

Date: 12/03/2024

Mr. Juan Carlos Vega
Minister of Economy and Finance
Ministry of Economy and Finance
Av. Amazonas y Pereira
Republic of Ecuador

Re: Loan No. 9722-EC
(Ecuador Guayas: Resilient Rural Roads Project)

Dear Mr. Vega,

Enclosed are the following documents regarding the above-mentioned Loan, which are delivered to you as the authorized representative of the Republic of Ecuador (Guarantor):

1. One signed copy of the Loan Agreement between International Bank for Reconstruction and Development (Bank) and the Borrower.
2. One signed copy of the Guarantee Agreement between Republic of Ecuador (Guarantor) and the Bank.
3. One signed copy of the Supplemental Letter Re: Additional Instructions: Disbursement Letter.
4. One copy of the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018 (Last revised on July 15, 2023).
5. One copy of Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

The effectiveness deadline is as set forth in Section 4.02 of the Loan Agreement which states the following: "The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement."

Please confirm on behalf of the Guarantor receipt of the documents listed above by signing the enclosed copy of this letter.

Sincerely yours,


Boris Weber

Resident Representative

Encl.



SUBSECRETARÍA DE FINANCIAMIENTO PÚBLICO

REGISTRO N°: 781

FECHA: 12 diciembre 2024

PAGINA N°: 00000046

REGISTRO DE LA DEUDA PÚBLICA

LOAN NUMBER 9722-EC

Loan Agreement

(Ecuador Guayas: Resilient Rural Roads Project)

between

PROVINCIAL DECENTRALIZED AUTONOMOUS GOVERNMENT OF GUAYAS

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between the PROVINCIAL DECENTRALIZED AUTONOMOUS GOVERNMENT OF GUAYAS (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). 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 Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of one hundred million Dollars (\$100,000,000) (“Loan”), as such amount may be converted from time to time through a Currency Conversion, to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 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 Schedule 3 to this 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 and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following: the Operational Manual has been prepared and adopted by the Borrower in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Provincial Prefect.
- 5.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Av. Juan Illingworth 108 y Av. Simón Bolívar
Guayaquil, Ecuador

- (b) the Borrower's Electronic Address is:

E-mail: marcela.aguinaga@guayas.gob.ec

- 5.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

International Bank for Reconstruction and Development 1818 H Street, N.W.
Washington, D.C. 20433 United States of America; and

- (b) the Bank's Electronic Address is:

Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

**PROVINCIAL DECENTRALIZED
AUTONOMOUS GOVERNMENT OF
GUAYAS**

By


Authorized Representative

Name:

Marcela Abouinasa V.

Title:

Prefecta del Guayas.

Date:

Diciembre 31/2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name:

Boris Weber

Title:

Resident Representative

Date:

12/03/2024



SUBSECRETARÍA DE FINANCIAMIENTO PÚBLICO

REGISTRO N°: 781

FECHA: 12 diciembre 2024

PAGINA N°: 0000.0004

REGISTRO DE LA DEUDA PÚBLICA



SCHEDULE 1

Project Description

The objectives of the Project are to improve resilient, sustainable, and safe road connectivity in rural areas of the Province of Guayas and, in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

The Project consists of the following parts:

Part 1: Rural Road Construction and Rehabilitation

- (a) **Rehabilitation of Rural Roads.** (i) Works, supervision, and maintenance for Eligible Road Rehabilitations, including rehabilitation of road structures, replacement of drainage structures, geometric rectifications, and signage, including implementation of the recommendations resulting from the activity described in Part 2(b)(i) of the Project; (ii) the development of one or more pilots for the application of CREMA Contracts within Eligible Road Rehabilitations; and (iii) Land Compensation Payments.
- (b) **Reconstruction and construction of bridges in rural areas.** (i) Works, supervision, and maintenance for Eligible Bridge Constructions, including implementation of the recommendations resulting from the activity described in Part 2(b)(i) of the Project; and (ii) Land Compensation Payments.

