

14.7 Payment Systems Disruption

If the Lender determines (in its discretion) that a Payment Systems Disruption Event has occurred or the Borrower notifies the Lender that a Payment Systems Disruption Event 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 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 an company, legal text or other official document.

15.2 Certifications and determinations

In any litigation or arbitration arising out of or in connection with this Agreement, 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 or 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.

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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) The Borrower shall not disclose the content of this Agreement to any third party without the prior consent of the Lender except to any person to whom the Borrower has a disclosure obligation under any applicable law, regulation or judicial ruling; or
- (b) Notwithstanding any existing confidentiality agreement, the Lender may disclose any information or documents in relation to the Programme to: (i) its auditors, 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 Agreement; and (iii) any person or entity for the purpose of taking any protective measures or preserving the rights of the Lender under the Financing Documents.
- (c) Furthermore, the Borrower hereby expressly authorizes the Lender:
 - (i) to exchange with the French Republic for publication on the French government website pursuant to any request from International Aid Transparency Initiative; and
 - (ii) to publish on the Lender's Website:

information relating to the Programme and its financing as listed in Schedule 8 (*Information that may be published on the French Government Website and the Lender's Website*).

15.10 Limitation

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

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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 sent by the post office to the address and number of the relevant Party set out below:

For the Borrower:

THE REPUBLIC OF ECUADOR

Address: Av. 10 de Agosto 1661 y Bolivia – 170526 Quito, Ecuador

Telephone: +593 2 399 83 00

Facsimile: +593 2 399 86 29

Attention: Undersecretary of Public Financing, Ministry of Finance of the Republic of Ecuador

For the Lender:

AFD – PARIS HEAD OFFICE

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

Telephone: + 33 1 53 44 35 54

Facsimile: + 33 1 53 44 38 67

Attention: Département Amériques latines et Caraïbes – Regional Coordinator for the Republic of Colombia

With a copy to:

AFD – BOGOTA OFFICE

Address: Avenida 82, N° 10-33, Oficina 302, Bogota (COLOMBIA)

Telephone : + 57 (1) 621 32 99

Facsimile : + 57 (1) 621 33 06

Attention : Head of AFD representation office in Colombia

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

AFD – QUITO OFFICE

Address: Av. 12 De Octubre N24-528 y Cordero, Edif. World Trade Center, Torre B, Of. # 206, Quito (Ecuador)

Telephone : + 593-2 223-2217

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Facsimile : + 593-2 223-6184

Attention : AFD's representative in Ecuador

16.2 Delivery

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

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

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:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) 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
 - (iii) 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 CHOICE OF DOMICILE**

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 date of commencement of arbitration proceedings, by one or more arbitrators to be appointed in accordance with such Rules.

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 execution on which it could otherwise rely.

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Any award rendered is deemed for the purposes of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 to be contemplated by this Agreement.

17.3 Service of process

Without prejudice to any applicable law, for the purposes of serving judicial and extrajudicial documents in connection with any action or proceedings referred to above, 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 "AFD SIEGE" 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 as long as any amount is outstanding under this Agreement.

Notwithstanding the above, the obligations under Clauses 12.3(e) (*Information - miscellaneous*) and 15.9 (*Confidentiality - Disclosure of information*) shall survive and remain in full force and effect for a period of five years after the last Payment Date.

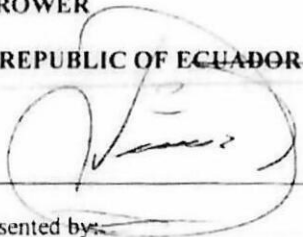


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Executed in two (2) originals, in Asuncion, Paraguay, on April 1st 2017.

BORROWER

THE REPUBLIC OF ECUADOR



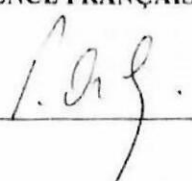
Represented by:

Name: José Enrique Núñez Tamayo

Capacity: *Ambassador of Ecuador in Paraguay*

LENDER


AGENCE FRANÇAISE DE DÉVELOPPEMENT



Represented by:

Name: Philippe Orliange

Capacity: *Directeur exécutif de la Stratégie, des Partenariats et de la Communication*



Co-signatory, His Excellency Jean Baptiste Chauvin, Ambassador of France in Ecuador

SCHEDULE 1A - DEFINITIONS

Acceptable Bank	means the Central Bank of Ecuador or any bank acceptable to the Lender.
Account Bank	has the meaning given to it in Clause 3.4.1 (<i>Opening of the Programme Account</i>).
Act of Corruption	means any of the following: (a) the act of promising, offering or giving, directly or indirectly, to a Public Official or to any person who directs or works, in any capacity, for a private sector entity, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity; or (b) the act of a Public Official or any person who directs or works, in any capacity, for a private sector entity, soliciting or accepting, directly or indirectly, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity.
Advance	has the meaning given to it in Clause 3.4
Agreement	means this credit facility agreement, including its recitals, Schedules and, if applicable, any amendments made in writing thereto.
Anti-Competitive Practices	means: (a) any concerted or implicit action having as its object and/or as its effects to impede, restrict or distort fair competition in a market, including without limitation when it tends to: (i) limit market access or the free exercise of competition by other companies; (ii) prevent price setting by the free play of markets by artificially favouring the increase or decrease of such prices; (iii) limit or control any production, markets, investment or technical progress; or (iv) share out markets or sources of supply; (b) any abuse by a company or group of companies of

