

AFD CPE1022 03K

FINANCING AGREEMENT

Dated of July 15th 2020

between

AGENCE FRANCAISE DE DEVELOPPEMENT

The Agency

and

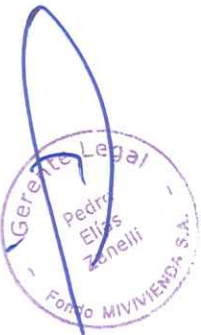
FONDO MIVIVIENDA

The FONDO

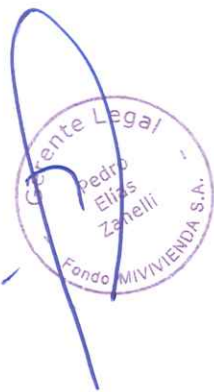


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FINANCING AGREEMENT

BETWEEN:

Fondo Mivivienda S.A., a state-owned company established under the laws of Peru whose registered office is at Av. Paseo de la Republica 3121 San Isidro, Lima, Peru registered in the Book of Corporations of the Registry of Legal Institutions of Lima, Peru, under Entry A00001 of Card No. 11039276, and represented by Rodolfo Javier Chavez Abanto, in his capacity as General Manager and, Guillermo Sanchez Zambrano, in his capacity as Manager of real estate and social project division, who is duly authorized to sign this Agreement;

(the "FONDO");

AND

AGENCE FRANCAISE DE DEVELOPPEMENT, a French public entity (*établissement public*) governed by French law, with registered office at 5, Rue Roland Barthes, 75598 Paris Cedex 12, France, registered with the Trade and Companies Register of Paris under number 775 665 599, represented by Jérémy David Nicolas Brault, in his capacity as as Head of the representative office of AFD in Peru, who is duly authorized to sign this Agreement,

(the "Agency");

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

WHEREAS:

- (A) FONDO intends to facilitate the access to housing finance to the Peruvian population, especially the underserved segment, and is willing to improve and to mainstream its "Green Social Housing" financial program into other programs (the "**Project**"), as described further in Schedule 2 (*Project Description*).
- (B) FONDO has requested that the Agency makes available a Grant for the purposes of financing the Project in part.
- (C) The Agency has requested that the European Commission (hereinafter the "Commission") finance the Project under the Latin American Investment Facility (LAIF). By approval of the Board of the Development Cooperation Instrument (DCI), the Commission has delegated its financial contribution in the Project to the Agency to this effect. Therefore, the Commission and the Agency have entered into a contribution agreement on October 21st, 2019 (the "Contribution Agreement") in connection with the Project.
- (D) Pursuant to resolution n°C20190260 of the AFD's Administrative Council dated May 16th 2019, the Agency has agreed to make available the Grant to the FONDO pursuant to the terms and conditions of this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Capitalised words and expressions used in this Agreement (including those appearing in the recitals above and in the Schedules) shall have the meaning given



to them in Schedule 1A (*Definitions*), except as otherwise provided in this Agreement.

1.2 Interpretation

Words and expressions used in this Agreement shall be construed pursuant to the provisions of Schedule 1B - Construction), subject to provisions to the contrary.

2. GRANT, PURPOSE AND CONDITIONS OF UTILISATION

2.1 Grant

Subject to the terms of this Agreement, the Agency makes available to FONDO, based on its request, a Grant in a maximum aggregate amount of ten million Euros (EUR 10.000.000).

2.2 Purpose

FONDO shall apply all amounts made available to it under the Investment Grant component exclusively towards financing Eligible Expenses relating to the Investment Grant component, excluding taxes, duties and any rights in accordance with the Project's description as set out in Schedule 2 (*Project Description*) and the Financing Plan set out in Schedule 3 (*Financing Plan*), up to an amount of nine million two hundred and fifty thousand Euros (EUR 9.250.000).

The funds will be on-lent by FONDO to the Financial Intermediaries in the form of reduced interest loans on terms which shall be approved by the Agency.

FONDO undertakes and shall procure that the Financial Intermediaries undertake not to unilaterally modify the main purpose of the Project as set out in Schedule 2 - *Project Description*) of this Agreement, its objectives, strategies and priority areas and any other essential element stated in the above mentioned Schedule.

FONDO shall apply all amounts made available to it under the Technical Assistance Grant Component exclusively towards financing Eligible Expenses relating to the Technical Assistance Grant Component, excluding taxes, duties and any rights, in accordance with the Project's description as set out in Schedule 2 (*Schedule 2 - Project Description*) and the Financing Plan set out in Schedule 3 (*Schedule 3 - Financing Plan*), up to an amount of seven hundred and fifty thousand Euros (EUR 750.000).

2.3 Monitoring

The Agency cannot be held responsible for the use of any amount made available to FONDO which is not in accordance with the provisions of this Agreement.

FONDO discharges and shall procure that the Financial Intermediaries discharge the Agency of all liability in connection with any claim or action brought by any third party as a result of an infringement of regulations and rules applicable to the FONDO and the Financial Intermediaries by one of them, their employees or individuals for whom they are responsible, or as a result of a violation of a third party's rights, in the context of the implementation of the Project.



2.4 Conditions precedent

- (a) No later than the Signing Date, FONDO shall provide the Agency with all of the documents set out in PART I of Schedule 4 (*Conditions Precedent*).
- (b) The FONDO shall be entitled to deliver a Drawdown request to the Agency if:
 - (i) in the case of a first Drawdown, the Agency has received all documents as listed in PART II of Schedule 4 - *Conditions Precedent*) and has notified the FONDO that such documents are satisfactory in form and substance;
 - (ii) in the case of any subsequent Drawdown, the Agency has received all documents set out in PART III of Schedule 4 - *Conditions Precedent*) and has notified FONDO that such documents are satisfactory in form and substance; and
 - (iii) on the date of the Drawdown request and on the proposed Drawdown date for the relevant Drawdown, the conditions set out in this Agreement have been fulfilled, including:
 - (1) the Drawdown request has been made in accordance with the terms of Clause 3.1 (*Drawdown request*);
 - (2) no event referred to in Clause 4 (*Postponement or Dismissal of the Drawdown Requests*) is continuing or may occur;
 - (3) each representation given by the FONDO in relation to Clause 5 (*Representations and warranties*) is true;
 - (4) no Co-Financier has suspended its payments in relation to the Project;
 - (5) the Agency has received the funds delegated by the European Union in accordance with the Contribution Agreement; and
 - (6) the previous Drawdown was used in accordance with this Agreement and the Drawdown request.

3. DRAWDOWN OF FUNDS

3.1 Drawdown request

Provided that the conditions set out in Clause 2.4 (*Conditions precedent*) are satisfied, the FONDO may draw funds from the Grant, in one or several Drawdowns, by delivery to the Agency of a duly completed Drawdown request.

Each Drawdown request shall be delivered by the FONDO (represented by an authorized person of the FONDO) to the head of the Agency office at the address specified in Clause 10.1 (*Notices*).

A Drawdown request will not be regarded as having been duly completed unless all required documents are attached to the Drawdown request and comply with the provisions of Clause 3.2 (*Payment mechanics*).



If all conditions set out in this Agreement are met, the Agency will transfer the requested Drawdown to the FONDO.

The minimum amount of each Drawdown shall be of two million Euros (EUR 2,000,000) or an amount equal to the available Grant if such available Grant is less than two million Euros (EUR 2,000,000).

3.2 Payment mechanics

The funds will be made available in accordance with the following terms and conditions:

3.2.1 Investment Grant Component

The Investment Grant Component shall be used for the implementation of the Project as described in the Schedule 2 (*Project Description*).

The FONDO shall evidence the use of the Investment Grant by providing information as set out in Schedule 3 (*Financing Plan*) - Part II (*Eligible expenses*).

The funds corresponding to the use of the Investment Grant Component shall be paid directly to the FONDO in accordance with the terms and conditions of this Agreement, upon delivery by the FONDO to the Agency of evidence that Eligible Investments have been contracted between the FONDO and its Financial Intermediaries, in form and substance satisfactory to the Agency.

The FONDO shall attach to its Drawdown requests the documents set out in PART II and/or PART III of Schedule 4 - *Conditions Precedent*), as the case may be.

The FONDO undertakes to keep all original documents and to make such documents available to the Agency at any time. The Agency may request that the FONDO provides any other relevant evidence related Eligible Investments.

The FONDO undertakes to deliver such documentary evidence and other documents to the Agency or to any auditing firm appointed by the Agency, upon the Agency's request.

3.2.2 Technical Assistance Grant Component

The Technical Assistance Grant Component shall be used for the implementation of the Project as described in the Schedule 2 (*Project Description*).

Once the Contractor recruited by the FONDO, the AFD shall make available funds corresponding to the Technical Assistance Grant Component, which shall be used according to the following provisions:

- (a) Refinancing of Eligible Expenses relating to the Technical Assistance Grant Component paid by the FONDO

The funds shall be paid directly to the FONDO in accordance with the terms and conditions of this Agreement upon delivery by the FONDO to the Agency of evidence showing the implementation works or service corresponding to the Eligible Expenses, in form and substance satisfactory to the Agency. The FONDO shall attach to its Drawdown requests the documents set out in PART II and/or PART III of Schedule 4 - *Conditions Precedent*), as the case may be.



The FONDO undertakes to keep all original documents and to make such documents available to the Agency at any time.

The Agency may request that the FONDO provides any other evidence of its payment of the relevant Eligible Expenses.

(b) Direct payments by the Agency to contractors

The FONDO may request that the proceeds of a Drawdown are made available directly to contractors for the payment of Eligible Expenses due under a procurement contract for the supply of goods, services and/or other works entered into for the purposes of implementing the Project. To that effect, the FONDO shall deliver to the Agency any instructions necessary to pay the Drawdown directly to the third party contractor and the documents listed in PART II and/or PART III, as the case may be, of Schedule 4 - *Conditions Precedent*)

The FONDO hereby authorises the Agency, upon its request to make direct payments in accordance with paragraph (a) from the funds of a Drawdown. The Agency is not required, at any time, to verify whether there is a restriction of any nature on the payment of the Drawdown. The Agency reserves the right to reject such a request if it becomes aware of any such restriction.

