

F.ROT/AID 13/004/00

FINANCIAL AGREEMENT

between

**The Republic of Ecuador represented by the Ministry of Finance of the
Government of the Republic of Ecuador**


and

Cassa depositi e prestiti S.p.A.

EURO 3,000,000.00

*“Programme for the support of the popular finance in the provinces of
Carchi, Sucumbíos, El Oro and*

Loja”

	
REPUBLICA DEL ECUADOR MINISTERIO DE FINANZAS Subsecretaría de Financiamiento Público	
REGISTRO No.	584
FECHA	18 noviembre 2016
PAGINA No.	00000010
Registro de la Deuda Pública	



The Republic of Ecuador, represented by the Ministry of Finance of the Government of the Republic of Ecuador (hereinafter referred to as the "Borrower"), represented by Mr. Fausto Herrera Nicolalde, Minister of Finance.

on one side,

and

Cassa Depositi e Prestiti S.p.A., share capital Euro 3.500.000.000,00 with registered office in Rome, Via Goito 4, registered with the Companies Register n. 80199230584, Tax Code VAT n. 07756511007 (hereinafter referred to as "CDP"), as administrator, on behalf of the Ministry of Economy and Finance of the Italian Republic, of the Revolving Fund for Development Cooperation established by the Government of Italy pursuant to Article 26 of Italian Law no. 227 of May 24, 1977, and further referred to Article 8 of Italian Law n. 125 of August 11th, 2014 (hereinafter referred to as "Law 125/2014"), as amended from time to time, represented by Mr. Bernardo Bini Smaghi, Head of Business Development Unit

on the other side.

(CDP and the Borrower together hereinafter referred to as the "Parties")

have decided to enter into this

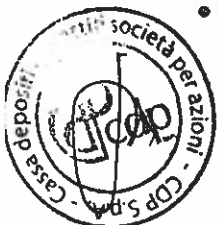
FINANCIAL AGREEMENT

Article 1

Definitions

In the Financial Agreement and in the Annexes A) "Form of Request for Disbursement" and B) "Form of Acknowledgement of Indebtedness" thereto, the following terms shall have the following meanings:

- **"Account"**: means a dedicated Account denominated in USD opened by the Borrower with the Central Bank of Ecuador, selected by the Borrower, where the instalments of the Soft Loan will be credited by CDP in favour of CONAFIPS;
- **"Acknowledgement of Indebtedness"**: means the statement, referred to under Article 9 of this Financial Agreement, by means of which the Borrower commits to reimburse in favour of CDP the principal due with respect to the Soft Loan;
- **"Agreement"**: means the Agreement on the financing of the Programme signed in Quito on November 26th, 2015 by the Government of the Italian Republic,



represented by MAECI, and the Government of the Republic of Ecuador, represented by the Ministry of Finance of the Republic of Ecuador;

- **"AICS"**: means the Italian Agency for Development Cooperation, established ex Law 125/14 ;
- **"Audited Financial Report"**: means the financial report, certified by the Auditing Company;
- **"Auditing Company"**: means a major international auditing company. The Auditing Company, chosen by CONAFIPS, shall be entrusted with the task of auditing the financial and administrative documents and procedures in relation to the Programme as specified in Article 5 under this Financial Agreement;
- **"CDP account"**: means the account (IBAN IT06Z076020320000000000122 - Bic/Swift CADPITRRXXX) opened under the name of Cassa depositi e prestiti Società per azioni, on which the Borrower shall repay its debt;
- **"CONAFIPS"**: means the National Corporation for the Popular and Solidary Finance. CONAFIPS is the public financial entity responsible for the management of the soft loan funds and the coordination of the Programme;
- **"Financial Agreement"**: means this Financial Agreement, the preamble and the annexes A) "Form of Request for Disbursement" and B) "Form of Acknowledgement of Indebtedness" hereto forming an integral part thereof;
- **"Grace Period"**: means the period, lasting 252 (two hundred fifty-two) months, beginning on the date on which the first instalment of the Soft Loan is credited on the Account;
- **"Italian Competent Authorities"**: means the Ministry of Economy and Finance, and/or the Ministry of Foreign Affairs and International Cooperation of the Italian Republic, and/or AICS and/or any other competent entity of the Government of the Italian Republic, nominated for the purpose of this Financial Agreement;
- **"MAECI-DGCS"**: means the Ministry of Foreign Affairs and International Cooperation of the Italian Republic – Directorate General for Development Cooperation;
- **"MEF"**: means the Ministry of Economy and Finance of the Italian Republic;
- **"Operative Plan"**: means the document mentioned in the Article 3 of the Agreement;
- **"Programme"**: means the Programme denominated "Programme for the support of the popular finance in the provinces of Carchi, Sucumbíos, El Oro and Loja" to be financed through the Soft Loan in accordance with the Agreement and this Financial Agreement;
- **"Soft Loan"**: means the financing that CDP, on the basis of the authorization issued by the Ministry of Economy and Finance, and upon the proposal of the Ministry of the Foreign Affairs and International Cooperation of the Italian Republic, will grant on the terms and the conditions provided for in the Article 7.1 of the Agreement and the Article 3 of this Financial Agreement;
- **"Supply Contract(s)"**: means the contract(s) relating to supply of goods and/or services connected to the realization of the Programme.



