; and (B) the Borrower becoming aware of the breach or within the time limit specified by the Lender in the case of breach referred to in subparagraph (e) of Clause 11.23 (*Origin of funds, absence Prohibited Practices*).

(d) Misrepresentation

A representation or warranty made by the Borrower in the Financing Documents, including under Clause 10 (*Representations and warranties*), or in any document delivered by or on behalf of the Borrower under or in relation to the Financing Documents, is incorrect or misleading when made or deemed to be made.

(e) Cross default

- (i) Subject to paragraph (iii), any Financial Indebtedness of the Borrower is not paid on its due date or, if applicable, within any grace period granted pursuant to the relevant documentation.
- (ii) Subject to paragraph (iii), a creditor has cancelled or suspended its commitment towards the Borrower pursuant to any Financial Indebtedness, or has declared the Financial Indebtedness due and payable prior to its specified maturity, or requested prepayment in full of the Financial Indebtedness, in each case, as a result of an event of default or any provision having a similar effect (howsoever described) pursuant to the relevant documentation.
- (iii) No Event of Default will occur under this Clause 13.1(e) if the relevant amount of Financial Indebtedness or the commitment for Financial Indebtedness falling within paragraphs (i) and (ii) above is less than five hundred thousand US Dollars (USD 500,000) (or its equivalent in any other currency(ies)).

(f) Insolvency

The Borrower is unable, or admits its inability, to pay its debts as they fall due, suspends making payments of any of its debts or, by reason of actual or anticipated financial difficulties, begins negotiations with one or more of its creditors for the rescheduling or restructuring of any of its indebtedness.

(g) Resolutions

A resolution of the Municipality, the board of directors or other officers of the Borrower is passed in relation to the Borrower's winding-up, dissolution, liquidation, merge, split-off, or reorganisation.

(h) Unlawfulness

It is or becomes unlawful for the Borrower to perform any of its obligations under the Financing Documents.

(i) Material adverse change

Any event (including a change in the political situation of the country of the Borrower) or any measure which is likely, according to the Lender's opinion, to have a Material Adverse Effect occurs or is likely to occur.

(j) Withdrawal or suspension of the Project

Any of the following occurs:

- the implementation of the Project is suspended or postponed for a period exceeding six (6) months; or
- the Project has not been completed in full by the Technical Completion Date; or
- the Borrower withdraws from, or ceases to participate in, the Project.

(k) Intervention by an Authority

An Authority:

- decides to close, seize or expropriate all or part of the Project facilities or one or several of the Borrower's assets which are required to continue its activities; or
- takes possession or control of all or part of the Project's facilities or any of the Borrower's assets which are required to continue its activities; or
- takes any measure with a view to the liquidation, winding-up, administration, reorganisation or restructuring of the Borrower; or
- takes any other measure that would prevent the Borrower from continuing all or part of its activities or operations.

(l) Authorisations

Any Authorisation required for the Borrower in order to perform or comply with its obligations under the Financing Documents or its other material obligations under any Project Documents or required in the ordinary course of the Project is not obtained within the required timeframe or is cancelled or becomes invalid or otherwise ceases to be in full force and effect.

(m) Judgments, rulings or decisions having a Material Adverse Effect

Any judgment or arbitral award or any judicial or administrative decision affecting the Borrower has or is reasonably likely to have a Material Adverse Effect or one or more steps or proceedings is/are commenced which has/have or is/are reasonably likely, according to the opinion of the Lender, to have a Material Adverse Effect or makes/make it unlikely that the Borrower will be able to perform any of its obligations under any Financing Document or Project Document.

(n) Audit

The Auditors refuse to certify or issue a qualified opinion regarding the Financial Statements of the Borrower.

(o) Repudiation

Any of the Borrower or the Guarantor, acting through its competent officers or authorities, rescinds or purports to rescind or repudiates or purports to repudiate any Financing Document or takes any measure tantamount to repudiation or any measure or action before any court or authority to rescind, or repudiate or challenge the validity or enforceability of the Financing Documents.

(p) Inability or failure to pay debts

The Borrower or the Guarantor shall become unable, admit in writing its inability, or fail generally, to pay its debts as they become due.

13.2 Acceleration

On and at any time after the occurrence of an Event of Default, the Lender may, without providing any formal demand or commencing any judicial or extra-judicial proceedings, by written notice to the Borrower:

- (a) cancel the Available Facility which shall immediately be cancelled; and/or
- (b) declare that all or part of the Facility, together with any accrued or outstanding interest and all other amounts outstanding under this Agreement, are immediately due and payable.

Without prejudice to the above, in the event that an Event of Default occurs as set out in Clause 13.1 (*Events of Default*), the Lender reserves the right to, upon written notice to the Borrower, (i) suspend or postpone any Drawdowns under the Facility; and/or (ii) suspend the finalisation of any agreements relating to other possible financial offers which have been notified by the Lender to the Borrower; and/or (iii) suspend or postpone any drawdown under any loan agreement entered into between the Borrower and the Lender.

If any drawdowns are postponed or suspended by a Co-Financier under an agreement between such Co-Financier and the Borrower, the Lender reserves the right to postpone or suspend any Drawdowns under the Facility.

13.3 Notification of an Event of Default

In accordance with Clause 12.6 (*Information – miscellaneous*), the Borrower shall promptly notify the Lender upon becoming aware of any event which is or is likely to be an Event of Default and inform the Lender of all the measures contemplated by the Borrower to remedy it.