The Agency shall not be liable to the FONDO in any way whatsoever in relation to such Drawdowns and the FONDO waives any action it may have against the Agency in this respect. The FONDO shall indemnify the Agency against any cost, loss or liability which the Agency incurs in relation to any third party actions against the Agency in respect of such mandate.

(c) Place of payment

The funds to be transferred to the FONDO may be paid to a bank account, in an Acceptable Bank agreed with the Agency, in the country of the FONDO or any other country previously agreed with the Agency.

The funds shall be paid to any financial institution of that country and, depending on the request by the FONDO either in (i) Euros to a bank account denominated in Euros; or (ii) an equivalent of the Drawdown in the currency of legal tender in the jurisdiction of the FONDO, at a market rate of exchange on the day of payment and to a bank account denominated in that currency; or (iii) another convertible currency to a bank account denominated in such currency.

(d) Deadline for the refinancing of expenses and direct payment to third party contractors

The FONDO shall ensure that the funds disbursed under the Technical Assistance Grant Component for the refinancing of expenses or for direct payment to third party contractors are used for the financing of expenses of the Project in connection with any work or services carried out or to be carried out before the Deadline for Implementation of the Project. However, for the avoidance of doubt, funds which are used to finance Closing Expenses may be used after the Deadline for Implementation of the Project, but prior to the delivery of the General Implementation Report pursuant to Clause 7.1(b) of the Agreement.

The FONDO undertakes to reimburse, within thirty (30) calendar days upon request of the Agency, the funds of the Technical Assistance Grant Component used for



expenses incurred in connection with any work and services carried out after the Deadline for Implementation of the Project, with the exception of Closing Expenses.

3.2.3 Applicable exchange rate

If any Eligible Expenses are denominated in a currency other than Euro, the FONDO shall convert the invoice amount into the equivalent amount in Euros using the exchange rate for the applicable currency as published by the *Superintendencia de Bancos y Seguros* on (i) the date of the transfer of funds by the FONDO to the Financial Intermediaries with respect to the Investment Grant component, and (ii) the payment date of the relevant invoice with respect to the Technical Assistance Grant Component.

3.3 Deadline for Drawdown

The final Drawdown request shall be received by the Agency no later than fifteen (15) calendar days before the Deadline for Drawdown. If such request is made during the month preceding the Deadline for Drawdown, it shall be addressed to the Agency and be sent by registered mail, requesting an acknowledgment of receipt.

Any part of the Grant that remains unpaid on such Deadline for Drawdown shall be automatically cancelled.

4. POSTPONMENT OR DISMISSAL OF THE DRAWDOWN REQUESTS

The Agency shall be entitled to suspend or postpone, or definitively dismiss any Drawdown request upon the occurrence of any of the following events:

(a) Project Documents

Any Project Document, or any right or obligation set out therein, ceases to be in full force and effect or is subject to a notice of termination or its validity, legality or enforceability is challenged.

(b) Misrepresentation

A representation made or warranty given by the FONDO in the Financing Documents, including under Clause 5 (*Representations and warranties*), or in any document delivered by or on behalf of the FONDO under or in relation to the Financing Documents, is incorrect or misleading when made or given, or deemed to be made or given.

(c) Undertakings and Obligations

The FONDO does not comply with any term of this Agreement, including, without limitation, any of the undertakings it has given pursuant to Clause 6 (*Undertakings*), in particular Clause 6.11 (*Undertakings with respect to the delegation of funds by the European Union*) and Clause 7 (*Information Undertakings*).

(d) Unlawfulness

It is or becomes unlawful for the FONDO to perform any of its obligations under the Financing Documents.



It becomes unlawful for the Agency pursuant to its applicable law to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Grant.

(e) Material adverse change

Any event (including a change in the political situation of the country of the FONDO) or any measure which is likely, according to the Agency's opinion, to have a Material Adverse Effect occurs or is likely to occur.

(f) Withdrawal or suspension of the Project

Any of the following occurs:

- the implementation of the Project is suspended or postponed for a period exceeding six (6) months; or
- the Project has not been completed in full by the Technical Completion Date; or
- the FONDO withdraws from, or ceases to participate in, the Project.

(g) Authorizations

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

(h) Co-Financier(s)

The Co-Financier(s) has (have) suspended its (their) payments in relation to the Project.

(i) Default by the FONDO in relation to a credit facility agreement

The FONDO is in default in relation to a credit facility agreement entered into with the Agency.

(j) Change in status of the FONDO

The FONDO is subject to any of the following:

- transfer in whole or in part or partial contribution of its assets which is likely to adversely affect the FONDO's solvency or ability to implement the Project;
- merger, demerger, winding-up or dissolution, substantial change in or termination of business activities; and
- resolution of the FONDO's competent body passed, judicial proceedings commenced or any other analogous step or procedure taken regarding the suspension of payments, a moratorium with any creditors or the liquidation, dissolution, administration, reorganisation or the restructuring of the FONDO or any similar procedure or arrangement.



(k) Default by the Financial Intermediary

Any of the Financial Intermediaries (i) does not comply with any term of the On-lending Agreement; (ii) does not comply with any term of a Project Document or of any other agreement or deed entered into in relation to the Project; or (iii) does not pay on the due date any amounts due in relation to the Project, and the Agency considers such default would have a material adverse effect on the Project.

(l) Suspension of payments under the Contribution Agreement

Any disbursement of the funds delegated by the European Union to the Agency under the Contribution Agreement is suspended for any reason whatsoever.

(m) Force Majeure

A Force Majeure event has occurred and has an adverse effect on the implementation of all or part of the Project.

(n) Utilisation of the funds of the Grant in contradiction with the terms and conditions of this Agreement and the Project

The FONDO uses the funds of the Grant for a purpose other than the one agreed under the Agreement, or the funds of the Grant are unduly paid by the FONDO or are not properly used by any of the Financial Intermediaries and the FONDO does not take appropriate actions in order to remedy such improper use.

(o) Termination or suspension of the Contribution Agreement

The Contribution Agreement is cancelled, terminated or suspended for any reason whatsoever.

(p) Intervention by an Authority

An Authority:

- decides to close, seize or expropriate all or part of the Project facilities or one or several of the FONDO's assets which are required to continue its activities; or
- takes possession or control of all or part of the Project's facilities or any of the FONDO's assets which are required to continue its activities; or
- takes any measure with a view to the liquidation, winding-up, administration, reorganisation or restructuring of the FONDO or any of the Financial Intermediaries; or
- takes any other measure that would prevent the FONDO from continuing all or part of its activities or operations
- takes any measure that would prevent any of the Financial Intermediaries from continuing all or part of its activities or operations, and the Agency considers such measures would have a material adverse effect on the Project.



5. REPRESENTATIONS AND WARRANTIES

All the representations and warranties set out in this Clause 5 (*Representations and warranties*) are made by the FONDO for the benefit of the Agency on the Signing Date. All the representations and warranties in this Clause 5 (*Representations and warranties*) are deemed to be made by the FONDO on each Drawdown Date.

5.1 Status

The FONDO is a state-owned company duly established and validly existing under the laws of its jurisdiction.

The FONDO has the power to own its assets and carry on its business as it is being conducted. The constitutional documents of the FONDO are in compliance with all applicable laws and regulations.

5.2 Power and authority

The FONDO has the power to enter into, perform and deliver the Financing Documents and Project Documents and to perform all contemplated obligations. The FONDO has taken all necessary action to authorise its entry into, performance and delivery of the Financing Documents and Project Documents and the activities funded by the Grant.

5.3 Binding Obligations

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

5.4 No conflict with other obligations of the FONDO

The entry into and performance by the FONDO of, and the obligations contemplated by, the Financing Documents do not conflict with any domestic or foreign applicable law or regulation, its constitutional documents (or any similar documents) or any agreement or instrument binding upon the FONDO or affecting any of its assets.

5.5 Validity and admissibility in evidence

All Authorizations required:

- (a) to enable the FONDO to lawfully enter into, and exercise its rights and comply with its obligations under the Financing Documents and Project Documents; and
- (b) to make the Financing Documents and the Project Documents admissible in evidence in the courts of the jurisdiction of the FONDO,

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



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5.6 Project Authorizations

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

5.7 Procurement

The FONDO: (i) has received a copy of the Procurement Guidelines and (ii) understands the terms of the Procurement Guidelines, in particular, those terms relating to any actions which the Agency may take in the case of a breach of the Procurement Guidelines by the FONDO which has confirmed that it understands the terms of the Procurement Guidelines and in particular, those terms relating to any actions which the Agency may take in the case of a breach of the Procurement Guidelines.

The FONDO is contractually bound by the Procurement Guidelines as if such Procurement Guidelines were incorporated by reference into this Agreement. The FONDO confirms that the procurement, allocation and performance of the contracts relating to the implementation of the Project comply with the terms of the Procurement Guidelines.

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

The FONDO represents and warrants that:

- (i) (a) its equity; and (b) the funds invested in the Project are not of an Illicit Origin;] and
- (ii) the Project is not structured in a way to contribute to Tax Avoidance Practices or Tax Fraud and does not involve any activities that contribute to Tax Avoidance Practices, or Tax Fraud and ;
- (iii) the Project (in particular, the negotiation, award and performance of any contracts which have been funded by the Grant) has not given rise to any Act of Corruption, Fraud or Anti-Competitive Practice.

5.9 Waiver of sovereign immunity

Neither the FONDO nor any of its property has any immunity from jurisdiction of any court or from set-off or any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution or otherwise).

6. UNDERTAKINGS

The undertakings in this Clause 6 (*Undertakings*) take effect on the Signing Date and remain in full force and effect for the duration of this Agreement.

6.1 Corporate existence

The FONDO shall maintain its corporate existence and the general nature of its business and shall not amend or alter its corporate existence, its registered office, its corporate objectives or the nature of its business without the prior consent of the Agency.