Article 2

Preamble

- 2.1 By means of the Agreement, signed in Quito on November 26th, 2015 between the Government of the Republic of Ecuador, represented by the Ministry of Finance, and the Government of the Italian Republic, represented by MAECI, the Government of the Italian Republic has committed itself to finance the Programme through a soft loan up to a maximum amount of Euro 3,000,000.00 (three million/00).
- 2.2 By means of this Financial Agreement the Parties intend to: (i) implement the financial provisions relating to the Soft Loan as contemplated in Article 7 of the Agreement, and (ii) regulate their rights and obligations in accordance with the Agreement.
- 2.3 The MEF, on the proposal of the Ministry of Foreign Affairs and International Cooperation of the Italian Republic, by decree n. 55880 dated July, 22nd 2013 has authorized Artigiancassa S.p.A. to grant to the Borrower the Soft Loan on the terms and conditions set forth in Article 7.1 of the Agreement and in Article 3 of this Financial Agreement for the purpose of financing the Programme. The Ministry of Economy and Finance of the Italian Republic, by decree n. 11140 dated February 03rd, 2016 has authorized CDP to grant to the Borrower the Soft Loan and to finalize the relevant Financial Agreement.

Article 3

Soft Loan

- 3.1 CDP grants the Borrower, and the Borrower hereby accepts, the Soft Loan on the following conditions:
- Maximum amount: Euro 3,000,000.00 (three million/00);
 - Duration: 32 (thirty-two) years;
 - Grace Period: 252 (two hundred fifty-two) months beginning on the date on which the first instalment of the Soft Loan is credited on the Account;
 - Repayment: 22 (twenty-two) consecutive equal semi-annual principal instalments the first of which falling 252 (two hundred fifty-two) months beginning on the date on which the first instalment of the Soft Loan is credited on the Account;
 - Interest rate: 0.00% (zero point zero per cent);
 - Credit Purpose: financing of the Programme for the support of the popular finance in the provinces of Carchi, Sucumbios, El Oro and Loja.



3.2 An amount maximum of 95% (ninety-five per cent) of the total amount of the Soft Loan may be used to cover imports of goods and services originating locally and/or from other neighboring developing countries and/or third OECD countries. Not less than 5% (five per cent) of the total amount of the Soft Loan may be used in order to cover technical assistance and/or training performed by Italian institutions or companies.

Supply Contract(s) shall be denominated in USD with the equivalence in Euros determined in the moment of subscription.

3.3 The Soft Loan cannot be used to finance:

- goods and services related, directly or indirectly to military activities;
- luxurious items;
- non income/non-profit taxes (including VAT) and import duties;
- local taxes;
- provisions for outstanding debts and future losses of the beneficiary or the final users;
- interests owed by the beneficiary or the final users to any third party.

3.4 The Soft Loan shall be available in accordance with the terms and conditions set forth in the Agreement and in this Financial Agreement.

3.5 The credit shall be disbursed in three instalments, in accordance with the procedures set forth in Article 7 of this Financial Agreement, and deposited in the Account.