14. ADMINISTRATION OF THE FACILITY

14.1 Payments

All payments received by the Lender under this Agreement shall be applied towards the payment of expenses, fees, interest, principal amounts or any other sum due under this Agreement in the following order:

- (a) incidental costs and expenses;
- (b) fees;
- (c) late-payment interest and default interest;

- (d) accrued interest;
- (e) principal repayments.

Any payments received from the Borrower shall be applied first in or towards payment of any sums due and payable under the Facility or under other loans extended by the Lender to the Borrower, should it be in the Lender's interest to apply these sums to such other loans, in the order set out above.

14.2 Set-off

Without prior approval of the Borrower, the Lender may, at any time, set-off due and payable obligations owed by the Borrower against any amounts held by the Lender on behalf of the Borrower or any due and payable obligations owed by the Lender to the Borrower. If the obligations are in different currencies, the Lender may convert either obligation at the prevailing currency exchange rate for the purpose of the set-off.

All payments made by the Borrower under the Financing Documents shall be calculated and made without set-off. The Borrower is prohibited from making any set-off.

14.3 Business Days

Without prejudice to the calculation of the Interest Period which will remain unchanged, if a payment is due on a day which is not a Business Day, the due date for that payment shall be the next Business Day if the next Business Day is in the same calendar month or the preceding Business Day if the next Business Day is not in the same calendar month.

14.4 Currency of payment

The currency of each amount payable under this Agreement is US Dollar, except as provided in Clause 14.6 (*Place of payment*).

14.5 Day count convention

Any interest, fee or expense accruing under this Agreement will be calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days.

14.6 Place of payment

- (a) Any funds to be transferred by the Lender to the Borrower under the Facility will be paid to the bank account specifically designated for such purpose by the Borrower, provided that the Lender has given its prior consent on the selected bank.
- (b) Any payment to be made by the Borrower to the Lender shall be paid on the due date by no later than 11:00 am (Paris time) to the following bank account:

Name A/C: Agence Française de Développement

RIB Code : 31489 00010 00226560281 47

IBAN Code: FR76 3148 9000 1000 2265 6028 147

Crédit Agricole CIB SWIFT code (BIC): BSUIFRPP

opened by the Lender with Crédit Agricole CIB in Paris, or to any other account notified by the Lender to the Borrower.

The correspondent bank is:

JP MORGAN CHASE BANK NEW YORK

BIC Swift: CHASUS33XXX

Address: 4 New York Plaza – Floor 15th

New York NY 10004

ABA Number: 021000021

Account number: 786419036

- (c) The Borrower shall request from the bank responsible for transferring any amounts to the Lender that it provides the following information in any wire transfer messages in a comprehensive manner and in the order set out below:
- Principal: name, address, bank account number (field 50 of the SWIFT message)
 - Principal's bank: name and address (field 52 of the SWIFT message)
 - Reference: name of the Borrower, name of the Project, reference number of the Agreement (field 70 of the SWIFT message)
- (d) All payments made by the Borrower shall comply with this Clause 14.6 (*Place of payment*) in order for the relevant payment obligation to be deemed as discharged in full.

14.7 Payment Systems Disruption

If the Lender determines that a Payment Systems Disruption has occurred or the Borrower notifies the Lender that a Payment Systems Disruption has occurred, the Lender:

- (a) may, and shall if requested by the Borrower, enter into discussions with the Borrower with a view to agreeing any changes to the operation and administration of the Facility as the Lender may deem necessary in the circumstances;
- (b) shall not be obliged to enter into discussions with the Borrower in relation to any of the changes mentioned in paragraph (a) above above if, in its opinion, it is not practicable to do so in the circumstances, and in any event, it has no obligation to agree to such changes; and
- (c) shall not be liable for any cost, loss or liability arising as a result of its taking, or failing to take, any actions pursuant to this Clause 14.7 (*Payment Systems Disruption*).

15. MISCELLANEOUS

15.1 Language

The language of this Agreement is English. If this Agreement is translated into another language, the English version shall prevail in the event of any conflicting interpretation or in the event of a dispute between the Parties.

All notices given or documents provided under, or in connection with, this Agreement shall be in English.

The Lender may request that a notice or document provided under, or in connection with, this Agreement which is not in English is accompanied by a certified English translation, in which case, the English translation shall prevail unless the document is a statutory document of a company, legal text or other official document.

The Financial Statements and certificates provided by the Borrower shall be drafted either in French, English, or in Spanish.

15.2 Certifications and determinations

In any litigation or arbitration arising out of or in connection with any Financing Document, entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

Any certification or determination by the Lender of a rate or amount under this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

15.3 Partial invalidity

If, at any time, a term of this Agreement is or becomes illegal, invalid or unenforceable, neither the validity, legality nor the enforceability of the remaining provisions of this Agreement will in any way be affected or impaired.

15.4 No Waiver

Failure to exercise or a delay in exercising, on the part of the Lender, of any right under the Agreement shall not operate as a waiver of that right.

Partial exercise of any right shall not prevent any further exercise of such right or the exercise of any other right or remedy under the applicable law.

The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any rights and remedies under the applicable law.

15.5 Assignment

The Borrower may not assign or transfer, in any manner whatsoever, all or any of its rights and obligations under this Agreement without the prior written consent of the Lender.

The Lender may assign or transfer any of its rights or obligations under this Agreement to any other third party and may enter into any sub-participation agreement relating thereto.

15.6 Legal effect

The Schedules annexed hereto, the Procurement Guidelines and the recitals hereof form part of this Agreement and have the same legal effect.