Part 2: Project Management and Capacity Building

- (a) **Project Management.** Activities to support Project administration and management, including procurement, financial, environmental, social, and technical management as well as monitoring and evaluation (including, *inter alia*, Operating Costs, Training, and Project external audits).
- (b) **Technical support.** Development and implementation of an organization and business plan for planning and maintenance of the Borrower's rural transport infrastructure, including: (i) reviews, recommendations, and road safety audits for enhancing the designs for the roads and bridges to be intervened under Part 1 of the Project based on considerations of climate resilience, gender, active mobility (such as bike and pedestrian walkways), asphalt recycling, and road safety; (ii) implementation of a road asset management system for maintenance and prioritization of investments; (iii) development of technical manuals and guidelines; and (iv) capacity building, Training, and outreach activities.
- (c) **Community Engagement, Protection, Gender, and Inclusion.** Activities for the consultation of communities in the design, implementation, and supervision of rural road sector projects, including, *inter alia*: (i) gender assessment of women's participation in the rural roads sector; (ii) development of a gender action plan and carrying out Training to support contractors in the operationalization of contract clauses for training and employment of women; (iii) activities to address sensitive community and gender issues arising from Project activities, such as sexual exploitation and abuse and sexual harassment (SEA/SH) and HIV/AIDS, including the design and monitoring the implementation of prevention and mitigation measures for potential victims, incorporating SEA/SH-related provisions in contract documents (such as codes of conduct); (iv) Training on gender and gender-based

violence (GBV) risk prevention and mitigation; (v) community awareness on SEA/SH and GBV; and (vi) public consultations through meetings with the community.

Part 3: Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.



SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Implementation Team

The Borrower shall:

- (a) maintain at all times during implementation of the Project, a project execution unit with functions, responsibilities and resources, and staffed with personnel exclusively dedicated to the Project in number and with qualifications, experience and functions acceptable to the Bank, including, *inter alia*, (i) a project coordinator, (ii) three civil engineers, (iii) a social specialist, (iv) an environmental specialist, (v) a procurement specialist, (vi) a financial management specialist, (vii) a monitoring and evaluation specialist, (viii) a legal expert, and (ix) a road safety expert, all in number and with terms of reference and qualifications acceptable to the Bank all as further specified in the Operational Manual; and
- (b) without limiting the generality of paragraph (a) above, no later than forty-five (45) days after the Effective Date, contract for or appoint the financial management specialist, the procurement specialist, the social specialist, and the environmental specialist.

2. Operational Manual

- (a) The Borrower shall carry out the Project in accordance with an operational manual satisfactory to the Bank (the "Operational Manual"), including, *inter alia*: (i) institutional arrangements; (ii) operation of the PEU and involved departments of the Borrower; (iii) roles, responsibilities, and terms of reference of key PEU staff members; (iv) Project planning and monitoring and evaluation; (v) social and environmental management, reporting, communication, and human resources; (vi) procurement; (vii) administrative processes and financial management; (viii) grievance procedures; and (ix) procedures for amending the Operational Manual.
- (b) The Borrower shall not amend, suspend, abrogate, repeal, or waive any provision of the Operational Manual without the prior written approval by the Bank.
- (c) In case of conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

B. Environmental and Social Standards

- 1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

2. Without limitation upon paragraph 1 above, the Borrower shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, *inter alia*, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower shall establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to:
 - (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and
 - (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and

safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

C. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 3 of the Project (“Contingent Emergency Response Part”), the Borrower shall ensure that:
 - (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
 - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual nor the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Borrower shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to the Bank.
3. The Borrower shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.

4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, Operating Costs, and Training under Parts 1 and 2 of the Project (other than Land Compensation Payments)	97,250,000	100%
(2) Land Compensation Payments under Part 1 of the Project	2,750,000	100%
(3) Emergency Expenditures under Part 3 of the Project	0	
TOTAL AMOUNT	100,000,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; except that withdrawals up to an aggregate amount not to exceed twenty million Dollars (\$20,000,000) may be made for payments made prior to this date but on or after March 23, 2024, for Eligible Expenditures under Category (1), provided that an environmental and social compliance assessment has been carried out with respect to such Eligible Expenditures in accordance with the ESCP and in form and substance satisfactory to the Bank; and
 - (b) for Emergency Expenditures under Category (3), unless and until all of the following conditions have been met in respect of said expenditures:

- (i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (3); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
- (ii) the Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.

2. The Closing Date is December 31, 2029.



SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each February 15 and August 15 Beginning February 15, 2030 through February 15, 2044	3.33%
On August 15, 2044	3.43%



APPENDIX

Section I: Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “CERC Manual” means the manual referred to in Section I.C.1 of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the Operational Manual.
4. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 3 of the Project to respond to an Eligible Crisis or Emergency.
5. “CREMA Contract” means *Contrato de Rehabilitación y Mantenimiento*, a performance-based road rehabilitation and maintenance contract.
6. “Eligible Bridge Constructions” means the construction and/or reconstruction of the following eight (8) bridges as further described in the Operational Manual: Puente Evia; Puente Las Flores; Puente El Hediondo; Puente Milagro; Puente Limón; Puente El Toro; Puente Cone; and La Dolorosa.
7. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
8. “Eligible Road Rehabilitations” means the following seven (7) road rehabilitation interventions as further described in the Operational Manual: T de Baba; Cruce Bueno; Pedro Velez; San Antonio; Colimes Olmedo; 7 Cascadas-Pauji; and Valle de la Virgen.
9. “Emergency Action Plan” means the plan referred to in Section I.C.1 of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
10. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.C.1 of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
11. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated August 6, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and

reporting arrangements, and any environmental and social instruments to be prepared thereunder.

12. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
13. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
14. “Land Compensation Payments” means expenditures incurred in financing the cost of providing cash compensation and/or cash assistance resulting from land acquisition under the Project in accordance with any RAP.
15. “Operating Costs” means the reasonable costs of incremental expenditures (other than for consulting services and Training) incurred by the PEU in connection with Project implementation which would not have been incurred absent the Project, including, *inter alia*, consumable items, utilities and supplies, office supplies, communications expenses, salaries of contractual and temporary staff, and accommodation, transport, and per diem for staff, but excluding salaries, fees, honoraria, bonuses, and any other salary supplements of members of the Borrower’s civil service.
16. “Operational Manual” means the manual described in Section I.A.2 of Schedule 2.
17. “PEU” means the Project execution unit to be established by the Borrower pursuant to Section I.A.1(a) of Schedule 2 to this Agreement.
18. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
19. “RAP” means any resettlement action plan that may be required for Project activities, in accordance with the ESCP and in line with the Environmental and Social Standards.
20. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

21. "Training" means the reasonable costs of: (i) training materials and rental of training facilities and equipment; (ii) tuition fees, travel and per-diem of trainers and trainees; and (iii) any other expenses related to training (including study tours and workshops) to be carried out under the Project.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.01 (*Front-end Fee; Commitment Charge*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07 (b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

(b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from the date of the Loan Agreement or the date which falls on the fourth anniversary of the date of approval of the Loan by the Bank, whichever is later, to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07 (c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date."

2. Section 3.04 (*Prepayment*) is modified to read as follows:

"Section 3.04. *Prepayment*

(a) After giving not less than forty-five (45) days' notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

(b) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply."

3. Definition No. 75 in the General Conditions is modified to read as follows:

“75. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”





SUBSECRETARÍA DE FINANCIAMIENTO PÚBLICO

REGISTRO N°: 781

FECHA: 12 diciembre 2024

PAGINA N°: 00000046

REGISTRO DE LA DEUDA PÚBLICA

LOAN NUMBER 9722-EC

Guarantee Agreement

(Ecuador Guayas: Resilient Rural Roads Project)

between

REPUBLIC OF ECUADOR

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

GUARANTEE AGREEMENT

AGREEMENT entered into between the REPUBLIC OF ECUADOR (“Guarantor”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) (“Guarantee Agreement”) in connection with the Loan Agreement of the Signature Date between the Bank and Provincial Decentralized Autonomous Government of Guayas (“Borrower”), concerning Loan No. 9722-EC (“Loan Agreement”). The Guarantor and the Bank hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) apply to and form part of this Agreement.

Section 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Loan Agreement.

ARTICLE II – GUARANTEE

The Guarantor declares its commitment to the objectives of the Project. To this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement.

ARTICLE III – REPRESENTATIVE; ADDRESSES

Section 3.01. The Guarantor’s Representative is the Guarantor’s Minister of Economy and Finance.

Section 3.02. For purposes of Section 10.01 of the General Conditions:

(a) the Guarantor’s address is:

Ministry of Economy and Finance
Av. Amazonas y Pereira, Plataforma Financiera
Quito, Ecuador

(b) the Guarantor’s Electronic Address is:

E-mail: documentosmef@finanzas.gob.ec

Section 3.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank’s address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:
Facsimile: 1-202-477-6391

AGREED as of the later of the two dates written below.

REPUBLIC OF ECUADOR

By

Gary Coronel
Authorized Representative

Name: Gary Coronel Avila

Title: Undersecretary of Public Finance
and Risk Analysis

Date: 12/03/2024

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

B. Weber
Authorized Representative

Name: Boris Weber

Title: Resident Representative

Date: 12/03/2024



Ministerio
de Economía
y Finanzas

SUBSECRETARÍA DE FINANCIAMIENTO PÚBLICO

REGISTRO N°: 781

FECHA: 12 de diciembre 2024

PAGINA N°: 00000004

REGISTRO DE LA DEUDA PÚBLICA

BORIS WEBER
Resident Representative
Republic of Ecuador

Date: 12/03/2024

Mrs. Marcela Aguiñaga
Prefecta del Guayas
Prefectura del Guayas
Av. Juan Illingworth 108 y Av. Simón Bolívar
Guayaquil, Ecuador

