



ACUERDO Nro. MINEDUC-MINEDUC-2018-00027-A

FANDER FALCONÍ BENÍTEZ
MINISTRO DE EDUCACIÓN

CONSIDERANDO:

Que, el artículo 44 de la Constitución de la República del Ecuador establece que el Estado, la Sociedad y la familia promoverán de forma prioritaria el desarrollo integral de las niñas, niños y adolescentes, y asegurarán el ejercicio pleno de sus derechos; se atenderá al principio de su interés superior y sus derechos prevalecerán sobre los de las demás personas;

Que, la Constitución de la República del Ecuador, en su artículo 154, número 1, establece que corresponde a las Ministras y Ministros de Estado, además de las atribuciones establecidas en la ley, ejercer la rectoría de las políticas públicas del área a su cargo y expedir los acuerdos y resoluciones administrativas que requiera su gestión;

Que, el Comité de Deuda y Financiamiento, mediante Acta Resolutiva No. 0003, del 06 de febrero del 2017, autorizó la contratación en los términos y condiciones financieras del Contrato de Préstamo, por un monto hasta USD 75.000.000,00 (setenta y cinco millones de dólares de los Estados Unidos de América), entre la Agencia Francesa de Desarrollo (AFD), y la República del Ecuador, a través del Ministerio de Economía y Finanzas del Ecuador;

Que, la República del Ecuador, a través del Ministerio de Economía y Finanzas, con representación de la Embajada del Ecuador en Paraguay, suscribió el Contrato de Préstamo No. CEC 1008, con la Agencia Francesa de Desarrollo, el 01 de abril del 2017, para financiar parcialmente el Programa "Apoyo a la calidad e inclusión del sector educativo en Ecuador", que forma parte de los Proyectos Nueva Infraestructura Educativa y Sistema Nacional de Desarrollo Profesional SiProfe, del Ministerio de Educación;

Que, el Ministerio de Economía y Finanzas, y el Ministerio de Educación del Ecuador, suscribieron el Convenio Subsidiario, el 26 de octubre del 2017, para la transferencia de los recursos, derechos y obligaciones derivados del Contrato de Préstamo, y se establezcan los términos y condiciones que aseguren la debida ejecución del Programa "Apoyo a la calidad e inclusión del sector educativo en Ecuador";

Que, en el referido Contrato de Préstamo, además de las disposiciones adicionales aplicables al caso, se regirá en su ejecución por lo dispuesto en el mismo y en las disposiciones contenidas en el Manual Operativo del Programa "Apoyo a la calidad e inclusión del sector educativo en Ecuador"; y,

En ejercicio de las atribuciones que le confiere el artículo 154 numeral 1 de la Constitución de la República del Ecuador; 22, literales t) y u), de la Ley Orgánica de Educación Intercultural; y 17 del Estatuto del Régimen Jurídico Administrativo de la Función Ejecutiva;

ACUERDA:

Expedir el **MANUAL OPERATIVO DEL PROGRAMA "APOYO A LA CALIDAD E INCLUSIÓN DEL SECTOR EDUCATIVO EN ECUADOR"**

Artículo 1.- Expídase el Manual Operativo del Programa "Apoyo a la calidad e inclusión del sector educativo en Ecuador" para contribuir al desarrollo de los proyectos Nueva Infraestructura Educativa, y Sistema Nacional de Desarrollo Profesional (SiProfe), con recursos del Contrato de Préstamo No. CEC 1008, suscrito con la Agencia Francesa de Desarrollo, mismo que se adjunta al presente Acuerdo Ministerial, del que forma parte integrante.





Artículo 2.- Objetivo.- Proporcionar a las instituciones y entidades involucradas con la implementación del Programa "Apoyo a la calidad e inclusión del sector educativo en Ecuador", las directrices y regulaciones necesarias para el adecuado manejo y ejecución de los recursos provenientes del Contrato de Préstamo No. CEC 1008, suscrito con la Agencia Francesa de Desarrollo, a través del Manual Operativo, que forma parte del presente Acuerdo Ministerial.

Artículo 3.- Ámbito de aplicación.- El presente Manual Operativo se aplicará a nivel nacional, a las instituciones y entidades involucradas, con sus respectivas entidades operativas desconcentradas, en concordancia con el Contrato de Préstamo No. CEC 1008, suscrito con la Agencia Francesa de Desarrollo, y la normativa nacional vigente.

En caso de discrepancias entre las entidades e instituciones sobre aspectos no contenido en el presente Manual Operativo, prevalecerá lo establecido en el Contrato de Préstamo No. CEC 1008, suscrito con la Agencia Francesa de Desarrollo, los Documentos del Programa, los Convenios Interinstitucionales, los Convenio de Cooperación, suscritos y demás disposiciones, atendiendo la orden de prelación anterior.

Artículo 4.- Modificaciones al Manual Operativo.- Toda modificación al presente Manual, que se deba implementar para mejorar la ejecución operativa del Programa "Apoyo a la calidad e inclusión del sector educativo en Ecuador", sea adaptándolo a nuevas condiciones o identificando el procedimiento a seguir en las circunstancias que se presenten durante la ejecución del Programa; procederán siempre y cuando cuenten con la No Objeción de la Agencia Francesa de Desarrollo, y no estén en contradicción con las disposiciones del Contrato de Préstamo No. CEC 1008.

DISPOSICIÓN GENERAL.- De la ejecución del presente Acuerdo encárguese a la Subsecretaría de Administración Escolar, Gerencia del proyecto Nueva Infraestructura Educativa; la Subsecretaría de Desarrollo Profesional Educativa, Gerencia del proyecto Sistema Nacional de Desarrollo Profesional (SiProfe); la Subsecretaría de Educación Intercultural Bilingüe; la Coordinación General de Planificación; a la Coordinación General Administrativa Financiera; a las Subsecretarías Metropolitanas; y Coordinaciones Zonales, de esta Cartera de Estado, en el ámbito de sus competencias.

DISPOSICIÓN FINAL.- El presente acuerdo entrará en vigencia a partir de la presente fecha, sin perjuicio de su publicación en el Registro Oficial.

COMUNÍQUESE Y PUBLÍQUESE.- Dado en Quito, D.M. , a los 19 día(s) del mes de Marzo de dos mil dieciocho.