15.7 Entire agreement

As of the Signing Date, this Agreement represents the entire agreement between the Parties in relation to the matters set out herein, and supersedes and replaces all previous documents, agreements or understandings which may have been exchanged or communicated as part of the negotiations in connection with this Agreement.

15.8 Amendments

No amendment may be made to this Agreement unless expressly agreed in writing between the Parties.

15.9 Confidentiality – Disclosure of information

- (a) Each Party shall not disclose the content of the Financing Documents to any third party without the prior consent of the Lender except to:
 - (i) the Ministry of Economy and Finance, the Municipality, auditors and legal advisers;
 - (ii) any other person to whom it has a disclosure obligation under any applicable law, regulation or judicial ruling; and
 - (iii) the Lender's subsidiaries Proparco and Expertise France.
- (b) Furthermore, the Lender may disclose any information or documents in relation to the Project to: (i) its auditors, experts, rating agencies, legal advisers or supervisory bodies; (ii) any person or entity to whom the Lender may assign or transfer all or part of its rights or obligations under the Financing Documents; (iii) the French State, and in particular the ministries to which the Lender reports, for the purposes of the Lender's activity; (iv) any person or entity for the purpose of taking any protective measures or preserving the rights of the Lender under the Financing Documents and (v) any Co-financier.
- (c) Furthermore, the Borrower hereby expressly authorizes the Lender to communicate and to disclose on the Lender's Website information relating to the Project and its financing as listed in Schedule 10 (*Information that the Lender is authorized expressly to disclose on the Lender's Website (in particular on its open data platform)*).

15.10 Limitation

The statute of limitations of any claims under the Financing Documents shall be ten (10) years, except for any claim of interest due under this Agreement.

15.11 Hardship

Each Party hereby acknowledges that the provisions of article 1195 of the French Code civil shall not apply to it with respect to its obligations under the Agreement and it shall be not entitled to make any claim under article 1195 of the French Code civil.

16. **NOTICES**

16.1 In writing and addresses

Any notice, request or other communication to be given or made under or in connection with this Agreement shall be given or made in writing and, unless otherwise stated, may be given or made by fax or by letter to the address and number of the relevant Party set out below:

For the Borrower:

Empresa Municipal de Agua Potable y Alcantarillado de Guayaquil, EP EMAPAG EP

Address: Edificio Las Camaras, Mezanine, Avenida Francisco de Orellana y Miguel H. Alcivar, Guayaquil - Ecuador

Telephone: +593 4 268 13 15; 1800 003 003

Attention: General Manager of EMAPAG

For the Lender:

AFD – QUITO OFFICE

Address: Av. Orellana E12-12 y San Ignacio, Edificio Latina Seguros, Quito,
Ecuador

Telephone: +593 2 60 171 60/61/62

Attention: AFD Director for Ecuador

With a copy to:

AFD – PARIS HEAD OFFICE

Address: 5, rue Roland Barthes – 75598 Paris Cedex 12, France

Telephone : + 33 1 53 44 31 31

Attention : Director of Latin America Department

or such other address, fax number, department or officer as one Party notifies to the other Party.

16.2 Delivery

Any notice, request or communication given or made or any document sent by a Party to the other Party in connection with this Agreement will only be effective:

- (a) if by letter, when delivered to the correct address, and
- (b) if by fax, when received in a legible form,

and, where a particular person or a department is specified as part of the address details provided under Clause 16.1 (*In writing and addresses*), if such notice, request or communication has been addressed to that person or department.

16.3 Electronic communications

- (a) Any communication made by one person to another under or in connection with this Agreement may be made by electronic mail or other electronic means if the Parties:
 - agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made between the Parties will be effective only when actually received in a readable form.

17. GOVERNING LAW, ENFORCEMENT AND SERVICE OF PROCESS

17.1 Governing Law

This Agreement is governed by French law.

17.2 Arbitration

Any dispute arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration under the Rules of Conciliation and Arbitration of the International Chamber of Commerce applicable on the Signing Date (the “ICC Rules”).

There will be three arbitrators to be appointed in accordance with the ICC Rules. The provisions in the ICC Rules regarding the emergency arbitrator and the expedited procedure shall not apply. The seat of arbitration shall be Paris and the language of arbitration shall be English.

This arbitration clause shall remain in full force and effect if this Agreement is declared void or is terminated or cancelled and following expiry of this Agreement. The Parties’ contractual obligations under this Agreement are not suspended if a Party initiates legal proceedings against the other Party.

The Parties expressly agree that, by signing this Agreement, the Borrower irrevocably waives all rights of immunity in respect of jurisdiction or performance on which it could otherwise rely.

17.3 Service of process

Without prejudice to any applicable law, the Borrower irrevocably chooses its registered office as at the date of this Agreement at the address set out in Clause 16 (*Notices*) for service of process and the Lender chooses the address set out in Clause 16 (*Notices*) for service of process.

In the event of arbitration proceedings, service of process upon the Borrower must additionally be made to the Office of the Attorney General of the Ecuadorian State as specified below:

ATTORNEY GENERAL OF THE REPUBLIC OF ECUADOR

Address: Procuraduría General del Estado,
Av. Amazonas N39-123 y Arízaga
Quito, Ecuador
Email: secretaria_general@pge.gob.ec
Attention: Secretaría General Procuraduría General del Estado

The Lender chooses the address indicated for “AFD HEAD OFFICE” set out in Clause 16 (*Notices*) for service of process.