3.6 The interests accrued on money held in the Account, if any, shall be recorded in financial statements and used for the purposes of the Programme.

Article 4

Coming into effect of the Financial Agreement

4.1 This Financial Agreement shall come into effect upon CDP having received the following documents from the Borrower:

- i) a statement by the competent authority of the Government of the Republic of Ecuador, evidencing the authority of the Borrower to sign, in the name and on behalf of the Government of the Republic of Ecuador, this Financial Agreement by a duly authorised person pursuant to the laws and regulations in full force and effect in Ecuador and to undertake the obligations arising out of this Financial Agreement;
- ii) the appointment in writing by the competent authority of the Borrower (certified by the Italian Embassy in Ecuador) of the person or persons duly authorised to sign this Financial Agreement, the Request of Disbursement in the form of Annex A) and the Acknowledgement of Indebtedness in the form of Annex B), referred to under Article 9 below. Such designation shall specify



the name and the office of such person/s and contain the up to date "specimen form" of the signatures thereof. Any modifications thereof (if any) shall be transmitted in a timely manner by the Borrower to CDP;

iii) a statement issued by the CONAFIPS that certify the opening of the Account as specified in the definitions.

4.2 CDP shall, upon receipt and full satisfaction of the aforementioned documents, notify the , and in copy to AICS, by letter or fax to be subsequently confirmed by letter, of the date on which this Financial Agreement shall have come into effect.

Article 5

Auditing Company

5.1 In accordance with the Article 9 of the Agreement, CONAFIPS shall select a major international auditing company, as per Article 5.2 hereunder, with the task to carry out the auditing of the operations related to the Soft Loan. AICS shall confirm to CDP the approval of the Auditing Company selected by CONAFIPS.

5.2 The contract between the Borrower and the Auditing Company shall be submitted for approval to AICS before signature. AICS shall confirm to CDP the contract's signature.

5.3 The Auditing Company shall define a standard format of the Audited Financial Report. This format has to be approved by the Borrower, AICS and CDP on the basis of the activities regulated in the Agreement and the Borrower or its representative will send it to AICS and in copy to CDP.

5.4 The Audited Financial Report shall: (i) concern the financial, technical reports sent by the Borrower or its representative to CDP and AICS, and (ii) consider the regularity and compliance to the conditions set up in the Agreement of every financial transaction relating to the Soft Loan.

5.5 The Auditing Company shall certify Audited Financial Reports, in accordance with Article 7 of this Financial Agreement, that must be approved by AICS and CDP.

Article 6

Term for the Disbursement of the Soft Loan

6.1 The disbursement period of the Soft Loan will expire 36 (thirty-six) months after the date on which the first instalment of the Soft Loan is credited on the Account. Such period may be extended by CDP. CDP cannot extend the disbursement period in the event the Borrower or the Italian Competent Authorities disagree to such an



extension and have so notified in writing CDP at least 30 (thirty) days before the expiry date of the disbursement period.

- 6.2 In the event that the disbursement period has expired and is not extendable, CDP, after having consulted with the Italian Competent Authorities, shall inform the Borrower of the cancellation of CDP's commitment relating to the unused funds.

Article 7

Conditions and modalities for the disbursement of the Soft Loan

7.1 CDP shall execute the Requests of Disbursement from the Borrower after:

- 1) the entry into force of the Agreement;
- 2) the entry into force of this Financial Agreement;
- 3) the approval of the Operative Plan by AICS.

The communications listed above in 1) and 3) will be sent in copy by AICS to CDP.

7.2 Each Request of Disbursement shall be executed within 30 (thirty)-calendar days starting from the date of reception of the request by CDP. CDP shall disburse directly in favor of CONAFIPS, through the Borrower. After each disbursement, the Borrower shall communicate to CDP the counter value in USD of each instalment disbursed to the Account.

7.3 The first Request of Disbursement, transmitted by the Borrower or its representative in accordance with Annex A) for the maximal amount of Euro 973,000.00 (nine hundred seventy-three thousand/00), shall be credited after the fulfilment of the conditions set forth in the Article 7.1 of this Financial Agreement.