	<p>a dominant position within a domestic market or in a substantial part thereof; or</p> <p>(c) any bid or predatory pricing having as its object and/or its effect to eliminate from a market, or to prevent a company or one of its products from accessing the market.</p>
Authorisation(s)	means any authorisation, consent, approval, resolution, permit, licence, exemption, filing, notarisation 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 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 and including the Signing Date up to the Deadline for Drawdown.
Available Credit	<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 Drawdown 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>
Business Day	means a day (other than Saturday or Sunday) on which banks are open for general business in Paris, London and New York and which is a TARGET Day.
Certified	means for any copy, photocopy or other duplicate of an original document, the certification by any duly authorised person, as to the conformity of the copy, photocopy or duplicate with the original document.
Contractor(s)	means third party contractor(s) in charge of implementing all or part of the Project pursuant to Project Documents.
Contraloria General	means the <i>Contraloria General del Estado</i> of Ecuador in charge of external control of public expenses.

Deadline for Drawdown	Means June, the 30 th of 2021, date after which no further Drawdown may occur.
Deadline for Use of Funds	means the expiration date of a six (6) month period starting on the payment date of the last Advance.
Drawdown	means a drawdown of all or part of the Facility made, or to be made, available by the Lender to the Borrower pursuant to the terms and conditions set out in Clause 3 (<i>Drawdown of Funds</i>) or the principal amount outstanding 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	means the period starting on the first Drawdown Date up to and including the first of the following date: (i) the date on which the Available Credit is equal to zero ; (ii) the Deadline for Drawdown.
Drawdown Request	means a request substantially in the form set out in Schedule 5A (<i>Form of Drawdown Request</i>).
Eligible Expense(s)	means the expense(s) relating to the Programme as set out in the Operational Manual.
Embargo	means any sanction of a commercial nature aiming at prohibiting any import and/or export (supply, sale or transfer) of one or several goods, products or services going to and/or coming from a country for a given period as published and amended from time to time by the United Nations, the European Union or France.
Event of Default	means any event or circumstance set out in Clause 13.1 (<i>Events of Default</i>).
Facility	means the credit facility made available by the Lender to the Borrower in accordance with this Agreement up to the maximum principal amount set out in Clause 2.1 (<i>Facility</i>).
Financial Indebtedness	means any financial indebtedness for and in respect of: (i) any monies borrowed on a short, medium or long-term basis; (ii) any amounts raised pursuant to the issue of bonds, notes, debentures, loan stock or any similar

	<p>instruments;</p> <p>(iii) any funds raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;</p> <p>(iv) any potential payment obligation that results from a guarantee, bond, or any other instrument.</p>
Financial Sanctions List	<p>means the list(s) of 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 rely on, the following references or website addresses:</p> <p>For the lists maintained by the United Nations, the following website may be consulted:</p> <p>http://www.un.org/sc/committees/list_compend.shtml</p> <p>For the lists maintained by the European Union, the following website may be consulted:</p> <p>http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm</p> <p>For the lists maintained by France, the following website may be consulted:</p> <p>http://www.tresor.economie.gouv.fr/4248_liste-nationale</p>
Financing Plan	<p>means the financing plan of the Programme set out in Schedule 3 (<i>Financing Plan</i>).</p>
Fixed Reference Rate	<p>means the fixed rate, determined on a Rate Setting Date, which, applied to a drawdown having the specificities enumerated hereunder (<i>I – Theoretical drawdown specificities</i>), permits (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 LIBOR floating interests flows and capital repayment flows of the same drawdown, to 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 LIBOR</p>

	<p>variable rate mentioned in point (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 LIBOR forward rates (i.e. the anticipated levels of LIBOR, for each maturity date, on the Rate Setting Date) originating from the US Dollars 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 points (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 rate swaps market.</p> <p>The rate curves of the fixed rate theoretical drawdown and floating rate theoretical drawdown mentioned in points (i) and (ii) of the first paragraph of this definition shall be executed in accordance with the provisions of paragraph 11 (<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 unfair practice (acts or omissions) deliberately intended to mislead others, to intentionally conceal elements there from, or to betray or vitiate his/her consent, to circumvent any legal or regulatory requirements and/or to violate internal rules and procedures of the Borrower or a third party in order to obtain an illegitimate benefit.
Fraud against the Financial Interests of the European Community	means any intentional act or omission intended to damage the European Union budget and involving (i) the use or presentation of false, inaccurate or incomplete statements or documents, which has as effect the misappropriation or wrongful retention of funds or any illegal reduction in resources of the general budget of the European Union; (ii) the non-disclosure of information with the same effect; and (iii) 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 sixty (60) months after such date, during which no principal repayment under the Facility is due and payable.
Illicit Origin	<p>means funds obtained through:</p> <ul style="list-style-type: none"> (a) the commission of any predicate offence as designated in the FATF 40 recommendations Glossary under "<i>Designated categories of offences</i>" (http://www.fatf-gafi.org/pages/glossary/fatfrecommendations/d-i/); (b) any Act of Corruption; or (c) any Fraud against the Financial Interests of the European Community, if or when applicable.