**Re: IBRD Loan 9722-EC (Ecuador Guayas: Resilient Rural Roads Project)
Additional Instructions: Disbursement and Financial Information Letter**

Dear Mrs. Aguiñaga:

I refer to the Loan Agreement between Province of Guayas (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”) for the above-referenced Project. The General Conditions, as defined in the Loan Agreement, provide that the Borrower may from time-to-time request withdrawals of Loan amounts from the Loan Account in accordance with the Disbursement and Financial Information Letter (“DFIL”), and such additional instructions as the Bank may specify from time to time by notice to the Borrower. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project-specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Loan Funds, and Reporting of Uses of Loan Funds for the project

(i) Disbursement Arrangements

The *Disbursement Guidelines for Investment Project Financing*, dated February 2017 (“Disbursement Guidelines”), are available on the Bank’s secure website “Client Connection” at <https://clientconnection.worldbank.org> and its public website at <https://www.worldbank.org>. The Disbursement Guidelines are an integral part of the DFIL, and the manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below.

The table in Schedule 1 sets out the disbursement methods which may be used by the Borrower, information on registration of authorized signatories, processing of Withdrawal Applications (including the minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

(ii) Withdrawal Applications (Electronic Delivery)¹

The Borrower shall deliver Withdrawal Applications (with supporting documents, “Applications”) electronically through the Bank’s web-based portal “Client Connection” at <https://clientconnection.worldbank.org>. This option will be effective after the officials designated in writing by the Borrower, who are authorized to sign and deliver Applications, have registered as users of “Client

¹ Section 10.01 (c) of the General Conditions

Connection.” The designated officials shall deliver Applications electronically by completing Form 2380, which is accessible through “Client Connection.” By signing the Authorized Signatory Letter, which can be delivered manually or electronically, the Borrower confirms that it is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by these means. The Borrower may exercise the option of preparing and delivering Applications in paper form on exceptional cases (including those where the Borrower encounters legal limitations) and which were previously agreed with the Bank. By designating officials to use SIDC and deliver the Applications electronically, the Borrower confirms through the Authorized Signatory Letter its agreement to (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with the Use of Electronic Means to Process Applications and Supporting Documentation, available in the Bank’s public website at <https://www.worldbank.org> and “Client Connection” at <https://clientconnection.worldbank.org>; and (b) to cause such officials to abide by those terms and conditions.

II. Financial Reports and Audits²

- (i) **Financial Reports.** The Borrower shall prepare and furnish to the Bank, not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports (“IFR”) for the Project covering the semester, in form and substance satisfactory to the Bank.
- (ii) **Audits.** Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower or other period agreed with the Bank. The audited Financial Statements for each such period shall be furnished to the Bank by the Borrower, not later than six (6) months after the end of such period.

III. Contingent Emergency Response Component (Component 3, Category 3)

This component will finance eligible expenditures required to immediate response to an Eligible Crisis or Emergency. The list of eligible expenditures and the funds flow arrangements will be defined in the Contingent Emergency Response Manual (“CERC Manual”) that will be part as annex of the Operational Manual.

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank’s public website at <https://www.worldbank.org> and “Client Connection” at <https://clientconnection.worldbank.org>, the Bank recommends that you register as a user of “Client Connection.” From this website, you will be able to prepare and deliver Authorized Signatory Letters and Withdrawal Applications, monitor the near real-time status of the Loan and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the Bank by email at askloans@worldbank.org using the above reference.