Documento firmado electrónicamente

FANDER FALCONÍ BENÍTEZ
MINISTRO DE EDUCACIÓN





AFD 72/ 2017

Quito, 11 de abril de 2017

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Asunto CONVENIO DE CREDITO 1008 Firmado - Programa
de Apoyo a la Calidad e Inclusión de la Educación
en Ecuador –Agencia Francesa de Desarrollo

Econ.

Patricio Rivera
Ministro de Finanzas
Presente.-

De mi consideración:

Por medio de la presente, me permito adjuntar a este oficio el convenio de crédito en CEC1008 en original firmado el sábado 1 de abril en Asunción, por los delegados correspondientes de la Republica de Ecuador y de la Agencia Francesa de Desarrollo.

Sin otro particular por el momento, aprovecho la oportunidad para enviarle un cordial saludo.

Atentamente,

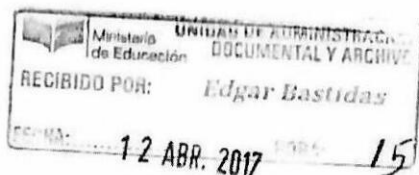

Marco VAREA
Representante AFD Ecuador
C.I. 1706997829



Cc: Sr. Luis Villafuerte, Subsecretario de Financiamiento Público subrogante
Sr. Freddy Peñañel, Ministro de Educación (e)

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AFD AGREEMENT N° CEC 1008

CREDIT FACILITY AGREEMENT

dated as of April 1st 2017

between

AGENCE FRANÇAISE DE DEVELOPPEMENT

The Lender

and

THE REPUBLIC OF ECUADOR

The Borrower

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CREDIT FACILITY AGREEMENT

BETWEEN:

- (1) THE REPUBLIC OF ECUADOR,

represented by José Enrique Núñez Tamayo, in his capacity as *Ambassador of Ecuador in Paraguay*, who is duly authorised to sign this Agreement, according to a delegation of powers of the Ministry of Finances,

("Ecuador" or the "Borrower");

AND

- (2) **AGENCE FRANCAISE DE DEVELOPPEMENT**, a French public entity governed by French law, with registered office at 5, Rue Roland Barthes, 75598 Paris Cedex 12, France, registered with the Trade and Companies Register of Paris under number 775 665 599, represented by Philippe Orliange, in his capacity as *Directeur exécutif de la Stratégie, des Partenariats et de la Communication*, duly authorised to sign this Agreement, according to a delegation of powers of the Managing Director of March 28th 2017.

("AFD" or the "Lender");

(hereinafter jointly referred to as the "**Parties**" and each a "**Party**");

WHEREAS:

- (A) The Borrower intends to improve quality and inclusion of its education national system through a ten-year National Education Development Plan (the "**Programme**"), as described further in Schedule 2 (*Programme Description*).
- (B) The Borrower has requested that the Lender makes a facility available for the purposes of financing and refinancing part of the Programme.
- (C) Pursuant to a resolution n° 20160335 of the Board of AFD dated September 29th of 2016, the Lender has agreed to make the Facility available to the Borrower pursuant to the terms and conditions of this Agreement.



THEREFORE THE PARTIES HAVE AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalised words and expressions used in this Agreement (including those appearing in the recitals above and in the Schedules) shall have the meaning given to them in Schedule 1A (*Definitions*), except as otherwise provided in this Agreement.

1.2 Interpretation

Words and expressions used in this Agreement shall be construed pursuant to the provisions of Schedule 1B (*Construction*), unless the contrary intention appears.

2. FACILITY, PURPOSE AND CONDITIONS OF UTILISATION

2.1 Facility

Subject to the terms of this Agreement, the Lender makes available to the Borrower a Facility in a maximum aggregate amount of seventy five millions US Dollars (USD 75,000,000).

2.2 Purpose

The Borrower shall apply all amounts borrowed by it under this Facility exclusively towards financing and refinancing Eligible Expenses, excluding Taxes, in accordance with the Programme's description set out in Schedule 2 (*Programme Description*), the Financing Plan set out in Schedule 3 (*Financing Plan*) and the Operational Manual.

2.3 Monitoring

The Lender shall not be held responsible for the use of any amount borrowed which is not in accordance with the provisions of this Agreement.

2.4 Conditions precedent

- (a) No later than the Signing Date, the Borrower shall provide to the Lender all of the documents set out in Part I of Schedule 4 (*Conditions Precedent*).
- (b) A Drawdown Request may not be delivered to the Lender unless:
 - (i) in the case of the first Drawdown, the Lender has received all of documents listed in Part II of Schedule 4 (*Conditions Precedent*) and has notified the Borrower that such documents are satisfactory in form and substance;
 - (ii) in the case of any subsequent Drawdown, the Lender has received all of the documents set out in Part III of Schedule 4 (*Conditions Precedent*) and has notified the Borrower that such documents are satisfactory in form and substance; and
 - (iii) on the date of the Drawdown Request and on the proposed Drawdown Date for the relevant Drawdown, no Payment Systems Disruption Event has occurred and the conditions set out in this Agreement have been fulfilled, including:
 - (1) no Event of Default is continuing or would result from the proposed Drawdown;

- (2) the Drawdown Request has been made in accordance with the terms of Clause 3.2 (*Drawdown request*);
- (3) each representation given by the Borrower in relation to Clause 10 (*Representations and warranties*) is true;
- (4) the previous Advance was used in accordance with this Agreement.

3. DRAWDOWN OF FUNDS

3.1 Drawdown amounts

The Facility will be made available to the Borrower during the Availability Period, in several Drawdowns, provided that the number of Drawdowns shall not exceed fifteen (15).

The amount of the proposed Drawdown shall be a minimum of five million US Dollars (USD 5,000,000) or an amount equal to the Available Credit if such amount is less than five million US Dollars (USD 5,000,000).

3.2 Drawdown request

Provided that the conditions set out in Clause 2.4(b)(ii) (*Conditions precedent*) are satisfied, the Borrower may draw on the Facility by delivery to the Lender of a duly completed Drawdown Request. Each Drawdown Request shall be delivered by the Borrower to the AFD office Director at the address specified in Clause 16.1 (*In writing and addresses*).