18. DURATION

This Agreement comes into force on the Signing Date and remains in full force and effect for so long as any amount is outstanding under the Financing Documents.

Notwithstanding the above, the obligations under Clauses 12.6(l) (*Information – miscellaneous*) to 15.9 (*Confidentiality – Disclosure of information*) will remain in full force and effect for a period of five (5) years after the last Payment Date; the provisions of Clause 11.9.2 (*Environmental and social (ES) complaints-management*) shall continue to have effect whilst any complaint lodged under the ES Complaints-Management Mechanism’s Rules of Procedure is still being processed or monitored.

19. ELECTRONIC SIGNATURE

In the case this Agreement shall be executed by use of electronic signature:

- (a) Each Party accepts and acknowledges that the use of the electronic signature solution proposed by CEGEDIM France, as well as the associated process, constitutes an electronic signature within the meaning of the provisions of Article 1367 of the Civil Code.
- (b) Each Party acknowledges and accepts that the storage by CEGEDIM France of the Agreement and all related information recorded and/or signed electronically, complies with the requirement of integrity according to the provisions of Article 1379 of the Civil Code.
- (c) Each Party acknowledges and accepts that the date and timestamping considered of the Agreement as well as the electronic signatures are binding and shall prevail between the Parties.
- (d) Each Party acknowledges and accepts that the electronic signature of the Agreement, as proposed by CEGEDIM France, has a sufficient level of reliability to identify its signatory and guarantee its link with the Agreement to which its signature is attached.
- (e) Therefore, the Parties agree that the electronic signature solution proposed by CEGEDIM France carries a presumption of reliability, until proven otherwise, equivalent to the presumption of reliability granted to the qualified electronic signature referred to in Article 1367 paragraph 2 of the Civil Code and in Article 1 of Decree 2017-1416 of 28 September 2017 on electronic signatures, so that it will be up to the Party contesting the reliability of the electronic signature solution proposed by CEGEDIM France, to prove the unreliability of the process used. Thus, each of the Parties acknowledges and expressly accepts that the Agreement signed by using the electronic signature solution proposed by CEGEDIM France:
 - (i) has the same probative value as a hard-copy written document signed and/or dated;
 - (ii) is valid and enforceable against it and the other Parties; and
 - (iii) is admissible before the courts and/or any authority as literal evidence of their existence and the content of the legal act attached to them.
- (f) This Article constitutes an evidentiary agreement in accordance with Article 1368 of the French Civil Code.

Executed in three (3) originals, in Guayaquil, on November 26, 2025.

BORROWER

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



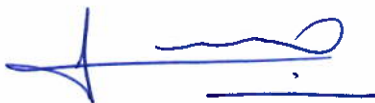
Represented by:

Name : David Hernan Ortiz Luzuriaga

Capacity : General Manager of EMAPAG

LENDER

AGENCE FRANÇAISE DE DÉVELOPPEMENT



Represented by :

Name : Priscille de Coninck

Capacity : Director of AFD office in Ecuador



SUBSECRETARÍA DE FINANCIAMIENTO PÚBLICO

REGISTRO N°: 800

FECHA: 27 de noviembre de 2025

PAGINA N°: 000000049

REGISTRO DE LA DEUDA PÚBLICA

SCHEDULE 1A – DEFINITIONS

Acceptable Bank	means any bank acceptable to the Lender.
Account Bank	has the meaning given to it in Clause 3.4.1 (<i>Opening of the Eligible Expenses Financing Account</i>).
Act of Corruption	<p>means any of the following:</p> <p>the act of promising, offering or giving to a Public Official or to any person holding a managerial position in any entity in the private sector or working for such an entity in any capacity whatsoever, directly or indirectly, an undue advantage of any kind, for his own benefit or that of another person or entity, in order to perform or refrain from performing any act in breach of such person's official functions or their legal, contractual or professional obligations and, as a consequence, influencing their own actions or those of another person or entity; or</p> <p>the act of a Public Official or any person holding a managerial position in any entity in the private sector or working for such an entity in any capacity whatsoever, soliciting or accepting, directly or indirectly, an undue advantage of any kind, for his own benefit or that of another person or entity, in order to perform or refrain from performing any act in breach of such person's official functions or their legal, contractual or professional obligations and, as a consequence, influencing their own actions or those of another person or entity.</p>
Act(s) of Terrorism	<p>means:</p> <ul style="list-style-type: none"> (i) any act prohibited by the United Nations Conventions and Protocols related to the fight against terrorism (which may be consulted on the following website: https://legal.un.org/ola/Default.aspx); (ii) any of the offences referred to in articles 3 to 10 of Directive (EU) 2017/541 of the European Parliament of 15 March 2017 on combating terrorism; or (iii) any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organisation to do or abstain from doing any act.
Advance(s)	has the meaning given to in Clause 3.4 (<i>Payment mechanics</i>).
Agreement	means this credit facility agreement, including its recitals, Schedules and, if applicable, any amendments made in writing thereto.
Anti-Competitive Practices	means :