6.2 Authorizations

The FONDO shall comply with and do all that is necessary to maintain in full force and effect and procure that the Financial Intermediaries promptly obtains, complies with and does all that it necessary to maintain in full force and effect any Authorization required under any applicable law or regulation to enable it to perform its obligations under the Financing Documents and to ensure the legality, validity, enforceability and admissibility in evidence of this Agreement *or* any Financing Document or any Project Document.

6.3 Project Documents

The FONDO shall provide or procure that the Financial Intermediaries provide the Agency with a copy of any amendment to any Project Documents and shall not, and shall not agree to, make any material amendment to any Project Document without obtaining the Agency's prior consent.

6.4 Compliance with laws and regulations

The FONDO shall comply and procure that the Financial Intermediaries and Real Estate Developers comply:

- (a) in all respects with all laws and regulations to which it and/or the Project is subject, particularly in relation to publication of information encouraging tax transparency, as well as all applicable environmental protection, human rights, safety and labour laws laws including conventions of the International Labour Organization ("ILO") and the international environmental conventions with respect to environmental protection which are not conflicting with applicable law of the relevant country;
- (b) with all of its obligations under the Project Documents.

6.5 Procurement

In relation to the procurement, award and performance of contracts entered into in connection with the implementation of the Project, the FONDO shall comply with, and implement, the provisions of the Procurement Guidelines.

The FONDO shall take all actions and steps necessary for the effective implementation of the Procurement Guidelines.

If the FONDO does not comply with the Procurement Guidelines, the Agency shall declare the costs incurred under such procurement not eligible to the financing under this Agreement. The FONDO shall reimburse to the Agency the funds of the Grant used to pay these ineligible costs.

6.6 Additional Financing

The FONDO shall not amend or alter the Financing Plan without obtaining the Agency's prior written consent and shall finance any additional costs not anticipated in the Financing Plan on terms satisfactory to the Agency.

6.7 Business relationship

The FONDO shall:



- (i) not intentionally enter into a business relationship with persons or entities listed on any Financial Sanctions List (including those related to the fight against terrorist financing)
- (ii) not purchase, supply, finance any supplies, services or sectors which are subject to an Embargo by the United Nations, the European Union or France.

6.8 Origin of funds, no Acts of Corruption, Fraud, Anti-Competitive Practices or Tax Avoidance Practices or Tax Fraud

The FONDO undertakes:

- (i) to use its best efforts to ensure that the funds other than State funds invested in the Project or its equity and the funds invested in the Project will not come from Illicit Origin;
- (ii) to ensure that the Project is not structured in a way to contribute to Tax Avoidance Practices or Tax Fraud, and more generally that no Project-related activity contributes to Tax Avoidance Practices or Tax Fraud ;
- (iii) to ensure that the Project (in particular during the negotiation, entry into and performance of the contracts financed by the Grant) shall not give rise to any Act of Corruption, Fraud or Anti-Competitive Practice;
- (iv) to inform the Agency with no delay as soon as it becomes aware of or suspects any Act of Corruption, Fraud or Anti-Competitive Practice;
- (v) to take all necessary measures to remedy the situation in a manner satisfactory to the Agency and within the time period determined by the Agency, in the case of paragraph (iv), or at the Agency's request if the Agency suspects that the acts or practices specified in paragraph (iv) have occurred; and
- (vi) to notify the Agency without delay if it is aware of information which leads to suspect the Illicit Origin of funds invested in the Project.

6.9 Environmental and social responsibility

In order to promote sustainable development, the Parties agree that it is necessary that internationally recognised environmental and labour standards, including the fundamental conventions of the International Labour Organization ("ILO") and the relevant international environmental treaties, be complied with.

The FONDO shall comply with the Environment and Social Action Plan agreed as per the the Credit Facility Agreement signed between the FONDO and the Agency on June 26th 2019 (Section 11.13 and Schedule 9).

6.10 Financial ratios

The Beneficiary shall at all times comply with the Regulatory Ratios.

Furthermore, the Beneficiary shall maintain the bank's regulatory Capital Adequacy Ratio greater than 10% of the risk weighted assets and its foreign currency positions below the limits specified in Article 34 of Resolution N° 4906-2017 of the SBS dated of December 20th 2017.



6.11 Undertakings with respect to the delegation of funds by the European Union

- (a) The FONDO undertakes to fulfil its obligations under Schedule 7 - *List of undertakings applicable to the FONDO under the delegation of funds by the European Union*) of the Agreement.
- (b) The FONDO shall also ensure that the obligations under Section 1 "Conflict of interests", section 2 "Data protection", section 3 "Communication and visibility", section 5 "Accounting and archiving" and section 6 "Access and financial checks" of the *Schedule 7 - List of undertakings applicable to the FONDO under the delegation of funds by the European Union*) of the Agreement, apply to its contractors.
- (c) With respect to the procurement under the Program the FONDO shall adopt reasonable measures, in accordance with its own regulations and rules, to ensure that potential candidates or tenderers and applicants shall be excluded from the participation in a procurement or grant award procedure and from the award of a procurement contract financed by EU funds, if the FONDO becomes aware that these entities (i.e. potential candidates or tenderers and applicants) :
- (i) are persons having powers of representation decision making or control over them, have been the subject of a final judgement or of a final administrative decision for fraud, corruption, involvement in a criminal organisation, money laundering, terrorist-related offences, child labour or trafficking in human beings;
- (ii) are persons having powers of representation, decision making or control over them have been the subject of a final judgement or of a Final Administrative Decision for an irregularity affecting the EU's financial interest;
- (iii) are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or if they fail to supply this information;
- (iv) have been the subject of a final judgment or of a Final Administrative Decision establishing that the entities have created an entity under a different jurisdiction with the intention to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business;
- (v) have been created with the intention described in point (iv) above as established by a final judgment or a Final Administrative Decision.

6.12 On-lending – Monitoring of the Financial Intermediaries

The FONDO shall:

- (a) include in the On-lending Agreement provisions whereby the Financial Intermediaries undertake to fulfil all the undertakings that the FONDO has given on behalf of the Final Intermediary under this Agreement including, but not limited to, the undertakings set out in Clauses 6



(Undertakings), in particular Clause 6.11 (*Undertakings with respect to the delegation of funds by the European Union*) and Clause 7 (*Information Undertakings*);

- (b) systematically collect and make available to the Agency, the personal data of any person (identity, citizenship, domicile) and/or any legal entity (corporate name, place of incorporation, registered office, identity of shareholders) benefiting from the on-lent funds;
- (c) provide the Agency with any information in relation to the On-lending Agreement (including the repayment status of the on-lent funds) which shall be recorded in the accounting books of the Financial Intermediaries;
- (d) request the Agency's consent for the allocation of any amount paid by the Financial Intermediaries to the FONDO pursuant to the On-lending Agreement;
- (e) ensure that the Financial Intermediaries fulfil their obligations under the On-lending Agreement and that the on-lent funds are used by the Financial Intermediaries for the financing of the Project in accordance with the terms of this Agreement;

6.13 Fight against money laundering and terrorist financing

The FONDO undertakes for the all term of the Agreement:

- to apply with respect to its customers the procedures of implementation of vigilance obligation in accordance with the Financial Action Task Force (FATF) standards on money laundering;
- authorise the Agency to carry out, or procure that a third party carries out on its behalf, verification on the FONDO's implementation of its vigilance obligation relating to the fight against money laundering and terrorist financing.

6.14 Preservation of Project

The FONDO shall implement and maintain the Project in accordance with generally accepted principles of care and commercial practice and in accordance with technical standards in force.

6.15 Inspections

The FONDO shall allow the Agency, the Commission and their representatives (i) to participate to the monitoring and evaluation of the Project and (ii) to carry out inspections in relation to the implementation and operations, financial aspects included, of the Project, its impact and the achievement of the objectives of the Project.

The FONDO shall co-operate with the Agency, the Commission and their representatives when carrying out such inspections, the timing and format of which shall, in each case, be determined by the Agency and the Commission following consultation with the FONDO. The FONDO undertakes to make available to the Commission and their representatives all necessary information and original supporting documents



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The FONDO shall retain and make available, *and* procure that the Financial Intermediaries retain and make available for inspection by the Agency, all documents relating to the Project for a period of ten (10) years following the Deadline for Drawdown.

6.16 Project Evaluation

The FONDO acknowledges that the Agency may carry out, or procure that a third party carries out on its behalf, an evaluation of the Project. Feedback from this evaluation will be used to produce a performance report containing information on the Project, such as total amount and duration of the funding, objectives of the Project, performance targets and actual expenditure of the Project and an assessment of the relevance, efficiency, impact and viability/sustainability of the Project.

7. INFORMATION UNDERTAKINGS

The undertakings in this Clause 7 (*Information Undertakings*) take effect on the Signing Date and remain in full force and effect for the duration of this Agreement.

7.1 Progress reports

The FONDO shall provide the Agency with:

- (a) until the Deadline for Implementation of the Project, within fifteen (15) calendar days following the anniversary date of the Contribution Agreement, with a technical and financial progress report in relation to the implementation of the Project which draft shall be prepared in accordance with section 9 of *Schedule 7 - List of undertakings applicable to the FONDO under the delegation of funds by the European Union of the Agreement*).
- (b) within four (4) months after the Deadline for Implementation of the Project, with a general implementation report (the “**General Implementation Report**”).
- (c) within four (4) months after the Deadline for Implementation of the Project, with a report in relation to the impact indicators of the Project in the form set out in *Schedule 5 - Form of Impact Indicators Report*).

7.2 Co-Financing

The FONDO shall promptly inform the Agency of any cancellation, in whole or in part, or any prepayment in respect, of a Co-Financing.