Each Drawdown Request is irrevocable and will be regarded as having been duly completed if:

- (a) the Drawdown Request is substantially in the form set out in Schedule 5A (*Form of Drawdown Request*);
- (b) the Drawdown Request is received by the Lender at the latest fifteen (15) Business Days prior to the Deadline for Drawdown;
- (c) the proposed Drawdown Date is a Business Day falling within the Availability Period;
- (d) the amount of the Drawdown complies with Clause 3.1 (*Drawdown amounts*); and
- (e) all of the documents set out in Part III of Schedule 4 (*Conditions Precedent*) for the purposes of the Drawdown are attached to the Drawdown Request, comply with the abovementioned Schedule and with the requirements of Clause 3.4 (*Payment mechanics*), and are in form and substance satisfactory to the Lender.

Any documentary evidence, such as bills or paid invoices, shall include the reference number and date of the relevant payment order. The Borrower undertakes to keep possession of the documentary evidence originals, to make such evidence available to the Lender at any time and to provide the Lender with Certified copies or duplicates of such evidence as the Lender may request.

3.3 Payment completion

Subject to Clause 14.7 (*Payment Systems Disruption*), if each of the conditions set out in Clause 2.4(b) (*Conditions precedent*) of this Agreement has been met, the Lender shall make the requested Drawdown available to the Borrower not later than the Drawdown Date.

The Lender shall provide the Borrower with a letter of Drawdown confirmation substantially in the form set out in Schedule 5B (*Form of confirmation of drawdown and rate*).

3.4 Payment mechanics

The Facility shall be made available by the Lender in the form of advances ("**Advance(s)**") paid into the Programme Account (as defined below).

3.4.1 *Opening of the Programme Account*

The Borrower shall open and maintain an account in the name of the Programme (the "**Programme Account**"), at Central Bank of Ecuador (the "**Account Bank**"), as a sub-account of the *Cuenta Única del Tesoro* for the sole purpose of (i) receipt of the proceeds of a Drawdown and (ii) after immediate transfer of such proceeds to the *Cuenta Única del Tesoro* for payment of the Eligible Expenses, paying to the Contractor(s) within a maximum of fifteen (15) calendar days from the date of receipt of such Contractor(s)' payment request (*Comprobante unico de registro*) the relevant Eligible Expenses.

The Borrower hereby undertakes to waive and procure that the Account Bank waives, any right of set-off such party may have in respect of the Programme Account and any other account opened in the name of the Borrower or the Implementing Agency at the Account Bank, or against any other debt of the Borrower or the Implementing Agency.

In the event that the Account Bank ceases to be an Acceptable Bank, the Lender may instruct the Borrower to replace or to request that the Implementing Agency replaces the Account Bank with another Acceptable Bank. The Borrower hereby undertakes to replace or to instruct the Implementing Agency to replace the Account Bank promptly at its own cost immediately upon the Lender's first demand.

3.4.2 *Initial Advance*

Provided that the conditions set out in Clause 2.4 (*Conditions precedent*) have been satisfied, the Lender shall pay an initial Advance of five million US Dollars (USD 5,000,000) to the Programme Account.

3.4.3 *Additional Advances*

Additional Advances will be paid upon the Borrower's request, subject to the conditions set out in Clause 2.4 (*Conditions precedent*) being satisfied.

3.4.4 *Final Advance*

Unless the Lender agrees otherwise, the final Advance shall be paid in accordance with the same conditions as the other Advances and, if applicable, shall take into account any change in the financing plan of the Programme agreed between the Parties.

3.4.5 *Justification for use of Advances*

The Borrower agrees to deliver to the Lender:

- (i) no later than the Deadline for Use of Funds, a certificate signed by an authorised signatory of the Borrower certifying that one hundred per cent (100%) of both the penultimate Advance and the final Advance have been



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used and providing a detailed breakdown of the sums paid in respect of the Eligible Expenses in the relevant period; and

- (ii) no later than three (3) months after the date of delivery of the certificate referred to in subparagraph (i) above, a final audit report of the Programme Account evidencing the use of all proceeds of the Advances to finance Eligible Expenses in accordance with this Agreement and the Operational Manual (the "**Final Audit Report**"), carried out by an independent and reputable auditing firm appointed by the Borrower, subject to the Lender's no-objection on the terms of reference of the audit mission and the appointment of the auditing selected by the Borrower. All audit costs shall be paid by the Borrower. The appointed auditing firm shall verify that all amounts drawn under the Facility and paid into the Programme Account have been used in accordance with the terms and conditions of this Agreement.

3.4.6 *Applicable exchange rate*

If any Eligible Expenses are denominated in a currency other than US Dollars, the Borrower shall convert or procure that the Implementing Agency converts the invoice amount into the equivalent amount in US Dollars using the exchange rate for the relevant currency applied by the central bank of the country of the relevant currency on the payment date of the relevant invoice.

3.4.7 *Deadline for Use of Funds*

The Borrower agrees that all funds paid in the form of Advances shall be used in full to pay Eligible Expenses no later than the Deadline for Use of Funds.

3.4.8 *Control - Audit*

The Borrower agrees that during the Drawdown Period, the Programme Account shall be audited on an annual basis. These audits shall be carried out by an independent and reputable auditing firm, supervised by the *Contraloria General*, appointed by the Borrower subject to the Lender's no-objection on the selected auditors and on the terms of reference of the audit mission. The auditing firm shall verify that all amounts drawn under the Facility into the Programme Account and transferred into the *Cuenta Unica del Tesoro* have been used in accordance to the terms of this Agreement.

Audit reports shall be made available no later than three (3) months after the last day of each fiscal year.

The audit costs shall be paid under the Facility.

Furthermore, the Borrower agrees to deliver to the Lender any of the *Contraloria General*'s audit report of the Programme, when available.

During the Drawdown Period, the Lender may carry out, or procure that a third party carries out on its behalf and at the cost of the Borrower, random inspections rather than systematic control of documentary evidence.

3.4.9 *Failure to justify the use of Advances by the Deadline for Use of Funds*

The Lender may request that the Borrower repays all amounts in respect of which utilisation has not been timely, duly or sufficiently justified on the Deadline for Use of Funds. The Borrower shall repay such amounts to the Lender within twenty (20) calendar days of receipt of such notification from the Lender. Any repayment by the

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Borrower under this Clause shall be treated as a mandatory prepayment in accordance with the provisions of Clause 8.2 (*Mandatory prepayment*).

3.4.10 *Retention of documents*

The Borrower shall retain and undertakes to instruct the Implementing Agency to retain documentary evidence and other documents in connection with the Programme Account and use of the Advances for a period of ten (10) years from the date of the last Drawdown under the Facility.

The Borrower undertakes to deliver such documentary evidences and other documents to the Lender, or to any auditing firm appointed by the Lender, upon the Lender's request.