	<p>(a) any concerted or implicit action which aims to prevent, restrict or distort (or has as a consequence the preventing, restricting or distorting of) competition in any given market, namely if such action (i) limits market access or free competition for other companies; (ii) seeks to prevent the fair determination of prices through free competition and artificially favours the increase or decrease of such prices; (iii) limits or controls any production, business prospect, investment or technical progress; or (iv) divides markets or sources of supply;</p> <p>(b) any abuse of a company or group's dominant position in a domestic market or a substantial part thereof; or</p> <p>(c) any price offer or pricing method which is abusively low and which has, as its objective or effect, the elimination of a company or any of its products from any market, or the prevention of a company or any of its products being able to access any market.</p>
Applicable Accounting Principles	means the International Public Sector Accounting Standards (" <i>Normas Internacionales de Contabilidad para el sector Publico (NICSP)</i> ") and, as applicable, the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), together with its pronouncements thereon from time to time.
Auditors	means the Borrower's auditors acceptable the Lender and as applicable by the <i>Controlaria General del Estado</i> .
Authorisation(s)	means any authorization, consent, approval, resolution, permit, licence, exemption, filing, notarization or registration, or any exemptions in respect thereof, obtained from or provided by an Authority, whether granted by means of an act, or deemed granted if no answer is received within a defined time limit, as well as any approval and consent given by the Borrower's creditors.
Authority(ies)	means any government or any statutory entity, department or commission exercising a public prerogative, or any administration, court, agency or state or any governmental, administrative, tax or judicial entity.
Availability Period	means the period from the Signing Date up to and including the Deadline for Drawdown of Funds.
Available Cash	means the aggregate of any cash deposits in the bank accounts and any short-term investment of less than one (1) year's term, which are listed as an asset on the balance sheet less the amount of any bank overdrafts listed as a liability on the balance sheet.
Available Facility	<p>means, at any given time, the maximum principal amount specified in Clause 2.1 (<i>Facility</i>) less:</p> <p>(i) the aggregate amount of any Drawdowns drawn by the Borrower;</p>

	<p>(ii) the amount of any Drawdowns to be made pursuant to any pending Drawdown Request; and</p> <p>(iii) any portion of the Facility which has been cancelled pursuant to Clauses 8.3 (<i>Cancellation by the Borrower</i>) and/or 8.4 (<i>Cancellation by the Lender</i>).</p>
Banking Service Agreements	means the <i>Convenio de Agencia Fiscal</i> and the <i>Convenio de Restitución de Valores</i> , as provided in Article 148 of the Ecuadorian Regulation to the Organic Code of Planning and Public Finances, in form and substance satisfactory to the Lender, entered into among (i) the Borrower, (ii) the Ministry of Economy and Finance, and (iii) the Central Bank of Ecuador.
Business Day	means a day (other than Saturday or Sunday) on which banks are open for general business in Paris and New York.
Certified	means for any copy, photocopy or other duplicate of an original document, the certification by a legal representative of the Borrower, or any other duly authorised person, as to the conformity of the copy, photocopy or duplicate with the original document.
Co-Financier(s)	means the following co-financier(s) of the Project: Agencia Española de Cooperación para el Desarrollo (“AECID”) for an amount (known or contemplated) of twenty million US Dollars (USD 20,000,000).
Co-Financing	means any or all of the AFD credit facility and the AECID credit facility.
Concession Agreement	<p>means the agreement between ECAPAG (<i>Empresa Cantonal de Agua Potable y Alcantarillado de Guayaquil</i>) and International Water Services (Guayaquil) INTERAGUA C. LTDA. for the provision of water and sanitation services to the City of Guayaquil dated April 11, 2001, or any succeeding concession agreement.</p> <p><i>On September 28, 2012, and through Municipal Order (Ordenanza Municipal) of the same date, EMAPAG took over the rights and responsibilities of ECAPAG with respect to the Concession Agreement.</i></p>
Concessionary	means International Water Services (Guayaquil) INTERAGUA C. LTDA., the private consortium in charge of operating the water supply and sewerage systems of the City of Guayaquil, or any other company succeeding it under the Concession Agreement.
Contractor(s)	means third party contractor(s) in charge of implementing all or part of the Project pursuant to Project Documents.
Control	<p>means, for any person or entity:</p> <p>(a) holding the majority of the voting rights at a company or enterprise’s governing bodies, under the applicable legal framework; or</p> <p>(b) the ability, by means of such person or entity’s voting rights, to determine the outcome of any decision made at the company’s</p>

	<p>general meeting or at the level of its governing bodies, including its board of directors; or</p> <p>(c) the ability to appoint or dismiss the majority of the members of the company's administrative or supervisory board or its board of directors.</p>
Deadline for Drawdown of Funds	means November 26, 2031, date after which no further Drawdown may occur.
Deadline for Use of Funds	means the date of expiration of a six (6) month period starting on the payment date of the last Advance
Deadline for the First Drawdown	means March 26, 2027.
Debt Service	means, for a given period, the aggregate of (i) all costs, interest, fees which fall due under any Financial Indebtedness and (ii) principal repayments which fall due under the Borrower's medium to long term (more than one (1) year) Financial Indebtedness over the given period.
Debt Service Account	means the account to be opened by the Central Bank of Ecuador under the Borrower's name, pursuant to the Banking Service Agreements to ensure the Debt Service.
Drawdown	means the drawdown of all or part of the funds made available by the Lender to the Borrower in connection with the Facility pursuant to the terms and conditions set out in Clause 3 (<i>Drawdown of funds</i>) or the principal amount of such Drawdown which remains due and payable at a given time including any Advance.
Drawdown Date	means the date on which a Drawdown is made available by the Lender.
Drawdown Period	<p>means the period starting on the first Drawdown Date up to and including the first of the following date:</p> <p>(i) the date on which the Available Facility is equal to zero;</p> <p>(ii) the Deadline for Drawdown of Funds.</p>
Drawdown Request	means a request substantially in the form set out in Schedule 5A (<i>Form of Drawdown Request</i>).
EBITDA	<p>means, for any given year, the aggregate of:</p> <p>(+) net income</p> <p>(+/-) extraordinary income or expense</p> <p>(+) net depreciation and amortization allowances and provisions</p> <p>(+) interest expense</p> <p>(+) tax expense</p> <p>(+/-) net foreign exchange losses or gains.</p>