7.4 After the fulfillment of the provisions under Article 5, points 1, 2 and 3 of this Financial Agreement, the second Request of Disbursement, transmitted by the Borrower or its representative in accordance with Annex A) for the maximal amount of Euro 1,030,000.00 (one million thirty thousand/00), shall be credited after the first instalment has been spent by CONAFIPS for at least 60% (sixty per cent) and after AICS and CDP verification and approval of the first Audited Financial Report received by the Borrower or its representative attached to the Annex A). Such first Audited Financial Report, divided into an administrative-financial report and a technical report, shall cover expenses for at least 60% (sixty per cent) of the amount of the first instalment. AICS and CDP shall inform the Borrower and/or its representative about the results of the verification within 20 (twenty) calendar days from the receipt date of the first Audited Financial Report. In case the Auditing Company and/or AICS and/or CDP points out some irregularities, CDP, in accordance with AICS, will freeze the disbursement of the second instalment. Only after the explanation of such irregularities from the



Auditing Company and the Borrower and/or its representative, the disbursement of the second instalment will be allowed.

- 7.5 Should some of the expenditures included in the first Audited Financial Report not be approved by the Auditing Company and/or AICS and/or CDP, because the expenditures made by CONAFIPS were not made in conformity with the Agreement, the Operative Plan and the tender procedures and contracts authorized by AICS, the second instalment shall be disbursed with the deduction of the amounts not approved.
- 7.6 The third Request of Disbursement, transmitted by the Borrower or its representative in accordance with Annex A) for the maximal amount of Euro 997,000.00 (nine hundred ninety-seven thousand/00), shall be credited after the first instalment has been completely spent, the second instalment has been spent for at least 60% (sixty per cent) and after AICS and CDP verification and approval of the second Audited Financial Report received by the Borrower and/or its representative attached to the Annex A). Such second Audited Financial Report, divided into an administrative-financial report and a technical report, shall cover expenses for at least 60% (sixty per cent) of the amount of the second instalment and the total residual amount of the first instalment. AICS and CDP shall inform the Borrower and/or its representative about the results of the verification within 20 (twenty) calendar days from the receipt date of the second Audited Financial Report. In case the Auditing Company and/or AICS and/or CDP points out some irregularities, CDP, in accordance with AICS, will freeze the disbursement of the third instalment. Only after the explanation of such irregularities from the Auditing Company and the Borrower and/or its representative, the disbursement of the third instalment will be allowed. The amount to be disbursed will be reduced proportionally of the percentage of the first tranche not spent.
- 7.7 Should some of the expenditures included in the second Audited Financial Report not be approved by the Auditing Company and/or AICS and/or CDP, because the expenditures made by CONAFIPS were not made in conformity with the Agreement, the Operative Plan and the tender procedures and contracts authorized by AICS, the third instalment shall be disbursed with the deduction of the amounts not approved.
- 7.8 Within 6 (six) months from the conclusion of all activities, CONAFIPS shall produce a Final Audited Financial Report, certified by the Auditing Company, that shall be sent by the Borrower or its representative to AICS and CDP. Such Final Audited Financial Report, divided into an administrative-financial report and a technical report, shall cover expenses for the total amount of the third instalment as well as the expenses related to the second instalment not covered by the second Audited Financial Report, and shall be approved by AICS and CDP within 20 (twenty) calendar days from the receipt date of the Final Audited Financial Report.
- 7.9 The Borrower irrevocably undertakes to reimburse to CDP the amounts equal to the expenditures not approved by the Auditing Company and/or by AICS and/or CDP,



because expenditures made by CONAFIPS not in conformity with the Agreement, the Operative Plan and the tender procedures and contracts authorized by AICS.

7.10 If any amount credited to CONAFIPS by CDP will not be utilized within 6 (six) months from the conclusion of all activities, that amount shall be, immediately, refunded to CDP by the Borrower. Such transfer shall be made immediately after communication by AICS to the Borrower, and by all means, within a month from AICS's communication

7.11 After the disbursement of Soft Loan funds to the Account, CDP shall transmit by letter to the Borrower the repayment schedule of the amount disbursed, indicating the due dates relative thereto. Each and every repayment schedule, completed in accordance with the conditions set forth in Article 8 hereafter, shall be accepted by the Borrower in writing.