4. **INTEREST**

4.1 Interest Rate

4.1.1 *Fixed Interest Rate*

The Interest Rate applicable to each Drawdown shall be calculated on the Rate Setting Date as the sum of the Fixed Reference Rate for the relevant Drawdown plus the Margin.

The Borrower may specify in each Drawdown Request a maximum amount for the fixed Interest Rate. If the fixed Interest Rate as calculated on the Rate Setting Date exceeds the maximum amount for the fixed Interest Rate specified in the relevant Drawdown Request, such Drawdown Request shall be cancelled and the amount specified in the cancelled Drawdown Request shall be credited to the Available Credit.

4.1.2 *Minimum Interest Rate*

The Interest Rate determined in accordance with Clause 4.1.1 (*Fixed Interest Rate*) shall not be less than zero point twenty-five per cent. (0.25%) per annum, notwithstanding any decline in the Interest Rate.

4.2 Calculation and payment of interest

The Borrower shall pay accrued interest on Drawdown(s) on each Payment Date.

The amount of interest payable by the Borrower on a relevant Payment Date and for a relevant Interest Period shall be equal to the sum of any interest owed by the Borrower on the amount of the Outstanding Principal in respect of each Drawdown. Interest owed by the Borrower in respect of each Drawdown shall be calculated on the basis of:

- (i) the Outstanding Principal owed by the Borrower in respect of the relevant Drawdown as at the immediately preceding Payment Date or, in the case of the first Interest Period, on the corresponding Drawdown Date;
- (ii) the exact number of days which have accrued during the relevant Interest Period on the basis of a three hundred and sixty (360) day year; and
- (iii) the applicable Interest Rate determined in accordance with the provisions of Clause 4.1 (*Interest Rate*).

4.3 Late payment and default interest

- (a) Late payment and default interest on all amounts due and unpaid (except for interest)

If the Borrower fails to pay any amount payable by it to the Lender under this Agreement (whether a payment of principal, a Prepayment Indemnity, any fees or incidental expenses of any kind except for any unpaid overdue interest) on its due date, interest shall accrue on the overdue amount, to the extent permitted by law, from the due date up to the date of actual payment (both before and after an arbitral award, if any) at the Interest Rate applicable to the current Interest Period (late-payment interest) increased by three point five per cent. (3.5%) (default interest). No formal prior notice from the Lender shall be necessary.

- (b) Late payment and default interest on unpaid overdue interest

Interest which has not been paid on its due date shall bear interest and to the extent permitted by law, at the Interest Rate applicable to the ongoing Interest Period (late-payment interest), increased by three point five per cent. (3.5%) (default interest), to the extent that such Interest has been due and payable for at least one (1) year. No formal prior notice from the Lender shall be necessary.

The Borrower shall pay any outstanding interest under this Clause 4.3 (*Late payment and default interest*) immediately on demand by the Lender or on each Payment Date following the due date for the outstanding payment.

- (c) Receipt of any payment of late payment interest or default interest by the Lender shall neither imply the grant of any payment extension to the Borrower, nor operate as a waiver of any of the Lender's rights hereunder.

4.4 Communication of Interest Rates

The Lender shall promptly notify the Borrower of the determination of each Interest Rate in accordance with this Agreement.

4.5 Effective Global Rate

In order to comply with the French Consumer Code and the French Monetary and Financial Code, the Lender informs the Borrower, and the Borrower accepts, that the effective global rate applicable to the Facility may be valued at an annual rate of four point fifty-nine per cent (4.59 %) on the basis of a three hundred and sixty-five (365) day year, and an Interest Period of six (6) months, subject to the following:

- (a) the above rates are given for information purposes only;
- (b) the above rates are calculated on the basis that:
- (i) drawdown of the Facility is in full on the Signing Date;
 - (ii) no Drawdown made available to the Borrower will bear interest on the floating rate; and
 - (iii) the fixed rate for the duration of the facility should be equal to four point forty-two per cent (4.42%);
- (c) the above rates take into account the commissions and costs payable by the Borrower under this Agreement, assuming that such commissions and costs will remain fixed and will apply until the expiry of the term of this Agreement.

5. MARKET DISRUPTION

- (a) If a Market Disruption Event affects the interbank market and it is impossible to determine the applicable LIBOR for the relevant Interest Period, the Lender shall inform the Borrower without delay.
- (b) Upon the occurrence of the event described in paragraph (a) above, the applicable Interest Rate for the relevant Interest Period will be the sum of:
 - (i) the Margin; and
 - (ii) the percentage rate per annum corresponding to the cost to the Lender of funding the Drawdown(s) from whatever source it may reasonably select. Such rate shall be notified to the Borrower as soon as possible and, in any case, prior to the Payment Date for interest owed under the relevant Interest Period.
- (c) "Market Disruption Event" means the occurrence of one of the following events:
 - (i) LIBOR is not determined by the ICE Benchmark Administration ("IBA"), at 11:45am London time, two (2) Business Days before the first day of the relevant Interest Period; or
 - (ii) before close of business of the relevant interbank market, the Borrower receives notification from the Lender that (i) the cost to the Lender of obtaining matching funding in the relevant interbank market would be in excess of LIBOR for the relevant Interest Period; or (ii) it cannot or will not be able to obtain matching funding on the relevant interbank market in the ordinary course of business to fund the relevant Drawdown for the relevant time period.

6. FEES

6.1 Commitment fees

From the Signing Date onwards, the Borrower shall pay to the Lender a commitment fee of zero point five per cent (0,5%) per annum.

The commitment fee shall be computed at the rate specified above on the amount of the Available Credit pro-rated for the actual number of days elapsed increased by the amount of any Drawdowns to be made available by the Lender in accordance with any pending Drawdown Requests.

The first commitment fee shall be calculated for the period from (i) the Signing Date (excluded) up to (ii) the immediately following Payment Date (included). Subsequent commitment fees shall be calculated for periods commencing on the day immediately following a Payment Date (included) and ending on the next Payment Date (included).

The accrued commitment fee shall be payable (i) on each Payment Date within the Availability Period; (ii) on the Payment Date following the last day of the Drawdown Period; and (iii) in the event the Available Credit is cancelled in full, on the Payment Date following the effective date of such cancellation.

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6.2 Appraisal Fee

No later than thirty (30) days after the Signing Date, the Borrower shall pay to the Lender an appraisal fee of zero point five per cent (0.5 %) calculated on the maximum amount of the Facility.