Yours sincerely,



Boris Weber
Resident Representative
Republic of Ecuador

² Section 5.09 of the General Conditions

Attachments

1. Form of Authorized Signatory Letter
2. Statement of Expenditures

Schedule 1: Disbursement Provisions

Basic Information			
IBRD Loan No.	Country	Republic of Ecuador	Section III.B.2 of Schedule 2 to the Loan Agreement.
	Borrower	Province of Guayas	
9722-EC	Name of the Project	Ecuador Guayas: Resilient Rural Roads Project	Disbursement Deadline Date <i>Subsection 3.7 **</i>
Disbursement Methods and Supporting Documentation			
Disbursement Methods <i>Section 2 (**)</i>	Methods	Supporting Documentation <i>Subsections 4.3 and 4.4 (**)</i>	
Direct Payment	Yes	<ul style="list-style-type: none"> • Copy of records (e.g., invoices and receipts) 	
Reimbursement	Yes	<ul style="list-style-type: none"> • Statement of Expenditures in the format provided in Attachment 2 of the DFIL. 	
Advance (into a Designated Account)	No	Not applicable	
Special Commitments	No	Not applicable	
Designated Account (<i>Sections 5 and 6 **</i>)			
Type	NA	Ceiling	NA
Financial Institution - Name	NA	Currency	NA
Frequency of Reporting <i>Subsection 6.3 (**)</i>	NA	Amount	NA
Minimum Value of Applications (<i>Subsection 3.5</i>)			
The minimum value of applications for Direct Payment is USD 400,000 equivalent.			
Authorized Signatures (<i>Subsection 3.1 and 3.2 **</i>) Withdrawal and Documentation Applications (<i>Subsection 3.3 and 3.4 **</i>)			
The form for Authorized Signatory Letter is provided in Attachment 1 of this letter. The ASL and all Withdrawal Applications with their supporting documentation shall be submitted electronically via the Bank's "Client Connection" system.			
Additional Information			
Designated Account: Considering the status of the Country's Portfolio, the use of advance to a designated account is not authorized. Once the situation is resolved, the DFIL will be amended to permit the use of Advance as Disbursement Method and the Designated Account details will be included.			

Form of Authorized Signatory Letter

[Letterhead]
 Ministry of Finance
 [Street address]

[DATE]

The World Bank
 1818 H Street, N.W.
 Washington, D.C. 20433
 United States of America

Attention: [Country Director]¹

Dear [Country Director]:

Re: IBRD Loan [Loan No.] - [Country Code] - [Project Name]

I refer to the Loan Agreement (Agreement²) between the International Bank for Reconstruction and Development ("Bank") and [Borrower Name] ("Borrower"), providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any ² [one/two/three] of the persons whose authenticated specimen signatures appear below is/are authorized on behalf of the Borrower to sign and submit an application to request a withdrawal from the Loan Account ("Applications").

For the purpose of delivering the Applications to the Bank, ³ [one/two/three] of the persons whose authenticated specimen signatures appear below is/are authorized on behalf of the Borrower, acting [individually / jointly⁴] to deliver the Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This Authorization also confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank, including by electronic means. The Bank shall rely upon such representations and warranties, including the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of SIDC"), the Borrower represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to the Agreement(s) referred to in the subject line of this Authorization.

¹ Instruction to Bank staff: please forward this letter to the Country Lawyer for further processing (Borrower: please do not delete this note).

² Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in the final letter that is sent to the Bank.*

³ Instruction to the Borrower: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in the final letter that is sent to the Bank.*

⁴ Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete it. *Please delete this footnote in the final letter that is sent to the Bank.*

Signatory Details

Name	Position	Email ID
[Signatory Name]	[Title]	[Email]

Specimen Signatures

Signatory Name	Signature 1	Signature 2	Signature 3
[User Name]			
[User Name]			

Yours truly,

/ signed /

[Position]¹

¹ Instruction to Bank staff: please forward this letter to Country Lawyer for further processing (Borrower: please do not delete this note).

Attachment 2

BANCO INTERNACIONAL DE RECONSTRUCCIÓN Y FOMENTO

Certificado de Gastos

PRESTAMO/CREDITO/DONACION NO.:
 NO. SOLICITUD:
 NO. HOJA:
 NO. CATEGORIA:
 HOJA NO.:

PAGOS REALIZADOS DURANTE EL PERIODO DE: _____ AL _____

LOS PAGOS LISTADOS FUERON INCURRIDOS DURANTE EL PERIODO RETROACTIVO (SI o NO): _____

LOS PAGOS LISTADOS FUERON INCURRIDOS ANTES DE LA FECHA DE CIERRE (SI o NO): _____

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Nombre del Proveedor	Breve descripción del gasto	Código del gasto	Contrato Sujeto a revisión previa (SI o NO)	Registro del contrato en C.C.	Moneda del contrato	Monto Total del Contrato	Monto acumulado del contrato (incluido en SOEs anteriores)	Número de la Factura o Recibo	Fecha del Pago	Monto Pagado al Proveedor	% Financ. por AFD	Monto Admisible (Col 11 X 12)	Tasa de Cambio USD	Fecha Débito Cuenta Designada	Cantidad Debitada Cuenta Designada (Col 13 / 14)
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
										0.00					0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
												0.00			0.00
										0.00					0.00
															TOTAL
															0.00

(Indique el local)

DOCUMENTACIÓN DE RESPALDO PARA ESTE CERTIFICADO DE GASTOS ESTÁ EN:

Instrucciones: Preparar un Certificado de Gastos para cada Categoría

- Columna 1: Informe el nombre del proveedor
- Columna 2: Hacer una breve descripción del gasto (ejemplo: honorarios, servicios de limpieza, vehículos, servicios de auditoría, etc)
- Columna 3: Identificar cual tipo de gasto fue hecho (ejemplo: CS: consultoría / CW: obras / GO: bienes / OP: costos operativos / TR: entrenamiento / NCS: servicios de no consultoría / SP: Subproyecto)
- Columna 4: Informar si el contrato fue o no sometido a revisión previa del Banco Mundial.
- Columna 5: Informar número de registro del contrato en Client Connection
- Columna 6: Informar moneda del contrato
- Columna 7: Informar valor del contrato (en la moneda que fue indicada en la columna 6)
- Columna 8: Informar valor del contrato que ya fue pagado, incluido en SOEs anteriores.
- Columna 9: Informar el número de la factura o recibo del proveedor
- Columna 10: Informar fecha del pago al proveedor
- Columna 11: Informar valor pagado al proveedor.
- Columna 12: Indicar el porcentaje de financiamiento (de acuerdo al convenio de préstamo/donación)
- Columna 13: Calcular el monto admisible para financiamiento (resultado de la multiplicación de la columna 11 por la 12). Para los casos en que el porcentaje de financiamiento es de 100%, los valores de esa columna serán los mismos presentados en la columna 11.
- Columna 14: Indicar la tasa de cambio. Favor tener en cuenta que la tasa de cambio a ser utilizada debe ser la tasa de internalización de los fondos. Es decir, que el proyecto debe utilizar la misma tasa que fue utilizada para transformar los dólares que el Banco envió al proyecto en moneda local. Ese punto es muy importante. Ya el Banco no reconoce diferencias de cambio como gasto elegible de financiamiento.
- Columna 15: Fecha que en la cual el proyecto refirió los fondos de la cuenta designada (en dólares) y los envió a la cuenta operativa (en moneda local).
- Columna 16: Cálculo de la columna 13 / columna 14. Esa columna refleja en monto equivalente en dólares del gasto realizado, que será considerado por el Banco para documentación.



Bank Directive

Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016)

Bank Access to Information Policy Designation
Public

Catalogue Number
LEGVP5.09-DIR.117

Issued
July 19, 2016

Effective
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Content

These Guidelines are designed to prevent and combat Fraud and Corruption (as hereinafter defined) that may occur in connection with the use of proceeds of financing from the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA) during the preparation and/or implementation of projects supported by Investment Project Financing (IPF). They set out the general principles, requirements and sanctions applicable to persons and entities which receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of, such proceeds.

Applicable to
IBRD, IDA

Issuer
Senior Vice President and General Counsel, LEGVP

Sponsor
Chief Counsel, LEGOP

GUIDELINES

On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants

Dated October 15, 2006 and Revised in January 2011 and as of July 1, 2016

Purpose and General Principles

1. These Guidelines are designed to prevent and combat Fraud and Corruption (as hereinafter defined) that may occur in connection with the use of proceeds of financing from the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA) during the preparation and/or implementation of projects supported by Investment Project Financing (IPF). They set out the general principles, requirements and sanctions applicable to persons and entities which receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of, such proceeds.
2. All persons and entities referred to in paragraph 1 above must observe the highest standard of ethics. Specifically, all such persons and entities must take all appropriate measures to prevent and combat Fraud and Corruption, and refrain from engaging in, Fraud and Corruption in connection with the use of the proceeds of the IBRD or IDA financing.

Legal Considerations

3. The Legal Agreement¹ providing for a Loan² governs the legal relationships between the Borrower³ and the Bank⁴ with respect to the particular project for which the

¹References in these Guidelines to “Legal Agreement” include any Loan Agreement providing for an IBRD loan or Financing Agreement providing for an IDA credit or grant, any Guarantee Agreement providing for a guarantee by the Member Country of such IBRD Loan, any agreement providing for a project preparation advance or Institutional Development Fund (IDF) Grant, Trust Fund Grant or Loan Agreement providing for a recipient-executed trust fund grant or loan in cases where these Guidelines are made applicable to such agreement, and any Project Agreement with a Project Implementing Entity related to any of the above.

²References to “Loan” or “Loans” include IBRD IPF loans as well as IDA IPF credits and grants, project preparation advances, IDF grants and recipient-executed trust fund grants or loans for projects to which these Guidelines are made applicable under the agreement providing for such grant and/or loan. These Guidelines do not apply to (i) Program for Results (PforR) financing or (ii) Development Policy Operations (DPOs), unless the Bank agrees with the Borrower on specified purposes for which Loan proceeds may be used, or (iii) IBRD/IDA guarantee operations.