7.3 Information - miscellaneous

The FONDO shall provide the Agency with:

- (a) immediately upon becoming aware of them, details of any event or circumstance which is or may be an event causing a deferral or dismissal of a Drawdown request or which has or may have a Material Adverse Effect, the nature of such an event and all the actions taken or to be taken to remedy it (if any);
- (b) immediately any information relating to an event or circumstance which is or may be considered as an utilisation of the funds of the Grant in



contradiction with the terms and conditions of the Agreement, a payment which is undue or any other irregularity in the utilisation of the funds of the Grant;

- (c) promptly upon becoming aware of them, details of any incident or accident directly related to the implementation of the Project which might have a significant impact on the Project site, the working conditions of its employees or any contractors working on the implementation of the Project, the nature of such incident or accident, together with details of any action taken or proposed to be taken, as applicable, by the FONDO to remedy it. The Agency reserves the right to request from the FONDO to adopt additional measures in order to deal with such incident or accident. If no agreement is reached with the FONDO for the implementation of such measures or remedies, the Agency may terminate this Agreement in accordance with Article 11.2 of this Agreement;
- (d) promptly, details of any decision or event which might affect the organisation, completion or operation of the Project;
- (e) for the all duration of the Project implementation, the interim and final reports prepared by any service provider and/or Contractor, and thereafter a comprehensive implementation report;
- (f) promptly, any further information or documents with respect to the use of funds and implementation conditions of the Project Documents as well as contracts entered into for their implementation that the Agency may request;
- (g) details of any transaction which would result/has resulted in a change of ownership of five per cent (5%) or more of the FONDO's share capital or in a direct or indirect change of Control of the FONDO.
- (h) as soon as possible, throughout the duration of the business relationship, provide the Agency with any document or information about the FONDO that the Agency may request, to enable the Agency to fulfill its know-your-customer ("KYC") obligations under anti money laundering and anti-terrorist regulations, in particular for the purpose of updating its KYC information on the client (the FONDO);

7.4 Financial and statutory information

The FONDO shall:

- (i) inform and seek prior consent of the Agency of any change in its applicable interest rates applicable under its On-lending documents that would could affect the Project;
- (ii) inform the Agency of any change in its legal status required to be disclosed under any applicable law;
- (iii) inform in writing and seek prior consent with the Agency of any transfer within a single budget heading of the Technical Assistance Grant, including cancellation or introduction of an item, or a transfer between budget headings involving a variation (as the case may be in cumulative terms) of 25 % or less of the amount originally entered within this component. No transfer between



Technical Assistance Grant and Investment Grant Components may be undertaken without prior consent of the EU and the Agency.

- (iv) provide the Agency with its annual financial or budgetary documents after their approval by FONAFE as well as any details that the Agency may reasonably require in relation to its financial position;
- (v) send to the Agency, upon its request, the Beneficiary's minutes of meetings, resolutions and reports of its corporate organs related to the Project, together with its annual audited financial statements or any report in relation to the audit of its financial statements, as the case may be.

8. COSTS AND EXPENSES - REGISTRATION

8.1 Costs and expenses

The FONDO shall pay all costs and expenses incurred in connection with the negotiation, preparation and signing of this Agreement including, as the case may be:

- (i) legal fees for up to an amount of USD 20,000;
- (ii) registration costs, if registration is requested by one of the Parties, and other similar taxes payable in respect of this Agreement; and
- (iii) costs and expenses in connection with the transfer of funds from Paris financial centre to any other financial centre agreed with the Agency.

8.2 Recovery costs

The FONDO shall pay directly or reimburse the Agency for all reasonable costs and expenses, if applicable, that the Agency would incur or has paid for any step to be taken including without limitation in case of judicial recourses for the recovery of all amount of the Grant irregularly or unduly used or paid under this Agreement.

9. MISCELLANEOUS

9.1 Language

The language of this Agreement is English. If this Agreement is translated, the English version shall prevail in the event of any conflicting interpretation of the terms of this Agreement or in the event of a dispute between the Parties.

All communications or documents provided under, or in connection with, this Agreement shall be in English.

The Agency may request that any communication or document provided under, or in connection with, this Agreement which is not in English is accompanied by a Certified English translation, in which case, the English translation shall prevail unless the document is a legal text or other official document.

9.2 Partial Invalidity

If, at any time, a term of this Agreement is or becomes illegal, invalid or unenforceable, the validity, legality or enforceability of the other provisions of this Agreement will not be affected.



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9.3 No waiver

Failure to exercise, or delay in exercising, any right on the part of the Agency shall not operate as a waiver of that right.

Partial exercise of a right shall not prevail any further exercise of such right or the exercise of such right or any other right or remedy under any applicable law.

The Agency's rights and remedies under this Agreement are cumulative and not exclusive of its rights and recourse under any applicable law.

9.4 Assignment

The FONDO may not assign or transfer, in any manner whatsoever, all or any of its rights and obligations under this Agreement without the prior written consent of the Agency.

The Agency may assign or transfer to a third party its rights and obligations under this Agreement.

9.5 Legal effect

The Schedules annexed hereto, the Procurement Guidelines and the recitals hereof form part of this Agreement and have the same legal effect as the other terms of this Agreement.

9.6 Entire agreement

As of the Signing Date, this Agreement represents the entire agreement between the Parties in relation to the matters set out herein, and supersedes and replaces all previous documents, agreements or understandings which may have been exchanged or communicated as part of the negotiations in connection with this Agreement.

9.7 Amendments

No amendment may be made to this Agreement unless expressly agreed in writing between the Parties.

9.8 Confidentiality - Disclosure of information

- (a) The FONDO shall not disclose the content of any Financing Document to any third party without the prior consent of the Agency except to any person to whom the FONDO has a disclosure obligation under any applicable law, regulation or judicial ruling.
- (b) Notwithstanding any existing confidentiality agreement, the Agency may disclose any information or documents in relation to the Project to: (i) its auditors, rating agencies, legal advisers or supervisory bodies such as, for instance, the European Anti-Fraud Office (OLAF); and (ii) any person or entity for the purpose of taking any protective measures or preserving the rights of the Agency under this Agreement.
- (c) Furthermore, the FONDO hereby expressly authorizes the Agency to communicate and to disclose on the Agency's Website information relating to the Project and its financing as listed in Schedule 6



(Information that the Agency is authorized expressly to disclose on the Agency's website (in particular on its open data platform)).

9.9 Statute of Limitations

The statute of limitations period in relation to this Agreement is ten (10) years.

10. NOTICES

10.1 In writing

Any notice, request or other communication provided under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be given by fax or by post to the address and number of the relevant Party set out below:

For the FONDO:

FONDO MIVIVIENDA

Address: Av. Paseo de la República 3121 - San Isidro - Lima - Perú

Telephone: (+511) 2117373

Attention: Rodolfo Javier CHAVEZ ABANTO, General Manager

For the Lender:

AFD – LIMA OFFICE

Address: Calle Rio de la Plata 167, Of 502, San Isidro, LIMA

Telephone: +51 1 610 2300

Attention: Jérémy David Nicolas BRAULT, Head of the representative office

With a copy to:

AFD – PARIS HEAD OFFICE

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

Telephone: + 33 1 53 44 31 31

Attention: Bruno LECLERC, Director of Latin America Department

or such other address, department or officer as one Party notifies to the other Party with at least five (5) Business Days' prior notice.

10.2 Effectiveness

Any notice, request or communication made, or any document sent, by a Party to the other Party in connection with this Agreement is deemed to become effective, when posted and delivered to the correct address, and, where a particular person or a department has been specified, if such notice, request or communication has been addressed to that person or department.



10.3 Electronic communications

- (a) Any communication made by one person to another under or in connection with this Agreement may be sent by electronic mail or other electronic means if the Parties:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made between the Parties will be effective only when actually received in a readable form.

11. ENTRY INTO FORCE – DURATION – TERMINATION

11.1 Entry into Force and Duration

This Agreement comes into force on the day of the Signing Date and shall remain in full force and effect for effect until the expiration date of a two (2) year period starting on the date of the General Implementation Report set out in Clause 6.1 as from the Signing Date.

Notwithstanding the above, the requirements of clause 6.18 (*Inspections*) and Clause 9.8 (*Confidentiality - Disclosure of information*) will remain in full force and effect for five (5) years following the date mentioned in the paragraph above.

11.2 Termination

The Agency reserves the right to terminate this Agreement if the first Drawdown has not been drawn within eighteen (18) months from the date of approval of the Grant referred to in paragraph (D) of the Recitals.

The Agency also reserves the right to terminate this Agreement upon the occurrence of one of the events referred to in Clause 4 (*Postponment or Dismissal of the Drawdown Requests*).

The Agency shall inform the FONDO of such termination by registered mail. Upon request by the Agency, and due to the occurrence of any of these events, the FONDO shall repay the funds of the Grant, in whole or in part.

12. GOVERNING LAW, ENFORCEMENT AND SERVICE OF PROCESS

12.1 Governing Law

This Agreement is governed by French law.



12.2 Jurisdiction

Any dispute arising out of or in connection with this Agreement shall be settled by the courts of PARIS.

12.3 Choice of domicile

Without prejudice to any applicable law, for the purposes of serving judicial and extrajudicial documents in connection with any action or proceedings referred to above, the FONDO irrevocably chooses its registered office as at the date of this Agreement at the address set out in Clause 10 (*Notices*) as its domicile, and the Agency chooses the address "AFD Head Office" set out in Clause 10 (*Notices*) as its domicile.