7. **REPAYMENT**

Following expiry of the Grace Period, the Borrower shall repay the Lender the principal amount of the Facility in thirty (30) semi-annual instalments, due and payable on each Payment Date.

The first instalment shall be due and payable on May, the 31st of 2022 and the last instalment shall be due and payable on November, the 30th of 2036.

At the end of the Drawdown Period, the Lender shall deliver to the Borrower an amortisation schedule in respect of the Facility taking into account, if applicable, any potential cancellation of the Facility pursuant to Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*).

8. **PREPAYMENT AND CANCELLATION**

8.1 Voluntary prepayment

No prepayment of the whole or any part of the Facility is allowed during the Grace Period.

As from the day the date referred to in the previous paragraph, the Borrower may prepay the whole or any part of the Facility, subject to the following conditions:

- (a) the Borrower shall notify the Lender of its intention to prepay by not less than thirty (30) Business Days' written and irrevocable notice prior to the contemplated prepayment date;
- (b) the amount to be prepaid shall be equal to one or several instalment(s) in principal;
- (c) the contemplated prepayment date shall be a Payment Date;
- (d) all prepayments shall be made together with the payment of accrued interest, any fees, indemnities and related costs in connection with the prepaid amount as provided under this Agreement;
- (e) there is no outstanding amount; and
- (f) in case of a part prepayment, the Borrower shall have given evidence, satisfactory to the Lender, that it has sufficient committed funding available for the purpose of financing the Programme as determined in the Financing Plan.

On the Payment Date on which the prepayment is made, the Borrower shall pay the full amount of the Prepayment Indemnities due and payable pursuant to Clause 9.3 (*Prepayment Indemnity*)

8.2 Mandatory prepayment

The Borrower shall immediately prepay the whole or part of the Facility upon receipt of a notice from the Lender informing the Borrower of any of the following events:

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- (a) Illegality: it becomes unlawful for the Lender pursuant to its applicable law to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Facility;
- (b) Additional Costs: the amount of any Additional Costs referred to in Clause 9.5 (*Additional Costs*) is significant and the Borrower has refused to pay such Additional Costs;
- (c) Default: the Lender declares an Event of Default in accordance with Clause 13 (*Events of Defaults*);
- (d) Failure to justify use of funds: the Borrower fails to justify in a manner satisfactory to the Lender the use of the Advances by the expiry date for the use of funds Clause 3.4.9 (*Failure to justify the use of Advances by the Deadline for Use*);

In the case of each of the events specified in paragraphs (a), (b) and (c) above, the Lender reserves the right, after having notified the Borrower in writing, to exercise its rights as a creditor in the manner specified in paragraph (b) of Clause 13.2 (*Acceleration*).

8.3 Cancellation by the Borrower

Prior to the Deadline for Drawdown, the Borrower may cancel the whole or any part of the Available Credit by giving the Lender a three (3) Business Days' prior notice.

Upon receipt of such notice of cancellation, the Lender shall cancel the amount notified by the Borrower, provided that the Eligible Expenses, as specified in the Financing Plan, are covered in a manner satisfactory to the Lender, except in the event that the Programme is abandoned by the Borrower.

8.4 Cancellation by the Lender

The Available Credit shall be immediately cancelled upon delivery of a notice to the Borrower which shall be immediately effective, if:

- (a) the Available Credit is not equal to zero on the Deadline for Drawdown;
- (b) the first Drawdown has not occurred on the expiry date of a fourteen (14) month period from approval of the Facility by the competent organs of the Lender, as mentioned in paragraph (C) of the Recitals;
- (c) an Event of Default has occurred and is continuing; or
- (d) an event referred to in Clause 8.2 (*Mandatory prepayment*) has occurred;

except where, in the case of paragraphs (a) and (b) of this Clause 8.4 (*Cancellation by the Lender*), the Lender has proposed to postpone the Deadline for Drawdown or the deadline for the first Drawdown on the basis of new financial conditions which will apply to any Drawdowns under the Available Credit and the Borrower has agreed on the proposition.

8.5 Restrictions

- (a) Any notice of prepayment or cancellation given by a Party pursuant to this Clause 8 (*Prepayment and Cancellation*) shall be irrevocable, and, unless otherwise provided in this Agreement, any such notice shall specify the date or dates on which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.

- (b) The Borrower shall not prepay or cancel all or any part of the Facility except at the times and in the manner expressly provided for in this Agreement.
- (c) Any prepayment under this Agreement shall be made together with payment of (i) accrued interest on the prepaid amount, (ii) outstanding fees, and (iii) the Prepayment Indemnity referred to in Clause 9.2 (*Cancellation Indemnity*) below.
- (d) Any prepayment amount will be applied against the remaining instalments in inverse order of maturity.
- (e) The Borrower may not re-borrow the whole or any part of the Facility which has been prepaid or cancelled.

9. ADDITIONAL PAYMENT OBLIGATIONS

9.1 Costs and expenses

- 9.1.1 If an amendment to this Agreement is required, the Borrower shall reimburse to the Lender for all costs (including legal fees) reasonably incurred in responding to, evaluating, negotiating or complying with that requirement.
- 9.1.2 The Borrower shall reimburse to the Lender for all costs and expenses (including legal fees) incurred by it in connection with the enforcement or preservation of any of its rights under this Agreement.
- 9.1.3 The Borrower shall pay directly or, if applicable, reimburse the Lender in case of an advance made by the Lender, the amount of all costs and expenses in connection with the transfer of funds to, or for the account of, the Borrower from Paris to any other place agreed with the Lender, as well as any transfer fees and expenses in connection with the payment of all sums due under the Facility.

9.2 Cancellation Indemnity

If the Facility is cancelled in full or in part in accordance with the Clauses 8.3 (*Cancellation by the Borrower*) and/or 8.4 (*Cancellation by the Lender*), the Borrower shall pay a cancellation indemnity computed at two percent (2%) on the cancelled amount of the Facility.

Each cancellation indemnity is payable on the Payment Date immediately following a cancellation of all or part of the Facility.

9.3 Prepayment Indemnity

On account of any losses suffered by the Lender as a result of the prepayment of the whole or any part of the Facility in accordance with Clauses 8.1 (*Voluntary prepayment*) or 8.2 (*Mandatory prepayment*), the Borrower shall pay to the Lender an indemnity equal to the aggregate amount of:

- the Prepayment Compensatory Indemnity; and
- any costs arising out of the break of any hedging swap transactions put in place by the Lender in connection with the amount prepaid.