Implementing Agency	means the Servicio de Contratacion de Obras (SECOB) in charge of implementing part of the Programme on behalf and for the account of the Borrower and duly appointed for such purpose.
Integrity Statement	means the integrity, eligibility and environmental and social undertaking statement, in the form set out in the schedules to the Procurement Guidelines that any tenderer or candidate shall deliver pursuant to the terms set out in Clause 1.2.3 of the Guidelines.
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>).
LIBOR	means the indication of the London Interbank Offered Rates (LIBOR) for US Dollar deposits from leading commercial banks published by the ICE Benchmark Administration two Business Days before the first day of the Interest Period. For the purpose of this Agreement, the parties agree that the reference term of LIBOR will be of six (6) months.
Margin	means the equivalent margin over Libor 6 months of Euribor 6 months + 116 basis points for the proposed tenor, i.e., one point eighty-two per cent (1.82%) per annum.
Market Disruption Event	has the meaning given to that term in Clause 5(c) (<i>Market Disruption</i>).
Material Adverse Effect	means a material and adverse effect on: <ul style="list-style-type: none"> (a) the Programme, insofar as it would jeopardise the implementation and operation of the Programme in accordance with this Agreement and the Programme Documents; (b) the business, assets, financial condition of the Borrower or its ability to perform its obligations under this Agreement and the Programme Documents; (c) the validity or enforceability of this Agreement and any Programme Documents; or (d) any right or remedy of the Lender under this Agreement.

Operational Manual	means the manual drafted by the Borrower and having received the Lender's no-objection, containing the contractual provisions related to implementation of the Programme, procurement plan, eligibility criteria of the Programme, internal and external control, reporting, follow-up and evaluation of the Programme, as possibly modified by the Parties mutual agreement.
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 May, the 31 st and November, the 30 th of each year.
Payment Systems Disruption Event	<p>means either or both of:</p> <p>(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 this Agreement to be carried out), provided that the disruption is not caused by, and is beyond the control of, any of the Parties; or</p> <p>(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:</p> <p>(i) from performing its payment obligations under this Agreement; or</p> <p>(ii) from communicating with the other Parties in accordance with the terms of this Agreement,</p> <p>and which (in either case) is not caused by, and is beyond the control of, either Party.</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 5th anniversary (exclusive) of the Signing Date: two point five per cent. (2.5%); - if the repayment occurs between the 5th anniversary (inclusive) and the 9th anniversary (exclusive) of the Signing Date : two per cent. (2%);

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	<ul style="list-style-type: none"> - if the repayment occurs between the 9th anniversary (inclusive) and the 13th anniversary (exclusive) of the Signing Date: one point five per cent. (1.5 %); - if the repayment occurs between the 13th anniversary (inclusive) and the 17th anniversary (exclusive) of the Signing Date: one per cent. (1%); - if the repayment occurs after the 17th anniversary (inclusive), zero point five per cent. (0.5%).
Programme	means part of the ten-year National Education Development Plan (2016-2025) as described in Schedule 2 (<i>Programme Description</i>).
Programme Account	has the meaning given to that term in Clause 3.4.1 (<i>Opening of the Programme Account</i>).
Programme Authorisations	means the Authorisations necessary in order for (i) the Borrower to implement the Programme and execute all Programme Documents to which it is a party, and to exercise its rights and perform its obligations under the Programme Documents to which it is a party; and (ii) the Programme Documents to which the Borrower is a party, to be admissible as evidence before courts in the jurisdiction of the Borrower or before a competent arbitral tribunal.
Programme Documents	<p>means all documents, and in particular agreements, delivered or executed by the Borrower in relation to the implementation of the Programme, including</p> <ul style="list-style-type: none"> • the detailed description of the Programme; • the detailed budget of the Programme; • the implementation chronogram; • the procurement plan of the Programme.
Programme indicators	means Programme indicators as defined in Schedule 7.
Public Official	means any holder of legislative, executive, administrative or judicial office whether appointed or elected, serving on permanent basis or otherwise, paid or unpaid, regardless of rank, or any other person defined as a public official under the domestic law of the Borrower's jurisdiction of incorporation, and any other person exercising a public function, including for a public agency or organisation, or providing a public service.
Rate Setting Date	means in relation to any Interest Period for which an Interest Rate is to be determined:



	<p>(i) the first Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, provided that the Drawdown Request is received by the Lender at least two (2) full Business Days prior to said Wednesday;</p> <p>(ii) the second Wednesday (or, if that date is not a Business Day, the immediately following Business Day) following the date of receipt by the Lender of the Drawdown Request, if the Drawdown Request was not received by the Lender at least two (2) full Business Days prior to the first Wednesday specified in paragraph (a) above;</p>
Reference Financial Institution	means a financial institution chosen as a suitable reference financial institution by the Lender and which regularly publishes quotations of financial instruments on one of the international financial information networks according to the practices recognised by the banking industry.
Schedule(s)	means any schedule or schedules to this Agreement.
Signing Date	means the date of execution of this Agreement by all the Parties.
TARGET Day	means a day on which the Trans European Automated Real Time Gross Settlement Express Transfer 2 (TARGET2) system, or any successor thereto, is open for payment settlement in Euros.
Tax(es)	means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with a failure to pay or any delay in the payment of any such amounts).
Technical Completion Date	means the date for the technical completion of the Programme which is expected to be December the 31 st of 2021.
SENPLADES	means the <i>Secretaría Nacional de Planificación y Desarrollo del Ecuador</i> .
US Dollar(s) or USD	means the currency having legal tender in the United States of America.
Website	means the website of AFD (http://www.afd.fr/) or any other



	such replacement website.
Withholding Tax	means any deduction or retention in respect of a Tax on any payment made under or in connection with this Agreement.