Executed in two (2) originals, in Lima, on July 15th 2020

FONDO

FONDO MI VIVIENDA

Represented by:



Rodolfo Javier CHAVEZ ABANTO
General Manager


and **Guillermo SANCHEZ ZAMBRANO**
Manager of real estate and social projects division

AGENCY

AGENCE FRANÇAISE DE DÉVELOPPEMENT

Represented by:


Jérémy David Nicolas BRAULT
Head of the representative
Office of AFD in Peru

JEREMY BRAULT
Apoderado

Schedule 1A - Definitions

Acceptable Bank	means any bank acceptable to the Agency.
Act of Corruption	<p>means any of the following:</p> <p>(a) the act of promising, offering or giving, directly or indirectly, to a Public Official or to any person who directs or works, in any capacity, for a private sector entity, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity; or</p> <p>(b) the act of a Public Official or any person who directs or works, in any capacity, for a private sector entity, soliciting or accepting, directly or indirectly, an undue advantage of any nature, for the relevant person himself or herself or for another person or entity, in order that this person acts or refrains from acting in breach of his or her legal, contractual or professional obligations and, having for effect to influence his or her own actions or those of another person or entity.</p>
Agreement	means this financing agreement, including its recitals, Clauses, Schedules, Procurement Guidelines and, if applicable, any amendments made in writing thereto.
Anti-Competitive Practices	<p>means:</p> <p>(a) any concerted or implicit action having as its object and/or as its effects to impede, restrict or distort fair competition in a market, including without limitation when it tends to: (i) limit market access or the free exercise of competition by other companies; (ii) prevent price setting by the free play of markets by artificially favouring the increase or decrease of such prices; (iii) limit or control any production, markets, investment or technical progress; or (iv) share out markets or sources of supply;</p> <p>(b) any abuse by a company or group of companies of a dominant position within a domestic market or in a substantial part thereof; or</p> <p>(c) any bid or predatory pricing having as its object and/or its effect to eliminate from a market, or to prevent a company or one of its products from accessing the market.</p>



Authority(ies)	means any government or any body, department or commission exercising a public prerogative, or any administration, court, agency or state or any governmental, administrative, tax or judicial entity.
Authorization(s)	means any Authorization, consent, approval, resolution, permit, licence, exemption, filing, notarization or registration, or any exemptions in respect thereof, obtained from or provided by an Authority, whether granted by means of an act or omission within a defined time limit.
FONDO Client(s)	means each legal or natural person that is a client of the FONDO benefiting from a loan for the purpose of financing an eligible investment.
Certification Agency	means the certification agency in charge of certifying, ex-ante and ex-post, that Real Estate Developers' Eligible Investments comply with the eligibility criteria set within the <i>Mivivienda Verde</i> Program.
Certified	means for any copy, photocopy or other duplicate of an original document, the certification by any duly authorised person, as to the conformity of the copy, photocopy or duplicate with the original document.
Closing Expenses	means costs relating to the final report, the final assessment, the final audit and other costs in connection with the closing of the Project
Co-Financier(s)	means the following co-financier(s) of the Project: KfW for an amount (known or contemplated) of forty-five million euros (45.000.000 EUR) in the form of a credit facility signed with the FONDO on June 26 th 2019.
Co-Financing	means the credit facility agreement entered into between KfW and the FONDO on June 26 th 2019.
Contractor(s)	means third party contractor(s) appointed by the FONDO to implement all or part of the Project as described in Schedule 2 - <i>Project Description</i>).
Contractor's Guarantee(s)	means any guarantee provided to the FONDO directly or indirectly by any co-contractor in charge of the implementation of the Project or any part thereof, such as, for example, the completion guarantee or the advance payment guarantee.
Control	means, for any person or entity, a direct or indirect holding of a percentage of a company's share capital granting that person or entity a majority of the voting rights at that company's general meetings.



Credit Facilities	means the credit facilities signed between the FONDO and its Co-Financiers in the context of this Project.
Deadline for Drawdown	means February 20 th 2023, date after which no further Drawdown may occur.
Deadline for Implementation of the Project	means April 21 st 2023.
Contribution Agreement	has the meaning given to this term in paragraph (C) of the preamble of the Agreement
Drawdown	means the drawdown of all or part of the funds made available by the Agency to the FONDO in connection with the Grant pursuant to the conditions set out in Clause 3 (<i>Drawdown of Funds</i>).
Eligible Expense(s)	means the expense(s) relating to the two component(s) of the Project as set out in Schedule 3 - <i>Financing Plan</i> , which are incurred for work and services carried out before the Deadline for Implementation of the Project and considered as eligible under article 18 (" <i>Eligible Expenses</i> ") of Schedule II – Part II (General Conditions) of the Delegation Agreement.
Eligible Investment(s) / Eligible Loan(s)	means the investment(s) / loan (i) made in accordance with the conditions provided for in Schedule 2 (<i>Project Description</i>), in sectors other than those listed on the following address: https://www.afd.fr/fr/la-liste-dexclusion-proposee-pour-le-groupe-afd-dans-les-etats-etranagers , (ii) which the Final Beneficiaries are willing to finance through a mortgage loan.
Embargo	means any sanction of a commercial nature which is intended to prohibit any import or export (any supply, sale or transfer) of one or several types of goods, products or services going to and/or coming from any country for a given period and as published and amended by the United Nations, the European Union or France.
Euro(s) or EUR	means the single currency of the member states of the European Economic and Monetary Union, including France, and having legal tender in such member states.
Final Beneficiary	means the households that will acquire the Eligible Investments and enter into mortgage loans with the Financial Intermediaries.
Financial Comparative Advantage	means the total spread between (i) the interest rates which would be applied under the standard financing agreements between the FONDO and the Financial Intermediaries, and (ii) the subsidized interest rate (including the Investment



	Grant Component) which is applied by the FONDO to the Financial Intermediaries for Eligible Investments.
Financing Documents	means this Agreement, the Credit Facility Agreement signed between the AFD and the FONDO on June 26 th 2019, the On-lending Agreements and any other document in relation thereto.
Financial Intermediary(ies)	means the financial institutions to which the FONDO supplies credit with, when applicable, the interest rate reduction for the purpose of enabling them to provide financing or refinancing to the Final Beneficiaries in respect of the Eligible Investments.
Financial Sanctions List	<p>means the list(s) of specially appointed persons, groups or entities which are subject to financial sanctions by the United Nations, the European Union and France.</p> <p>For information purposes only and for the convenience of the FONDO, who may not rely on them, the following references or website addresses are provided:</p> <p>For the lists maintained by the United Nations, the following website may be consulted:</p> <p>http://www.un.org/sc/committees/list_comp.html</p> <p>For the lists maintained by the European Union, the following website may be consulted:</p> <p>http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm</p> <p>For the lists maintained by France, the following website may be consulted:</p> <p>http://www.tresor.economie.gouv.fr/4248_liste-nationale</p>
Financing Plan	means the financing plan of the Project set out in Schedule 3 - Financing Plan).
Force Majeure	means any unforeseeable exceptional situation or event beyond the Parties control which prevents either of them from fulfilling any of its obligations under the Agreement, which may not be attributed to error or negligence on either part (or the part of Contractors, agents or staff), and which could not have been avoided by the exercise of due diligence.
Fraud	means any unfair practice (acts or omissions) deliberately intended to mislead others, to intentionally conceal elements there from, or to betray or vitiate his/her consent, to circumvent any legal or regulatory requirements and/or to violate internal rules and procedures of the FONDO or a third party in order to obtain an illegitimate benefit.



Fraud against the Financial Interests of the European Community	means any intentional act or omission intended to damage the European Union budget and involving (i) the use or presentation of false, inaccurate or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds or in any illegal reduction in resources of the general budget of the European Union; (ii) the non-disclosure of information with the same effect; and (iii) misappropriation of such funds for purposes other than those for which such funds were originally granted.
Grant	means the commitment granted by the Agency in accordance with this Agreement up to the maximum principal amount set out in Clause 2 (<i>Grant, Purpose and Conditions of Utilisation</i>).
Illicit Origin	means funds obtained through: the commission of any predicate offence as designated in the FATF 40 recommendations Glossary under " <i>catégories désignées d'infractions</i> " (http://www.fatf-gafi.org/fr/pages/glossaire/a-c/); <ul style="list-style-type: none">– any Act of Corruption; or– any Fraud against the Financial Interests of the European Community, if or when applicable.
Integrity Statement	means the integrity, eligibility and environmental and social undertaking statement, the form for which is set out in the Schedules to the Procurement Guidelines. Such statement shall be provided by any tenderer or candidate pursuant to the terms set out in clause 1.2.3 of the Procurement Guidelines.
Investment Grant Component	means the component Investment Grant of the Project as described in Schedule 2 - <i>Project Description</i>
Material Adverse Effect	means a material adverse effect on: <ul style="list-style-type: none">– the Project, insofar as it would jeopardise the continuation of the Project in accordance with the Financing Documents and the Project Documents;– the business, assets, financial condition of the FONDO or its ability to honour its obligations under the Financing Documents and the Project Documents;– the validity or enforceability of any Financing Document and any Project Documents.
On-lending Agreement(s)	means the agreement(s) setting out the terms and conditions under which the FONDO shall on-lend funds, which may include the Investment Grant Component in the context of the Project, to the Financial Intermediaries,

	which may therefore include financing agreements of the FONDO with its trust COFIDE (Corporacion Financiera de Desarrollo S.A.) and between COFIDE and the Financial Intermediaries.
Operation Agreement(s)	means the service(s) agreement(s) entered into between one or several Contractor(s) and the FONDO regarding the Project.
Operational Manual	means the manual drafted by the FONDO and approved by the Agency specifying the financing and technical implementation arrangements of the Project (including the eligibility criteria, the modalities for allocating and paying the Investment Grant and the planned implementation of the Technical Assistance program) and the monitoring of its results.
Procedures Manual	means the technical document prepared by the Borrower and approved by the Lender specifying the implementation arrangements and financing of the project (including the eligibility criteria, the modalities of allocation and payment of the Grant To Green Investment and the planned implementation of the Technical Assistance Program) and the follow-up of their results.
Procurement Contracting Deadline	means the date defined in the special conditions of the Contribution Agreement, pursuant to which all procurement contracts must be signed and which is expected to occur no later than October 20 th 2022 for the Project.
Procurement Guidelines	means the contractual provisions in the guidelines relating to procurement financed by the Agency in foreign countries in full force and effect on the date of this Agreement, a copy of which is available on the Website and has been delivered to the FONDO.
Project	means the project as described in Schedule 2 - Project Description).
Project Authorizations	means the Authorizations necessary in order for (i) the FONDO to implement the Project and execute all Project Documents to which it is a party and to exercise its rights and perform its obligations under the Project Documents to which it is a party; and (ii) the Project Documents to which the FONDO is a party to be admissible as evidence before courts in the jurisdiction of the FONDO or before a competent arbitral tribunal.
Project Documents	means all the documents, and in particular agreements, supplied or executed by the FONDO, the Real Estate Developers, the Certification Agency or the Financial Intermediaries regarding the implementation of the Project, being, inter alia, the following documents:



	<ul style="list-style-type: none"> – the contract between the FONDO and the Certification Agency in charge of ; – the contract(s) entered into between the FONDO and the Real Estate Developer; – the Operational Manual and the Procedures Manual; – Operation Agreement(s) entered into with the Contractor(s) for the implementation of the Project.
Public Official	means any holder of legislative, executive, administrative or judicial office whether appointed or elected, permanent or temporary, paid or unpaid, regardless of rank or any other person defined as a public officer under the domestic law of the FONDO's jurisdiction of incorporation, and any other person exercising a public function, including for a public agency or organisation, or providing a public service.
Real Estate Developer	means the real estate developer which constructs and sells the Eligible Investments to the Final Beneficiaries and may be entitled to benefit from the advantages of the Project described in Schedule 2 - Project <i>Description</i>).
Schedule (s)	means any Schedule or Schedules to this Agreement.
Service(s)	means the studies and/or technical assistance as described in Schedule 2 - Project <i>Description</i>).
Signing Date	means the date of execution of this Agreement by all the Parties.
Tax Avoidance Practices	<p>means using legal instruments in order to pay as little tax as possible. A practice of tax avoidance is characterized when, in light of all the involved entities and relevant financial flows, the structuring of a project is not justified by business reasons reflecting the project's economic reality but for the main purpose, or one of the main purposes, of benefiting from a favorable tax regime that would not have been applicable in the absence of such structuring.</p> <p>Tax avoidance practices include, but are not limited to: (i) the use of harmful tax practices; (ii) the use of offshore structures or arrangements aimed at attracting profits which do not reflect real economic activity in the jurisdiction; and / or (iii) the use of so-called base erosion and profit shifting practices as identified in the OECD BEPS Action Plan (including: abuse of double tax conventions, artificial use of hybrids or artificial avoidance of permanent establishment status).</p>



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Tax Fraud	means using illegal practices to avoid paying taxes, for example by not declaring profits or using various ways to avoid paying VAT.
Technical Assistance Grant Component	means the component Technical Assistance of the Project as described in Schedule 2 - Project <i>Description</i>)
Website	means the website of the Agency (http://www.afd.fr/) or any other such replacement website.



Schedule 1B - Construction

- (a) “**assets**” includes all present and future properties, revenues and rights;
- (b) any reference to the “**FONDO**”, a “**Party**” or a “**Agency**” includes its successors in title, permitted assigns and permitted transferees;
- (c) any reference to this Agreement or other document or security is a reference to this Agreement or to such other document or security as amended, restated or supplemented and includes, if applicable, any document which replaces it through novation, in accordance with this Agreement;
- (d) a “**guarantee**” includes any security and any guaranty which is independent from the debt to which it relates;
- (e) a “**person**” includes any person, company, corporation, partnership, trust, government, state or state agency or any association, or group of two or more of the foregoing (whether or not having separate legal personality);
- (f) a “**regulation**” includes any legislation, regulation, rule, decree, official directive, instruction, request, advice, recommendation, decision or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, supervisory authority, regulatory authority, independent administrative authority, agency, department or any division of any other authority or organisation (including any regulation issued by an industrial or commercial public entity) having an effect on this Agreement any of the Financing Documents or on the rights and obligations of a Party;
- (g) a provision of law is a reference to that provision as amended;
- (h) unless otherwise provided, a time of day is a reference to Paris time;
- (i) The Section, Clause and Schedule headings are for ease of reference only and do not affect the interpretation of this Agreement;
- (j) unless otherwise provided, words and expressions used in any other document relating to this Agreement or in any notice given in connection with this Agreement have the same meaning in that document or notice as in this Agreement; and
- (k) a reference to a Clause or Schedule shall be a reference to a Clause or Schedule of this Agreement.



Schedule 2 - Project Description

I – PRESENTATION OF THE SECTOR AND BACKGROUND

- 1- **The Peruvian construction and housing sector is characterized by an important informality and a non-adapted offer:** A substantial portion of the housing demand is concentrated in the low and middle-income segments of society whereas an important segment offer was concentrated in the high-income segment. Moreover, the housing deficit remains important and most dwellings are informally built, increasing the physical and legal precariousness of poor households as well as their vulnerability to natural disasters (ex. El Niño 2017 floods and earthquakes threats), most of which are linked to climate change.
- 2- **The construction sector, key pillar for the country, must improve its environmental performance:** Construction markets remain a key pillar for the Peruvian economy but sustainable housing issues are currently mainly addressed through wastewater, solid waste management practices, whereas resource efficiency solutions addressed through the Peruvian Sustainable Construction Code and are still voluntary for real estate developers. The sustainable construction market is therefore still nascent, which implies that existing norms (ex. EM110) are generally not applied or have generally been limited to higher end market segments.
- 3- **The banking sector is solid but struggles to support the access to housing:** Only 43% of Peruvians hold a bank account and the gap in account ownership between richest and the poorest adults remains important. These relatively low levels of financial inclusion and high interest rates remain key constraints to the development of an effective mortgage market.

Fondo Mivivienda is an important player in this market: mortgages backed by FMV represented approximatively 23% of the total number of mortgages signed in 2018 and works with 21 of the 54 financial institutions which operate in the financial sector in Peru.

In March 2015, AFD and Fondo Mivivienda signed a facility agreement for 120 M€ of which 40 M€ were aimed to elaborate and implement the first pilot Green Social Housing program (“Mivivienda Verde Program”) of the country.

After some initial difficulties, AFD’s resources have now been fully disbursed and the *Mivivienda Verde* Program has experienced an important take off since March 2018: the project has now exceeded initial expectation of success in terms of (i) numbers of monthly approved mortgages (from less than 30 to more than 350), (ii) certified social sustainable housing projects (more than 30 000 dwellings are under construction, almost 2 500 already bought by eligible households), (iii) nascent structural evolutions of this new sector (ex. prices of green technologies are going down, client demand is forcing all real estate developers to enter this market) and a growing private and public support and commitment for this new program.

The current Program is composed of two Credit facilities to Fondo Mivivienda funded by AFD and KFW combined with a Technical Assistance program and Investment Grants funded by the European Union (EU) Latin American Investment Facility (LAIF).

II – PURPOSES OF THE PROJECT

As a result of this successful first phase, Peruvian authorities and FMV’s management have therefore asked for a joint EU, AFD and KFW financial support. After this first successful phase, this Program aims at:



- (i) Scaling-up and consolidating the current achievements of the Green Social Housing program and, more broadly, the Peruvian sustainable construction ecosystem;
- (ii) Improving the social and environmental certification criteria of the *Mivivienda Verde* Program through the introduction of
 - a. new and more stringent certification criteria,
 - b. a new and more granular financial incentives scheme divided into different levels (“grados”), which may composed by reductions in the interest rates and grant schemes, and
 - c. the subsequent extension of the certification sustainability criteria into other mainstream activities of FMV (*Bono del buen pagador* and, if possible, *Bono Familiar Habitacional* in particular); and
- (iii) Supporting Fondo Mivivienda, Real Estate Developers, Financial Intermediaries, Ministries and other relevant stakeholders, via a Technical Assistance program.

II. DESCRIPTION OF THE PROJECT AND RELATED ACTIVITIES

This program would be divided between:

- (i) two Credit Facilities contracted under a Mutual Reliance Initiative with an AFD lead
 - a. a one hundred and five million euros (105.000.000 EUR) facility by AFD, and
 - b. a forty five million euros (45.000.000 EUR) facility by KFW;
- (ii) the Agreement, signed following the signature of the Contribution Agreement between the EU and the AFD on October 21st 2019, under the Latin American Investment Facility (LAIF), and which will notably aim at:
 - a. funding by the the partial reduction of the interest rates proposed, by Fondo Mivivienda to its Financial Intermediaries, to the benefit of FONDO Clients, funded by 9,25 million euros (9.250.000 EUR) by the Investment Grant Component;
 - b. consolidating, through a Technical Assistance program, the structural changes of the program with the main sector key stakeholders of the program (Real Estate Developers, Counterpart Financial Institutions, etc.), funded by 750 thousand euros (750.000 EUR) by the Technical Assistance Grant Component.

A. Component 1: Investment Grant Component

In order to fulfil the project needs, an Investment Grant component of a maximum of nine million and two hundred and fifty thousand euros (9,250,000€) will be be provided under LAIF conditions.

This investment element will constitute one segment of the following sub-components, which contribute to the Project:



- Sub-component 1.a - Credit facilities.

Two Credit Facilities of a total of 150 million euros which will be lent by AFD and KFW to FMV, which will be onlent to Financial Intermediaries in the context of the Project.

- Sub-component 1.b - Interest rate reduction.

This subcomponent is aimed at lowering the cost of the mortgage loans contracted by Final Beneficiaries when acquiring Eligible Investments, via the reduction in the interest rates of the financial agreements signed between the FONDO and the Financial Intermediaries.

Under this sub-component, the 9.25 million euros Investment Grant Component on the LAIF contribution (the Grant) will be used to cover partially for the Financial Comparative Advantage offered in the context of this Project (ie for the costs of FMV's reduction of interest rates in its On-lending agreements with its Financial Intermediaries, in comparison with its other standard on-lending agreements).

These Financial Intermediaries will, in turn and to the extent possible, fully transfer this Financial Comparative Advantage into the conditions of the mortgage loans they will sign with the Final Beneficiaries. This downward modulation may evolve during the different phases of the Project and will vary depending on the levels of the criteria ("grados 1+, 2+ or 3+" as set in Schedule 3 (*Schedule 3 - Financing Plan Part II*)).

- Sub-component 1.c – Green subsidy component.