9.4 Taxes and duties

9.4.1 *Registration costs*

The Borrower shall pay directly, or, if applicable, reimburse the Lender in case of an advance made by the Lender, the costs of all stamp duty, registration and other similar taxes payable in respect of the Agreement and any potential amendment thereto.

9.4.2 *Withholding Tax*

The Borrower undertakes that all payments made to the Lender under this Agreement shall be free of any Withholding Tax.

If a Withholding Tax is required by law, the Borrower undertakes to gross-up the amount of any such payment, to such amount which leaves the Lender with an amount equal to the payment which would have been due if no payment of Withholding Tax had been required.

The Borrower shall reimburse to the Lender all expenses and/or Taxes for the Borrower's account which have been paid by the Lender (if applicable), with the exception of any Taxes due in France.

9.5 Additional Costs

the Borrower shall pay to the Lender, within five (5) Business Days of the Lender's request, all Additional Costs incurred by the Lender as a result of: (i) the coming into force of any new law or regulation, or any amendment to, or any change in the interpretation or application of any existing law or regulation; or (ii) compliance with any law or regulation made after the Signing Date.

In this Clause, "Additional Costs" means:

- (i) Any reduction in the rate of return from the Facility or on the Lender's overall capital;
- (ii) any additional or increased cost; or
- (iii) any reduction of any amount due and payable under this Agreement,

which is incurred or suffered by the Lender to the extent that it is attributable to the Lender having entered into the Agreement or funding or performing its obligations under the Agreement.

9.6 Currency indemnity

If any sum due by the Borrower under this Agreement or any order, judgment or award given or made in relation to such a sum, has to be converted from the currency in which that sum is payable into another currency, for the purpose of:

- (i) making or filing a claim or proof against the Borrower; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Borrower shall indemnify the Lender against and, within three (3) Business Days of the Lender's request and as permitted by law, pay to the Lender, the amount of any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between: (A)

the exchange rate used to convert the relevant sum from the first currency to the second currency; and (B) the exchange rate or rate(s) available to the Lender at the time of its receipt of that sum. This obligation to indemnify the Lender is independent of any other obligation of the Borrower under this Agreement.

The Borrower waives any right it may have in any jurisdiction to pay any amount due under this Agreement in a currency or currency unit other than that in which it is expressed to be payable.

9.7 Due dates

Any indemnity or reimbursement payable by the Borrower to the Lender under this Clause 9 (*Additional Payment Obligations*) is due and payable on the Payment Date immediately following the circumstances which have given rise to the relevant indemnity or reimbursement.

Notwithstanding the above, any indemnity to be paid in connection with a prepayment pursuant to Clause 9.3 (*Prepayment Indemnity*) is due and payable on the date of the relevant prepayment.

10. **REPRESENTATIONS AND WARRANTIES**

All the representations and warranties set out in this Clause 10 (*Representations and warranties*) are made by the Borrower for the benefit of the Lender on the Signing Date. All the representations and warranties in this Clause 10 (*Representations and warranties*) are also deemed to be made by the Borrower on the date on which all of the conditions precedent listed in Part II of Schedule 4 (*Conditions Precedent*) are satisfied, on the date of each Drawdown Request, on each Drawdown Date and on each Payment Date, except that the repeating representations contained in Clause 10.9 (*No misleading information*) are deemed to be made by the Borrower in relation to the information provided by the Borrower since the date on which the representation was last made.

10.1 Power and authority

The Borrower has the power to enter into, perform and deliver this Agreement and Programme Documents and to perform all contemplated obligations. The Borrower has taken all necessary action to authorise its entry into, performance and delivery of this Agreement and Programme Documents and the transactions contemplated by this Agreement and Programme Documents.

10.2 Validity and admissibility in evidence

All Authorisations required:

- (a) to enable the Borrower to lawfully enter into, and exercise its rights and comply with its obligations under the Agreement and Programme Documents; and
- (b) to make the Agreement and the Programme Documents admissible in evidence in the courts of the jurisdiction of the Borrower or in arbitration proceedings as defined under Clause 17 (*Governing Law, Enforcement and Choice of Domicile*),

have been obtained and are in full force and effect, and no circumstances exist which could result in the revocation, non-renewal or modification, in whole or in part, of any such Authorisations.

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10.3 Binding obligations

The obligations expressed to be assumed by the Borrower under the Agreement and the Programme Documents comply with all laws and regulations applicable to the Borrower in its jurisdiction and are legal, valid, binding and enforceable obligations which are effective in accordance with their written terms.

10.4 No filing or stamp taxes

Under the laws of the jurisdiction of incorporation of the Borrower, it is not necessary that the Agreement be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar taxes or fees be paid on or in relation to the Agreement or the transactions contemplated therein.

10.5 Transfer of funds

All amounts due by the Borrower to the Lender under this Agreement whether as principal or interest, late payment interest, Prepayment Indemnity, incidental costs and expenses or any other sum are freely transferable to France or to any other country.

This representation shall remain in full force and effect until full repayment of all sums due to the Lender. In the event that the repayment dates of the Facility are extended by the Lender, no further confirmation of this representation shall be necessary.

The Borrower shall obtain US Dollars necessary for compliance with this representation in due course.

10.6 No conflict with other obligations

The entry into and performance by the Borrower of, and the transactions contemplated by, this Agreement and the Programme Documents do not conflict with any domestic or foreign law or regulation applicable to it, its constitutional documents (or any similar documents) or any agreement or instrument binding upon the Borrower or affecting any of its assets.

10.7 Governing law and enforcement

- (a) The choice of French law as the governing law of this Agreement will be recognised and enforced by the courts and arbitration tribunals in the jurisdiction of the Borrower.
- (b) Any judgment obtained in relation to this Agreement in a French court or any award by an arbitration tribunal will be recognised and enforced in the jurisdiction of incorporation of the Borrower.

10.8 No default

No Event of Default is continuing or is reasonably likely to occur.

No breach of the Borrower is continuing in relation to any other agreement binding upon it, or affecting any of its assets, which has, or is reasonably likely to have, a Material Adverse Effect.

10.9 No misleading information

All information and documents supplied by the Borrower to the Lender were true, accurate and up-to-date as at the date they were provided or, if appropriate, as at the date at which they are stated to be given and have not been varied, revoked, cancelled or renewed or revised

terms, and are not misleading in any material respect as a result of an omission, the occurrence of new circumstances or the disclosure or non-disclosure of any information.

