

**LOAN NUMBER L0435A**

# **Loan Agreement**

**(Republic of Ecuador: Corporación Nacional de Finanzas Populares y Solidarias  
COVID-19 Credit Line Project)**

**between**

**ASIAN INFRASTRUCTURE INVESTMENT BANK**

**and**

**CORPORACIÓN NACIONAL DE FINANZAS POPULARES Y SOLIDARIAS**

**Dated May 4, 2023**

## **LOAN AGREEMENT**

Agreement dated May 4, 2023 (“Loan Agreement”), between ASIAN INFRASTRUCTURE INVESTMENT BANK (“Bank”) and CORPORACIÓN NACIONAL DE FINANZAS POPULARES Y SOLIDARIAS (“Borrower”). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I. — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Loan Agreement) constitute an integral part of this Loan Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Loan Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Loan Agreement.

### **ARTICLE II. — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Loan Agreement, the amount of fifty million Dollars (\$50,000,000) (“Loan”), to assist in financing the Project.
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Loan Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one-quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Fee payable by the Borrower shall be equal to one-quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the provisions set forth in Schedule 3 to this Loan Agreement.

### **ARTICLE III. — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Loan Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance to Schedule 2 to this Loan Agreement.

### **ARTICLE IV. — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consist of the following:
- (a) the Borrower's Statutes have been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under the Loan Agreement.
- 4.02. The Additional Event of Acceleration consists of the following:
- (a) the event specified in Section 4.01(a) of this Loan Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Bank to the Borrower.

### **ARTICLE V. — EFFECTIVENESS**

- 5.01. The Additional Condition of Effectiveness consists of the following:
- (a) the Environmental and Social Management System ("ESMS") has been adopted in a manner acceptable to the Bank;
  - (b) the Project Operational Manual ("POM") is adopted in form and substance in a manner acceptable to the Bank; and
  - (c) a grievance mechanism has been established in a manner acceptable to the Bank.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Loan Agreement.

**ARTICLE VI. — REPRESENTATIVE; ADDRESSES**

6.01. The Borrower's representative designated for purposes of Section 10.02 of the General Conditions is its General Manager.

6.02. The Borrower's address for purposes of Section 10.01 of the General Conditions is:

Corporación Nacional de Finanzas Populares y Solidarias  
Av. Amazonas y Juan José Villalengua.  
Plataforma Gubernamental Financiera  
Facsimile: +593-2-3801910

6.03. The Bank's Address is:

Asian Infrastructure Investment Bank  
AIIB Headquarters, Tower A, Asia Financial Center  
No. 1 Tianchen East Road, Chaoyang District, Beijing 100101  
People's Republic of China

Facsimile: +86-10-8358-0002

AGREED at Beijing, China, as of the day and year first above written.


**ASIAN INFRASTRUCTURE INVESTMENT BANK**

By   
Authorized Representative

Name: Gregory Liu

Title: Acting Director General  
Infrastructure Investment Department Region 2

**CORPORACION NACIONAL DE FINANZAS POPULARES Y  
SOLIDARIAS**

By   
Authorized Representative

Name: CARLOS LARREA

Title: AMBASSADOR

## SCHEDULE 1

### Project Description

The Project objective is to promote access to finance and address the liquidity constraints faced by private micro, small, and medium enterprises (“MSMEs”) in response to the COVID- 19 crisis in Ecuador.

**Component 1 – Capitalization of FOGEPS for special COVID-19 Program.** This Component will finance the capitalization of the Fund for Guarantees of the Popular and Solidary Economy (FOGEPS) in order to respond to the liquidity challenges of MSMEs posed by the COVID-19 outbreak. CONAFIPS will then provide guarantees to qualified PFIs, which will allow the financial inclusion of MSMEs unable to provide collateral.

**Component 2 – Credit Line Intermediated by CONAFIPS to PFIs for on-lending to MSMEs.** This Component will finance the provision of lines of credit by CONAFIPS to eligible PFIs, which in turn will on-lend to MSMEs.

**Component 3 – Project Management.** This component will support the consulting services for project management, implementation, monitoring, and project audits. Eligible expenditures will include: i) the hiring of local consultants to support the PIU in the implementation, reporting, and monitoring of the Project, and ii) the hiring of consulting firms to carry out Project-level external audits.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements.**

1. The Borrower shall carry out the Project through a Project Implementation Unit ("PIU"), led by a project coordinator, with composition, functions, and responsibilities acceptable to the Bank, and vest the PIU with responsibility for the day-to-day implementation of the Project. The PIU's responsibilities shall include, amongst others, the responsibility to coordinate project implementation, to carry out procurement and financial management activities, and manage the environmental and social aspects of the Project. The Borrower shall assign members of its existing staff to the PIU and notify the Bank, no later than thirty (30) days after the Effective Date, of the PIU's staff composition. The Borrower shall maintain the PIU throughout Project implementation and promptly notify the Bank of any changes in its composition.
2. The Borrower shall select no later than (90) days after the Effective Date, an environmental and social specialist in accordance with terms of reference acceptable to the Bank.

##### **B. Operational Manual**

1. The Borrower shall implement the Project in accordance with a POM, which shall include, at least the following:
  - (a) a description of Project activities;
  - (b) institutional arrangements for Project implementation (including, inter alia, implementation procedures, staff composition of the PIU, and their roles and responsibilities in Project);
  - (c) a dedicated section for the implementation of the Project components, including, inter alia: (i) procedures for the preparation, implementation, monitoring and evaluation of the Project activities including financial management and audit procedures for Eligible PFIs and Eligible MSMEs, and mechanisms and procedures for the operation and control of funds; (ii) criteria and procedures for the selection of Eligible PFIs, Eligible MSME Sub-loans, and Sub- projects; and (iii) Excluded Activities.
  - (d) monitoring, reporting requirements and financial management procedures.