In the context of the Project, Real Estate Developers producing Eligible Investments may benefit from a subsidy intended to compensate for the overcosts linked to the inclusion of the Technical eligibility criteria (see Schedule 3 (*Schedule 3 - Financing Plan Part II*)).

FMV will take the credit exposure on the Financial Intermediaries and provide the financial incentives according to its policies and procedures and to the conditions specified, with AFD's non-objection, within the Operational Manual and Manuals of Procedure of the Project.

B. Component 2: Technical Assistance Grant Component

The FONDO shall recruit through an international bidding process a Contractor that assist the FONDO to implement the Project.

In order to fulfil the project needs, a Technical Assistance Grant Component of a maximum of seven hundred and fifty thousand euros (750,000€) shall focus on the indicative following sub-components:

Subcomponent 1: Increased capacity building of private partners of FMV on Mivivienda Verde Program

- Subcomponent 1.1 - Facilitation of the political and technical dialogue on sustainable construction with all stakeholders.

This subcomponent may include: (i) setting up regular stakeholder roundtables to enable information sharing and best practices stocktaking (ex. via roundtables) or (ii) technical and political dialogue facilitation among key stakeholders in the construction value chain (in particular the Peruvian State) on construction norms and practices and the design of a sustainable financial framework supporting the transition towards sustainable construction practices.

- Subcomponent 1.2 – Capacity building and knowledge diffusion on selected topics.



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This subcomponent will include inter alia: (i) studies or technical training allowing for an Improved analysis on certain types of risks (Climate, Environmental & social, gender risks), (ii) the development of an Integrated approach of physical climate risks in FMV and municipalities, (iii) the design or facilitation of urban planning measures; (iv) trainings and capacity building sessions to strengthen real estate developers, FMV staff or other key stakeholders (engineers, architects, government, etc.); (v) the development of a monitoring and evaluation system for the natural resources use and management.

Subcomponent 2: Improved communication techniques and dissemination for sustainable construction.

- Subcomponent 2.1 - Improved experience sharing and knowledge management through promotion events and program implementation.

This subcomponent may include: (i) organizing an international launching event of the FMV Program; (ii) organizing an international workshop on sustainable construction and real estate to reinforce stakeholder engagement and commercial offer dedicated to the green social housings; (iii) conducting an advertising campaign on the sustainable construction and green standards for real estates

- Subcomponent 2.2 - Increased visibility of the program and sustainable construction certification dissemination.

This subcomponent will include: (i) the creation of a “bono verde” website and associated guidelines for registration and verification processes, (ii) the creation of a digital platform to facilitate certification processes adoption and dissemination

C. Implementation

a. Implementation modalities

- i. Component I: Finance Component - Credit Facility and LAIF Investment Grant

AFD's and LAIF Investment Grant funds will be disbursed in parallel to FMV which will then channel the funds to Financial Intermediaries to allow Final Beneficiaries to benefit from reduced interest rates when acquiring Eligible Investments.

The LAIF Investment Grant will be used to reduce the costs of the financial resources provided to Financial Intermediaries. FMV will use the AFD and Investment Grant funds on the basis of the technical and financial eligibility criteria defined in Schedule 3 (*Schedule 3 - Financing Plan Part II*).

- ii. Component II: Technical Assistance

A support team of external consultants will be set-up to carry out the technical assistance activities to be financed by the LAIF contribution.

The procurement of services, including consultancy services, required for hiring the Project Implementation Support Team, which will be financed by the LAIF contribution, shall be carried out in accordance with the applicable policies and procedures of AFD.

b. Duration and Indicative Implementation Schedule

This entire duration of the Action is 42 months.

The Implementation Period of the Action will start on the day after the last of the two Parties (EU and AFD) signs the Agreement.



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Indicative Implementation Schedule:

Years	2019		2020		2021		2022	
Semesters	S1	S2	S3	S4	S5	S6	S7	S8
Inception phase								
Implementation phase								
IG disbursement								
Technical assistance								
Capacity building								
Communication								

D. Monitoring, Evaluation and Audit

FMV shall be responsible for the technical and financial monitoring and evaluation of the implementation of the Project according to its internal procedures, policies and rules.

Monitoring will be based on periodic assessment of progress on delivery of specified project results towards achievement of the objectives as set out in this Schedule.

In order to ensure that the LAIF Investment Grant is used properly, FMV will report to AFD on the equivalent "subsidy amount" used for each loan granted for the purpose of financing Eligible Investments.

An information meeting will be organized on a yearly between AFD, KFW, the European Commission and FMV to review the progress of the Project. Specific exchanges will occur about communication and visibility issues in order to ensure the European Commission's agreement upon the used communication media and tools.

FMV shall submit a report for every twelve-month period as from the commencement of the Implementation Period. Reporting, narrative as well as financial, shall cover the whole Project, regardless of whether this Project is entirely or partly financed by EU funds. Progress reports shall be submitted within 30 calendar days after the period covered by such report, and the final report shall be submitted at the latest six months after the end of the implementation period.

Supervision missions will be performed yearly by AFD and the European Commission shall be informed and associated by AFD in advance of these missions.



Schedule 3 - Financing Plan

PART I - FINANCING PLAN

Promoting sustainable social housing in Peru	Total in EUR (EUR)
1. Component 1: Investment Grant	9 250 000
2. Component 2: Technical Assistance	750 000
2.1 Capacity Building	500 000
2.2 : Communication	250 000
Total	10 000 000

The FONDO may modify the allocation of funds, only within the Component 2 and after receiving the Non-Objection of the AFD. This reallocation will have to be reported and justified in the annual progress report.

PART II - ELIGIBLE EXPENSES

A. Investment grant

In order to be eligible to the partial reduction by the Investment Grants, an Eligible Investment shall comply with the eligibility criteria.

1. Technical criteria

LAIF's investment grant support may only cover Eligible Loans following the Agreement between the EU and the Lender.

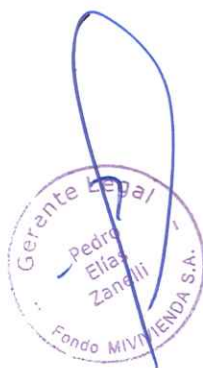
Eligibility criteria are included in the Operational Manual and the Procedures Manual, which describes more thoroughly the implementation of the Project and the Technical Assistance program. They may be amended if necessary during the duration of the Agreement, but the FONDO will consult and seek approval of AFD before taking decisions concerning the evolution of the eligibility criteria.

Loans for the FONDO Clients benefiting from the Investment Grant will comply with the indicative criteria in the table below (Phase II Indicative Technical Requirements). Such compliance will have to be certified by an external consulting firm (Certification Agency).

To be considered as an Eligible loan, loans from a Financial Intermediary will have to comply with, at least, the following indicative criteria:

Phase II Indicative Technical Requirements

Nº	CATEGORIA	CRITERIO	SUB-CRITERIO	GRADOS I AL III	Nº	REQUISITOS DE ELEGIBILIDAD
1.00	AGUA	Consumo racional de agua	Equipos hidrosanitarios de bajo consumo	I-III	1.1	Instalación de grifería de lavaderos de bajo consumo.
					1.2	Instalación de grifería de lavatorios de bajo consumo.
					1.3	Instalación de grifería de ducha de bajo consumo.
					1.4	Instalación de inodoros de bajo consumo.



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					1.5	Instalación de tanque de reserva de agua (cisterna o tanque elevado).
					1.6	Instalación de sistemas de riego tecnificado para áreas verdes en caso no haya aprovechamiento de aguas residuales.
					1.7	Instalación de medidores o contómetros independientes.
					1.8	Instalación de planta de tratamiento de aguas residuales u otro sistema de tratamiento, para riego de áreas verdes.
					1.9	Instalación de planta de tratamiento de aguas residuales u otro sistema de tratamiento, para inodoros.*
2.0	ENERGIA	Reutilización de agua	Aprovechamiento de aguas residuales	III		
		Eficiencia Energética	Sistemas de Iluminación de bajo consumo	I-III	2.1	Instalación de Iluminación de bajo consumo en áreas comunales.
					2.2	Instalación de Iluminación de bajo consumo en unidades de vivienda.
					2.3	Instalación de Sensores de movimiento en áreas comunales.**
			Instalación de medidas y equipos de bajo consumo	II-III	2.4	Instalación de calentadores de agua de bajo consumo centralizado, de acumulación o de paso (eficientes energéticamente)
					2.5	Instalación de sistema fotovoltaico para generación de energía eléctrica para áreas comunes interiores**
					2.6	Instalación de sistema fotovoltaico o LED para iluminación de áreas comunes exteriores **
		Red de gas	Instalación de red de gas natural	I-III	2.7	Instalación de equipamiento electromecánico de bajo consumo**
					2.8	Instalación de Calentadores eficientes a gas natural
					2.9	Instalación de Sistema Centralizado de Calentamiento de agua a gas natural
					2.10	Instalación de red de gas natural
3.00	BIOCLIMÁTICA	Confort térmico de ocupantes	Estrategias Bioclimáticas según Zonas Climáticas	I	3.0	Instalación de tecnologías según estrategia bioclimática apropiada para cada Zona Climática **
				II		
				III		
4.00	MATERIALES	Eco-materiales	Utilización de eco materiales	I-III	4.0	Instalación de Eco-Materiales**
5.00	RESIDUOS	Gestión de construcción	Plan de reciclaje de construcción	I-III	5.0	Realización de un Plan Ampliado de manejo de residuos y reciclaje en el proyecto **
6.00	SOSTENIBILIDAD URBANA	Comunicación	Plan de comunicación	I-III	6.0	Plan Ampliado de Comunicación (Proyecto & Estrategias de Ahorro y Reciclaje)**
					6.1	Instalación de fibra óptica**
		Movilidad sostenible	Estacionamientos para movilidad sostenible	I-III	6.2	Espacio para estacionamiento de Movilidad sostenible para propietarios**

		Sostenibilidad económica y social	Usos Complementarios	III	6.3	Área comercial **
					6.4	Área para servicio comunal**
					6.5	Zona de lavado comunal (Lavadoras comunales)**

* Criterio nuevo para Fase II
 ** Criterio nuevo y aplicable para migrar de Fase I a Fase II en EL PROGRAMA.