Article 8

Repayment of the Soft Loan

- 8.1** Each amount disbursed shall be repaid according to the repayment schedule in n. 22 (twenty-two) consecutive equal deferred semi-annual instalments (hereinafter referred to as "Principal Instalments"), the first of which falling due 252 (two hundred fifty-two) months beginning on the date on which the first instalment of the Soft Loan is credited on the Account. CDP shall send to the Borrower the repayment schedule in compliance with Article 7.11 of this Financial Agreement.
- 8.2** On the outstanding Principal Instalments effectively credited, deferred interest shall be calculated at a nominal annual rate of 0.00% (zero point zero percent).
- 8.3** The Borrower undertakes to make all repayments due under this Financial Agreement as well as under the Acknowledgement of Indebtedness without delay, on the actual due date, where the first due date shall be 252 (two hundred fifty-two) months beginning on the date on which the first instalment of the Soft Loan is credited on the Account, for the corresponding amount in Euro, in favour of CDP or the person/s entitled thereto. Such amounts shall be credited without deduction of any Bank and/or exchange fee and/or taxes and without notice thereof by CDP or the persons entitled thereto being required. The Borrower, will receive a notice before the due payment date. If the Borrower because of whatever reason, does not receive the above-mentioned notice, it will undertake anyway to make all repayments according to the repayment schedule without delay. For each repayment, the Borrower shall indicate to CDP the Financial Agreement number and the total amount of the Soft Loan, and shall detail for each due date the amounts paid.



Article 9

Delivery of the Acknowledgement of Indebtedness

- 9.1 Within 60 (sixty) calendar days from the last Soft Loan disbursement expiry date set forth in Article 6.1, the Borrower shall deliver to CDP the Acknowledgement of Indebtedness duly signed and initialed by the Borrower on each page, in the form of Annex B).
- 9.2 The repayment schedule set forth in the Acknowledgement of Indebtedness shall be completed by summing up all principal instalments not yet matured provided for in the relevant repayment schedule for each disbursement, in accordance with the provisions of Article 7.11 of this Financial Agreement.
- 9.3 CDP shall dispose the Acknowledgement of Indebtedness for record and administration thereof and shall from time to time register on the Acknowledgement of Indebtedness any payment of amount for principal and, as soon as all payments contemplated in the Acknowledgement of Indebtedness shall have been made, it shall return the same to the Borrower duly signed for receipt.

Article 10

Borrower's commitment

The Borrower's commitment to pay the sums due under this Financial Agreement and the Acknowledgement of Indebtedness related thereto is independent, absolute, unconditional and irrevocable.

Article 11

Impediments and force majeure

In case of impediments to the implementation of the Programme due to causes of force majeure (such as war, flood, typhoon, fire, earthquake, labor conflicts and strikes, act of any government, unexpected transportation difficulties and other causes), the provisions specified in the Article 11 of the Agreement shall be applied. CDP shall follow instruction of Italian Competent Authorities related to the Programme.



Article 12

Disbursement Suspension

- 12.1 During the Soft Loan's disbursement period, CDP reserves the right to suspend any Request of Disbursement under Article 7 under this Financial Agreement, in the event of any default vis-à-vis CDP under this Financial Agreement or in case a default occurs under any other soft loans granted by the Government of the Italian Republic to the Government or to the Central Bank or to State Agencies of the Republic of Ecuador, pursuant to Article 8 of Law n.125/2014 of the Italian Republic as amended from time to time. CDP shall timely inform the Borrower of such suspension.
- 12.2 CDP will execute any Request of Disbursement provided for under Article 7 under this Financial Agreement in the event that the corresponding sums are made available by the Italian Competent Authorities. CDP shall not be deemed responsible vis-à-vis the Borrower in case the sums to be disbursed under the Soft Loan will not be available by the Italian Competent Authorities. To this end, the Italian Competent Authorities will make a specific communication to the Borrower.

Article 13

Default interest

- 13.1 If for any reason whatsoever CDP does not receive the sums due for principal within the due date, the Borrower shall be bound to pay, on said sums, default interest from the due date up to the date of actual crediting in favour of CDP or of the person(s) entitled thereto.
- 13.2 Such default interest shall be calculated by applying the simple interest formula. Default interest shall not be calculated for the period of 35 (thirty-five) days immediately subsequent to the original due date and, thereafter, at the annual rate of 0.20% (zero point twenty per cent) up to the date of actual crediting in favour of CDP. The latter default interest shall be periodically updated by the Italian Competent Authorities.