SCHEDULE 1B - CONSTRUCTION

- (a) "assets" includes present and future properties, revenues and rights of every description;
- (b) any reference to the "Borrower", a "Party" or a "Lender" includes its successors in title, permitted assigns and permitted transferees;
- (c) any reference to a Financing Document or other document is a reference to this Agreement or to such other document as amended, restated or supplemented and includes, if applicable, any document which replaces it through novation, in accordance with the Agreement;
- (d) a "guarantee" includes any *cautionnement*, *aval* and any *garantie* which is independent from the debt to which it relates;
- (e) "indebtedness" means any obligation of any person whatsoever (whether incurred as principal or as surety) for the payment or repayment of money, whether present, future, actual or contingent;
- (f) a "person" includes any person, company, corporation, partnership, trust, government, state or state agency or any association, or group of two or more of the foregoing (whether or not having separate legal personality);
- (g) a "regulation" includes any legislation, regulation, rule, decree, official directive, instruction, request, advice, recommendation, decision or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, supervisory authority, regulatory authority, independent administrative authority, agency, department or any division of any other authority or organisation (including any regulation issued by an industrial or commercial public entity) having an effect on this Agreement or on the rights and obligations of a Party;
- (h) a provision of law is a reference to that provision as amended;
- (i) unless otherwise provided, a time of day is a reference to Paris time;
- (j) The Section, Clause and Schedule headings are for ease of reference only and do not affect the interpretation of this Agreement;
- (k) unless otherwise provided, words and expressions used in any other document relating to this Agreement or in any notice given in connection with this Agreement have the same meaning in that document or notice as in this Agreement;
- (l) an Event of Default is "continuing" if it has not been remedied or if the Lender has not waived any of its rights relating thereto;
- (m) a reference to a Clause or Schedule shall be a reference to a Clause or Schedule of this Agreement; and
- (n) words importing the plural shall include the singular and vice-versa.

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SCHEDULE 2 - PROGRAMME DESCRIPTION

The National Development Plan (2013-2017) and the ten-year National Education Development Plan (2016-2025) (to be validated) are based on reorganization of education offer in view of increasing quality standards, on pupils' and teachers' assessment and on systematic capacity building mechanism of education actors. These priorities have been maintained despite the economic situation and the seism of April, 2016.

Objective of AFD's Facility

The Facility shall contribute to implementing part of the Programme related to quality and inclusion of education system over the five coming years (from 2017 to 2021) as follows:

- 1.1 Contribution to schools' rehabilitations, constructions and equipment
- 1.2 Contribution to teachers and other education actors training
- 1.3 Contribution to Intercultural Bilingual Education

The Facility shall also contribute to support the implementation of the Programme through:

- 2.1 Studies on Programme key subjects
- 2.2 Support and coordination of staff in charge of the implementation
- 2.3 Audits and evaluation of the Programme

Targets of the Programme are detailed in schedule 7 (*Programme Indicators*).

Programme Implementation

The Ministry of Education (MINEDUC) is in charge of implementing the Programme and will delegate the part of relating to schools' rehabilitation and construction to the *Servicio de Contratacion de Obras* (SECOB).

AFD's Facility will be disbursed over a five (05) year time period based on eligibility criteria and implementation conditions, as detailed hereafter for each component. Fulfillment of eligibility criteria and implementation conditions will be verified a posteriori through external audits and reporting.

The MINEDUC shall draft an Operational Manual which will be submitted to AFD for its no-objection. The Operational Manual shall set forth:

- Operational provisions of the Programme (roles and responsibilities of the different entities, implementation modalities of each component of the Programme, eligibility criteria and implementation conditions, etc.)
- Procurement procedures
- Environmental and social procedures
- Financial procedures
- Disbursement provisions
- Monitoring provisions

The MINEDUC shall coordinate the execution of the Programme in accordance with the Operational Manual at both central and decentralized level, with technical support.

The MINEDUC will recruit for the whole implementation period, under the Facility:

- a coordinator in charge of following-up on the use of the proceeds of the Facility;
- at least three experts: a procurement expert, a financial expert and an environmental and social expert.

- specialists in education micro-planning at school level and construction site supervision (supervision will be made at decentralized level).

Support to SECOB shall also be defined in the Operational Manual, in particular on procurement aspects.