Facility	means the credit facility made available by the Lender in accordance with this Agreement up to the maximum principal amount set out in Clause 2.1 (<i>Facility</i>).
Final Audit Report	has the meaning ascribed to it in Clause 3.4.5(ii) (<i>Justification for use of Advances</i>)
Financial Forecasts	means, for a given financial year, the financial forecast(s) for a minimum period of twenty (20) years, which include an income statement, a balance sheet and cash flows statement detailing cash flows related to investments, financing and operations, in the form prepared by the Borrower on the basis of the initial financial model used for the base case (as established with the assistance of consultants and dated June 19, 2024) and provided to the Lender in accordance with Clause 12.1 (<i>Financial Statements, budgets and Financial Forecasts</i>).
Financial Indebtedness	<p>means any financial indebtedness for and in respect of:</p> <ul style="list-style-type: none"> (a) any monies borrowed on a short, medium or long-term basis; (b) any bank overdraft; (c) any amounts raised pursuant to any bills of exchange issued to a third party (or any dematerialised equivalent of such instrument); (d) any amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instruments; (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Applicable Accounting Principles, be treated as a finance or capital lease; (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (g) any funds raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (h) any derivative transaction entered into in connection with, as protection against, or benefit from, fluctuation in any rate or price (provided that, for the calculation of the value of any derivative transaction, only the mark-to-market value shall be taken into account); (i) any potential payment obligation that results from acting as principal in connection with a guarantee, bond, standby or documentary letter of credit or any other instrument or commercial paper issued by a bank or financial institution; or (j) any liability in respect of any personal guarantee for any of the items referred to in paragraphs (a) to (i) above.

EBITDA / Debt Service Ratio	means, for a given period, the ratio of EBITDA to Debt Service for the relevant period.
Eligible Expense(s)	means the expense(s) incurred or to be incurred for the funding of the Project and its component(s) as set out in Schedule 3 (<i>Financing Plan</i>).
Eligible Expenses Financing Account	means the account opened by the Borrower in the name of the Project, with an Acceptable Bank, for the sole purpose of (i) receipt of the proceeds of a Drawdown; and (ii) payment of the Eligible Expenses.
Embargo	means any sanction of a commercial nature which is intended to prohibit any import or export (any supply, sale or transfer) of one or more types of goods, products or services going to and/or coming from any country for a given period and as published and amended by the United Nations, the European Union or France.
ES Complaints-Management Mechanism's Rules of Procedure	means the contractual terms contained in the Environmental and Social Complaints-Management Mechanism's Rules of Procedure, which is available on the Website, as amended from time to time.
ESCP	means the environmental and social commitment plan attached as Schedule 8, setting out the Borrower's commitment to avoid, mitigate or compensate negative consequences of the Project, on human and natural environment and any planned monitoring, as well as the formal steps required in order to carry out such actions.
Environmental Management Plan or EMP	means the plan for the Project prepared by the Borrower, as such plan may be amended from time to time with the prior approval of the Lender. The plan shall include 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 Project.
Environmental and Social Impact Assessment or ESIA	means the environmental and social impact assessment prepared by the Borrower, and acceptable to the Lender, 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 Lender.
Environmental and Social Management Framework or ESMF	means the environmental and social management framework providing a preliminary environmental and social assessment of the Project, which details all the parts that can be developed on the basis of available information and frames the parts that remain to be developed (by specifying the actions still to be carried out, the tools and methodology to be used, etc.)
Event of Default	means an event or circumstance set out in Clause 13.1 (<i>Events of Default</i>) or which may constitute an event or circumstance set out in Clause 13.1 (<i>Events of Default</i>).

Financial Indebtedness to EBITDA Ratio	means, for a given period, the ratio of Financial Indebtedness to EBITDA for the relevant period.
Financial Sanctions List	<p>means the list(s) of specially designated persons, groups or entities which are subject to financial sanctions by the United Nations, the European Union and/or France.</p> <p>For information purposes only and for the convenience of the Borrower, who may not rely on them, the following references or website addresses are provided:</p> <p>For the list maintained by the United Nations, the European Union and France, the following website may be consulted: https://gels-avoirs.dgtresor.gouv.fr/List.</p>
Financial Statements	means, for any given financial year, the Borrower's annual consolidated and audited financial statements for the period ending on the year-end date for that financial year, including an income statement, a balance sheet and cash flows statement.
Financing Documents	means this Agreement, the Guarantee Agreement, the Banking Service Agreements, the Joint Co-Financing Agreement and any other document in relation thereto.
Financing Plan	means the financing plan of the Project set out in Schedule 3 (<i>Financing Plan</i>).
Fixed Reference Rate	<p>means the fixed rate, determined on a Rate Setting Date, which, if applied to a drawdown having the specificities listed hereunder (<i>I – Theoretical drawdown specificities</i>), permits that (i) the current value of the future fixed interests flows and capital repayment flows of this drawdown, and (ii) the current value of the future floating interests flows and capital repayment flows of the same drawdown indexed on Term SOFR, or, as the case may be, the Replacement Benchmark plus any Replacement Benchmark Adjustment Margin, as determined in accordance with the provisions of Clause 5 (<i>Change to the calculation of interest</i>) of the Agreement, be equal.</p> <p>I – Theoretical drawdown specificities</p> <ul style="list-style-type: none"> - the schedule of payments (differed amortization, principal repayment) corresponds to that of the Facility defined in Clause 7 (<i>Repayment</i>) of this Agreement; and - the maturity dates for repayment of capital are the maturity dates of the Facility. <p>II – Elements of reference</p> <p>In relation to the theoretical drawdown at the variable rate referred to in (ii) of the first paragraph of this definition, the value of future flows of interests shall be calculated on the basis of the curve of Term SOFR forward rates, or, as the case may be, the curve of the Replacement Benchmark plus any Replacement Benchmark Adjustment Margin, as determined in accordance with the provisions of Clause 5 (<i>Change to the calculation of interest</i>) of the Agreement (i.e. the anticipated levels of such rates or margin, for</p>