³References in these Guidelines to the “Borrower” include the borrower of an IBRD loan or the recipient of an IDA credit or grant or of a trust fund grant or loan. In some cases, an IBRD Loan may be made to an entity other than the Member Country. In such cases, references in these Guidelines to “Borrower” include the Member Country as Guarantor of the Loan, unless the context requires otherwise. In some cases, the project, or a part of the project, is carried out by a Project Implementing Entity with which the Bank has entered into a Project Agreement. In such cases, references in these Guidelines to the “Borrower” include the Project Implementing Entity, as defined in the Legal Agreement.

⁴References in these Guidelines to the “Bank” include both IBRD and IDA, whether acting in their own capacity or as administrator of trust funds financed by other donors.

Loan is made. The responsibility for the implementation of the project⁵ under the Legal Agreement, including the use of Loan proceeds, rests with the Borrower. The Bank, for its part, has a fiduciary duty under its Articles of Agreement to “make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations.”⁶ These Guidelines constitute an important element of those arrangements and are made applicable to the preparation and implementation of the project as provided in the Legal Agreement.

Scope of Application

4. The following provisions of these Guidelines cover Fraud and Corruption that may occur in connection with the use of Loan proceeds during the preparation and implementation of a project financed, in whole or in part, by the Bank. These Guidelines cover Fraud and Corruption in the direct diversion of Loan proceeds for ineligible expenditures, as well as Fraud and Corruption engaged in for the purpose of influencing any decision as to the use of Loan proceeds. All such Fraud and Corruption is deemed, for purposes of these Guidelines, to occur in connection with the use of Loan proceeds.

5. These Guidelines apply to the Borrower and all other persons or entities which either receive Loan proceeds for their own use (e.g., “end users”), persons or entities such as fiscal agents which are responsible for the deposit or transfer of Loan proceeds (whether or not they are beneficiaries of such proceeds), and persons or entities which take or influence decisions regarding the use of Loan proceeds. All such persons and entities are referred to in these Guidelines as “recipients of Loan proceeds”, whether or not they are in physical possession of such proceeds.⁷

6. These Guidelines apply to the procurement of goods, works, non-consulting services and consulting services financed (in whole or in part) out of the proceeds of a Loan from the Bank. Additional specific requirements relating to Fraud and Corruption in connection with such procurement are set out in Annex IV of the World Bank Procurement Regulations for Borrowers under Investment Project Financing, dated July 1, 2016, as the same may be amended from time to time.

⁵References in these Guidelines to the “project” means the Project as defined in the Legal Agreement.

⁶ IBRD’s Articles of Agreement, Article III, Section 5(b); IDA’s Articles of Agreement, Article V, Section 1(g).

⁷ Certain persons or entities may fall under more than one category identified in paragraph 5 of these Guidelines. A financial intermediary, for example, may receive payment for its services, will transfer funds to end users and will make or influence decisions regarding the use of Loan proceeds.

Definitions of Practices Constituting Fraud and Corruption

7. These Guidelines address the following defined sanctionable practices when engaged in by recipients of Loan proceeds in connection with the use of such proceeds:⁸

- a) A “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.⁹
- b) A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly¹⁰ misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- c) A “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
- d) A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- e) An “obstructive practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the Bank’s contractual rights of audit or access to information.¹¹

8. The above practices, as so defined, are referred to collectively and individually in these Guidelines as “Fraud and Corruption”.

Borrower Actions to Prevent and Combat Fraud and Corruption in connection with the Use of Loan Proceeds

9. In furtherance of the above-stated purpose and general principles, the Borrower will:

⁸ Unless otherwise specified in the Legal Agreement, whenever these terms are used in the Legal Agreement, including in the applicable General Conditions, they have the meanings set out in paragraph 7 of these Guidelines.

⁹ Typical examples of corrupt practice include bribery and “kickbacks”.

¹⁰ To act “knowingly or recklessly”, the fraudulent actor must either know that the information or impression being conveyed is false, or be recklessly indifferent as to whether it is true or false. Mere inaccuracy in such information or impression, committed through simple negligence, is not enough to constitute fraudulent practice.

¹¹ Such rights include those provided for, *inter alia*, in paragraph 9(d) of these Guidelines.