Component 1.1: Contribution to schools' rehabilitations, constructions and equipment (66,5MUSD)

The Facility will finance the Programme expenses related to schools' rehabilitations, constructions and equipment (on one hand, schools with *Escuelas del Milenio* standards and on the other hand, a pilot for a *Guardiana de la lengua* school), according to at least the following criteria and conditions:

Priority and eligibility criteria in order to select sites according to the Programme's priorities:

- Sites accessibility (differentiated eligibility analysis for GDL school),
- Sites preparation and excluding major environmental and social risks,
- Sites located in rural and underprivileged suburb with i) high demographic pressure, ii) low scholar rates at preschool and secondary level, iii) lack of continuity of school offer, iv) strong vulnerability and socioeconomic criteria and v) strong deterioration of existing buildings for schools' rehabilitation. *Guardiana de la lengua* (GDL) schools are not concerned by these priority criteria but are eligible to the Facility.

Implementation conditions:

- Technical, social and environmental studies for each sites, according to standards validated by AFD in the Operational Manual;
- Analysis of school cartography in order to set forth architectural criteria and transport ;
- Consultation of relevant population to verify its adherence to the programme (protocol defined with the World Bank);
- School transport plan for each school scope action;
- Action plan with respect to teachers and education staff recruitment for new schools.

According to national procedures:

- the MINEDUC will be in charge of school rehabilitation and construction under *Escuelas del Milenio* standards and will delegate the implementation thereto the *Servicio de Contratación de Obras* (SECOB), set forth by an inter-institutions agreement. SECOB management fees will be financed by the Borrower.
- the MINEDUC will be in charge of school equipment for *Escuelas del Milenio*.
- decentralized entities of MINEDUC will be in charge of GDL schools constructions and equipment.

Component 1.2: Contribution to teachers and education staff training (3MUSD):

The Facility will contribute to capacity building strategy for teachers and education staff (schools directors, advisors, etc.) on the following topics: disciplinary and academic trainings in particular on preschool and secondary level, intercultural bilingual education, schools directors and advisors trainings, inclusive education trainings, etc. Priority criteria for trainings will be set forth according to the most urgent needs, such as schools with low performances.

f.

According to national procedures, the MINEDUC shall coordinate the capacity building programme for teachers and education staff with national universities in charge of trainings. Partnership with French education actors will be encouraged.

Component 1.3: Contribution to Intercultural Bilingual Education (3MUSD)

The Facility will contribute to finance Intercultural Bilingual Education strategy through pedagogic resources and teacher trainings on these pedagogic resources, for GDL schools, in 14 indigenes language.

Component 2.1: Studies on key subjects and cooperation (0,7MUSD)

The Facility will contribute, to support complementary studies on the Programme implementation. The key subjects of these studies will be:

- Analysis of current national budget and schools functioning in relation to available budget and needs implied by new schools standards;
- Analysis of the Programme sustainability and the impact of *Escuelas del Milenio* standards on the offer/demand relation in a context of an increasing demand, territorial inequalities and necessity to strengthens quality education;
- Adaptation of schools architectures in order to integrate climate adaptation, energy efficiency and use of local materials;
- Definition of new GDL schools standards.

Partnership with universities and/or research institutions will be launched. Partnership with French education actors will be encouraged.

Monitoring and Control

The Programme documents as defined in Annex 1A (*Definitions*) will be prepared by the MINEDUC no later than the start of Programme implementation.

A technical committee shall be set up and shall meet on a trimestral basis, in order to facilitate the Programme implementation, based on procurement plan, financial execution information and technical information. AFD shall be entitled to attend the meetings as observer.

An assessment of procedures will be made no later than 6 months after the start of implementation.

Ex-post controls shall be defined:

- On a half-year basis, the MINEDUC shall communicate technical and financial reporting (as defined in 12.2);
- On a year basis, external audits;
- At the end of the Programme, a final audit of use of funds under the Facility;
- At the end of the Programme, a technical and financial audit and an Programme assessment



SCHEDULE 3 - FINANCING PLAN

PART I - FINANCING PLAN

Estimative costs of the Programme - millions	AFD Facility (USD)	National contribution (USD)	Total (USD)	%
- Component 1	72,5	10,15	82,65	96,66
1.1 : Contribution to schools' rehabilitations, constructions and equipment	66,5			
1.2 : Contribution to teachers and education staff training	3			
1.3 : <i>Contribution to Intercultural Bilingual Education</i>	3			
- Composante 2	2,5	0,35	2,85	3,34
2.1 Studies on key subjects and cooperation	0,7			
2.2 Support and coordination staff	0,6			
2.3 Audits and evaluation	0,7			
2.4 Contingences	0,5			
Total	75	10,5	85,5	100

PART II - ELIGIBLE EXPENSES

Eligible expenses are expenses in relation to the Programme, according to eligibility criteria and implementation conditions defined in the Operational Manual.

PART III - NON-ELIGIBLE EXPENSES

Taxes are excluded from the Facility as well as SECOB management fees.



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SCHEDULE 4 - CONDITIONS PRECEDENT

The following applies to all documents delivered by the Borrower as a condition precedent:

- if the document which is delivered is not an original but a photocopy, the original Certified photocopy shall be delivered to the Lender;
- the final version of a document which draft was previously sent to, and agreed upon by the Lender, shall not materially differ from the agreed draft;
- documents not previously sent and agreed upon, shall be satisfactory to the Lender.