10.10 Programme Documents

The Programme Documents represent the entire agreement relating to the Programme and are valid, binding and enforceable against third parties. The Programme Documents have not been amended, terminated or suspended without the prior approval of the Lender since the date on which they were delivered to the Lender and there is no current dispute in connection with the validity of the Programme Documents.

10.11 Programme Authorisations

All Programme Authorisations have been obtained or effected and are in full force and effect and there are no circumstances which may result in any Programme Authorisation being revoked, cancelled, not renewed or varied in whole or in part.

10.12 Procurement

The Borrower (i) has provided the Lender with an Operational Manual setting forth the rules governing the procurement which has received the Lender's no-objection, and (ii) has provided a copy of the Operational Manual to the Implementing Agency which has confirmed that it understands the terms of the Operational Manual and in particular, those terms relating to any actions which the Lender may take in the case of a breach of the Operational Manual by the Implementing Agency.

The Borrower is contractually bound by the Operational Manual as if such Operational Manual was incorporated by reference into this Agreement. The Borrower confirms that the procurement, allocation and performance of the contracts relating to the implementation of the Programme comply with the Operational Manual.

10.13 Pari Passu ranking

The Borrower's payment obligations under this Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors.

10.14 Origin of funds, Acts of Corruption, Fraud and Anti-Competitive Practices

The Borrower represents and warrants that:

- (i) all the funds invested in the Programme are from the State budget;
- (ii) the Programme (in particular, the negotiation, award and performance of any contracts financed with the Facility) has not given rise to any Act of Corruption, Fraud or Anti-Competitive Practice.

10.15 No Material Adverse Effect

The Borrower represents and warrants that no event or circumstance which is likely to have a Material Adverse Effect has occurred or is likely to occur.

11. **UNDERTAKINGS**

The undertakings in this Clause 11 (*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.

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11.1 Compliance with Laws, Regulations and Obligations

The Borrower shall comply and procure that the Implementing Agency complies:

- (a) in all respects with all laws and regulations to which it and/or the Programme is subject, particularly in relation to all applicable environmental protection, safety and labour laws; and
- (b) with all of its obligations under the Programme Documents.

11.2 Authorisations

The Borrower shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect, and procure that the Implementing Agency promptly obtains, complies with and does all that is necessary to maintain in full force and effect any Authorisation required under any applicable law or regulation to enable it to perform its obligations under this Agreement and the Programme Documents and to ensure the legality, validity, enforceability and admissibility in evidence of any this Agreement or Programme Document.

11.3 Programme Documents

The Borrower shall provide itself or procure that the Implementing Agency provides the Lender for no-objection or information, as the case may be, with a copy of any Programme Documents or amendment thereto and shall not (and shall not agree to) make any material amendment to any Programme Document without obtaining the Lender's prior no-objection.

11.4 Implementation and preservation of the Programme

The Borrower shall and shall procure that the Implementing Agency:

- (i) implement the Programme in accordance with the generally accepted safety principles and in accordance with technical standards in force; and
- (ii) maintain the Programme assets in accordance with all applicable laws and regulations and in good operating and maintenance conditions, and use such assets in compliance with their purpose and all applicable laws and regulations.

11.5 Procurement

In relation to the procurement, award and performance of contracts entered into in connection with the implementation of the Programme, the Borrower shall comply with, and implement, the provisions of the Operational Manual. The Borrower guarantees that the Implementing Agency will comply with and implement the Operational Document.

The Borrower shall take all actions and steps necessary for the effective implementation of the Operational Manual.

11.6 Environmental and social responsibility

In order to promote sustainable development, the Parties agree that it is necessary to promote compliance with internationally recognised environmental and labour standards, including fundamental conventions of the International Labour Organization ("ILO") and the international environmental laws and regulations applicable in the Borrower's jurisdiction. For such purpose, the Borrower shall and ensure that the Implementing Agency shall:

with respect to its business activities:



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- (a) comply with international standards for the protection of the environment and labour laws, particularly the fundamental conventions of the ILO and the international environmental conventions, in accordance with the applicable laws and regulations of the country in which the Programme is being implemented.

with respect to the Programme:

- (b) include in the procurement contracts, and, as the case may be, in the bidding documents, a clause whereby the contracting parties agree, and agree to procure that their sub-contractors (if any) agree, to comply with such standards in accordance with the applicable laws and regulations of the country where the Programme is being implemented. The Lender will be entitled to request that the Borrower deliver a report on environmental and social conditions of implementation of the Programme;
- (c) put in place appropriate mitigation measures specific to the Programme as defined within the context of the environmental and social risk management policy of the Programme, as describe in the Environmental and Social Commitment Plan (ESCP) in Schedule 6 ;
- (d) require that the contractors appointed for implementation of the Programme, apply the mitigation measures set out in paragraph (c) above and procure that their subcontractors (if any) comply with all such measures and take all appropriate steps in the event of a failure to put in place such mitigation measures; and
- (e) provide the Lender, within the half-year technical and financial progress report, follow-up information in relation to the ESCP.

11.7 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.

11.8 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 present and future unsecured and unsubordinated payment obligations; (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.

11.9 Programme Account

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

11.10 Inspections

The Borrower hereby authorizes the Lender and its representatives to carry out inspections the purpose of which will be to assess the implementation and operations of the Programme as well as the impact and the achievement of the objectives of the Programme, and the accounting and financial situation of the Implementing Agency, the contractors and sub-contractors in charge of implementing the Programme.

The Borrower shall 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.

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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 and procure that the Implementing Agency retains and makes available for inspection by the Lender, all documents relating to the Eligible Expenses for a period of ten (10) years from the date of the last Drawdown under the Facility.

11.11 Programme evaluation

The Borrower undertakes to appoint a reputable auditing firm to carry out after a six (6) month period of the Programme implementation an assessment which purpose will be to assess this initial stage of Programme implementation with respect to the Operational Manual and to advise on possible change in the Operational Manual. This assessment report shall be made available no later than the expiration date of a nine (9) month period from the date of the first Drawdown under the Facility.

Moreover, the Borrower acknowledges that the Lender may carry out, or procure that a third party carries out on its behalf, an evaluation of the Programme. This evaluation will be used to produce a performance report containing information on the Programme, such as: total amount and duration of the Facility, objectives of the Programme, expected and actual performance of the Programme, assessment of its relevance, efficiency, impact and viability/sustainability. The Borrower agrees on the publication of this performance report, in particular, on the Lender's Website. All evaluation costs shall be paid under the Facility.