- (a) take all appropriate measures to prevent Fraud and Corruption in connection with the use of Loan proceeds, including (but not limited to) (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted, and (ii) ensuring that all of its representatives¹² involved with the project, and all recipients of Loan proceeds with which it enters into an agreement related to the Project, receive a copy of these Guidelines and are made aware of its contents;
- (b) immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;
- (c) if the Bank determines that any person or entity referred to in (a) above has engaged in Fraud and Corruption in connection with the use of Loan proceeds, take timely and appropriate action, satisfactory to the Bank, to address such practices when they occur;
- (d) include such provisions in its agreements with each recipient of Loan proceeds as the Bank may require to give full effect to these Guidelines, including (but not limited to) provisions (i) requiring such recipient to abide by paragraph 10 below; (ii) requiring such recipient to permit the Bank to inspect all accounts, records and other documents relating to the project required to be maintained pursuant to the Legal Agreement, and to have them audited by, or on behalf of, the Bank; (iii) providing for the early termination or suspension by the Borrower of the agreement if such recipient is declared ineligible by the Bank under paragraph 11 below; and (iv) requiring restitution by such recipient of any amount of the loan with respect to which Fraud and Corruption has occurred;
- (e) cooperate fully with representatives of the Bank in any investigation into allegations of Fraud and Corruption in connection with the use of Loan proceeds; and
- (f) in the event that the Bank declares any recipient of Loan proceeds ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising the Borrower's right to terminate early or suspend the agreement between the Borrower and such recipient and/or (ii) seeking restitution.

Other Recipients of Loan Proceeds

10. In furtherance of the above-stated purpose and general principles, each recipient of Loan proceeds which enters into an agreement with the Borrower (or with another recipient of Loan proceeds) relating to the Project will:

- (a) carry out its project-related activities in accordance with the above-stated

¹² References in these Guidelines to "representatives" of an entity also include its officials, officers, employees and agents.

general principles and the provisions of its agreement with the Borrower referred to in paragraph 9(d) above; and include similar provisions in any agreements related to the project into which it may enter with other recipients of Loan proceeds;

(b) immediately report to the Bank any allegations of Fraud and Corruption in connection with the use of Loan proceeds that come to its attention;

(c) cooperate fully with representatives of the Bank in any investigation into allegations of Fraud and Corruption in connection with the use of Loan proceeds;

(d) take all appropriate measures to prevent Fraud and Corruption by its representatives (if any) in connection with the use of Loan proceeds, including (but not limited to): (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted, and (ii) ensuring that all its representatives receive a copy of these Guidelines and are made aware of its contents;

(e) in the event that any representative of such recipient is declared ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, either removing such representative from all duties and responsibilities in connection with the project or, when requested by the Bank or otherwise appropriate, terminating its contractual relationship with such representative; and

(f) in the event that it has entered into a project-related agreement with another person or entity which is declared ineligible as described in paragraph 11 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, (i) exercising its right to terminate early or suspend such agreement, and/or (ii) seeking restitution.

Actions by the Bank in Cases of Fraud and Corruption

11. In furtherance of the above-stated purpose and general principles, the Bank has the right to sanction, in accordance with prevailing World Bank Group sanctions policies and procedures, any individual or entity¹³ other than the Member Country¹⁴, including (but not limited to) declaring such individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from

¹³ As in the case for bidders in the procurement context, the Bank may also sanction individuals and entities which engage in Fraud or Corruption in the course of applying to become a recipient of Loan proceeds (e.g., a bank which provides false documentation so as to qualify as a financial intermediary in a Bank-financed project) irrespective of whether they are successful.

¹⁴ For purposes of these Guidelines, "Member Country" includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to compete for and be awarded Bank-financed contracts in accordance with paragraph 3.22 of the World Bank Procurement Regulations for IPF Borrowers.

a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank,

- (a) if at any time the Bank determines¹⁵ that such individual or entity has engaged in Fraud and Corruption in connection with the use of Loan proceeds;¹⁶
- (b) if another financier with which the World Bank Group has entered into an agreement for the mutual enforcement of debarment decisions¹⁷ has declared such individual or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the individual or entity has engaged in Fraud and Corruption in connection with the use of the proceeds of a financing made by such financier; or
- (c) if the World Bank Group has found the individual or entity to be a non-responsible vendor on the basis of Fraud and Corruption in connection with World Bank Group corporate procurement.

Miscellaneous

12. The provisions of these Guidelines do not limit any other rights, remedies¹⁸ or obligations of the Bank or the Borrower under the Legal Agreement or any other document to which the Bank and the Borrower are both parties.

¹⁵ The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank.

¹⁶ The sanction may, without limitation, also include restitution of any amount of the Loan with respect to which Fraud and Corruption has occurred. The World Bank Group may publish the identity of any individual or entity declared ineligible under paragraph 11 of these Guidelines.

¹⁷ Also sometimes referred to as "cross-debarment."

¹⁸ The Legal Agreement provides the Bank with certain rights and remedies which it may exercise with respect to the Loan in the event of Fraud and Corruption in connection with the use of Loan proceeds, in the circumstances described therein.