PART I - CONDITIONS PRECEDENT TO BE SATISFIED ON THE SIGNING DATE

(a) Delivery by the Borrower to the Lender of the following documents:

- (i) a certificate issued and signed by the Undersecretary of Public Financing certifying that:
 - the Credit Facility does not exceed the authorized indebtedness limit and the limit approved by the National Assembly for the correspondent fiscal year;
 - the financial conditions of the Credit Facility (in terms of tenure, grace period, interest rate and other applicable conditions) are sustainable and convenient to the Borrower;
 - the indebtedness is authorized;
 - the Borrower has financial capacity to comply with its obligations under the Agreement;
- (ii) a Certified copy of the authorization of indebtedness issued by the Debt and Financing Committee with respect to the Agreement, in compliance with the legislation of the jurisdiction of the Borrower, including:
 - the authorization of the Borrower to enter into this Agreement;
 - the approval of the terms and conditions of this Agreement;
 - the approval of the execution of this Agreement; and
 - the authorization given to a specified person or persons to execute the Agreement on its behalf;
- (iii) a certificate issued by a duly authorised representative of the Borrower listing the person(s) authorised to sign, on behalf of the Borrower, the Drawdown Requests and any certificate in connection with this Agreement and to take all other measures and/or sign all other necessary documents on behalf of the Borrower under this Agreement;
- (iv) a specimen of the signature of each person listed in the certificate mentioned in paragraph (iii).
- (v) A certificate issued by *Secretaria Nacional de Planificación y Desarrollo* (SENPLADES) to ensure that Programme activities are registered within SENPLADES as priority activities during the Programme implementation;



- (vi) a certificate issued by the Ministry of Education that the Programme activities are included in the annual investment plan for the General State Budget;
 - (vii) the Attorney General's authorization with respect to French law as law governing the Agreement, and the submission of disputes to arbitration under ICC Rules;
 - (viii) Authorization from the Ministry of Finances or its delegate with respect to the submission of disputes to arbitration under ICC Rules;
 - (ix) a legal opinion by the General legal Coordinator of the Ministry of Finances of Ecuador with respect to the legality of the Agreement;
- (b) Delivery to the Lender of a draft legal opinion, in form and substance satisfactory to the Lender, by a reputable law firm established in the jurisdiction of the Borrower.

PART II - CONDITIONS PRECEDENT TO THE FIRST DRAWDOWN

- (a) Delivery by the Borrower to the Lender of the following documents:
- (i) Evidence of registration of the Agreement with the Ministry of Finances;
 - (ii) The Operational Manual deemed satisfactory by the Lender and having received the Lender's no-objection;
 - (iii) A certificate of the Account Bank certifying that the Programme Account has been opened in the name of the Programme and providing account details for such Programme Account;
- (b) Delivery to the Lender of a duly executed legal opinion, in form and substance satisfactory to the Lender, of a reputable law firm (the identity of which has been approved in advance by the Lender) who are legal advisers in the jurisdiction of the Borrower.
- (c) Payment by the Borrower to the Lender of all fees and expenses due and payable under this Agreement.

PART III - CONDITIONS PRECEDENT FOR ALL DRAWDOWNS INCLUDING THE FIRST DRAWDOWN

Delivery by the Borrower to the Lender of the following documents:

- (i) a certificate signed by a duly authorised representative of the Borrower certifying that at least seventy per cent (70%) of the Advance immediately preceding the Advance requested in the Drawdown Request and one hundred per cent (100%) of the penultimate Advance have been utilised, including a detailed breakdown of the payment with respect to Eligible Expenses during the relevant period;
- (ii) all contracts and order forms together with any plans and quotes (if applicable), not previously provided to the Lender, in accordance with the Operational Manual, regarding the utilisation of the amounts of the Advance made available prior to the Drawdown Request;
- (iii) Half-year technical and financial progress report in relation to the implementation of the Programme, including an update of the Programme indicators in the form set out in Schedule 7.
- (iv) the provisional forecast of expenses for the duration of the Programme, updated on the date of the relevant Drawdown Request;



f.

- (v) a revised estimate of the Programme costs, an update of Procurement plan as well as the Eligible Expenses; and
- (vi) the annual audit report prepared in accordance with Clause 3.4.8 (*Audit*) with respect to the previous year or the penultimate year, as the case may be.



THE ANNUAL AUDIT REPORT PREPARED IN ACCORDANCE WITH CLAUSE 3.4.8
(AUDIT) FOR THE PREVIOUS YEAR OR N-2; AND SCHEDULE 5A - FORM OF
DRAWDOWN REQUEST

[on the Borrower's letterhead]

To: AGENCE FRANÇAISE DE DÉVELOPPEMENT

On: [date]

Borrower's Name – Credit Facility Agreement n° [●] dated [●]

Drawdown Request n°[●]

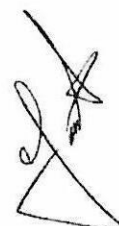
Dear Sirs,

1. We refer to the Credit Facility Agreement n° [●] entered into between the Borrower and the Lender dated [●] (the "Agreement"). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
2. This letter is a Drawdown Request.
3. We irrevocably request that the Lender makes a Drawdown available on the following terms:
Amount: USD [●] or, if less, the Available Credit.