11.12 Implementation of the Programme

The Borrower shall:

- (i) ensure that any person, group or entity participating in the implementation of the Programme is not listed on any Financial Sanctions List (including in particular the fight against terrorist financing); and
- (ii) not finance any supplies or sectors which are subject to an Embargo by the United Nations, the European Union or France.

11.13 Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices

The Borrower undertakes:

- (i) to ensure that the funds, other than those of State origin, invested in the Programme will not be of an Illicit Origin;
- (ii) to ensure that the Programme (in particular during the negotiation, entry into and performance of the contracts funded out of the Facility) shall not give rise to any Act of Corruption, Fraud or Anti-Competitive Practice;
- (iii) as soon as it becomes aware of, or suspects, any Act of Corruption, Fraud or Anti-Competitive Practice, to inform the Lender without any delay;
- (iv) in the event referred to in paragraph (iii) above, or at the Lender's request if the Lender suspects that the acts or practices referred to in paragraph (iii) have occurred, take all necessary actions to remedy the situation in a manner satisfactory to the Lender and within the time period determined by the Lender; and

- (v) to notify the Lender without delay if it has knowledge of any information which leads it to suspect any Illicit Origin of any funds invested in the Programme.

11.14 Others undertakings

The Borrower undertakes:

- (i) to communicate to the Lender information about validation by the *Secretaría Nacional de Planificación y Desarrollo (SENPLADES)* and implementation of the ten-year National Education Development Plan (2016-2025),
- (ii) to communicate on an annual basis to the Lender information regarding education system's performance indicators,
- (iii) to provide on an annual basis a certificate that the Programme activities are included in the annual investment plan of the General State Budget,
- (iv) to appoint a coordinator in charge of following-up on the use of the proceeds of the Facility, no later than the start of the implementation of the Programme and as defined in the Operational Manual.

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 Information

The Borrower shall supply to the Lender:

- (a) until the Technical Completion Date, on an annual basis and no later than March 31st of every year, with information regarding the amount of the national budget allocated to education for the coming year as well as the amount actually spent for education during the ending year; and
- (b) any information that the Lender may reasonably require in relation to the Borrower's foreign and domestic debt as well as the status of any guaranteed loans.

12.2 Progress Report

The Borrower shall deliver to the Lender:

- (a) until the Technical Completion Date, on a half-yearly basis, a technical and financial progress report on the Programme implementation in the form set out in the Operational Manual, including (i) a description of activities implemented under the Facility during the period, (ii) an update of detailed budget of the Programme, (iii) a statement of expenditures executed during the period and from the beginning of the Programme, (iv) an update of the implementation chronogram, (v) an update of the procurement plan and (vi) an update of the Programme indicators defined in Schedule 7 (*Programme Indicators*);
- (b) no later than three (3) months after the Technical Completion Date, a final technical and financial report on the Programme implementation, in the form set out in the Operational Manual, including an update of information described above on (a), from (i) to (vi).

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12.3 Information - miscellaneous

The Borrower shall supply to the Lender:

- (a) promptly 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, details of any incident or accident directly related to the implementation of the Programme which might have a significant impact on the Programme site, the working conditions of its employees or 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;
- (c) promptly, details of any decision or event which might affect the organisation, completion or operation of the Programme;
- (d) 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 Programme Document or affecting the Programme, together with details of any action taken or proposed to be taken by the Borrower to remedy it;
- (e) during the completion of services (including but not limited to services related to studies and monitoring where the Programme 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;
- (f) promptly, any further information regarding its financial condition, assets and operations or any documents or other communications given or received by it under any Programme Document that the Lender may reasonably request.

12.4 Information relating to the Implementing Agency

The Borrower shall take all necessary actions during the implementation and operation of the Programme to ensure that the Implementing Agency supplies the Lender with:

- (a) as soon as they are approved, its annual financial statements or budgetary documents, as well as any details that the Lender may reasonably require in relation to its financial condition;
- (b) upon the Lender's request, the minutes of meetings, resolutions and reports of its corporate bodies together with, as the case may be, its auditors report or any report in relation to the audit of its financial statements.

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**

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

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under this paragraph (a) if such payment is made in full by the Borrower within five (5) Business Days of the due date.

(b) Programme Documents

Any Programme 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 Agreement, 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 Clause 11.6 (*Environmental and Social Liability*), Clauses 11.12 (*Implementation of the Programme*) and 11.13 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*) 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 five (5) 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 determined by the Lender in the case referred to in subparagraph (iv) of Clause 11.13 (*Origin of funds, no Acts of Corruption, Fraud or Anti-Competitive Practices*).

(d) Misrepresentation

A representation or warranty made by the Borrower in the Agreement, 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 Agreement, is incorrect or misleading when made or deemed to be made.

(e) Cross Default

(i) Subject to paragraph (ii), 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) 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 ten million US Dollars (USD 10,000,000) (or its equivalent in any other currency(ies)).

(f) Unlawfulness

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

(g) 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.

(h) Withdrawal or suspension of the Programme

Any of the following occurs:

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

(i) Authorisations

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

(j) 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, according to the opinion of the Lender, to have a Material Adverse Effect, occurs or is likely to occur.

(k) Suspension of free convertibility and free transfer

Free convertibility and free transfer of any of the amounts due by the Borrower under this Agreement, or any other facility provided by the Lender to the Borrower or any other borrower of the jurisdiction of the Borrower, is challenged.

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 Credit; 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.

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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.

13.3 Notification of an Event of Default

In accordance with Clause 12.3 (*Information*), 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:

- 1) incidental costs and expenses;
- 2) fees;
- 3) late-payment interest and default interest;
- 4) accrued interest;
- 5) 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 Agreement shall be calculated and made without set-off. The Borrower is prohibited from making any set-off.

14.3 Business Days

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.

During any extension of the Payment Date for a principal or unpaid amount under this Agreement, interest shall be payable on that amount during the extension period at the rate applicable on the original Payment Date.

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14.4 Currency of payment

The currency of each amount payable under this Agreement is US Dollars.

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 in accordance with London interbank market practice.

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
 - Principal's bank: name and address
 - Reference: name of the Borrower, name of the Programme, reference number of the Agreement
- (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 discharged in full.



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