	<p>each maturity date, on the Rate Setting Date) originating from the relevant swaps rate market.</p> <p>In relation to the theoretical drawdown at a fixed rate and the theoretical drawdown at a floating rate referred to in (i) and (ii) of the first paragraph of this definition, the discounting is executed on the basis of the Overnight Index Swap (OIS) originating from the US Dollars interest rate swaps market.</p> <p>The rate curves of the fixed rate theoretical drawdown and floating rate theoretical drawdown mentioned in (i) and (ii) of the first paragraph of this definition shall be executed in accordance with the provisions of paragraph II (<i>Elements of reference</i>) on the Rate Setting Date, on the basis of quotations provided by Reference Financial Institutions from 11:00 am onwards, Paris time.</p>
Fraud	means any dishonest action (any act or omission) deliberately intended to deceive others, to intentionally conceal facts, to circumvent any legal or regulatory requirements and/or to violate internal rules and procedures of the Borrower in order to obtain an illegal profit.
Fraud against the Financial Interests of the European Union	means any act or omission which has the objective of intentionally prejudicing the budget of the European Union, including, without limitation, (i) using or presenting any document, or making any representation, which is false or counterfeit, inaccurate or incomplete or which may result in the illegal receipt or retention of funds or in any illegal reduction in resources available pursuant to the general budget of the European Union; (ii) failing to communicate any information which has the effect described in (i) above; and (iii) the misappropriation of such funds for purposes other than those for which such funds were originally granted.
Grace Period	Means the period from the Signing Date up to and including the date falling eighty-four (84) months after such date, during which no principal repayment under the Facility is due and payable.
Guarantee	means the sovereign guarantee granted by the Guarantor for the benefit of the Lender in relation to the Borrower's obligations under the present Agreement.
Guarantee Agreement	means the guarantee agreement signed by the Ministry of Economy and Finance, on behalf of the Guarantor, in order to formalize the Guarantee, in the form and substance of the template set out in Schedule 13.
Guarantor	means the Republic of Ecuador.
Illicit Origin	<p>means any origin which is illicit or fraudulent, including, without limitation:</p> <p>(a) any money laundering offence specified in the GAFI list of 40 recommendations under "<i>catégories désignées d'infractions</i>" (https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html);</p>

	<p>(b) any Act of Corruption; or</p> <p>(c) any Fraud against the Financial Interests of the European Community, if applicable.</p>
Initial Financial Statements	means the Financial Statements of the Borrower for the financial year ending on December 31, 2024 as Certified by the Auditors.
Insurance Policies	<p>means the insurance policies that the Borrower and the Contractors are required to maintain in connection with the implementation of the Project, in a form acceptable to the Lender.</p> <p>These policies shall include, but shall not be limited to (i) during the construction of the Project: construction all risks insurance, third party liability insurance and transit insurance and (ii) during the operational phase of the Project: shall include all risks of physical damage insurance and third-party liability insurance.</p>
Interest Period(s)	means each period from a Payment Date (exclusive) up to the next Payment Date (inclusive). For each Drawdown under the Facility, the first interest period shall start on the Drawdown Date (exclusive) and end on the next successive Payment Date (inclusive).
Interest Rate	means the interest rate expressed as a percentage and determined in accordance with Clause 4.1 (<i>Interest Rate</i>).
Joint Co-Financing Agreement	means the agreement signed by the Co-Financier(s) financing the Project (AECID and AFD).
Margin	means three point twenty-six per cent (3.26%) per annum.
Material Adverse Effect	<p>means a material and adverse effect on:</p> <p>(a) the Project, insofar as it would jeopardise the continuation of the Project in accordance with the Financing Documents and the Project Documents;</p> <p>(b) the business, assets, financial condition of the Borrower or its ability to honour its obligations under the Financing Documents and the Project Documents;</p> <p>(c) the validity or enforceability of any Financing Document or any Project Document or the rank of any Security given or which was intended to be given under any Financing Document; or</p> <p>(d) any right of recourse of the Lender under any Financing Document.</p>
Misuse of AFD's Funds or Assets	means the non-compliant, inappropriate and/or abusive use of the resources, property or assets belonging to the Lender, made knowingly, recklessly or negligently.
Money Laundering	<p>means:</p> <p>(i) the act of facilitating by any means, the false justification of the origin of the assets or proceeds of the perpetrator of a felony or a misdemeanour which brought him a direct or indirect benefit; or</p>