4. The Interest Rate will be determined in accordance with Clause 4 (*Interest*) of the Agreement. The Interest Rate applicable to the requested Drawdown will be provided to us in writing and we accept this Interest Rate (subject to the paragraph below, if applicable).

If the Interest Rate applicable to the requested Drawdown is greater than [percentage in full] (percentage in figures %), we request that you cancel this Drawdown Request.

5. We confirm that each condition specified in Clause 2.4 (*Conditions precedent*) is satisfied on the date of this Drawdown Request and that no Event of Default is continuing or is likely to occur. We agree to notify the Lender immediately if any of the conditions referred to above is not satisfied on or before the Drawdown Date.
6. The proceeds of this Drawdown should be credited to the following bank account:
 - (a) Name [of the Borrower]: [●]
 - (b) Address [of the Borrower]: [●]
 - (c) IBAN Account Number: [●]
 - (d) SWIFT Number: [●]
 - (e) Bank and bank's address [of the Borrower]: [●]
 - (f) correspondent bank and account [●]
number of the Borrower's bank:
7. This Drawdown Request is irrevocable.



8. We have attached to this Drawdown Request all relevant supporting documents specified in Clause 2.4 (*Conditions precedent*) of the Agreement:

[List of supporting documents]

Yours sincerely,

.....

Authorised signatory of Borrower

A handwritten signature in black ink, consisting of a stylized 'X' shape with a vertical line through it, and a small 'a' or similar character to the left.

SCHEDULE 5B - FORM OF CONFIRMATION OF DRAWDOWN AND RATE

[on Agence Française de Développement letterhead]

To: *[the Borrower]*

Date: *[●]*

Ref: Drawdown Request n° *[●]* dated *[●]*

Borrower's Name – Credit Facility Agreement n°*[●]* dated *[●]*

Drawdown Confirmation n°*[●]*

Dear Sirs,

1. We refer to the Credit Facility Agreement n°*[●]* entered into between the Borrower and the Lender dated *[●]* (the "Agreement"). Capitalised words and expressions used but not defined herein have the meanings given to them in the Agreement.
2. By a Drawdown Request Letter dated *[●]*, the Borrower has requested that the Lender makes available a Drawdown in the amount of USD *[●]*, pursuant to the terms and conditions of the Agreement.
3. The Drawdown which has been made available according to your Drawdown Request is as follows:
 - Amount: US Dollars *[●amount in full]* (USD *amount in figures*)
 - Applicable interest rate: *[●percentage in full]* *amount in figures* %) per annum
 - Effective global rate (per annum): *[percentage in full]* (*amount in figures* %)
 - Drawdown Date: *[●]*

For information purposes only:

- Rate Setting Date: *[●]*
- Fixed Reference Rate: *[●percentage in words]* (*[●]*%) per annum

Yours sincerely,

.....

Authorised signatory of Agence Française de Développement



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SCHEDULE 6 - ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

Subject	Activities required	Responsibility	Funding	Preparation & implementation calendar	Results indicators
1. Assessment and risks management and environmental and social impacts	Definition of processes in the Operational Manual of the Programme	MINEDUC	MINEDUC	Before the first disbursement	AFD validation
	Implementation of the World Bank's ESCP for each infrastructures financed under the Facility, in particular (i) preparation of an Environmental Commitment Plan (ECP) and an Environmental Form and (ii) environmental license delivered by national authorities.				
	Adaptations of World Bank's ESCP with implementation practices are permitted with AFD's validation. Adaptations shall be considered in the Operational Manual.	MINEDUC	MINEDUC	During the programme implementation period for each rehabilitation & construction work	Environmental license (<i>Ficha ambiental</i>)



Subject	Activities required	Responsibility	Funding	Preparation & implementation calendar	Results indicators
1.2 Other documentations	<p><u>Respect of eligibility criteria for each site:</u></p> <ul style="list-style-type: none"> - Sites accessibility for works and school transport, - Sites preparation and excluding major environmental and social risks (displacement people, etc.), - Sites located in rural and underprivileged suburb with i) high demographic pressure, ii) low scholar rates at preschool and secondary level, iii) lack of continuity of school offer, iv) strong vulnerability and socioeconomic criteria and v) strong deterioration of existing buildings for schools' rehabilitation. <p><i>Guardiana de la lengua</i> (GDL) schools are not concerned by these priority criteria but are eligible to the Facility.</p> <p><u>Respect of implementation conditions for each site:</u></p> <ul style="list-style-type: none"> - Technical, social and environmental studies for each sites, according to standards validated by AFD in the Operational Manual; - Analysis of school cartography in order to set forth architectural criteria and transport ; - Consultation of relevant population to verify its adherence to the programme (protocol defined with the World Bank); - School transport plan for each school scope action; - Action plan with respect to teachers and education staff recruitment for new schools. 	MINEDUC	MINEDUC	Defined in the Operational Manual of the Programme	Verified through audits
	<p>Preparation of procurement documents and technical reference documents, including risks management, in particular earthquake, hygiene and security norms and measures for energy savings and renewable energy, with respects to (i) recommendations of CRAITER's report on procurement document and rehabilitation study, both produced on July/August 2016, and (ii) earthquake resistant norms to be defined by MINEDUC and SECOP.</p>	MINEDUC	MINEDUC	Defined in the Operational Manual of the Programme	Verified through audits