Article 14

Taxes

- 14.1 Any present or future tax, which may be due in Ecuador for any reason whatsoever related to this Financial Agreement and to the Acknowledgement of Indebtedness, shall be exclusively borne by the Borrower.



14.2 Any tax due in Italy related to this Financial Agreement shall not be borne by the Borrower.

14.3 CDP declares that it will avail itself of the tax status provided for under Article 19 of the Decree of the President of the Republic n. 601 of September 29, 1973, as amended from time to time.

Article 15

Governing Law

This Financial Agreement shall be governed by and construed in accordance with Italian law.

Article 16

Settlement of disputes

16.1 The parties hereto shall endeavor to settle amicably any dispute arising from the interpretation and/or execution of this Financial Agreement.

16.2 If these efforts should not lead to a settlement of the disputes within a reasonable period, the dispute shall be settled at a governmental level.

16.3 Should this effort also fail or (if the attempt is made) it does not result in a satisfactory result, all disputes arising from or in connection with the Financial Agreement shall be finally settled under the Rules Arbitration of the International Chamber of Commerce, Paris, France, by an Arbitration Tribunal of three Arbitrators:

- one appointed by the Borrower;
- one appointed by CDP;
- the third arbitrator shall be appointed by the above mentioned Arbitrators or, in case of their disagreement, by the Chairman of the International Chamber of Commerce, Paris.

16.4 If the Borrower or CDP do not appoint their arbitrator within 30 (thirty) days from the request of the other party, the arbitrator shall be appointed by the Chairman of the International Chamber of Commerce, Paris.

16.5 The decision of the Arbitration Tribunal, who shall decide according to the law of the Italian Republic, shall be final and unconditionally binding on both parties without any possibility of appeal.

16.6 No disagreement nor dispute which may arise between the parties hereto shall suspend the obligation of the Borrower to pay, on the agreed due dates, all the amounts due under this Financial Agreement and in particular all the amounts



resulting from the repayment schedules set forth in Article 7, and from the Acknowledgement of Indebtedness relative thereto.

Article 17

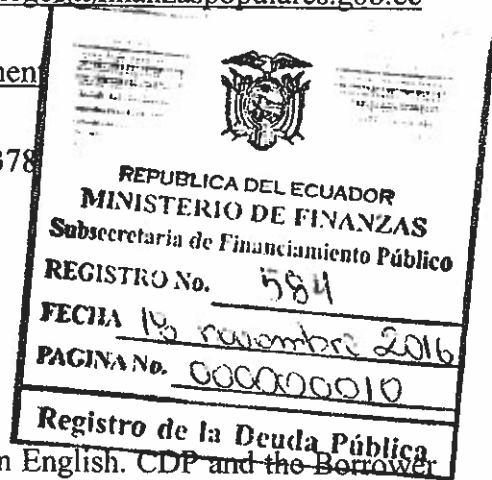
Notices

Notices to be given pursuant to this Financial Agreement shall be addressed as follows:

- Ministry of Finance of the Republic of Ecuador
Av. 10 de Agosto 1661 y Jorge Washington 170520 Quito Ecuador
Tel: 00593.3.998300; Fax 00593.9.998629
e-mail:lvillafuerte@finanzas.gob.ec;ecueva@finanzas.gob.ec;
mrodriguez@finanzas.gob.ec;eromero@finanzas.gob.ec;
smolina@finanzas.gob.ec.

- Corporación Nacional de Finanzas Populares y Solidarias
Av. Juan León Mera N 22-57 y Veintimilla Quito Ecuador
Tel.: 00593.2.2565534 / 2565535
e-mail: gcardoso@finanzaspopulares.gob.ec / dgallegos@finanzaspopulares.gob.ec

- Cassa depositi e prestiti S.p.A. Business Development
Via Goito 4, - 00185 Rome Italy
Email: fondorotativocs@cdp.it Fax: +39 6 42216378




Article 18

Original texts of the Financial Agreement

This Financial Agreement is signed in four originals in English. CDP and the Borrower keeps two originals.