	(ii) the act of assisting in investing, concealing or converting the direct or indirect proceeds of a felony or a misdemeanour.
Municipality	means the “ <i>Gobierno Autónomo Descentralizado Municipal de Guayaquil</i> ”
Non-Cooperative Practices	<p>means:</p> <ul style="list-style-type: none"> (i) the act of destroying, falsifying, altering, concealing or unreasonably withholding evidence or any other information, documents or records sought to be disclosed in connection with an investigation by the Lender of an allegation of Prohibited Practices to materially obstruct the investigation; or the act of making false statements to materially obstruct the investigation of an allegation of Prohibited Practices; or (ii) the act of threatening, harassing or intimidating any party in order to prevent it from disclosing information relating to an investigation conducted by the Lender, or the continuation of the investigation; or (iii) any acts carried out in order to materially obstruct the Lender in exercising its contractual rights to audit, inspect or access to information in the context of an investigation based on an allegation of Prohibited Practices.
Operational Manual	<p>means the manual to be prepared by the Borrower for the operation of the Project and which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following:</p> <ul style="list-style-type: none"> a) the detailed description of Project implementation activities and the detailed institutional arrangements of the Project; b) the Project administrative, accounting, auditing, reporting, financial and disbursement procedures; c) the composition of the PIU; d) the monitoring indicators for the Project; and e) the ESIA and the EMP, <p>and specific mechanisms for their implementation, when applicable.</p> <p>In the event that any provision of the Operational Manual shall conflict with this Agreement, the terms of this Agreement shall prevail.</p>
Outstanding Principal	means, in respect of any Drawdown, the outstanding principal amount due in respect of such Drawdown, corresponding to the amount of the Drawdown paid by the Lender to the Borrower less

	the aggregate of instalments of principal repaid by the Borrower to the Lender in respect of such Drawdown.
Payment Dates	means March 31 and September 30 of each year.
Payment Systems Disruption	means either or both of: <ul style="list-style-type: none"> (a) a material disruption to the payment or communication systems or to the financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Financing Documents to be carried out), provided that the disruption is not caused by, and is beyond the control of, any of the Parties; or (b) the occurrence of any other event which results in a disruption (of a technical or system-related nature) to the treasury or payment operations of a Party preventing that, or any other, Party: (c) from performing its payment obligations under the Financing Documents; or (d) from communicating with the other Parties in accordance with the terms of the Financing Documents, (e) and which (in either case) is not caused by, and is beyond the control of, either Party.
Permitted Disposal(s)	means the disposal, sale, lease and other act of disposal: <ul style="list-style-type: none"> (a) carried out in the course of the Borrower's ordinary activities; or (b) made in exchange for assets of comparable or superior type, value and quality; or (c) relating to obsolete assets which are not necessary to the Borrower's activity and sold or disposed of at market price; or (d) if the value of the asset (added to the value of the other assets which may have been the object of a sale, lease or disposal, outside the circumstances envisaged by paragraphs (a) to (c) above) does not exceed two million US Dollars (USD 2,000,000) during a given financial year, on the basis that in order to determine an asset's value, the higher of its price and its market value shall be used; or (e) assets whose disposal, sale or transfer has been previously approved in writing by the Lender.
Permitted Financial Indebtedness	means: <ul style="list-style-type: none"> (a) any Financial Indebtedness entered into after the Signing Date and not exceeding an aggregate amount of five million US Dollars (USD 5,000,000); (b) any Financial Indebtedness which becomes due and payable within one (1) year, including any debts owed to

	<p>suppliers, arising in the ordinary course of business of the Borrower;</p> <p>(c) any Financial Indebtedness arising under this Agreement;</p> <p>(d) any Financial Indebtedness existing as at the Signing Date which has been disclosed by the Borrower to the Lender and which is set out in Schedule 6 (Existing Loans on Signing Date); and</p> <p>(e) any Financial Indebtedness entered into after the Signing Date with the prior written consent of the Lender.</p>
Permitted Investment(s)	means any investment carried out in the course of the Borrower's ordinary activities that does not or may not potentially result in the financial ratios being breached and not exceeding an aggregate amount of one million US Dollars (USD 1,000,000) or any investments previously approved in writing by the Lender.
Permitted Security	<p>means (taking into consideration the Borrower's assets):</p> <p>(a) any Security arising by operation of law and in the ordinary course of business of the Borrower;</p> <p>(b) any Security (such as "<i>privilèges judiciaires</i>" or "<i>privilèges conservatoires</i>") arising from administrative or judicial proceedings;</p> <p>(c) any Security granted to any administration (in particular to any tax administration);</p> <p>(d) the Security listed in Schedule 7 (Existing Security on Signing Date); and</p> <p>(e) any new Security granted or created to secure any Financial Indebtedness, provided that (i) such Security has been approved by the Lender in advance; and (ii) the Borrower has granted to the Lender the same Security, or a Security of the same type and with equal ranking to that of the Lender (if the Lender so requests).</p>
Prepayment Compensatory Indemnity	<p>means the indemnity calculated by applying the following percentage to the amount of the Facility which is repaid in advance:</p> <ul style="list-style-type: none"> – if the repayment occurs prior to the 7th anniversary (exclusive) of the Signing Date: two point fifty per cent (2.50%); – if the repayment occurs between the 7th anniversary (inclusive) and the 9th anniversary (exclusive) of the Signing Date: two per cent (2.0%); – if the repayment occurs between the 9th anniversary (inclusive) and the 13th anniversary (exclusive) of the Signing Date: one point fifty per cent (1.50%); – if the repayment occurs between the 13th anniversary (inclusive) and the 17th anniversary (exclusive) of the Signing Date: one per cent (1.0%); and