Subject	Activities required	Responsibility	Funding	Preparation & implementation calendar	Results indicators
	Definition of implementation procedures for infrastructures, including ESCP provisions.	MINEDUC	MINEDUC	Detailed in the Operational Manual of the Programme	Verified through audits
1.3 Follow-up and monitoring of the Programme, communication and information	- Environmental and social monitoring annual report - Control of eligibility criteria and implementation conditions	MINEDUC	MINEDUC	Annually	AFD validation
2. Work force and working conditions					
Labour and working conditions Protection of the work force	Integration in procurement documents the following provisions applicable for rehabilitation and construction: respect of ILO standards and all agreements signed by Ecuador with respect to working conditions, child working prohibition.	MINEDUC	MINEDUC		AFD validation of procurement documents
3. Resources efficiency and pollution prevention					
Energy savings Water consumption Waste management	Integrate in procurement documents and technical reference documents, biodiversity conservation and sustainable management of living natural resources: energy savings, renewable energy, sustainable use of water, waste management, etc.	MINEDUC	MINEDUC		AFD validation
4. Indigenous people (IPs)					
Projects defined specifically to benefit for IPs	Set forth component 1.1 and 1.3 of the Facility such as describe in schedule 2.	MINEDUC	MINEDUC	During the implementation period	AFD mission's Aide-mémoire and technical and financial audits
5. Gender issues					
Non-Discrimination and Equal Opportunity	- Adaptation of architectural plans - Teachers training on inclusive education, including gender discrimination issues	MINEDUC	MINEDUC		

SCHEDULE 7 – PROGRAMME INDICATORS

Education sector indicators	Base-line 2015	Targets To be completed with respect to the ten-year National Education Development Plan (2016-2025)
Net enrolment ratio for preschool, primary and lower secondary education (<i>Educación General Básica</i> – EGB) and Upper secondary education (<i>Bachillerato General Unico</i> - BGU)	Preschool (initial): 58,7% EGB: 96,29% BGU: 68,93%	Preschool (initial): 95% (2025) BGU: 95% (2025)
Net intake ratio to last grade of EGB (male/female, rural/urban, excluding repetition)	Net rate: 57,3% Rural: 48,04% Urban: 62,35%	
Net intake ratio to first grade of BGU (M/F, rural/urban)	Net rate (BGU): 52,6% Female: 55,8% Male: 49,78% Rural: 43% Urban: 57%	
Net intake ratio to last grade of BGU (M/F, rural/urban)		
Repetition rate in EGB and in BGU (M/F, rural/urban)	EGB: 1,39% Female: 1,13% Male: 1,65% Rural: 1,73% Urban: 1,28% BGU: 3,06% Female: 2,35% Male: 3,78% Rural: 3,09% Urban: 3,06%	
Number of teachers enrolled in-service training at different teaching grade		



Programme indicators	Targets
Number of existing schools rehabilitated (for general teaching)	12
Number of <i>Guardiana de la Lengua</i> (GDL) school built	1
Number of pupils benefiting of school transport	2850
Number of pupils benefiting of Intercultural Bilingual School (IBS)	9 000
Number of teachers trained (academic topics)	2 200
Number of IBS teachers trained	630
Number of directors trained	300
Numbers of advisors trained	50
Number of teachers trained in inclusive education	1 500
Number of manuals, Amerindian literature books and ludic resources distributed in GDL schools in the 14 Amerindian languages	
Study for definition of new GDL schools standards.	1
Study for adaptation of schools architectures in order to integrate climate adaptation, energy efficiency and use of local materials;	1
Study for analysis of current national budget and schools functioning in relation to available budget and needs implied by new schools standards;	1
Study for analysis of the Programme sustainability and the impact of <i>Escuelas del Milenio</i> standards on the offer/demand relation in a context of an increasing demand, territorial inequalities and necessity to strengthens quality education;	1



Impact of the Programme on MINEDUC procedures, frame and/or methodologies developed with respect to Programme implementation (schools infrastructures, micro-planning, education staff training, etc.)	Final analysis on effects of the Facility on MINEDUC implementation modalities for different aspects
Number of partnerships with French universities and research centres	3
Number of studies of support set up jointly with French expertise	3
Technical and financial implementation report	1 report per year
External audit report	1 report per year
Education performance report	1 report per year



**SCHEDULE 8 - INFORMATION THAT MAY BE PUBLISHED ON THE FRENCH
GOVERNMENT WEBSITE AND THE LENDER'S WEBSITE**

1. Information regarding the Programme
 - Number and name in AFD's book;
 - Description;
 - Operating sector ;
 - Place of implementation ;
 - Expected starting date ;
 - Expected Technical Completion Date;
 - Status of implementation updated on a semi-annual basis ;
 2. Information regarding the financing of the Programme
 - Kind of financing (loan, grant, co-financing, delegated funds) ;
 - Principal amount of the Facility ;
 - Amount of the Facility which has been drawn down (updated as the implementation of the Programme goes) ;
 3. Other information
 - Transaction information notice and/or sheet presenting the transaction attached to this Schedule.
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