Cassa depositi e prestiti S.p.A.



The Republic of Ecuador represented by the
Ministry of Finance of the Government of the
Republic of Ecuador

Signed in Rome on 10/4/16

Signed in Quito on October 7, 2016

(Form of Request for Disbursement)

Annex A)

From: (Borrower or its representative)
To: Cassa depositi e prestiti S.p.A.

Financial Agreement of Euro signed by us in on and by Cassa depositi e prestiti S.p.A. in on

Pursuant to Article 7 of the above-mentioned Financial Agreement, we hereby request you to credit, within 30 (thirty)-calendar days, to the Account (as defined therein) n. IBAN and opened with Bank, the amount of EURO, provided that the pertaining funds have been made available by the Italian Competent Authorities (as defined therein).

The funds credited by you on the Account shall be utilised for the implementation of ... (Programme).

We hereby unconditionally and irrevocably undertake to repay the said amount of EURO, credited by you to the Account, according to the terms and conditions set forth in the above-mentioned Financial Agreement.

Within 60 (sixty) days from the last Soft Loan disbursement expiry date, we undertake to deliver to CDP an Acknowledgement of Indebtedness for all the amounts disbursed under the above-mentioned Financial Agreement.

Said Acknowledgement of Indebtedness shall be in the form of Annex B) of the above-mentioned Financial Agreement.

Yours faithfully,

Date .../.../...

(.....)

(Borrower's or its representative signature)



(Form of Acknowledgement of Indebtedness)

Annex B)

THE (BORROWER)

N.

Place and date of issue:

With regard to the Agreement between the Government of the Republic of Ecuador and the Government of the Italian Republic signed in ... on ... and the Financial Agreement between the Government of the Republic of Ecuador, represented by the Ministry of Finance (hereinafter the "Borrower"), and Cassa depositi e prestiti S.p.A. (hereinafter "CDP"), signed in ... on, and in on, the Borrower acknowledges receipt of the following amounts from CDP:

EURO on

EURO on

Therefore, the Borrower hereby unconditionally and irrevocably declares to be a debtor of the CDP, as administrator, on behalf of the Ministry of the Economy and Finance of the Italian Republic, of the Revolving Fund for Development Cooperation with registered office in Rome (Italy), Via Goito, 4, for the principal amount of EURO (.....) which it undertakes to repay in ... (...) equal consecutive [semi-annual] instalments, the first of which falling due on and the last on, according to the repayment schedule set forth herein below.

The Borrower shall repay the Principal Instalments (as defined in the Financial Agreement) provided for under this Acknowledgement of Indebtedness, by crediting the relevant amounts in Euro, on the agreed due dates, in favour of CDP, or of the person/s entitled thereto, on the CDP account, free of any Bank and/or conversion fees.

If CDP, for any reason whatsoever, including reasons beyond the Borrower's control, does not receive the amounts due for principal provided for under this Acknowledgement of Indebtedness within the due date, the Borrower shall be bound to pay, on such amounts, on the CDP account, a default interest from the due date up to the date of actual crediting in favour of CDP or of the person(s) entitled thereto.

Such default interest shall be calculated by applying the simple interest formula. Default interest shall not be calculated for the period of 35 (thirty-five) days immediately following the original due date and, thereafter, it shall be calculated at the rate of ...% (.... per cent) per annum up to the date of actual crediting in favour of CDP.

.....

(Borrower's initials)
to be continued



Annex B) ctd.

CDP shall from time to time annotate on this Acknowledgement of Indebtedness any payments of principal.

As soon as all payments listed in the repayment schedule set forth herein below will have been made, this Acknowledgement of Indebtedness shall be returned to the Borrower, through CDP.

This Acknowledgement of Indebtedness is issued pursuant to the Soft Loan of Euro (.../00) granted in conformity with Article 8 of Law n. 125 of August 11th, 2015 of the Italian Republic.

REPAYMENT SCHEDULE

Date of maturity	Principal instalments	Total
a)
b)
c)
d)
.....	
1)
2)
3)
4)
5)
6)
7)
8)
9)
10)
.....

(.....)

(Borrower's signature)