To be considered as an Eligible loan, loans from a Financial Intermediary will have to comply with, at least, the following criteria:

- **For all Projects:** Eligible loans will be loans signed between the FONDO and Financial Intermediaries after October 22nd 2019.

- **For New Projects:** Loans related to residential units bought from projects that approve the new certification process that will begin in February 2020, according to the technical requirements listed in the table below:

New Indicative Technical Requirements in Phase II for New Projects

CERTIFICACIÓN DE PROYECTOS GRADO I+, II+ y III+								
GRADOS	REQUISITOS			REQUISITOS DE ELEGIBILIDAD				
	Obligatorio	Opcional Total (1+2+3+4)	Total	Obligatorios	Opcional* 1	Opcional* 2	Opcional* 3	Opcional* 4
I+	17	1	18	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, 2.3, 2.10, 3.0, 4.0, 5.0, 6.0, 6.1, 6.2,	2.4, 2.8, 2.9 (1/3)	0	0	0
II+	17	3	20	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, 2.3, 2.10, 3.0, 4.0, 5.0, 6.0, 6.1, 6.2,	2.4, 2.8, 2.9 (1/3)	2.5, 2.6+2.7 (1/2)	0	0
III+	17	5	22	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 2.1, 2.2, 2.3, 2.10, 3.0, 4.0, 5.0, 6.0, 6.1, 6.2,	2.4, 2.8, 2.9 (1/3)	2.5, 2.6+2.7 (1/2)	1.8,1.9 (1/2)	6.3, 6.4, 6.5 (1/3)

* Detalle de Requisitos Opcionales – En cada columna Opcional seleccionar 1 de cada 2 o 3 Requisitos.

- **For Projects already certified in the Program:** Approve the recertification process that will begin in January 2020, according to the requirements listed in the table named Phase II Recertification Technical Requirements

New Indicative Technical Requirements to be added in existing certified projects in Phase II

MIGRACIÓN A FASE II + REQUISITOS ADICIONALES						
GRADOS Fase I	GRADOS Fase II	REQUISITOS DE ELEGIBILIDAD				Detalle de Adicionales *
		Originales	Adicionales	Total		

1	I+	14	0	14	0
	II+	14	3	17	2.3, 3.0, 4.0, 5.0, 6.0, 6.1, 6.2, 6.3, 6.4,6.5
	III+	14	5	19	
2	II+	15	2	17	
	III+	15	4	19	
* Seleccionar de 2 a 5 Requisitos Adicionales del listado Detalle de Adicionales.					

The FONDO undertakes to disburse:

- at least sixty million euros (EUR 60,000,000) under the Credit Facility to finance Eligible Investments that comply with the new applicable criteria ("grados" 1+, 2+ and 3), the rest of the Facility being dedicated to financing Eligible Investments corresponding to the criteria under the Mivivienda Verde Program at the Signature Date.
- a minimum percentage of 25% of projects for grado2+ and of 5% of projects for grado 3.

Real Estate Projects financed by the Credit Facility will be located:

- At less than 55 km of the city center of a city of more than 100 000 habitants for Lima region
- At less than 30 km of the city center of a city of more than 50 000 habitants elsewhere in Peru.

Final Beneficiaries of the Facility will solely be Peruvian individuals and households contracting mortgages and living in Peru.

2. Financial criteria

- Minimum tenor of the Eligible Loans: 5 years
- For the Eligible Investments, the financial eligibility criteria shall comply with Fondo Mivivienda's conditions of eligibility.
- The Green subsidy compensating the Real Estate Developers for the financial surcharge linked to the compliance over Eligible Investments will be funded by FMV or by the budget of the Peruvian State.
- The financial incentives scheme set to the benefit of the Counterpart Financial Institutions, the Real Estate Developers and the Final Beneficiaries may evolve during the Project subject to approval by the Lender.
- Interest rate reduction incentive scheme will be established following the elements set below:
 - o The amount of Investment Grant Component charged to the LAIF funds will be calculated in the following way:
 - 1. The average final IFI placement rate for Mivivienda credits with no rate reduction ("standard" credits and Grado 1 Mivivienda verde credits from Phase I which did not migrate into Grados 2+ and 3+ during Phase II) will be compared to the final average placement rates for Eligible Loans of Grados 2+ and 3+ ;
 - 2. Two schedules will be elaborated: the first one with the placement rate of the standard Mivivienda credit (and/or placement rate of Green Mivivienda - Grade 1), and the second one using the standard credit rate



minus the basis points effectively transferred to the final client (calculated in point 1);

- 3. The amount of credit and the time frame for the preparation of the schedules shall correspond to the observed averages of the "Green Mivivienda" credits granted by each IFI;
 - 4. The amount of the LAIF subsidy to be justified shall be equal to the difference in the present value of the cash flows of both schedules, multiplied by the number of credits granted by each grade and by each IFI.
- Where an interest rate reduction to IFIs is applicable to an Eligible Investment under the Project, the FONDO shall ensure that
 - (i) the Financial Comparative Advantage is fully transferred to the Financial Intermediaries and that the Financial Intermediaries transfer the full Financial Comparative Advantage to the Final Beneficiaries to the extent possible
 - (ii) in case of lack of a full transmission of the Financial Comparative Advantage to the Final Beneficiaries, that (a) Financial Intermediary justifies this lack of transmission through quantifiable risk based approach or an acceptable alternative to be determined with the Lender, (b) the average portion of the Financial Comparative Advantage that is not transferred to the Final Beneficiary (but was funded by the Investment Grant Component) is not imputed to the Investment Grant Component.
 - Given these elements, the indicative incentive scheme would be applied
 - Grado 1: 43 bps incentive for Eligible investments signed from October 22nd 2019 to June 10th 2020 (Phase I), of which 3bps will not be imputed to the Investment Grant Component when calculating the amount to be charged;
 - Grado 2 : 65 bps incentive for for Eligible investments signed from April 1st 2020 (Phase II) or after October 22nd 2019 (Phase I), of which 5bps will not be imputed to the Investment Grant Component when calculating the amount to be charged
 - Grado 3: 129 bps incentive for Eligible investments signed from April 1st 2020 (Phase II, of which 9bps will not be imputed to the Investment Grant Component) when calculating the amount to be charged¹.

¹ These indicative figures were established under the following assumptions: 209 months (average maturity of Eligible loans), S/153623 (average size of Eligible Loans), 210 bps (Financial Comparative Advantage) and 194bps (average effective financial transmission of this FCA by IFIs to Final Beneficiaries from November 2018 to June 2019).



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B. Technical assistance

Technical Assistance awarded by the FONDO shall comply with the Technical Assistance activities described in Schedule 2 (*Project Description*).

PART III - NON-ELIGIBLE EXPENSES

- a) Bonuses, provisions, reserves or non-remuneration related costs.
- b) Full-purchase cost of equipment and assets unless the asset or equipment is specifically purchased for the Project
- c) Duties, taxes and charges, including VAT, that are recoverable/deductible by the FONDO
- d) Return of capital
- e) Debts and debt service charges
- f) Provision of losses, debts and future liabilities
- g) Banking charges for the transfers from and to the FONDO
- h) Costs incurred during the suspension of the implementation of the Agreement
- i) Costs declared by the FONDO under another agreement financed by the European Union budget
- j) Contributions in kind
- k) Costs of purchase of land or buildings



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Schedule 4 - Conditions Precedent

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

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

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

Delivery by the FONDO to the Agency of the following documents:

- 1) a Certified copy of the constitutional documents of the FONDO in full force and effect at the Signing Date;
- 2) an original or a Certified copy of the certificate of incorporation of the FONDO (the equivalent of the French *Extrait K-bis*) dated not more than three (3) months prior to the Signing Date ;
- 3) a Certified copy of the relevant decision(s) of the competent body(ies) of the FONDO approving the terms of this Agreement and authorising a specified person or persons to execute this Agreement on its behalf;and
- 4) the Signing and entry into force of the Delegation Agreement.

PART II - CONDITIONS PRECEDENT TO THE FIRST DRAWDOWN

- 1) Receipt by the Agency of the funds delegated by the Commission pursuant to the Delegation Agreement.

Delivery by the FONDO to the Agency of the following documents:

- 2) Evidence of any filing or registration, submission or publication requirements of this Agreement and payment of any stamp duty, registration fees or similar duties in connection with this Agreement, as applicable.
- 3) Delivery to the Agency of the following Project Documents submitted to the AFD for no-objection:
 - a) a Certified copy of the revised basic On-lending Agreements duly executed by the FONDO and the Financial Intermediaries;
 - b) the list of the Eligible Investments which have benefited from the Investment Grant component, up to the amount of the requested Drawdown;
 - c) a revised version of the Operational Manual and the Procedures Manual, including the updated eligibility criteria;
 - d) a unified document, endorsed by the FONDO, which clarifies the use of the Investment Grant component depending on the eligibility criteria, the



calculation method applied to determine the amount of Investment Grant component which will be used for each Eligible Investment and the information to be requested by the FONDO in cases of incomplete transfer of the Financial Comparative Advantage.

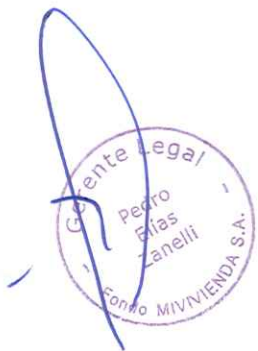
- 4) A certificate issued by a duly authorised representative of the FONDO listing the person(s) authorised to sign, on behalf of the FONDO, this Agreement, the Drawdown requests and any certificate in connection with this Agreement and to take all other measures and/or sign all other necessary documents on behalf of the FONDO under this Agreement together with a specimen of the signature of each person listed in the certificate mentioned herein.
- 5) Documents evidencing that the competent organs of the Co-Financiers have agreed to extend their financing in the manner specified in the Financing Plan.
- 6) A provisional forecast of expenditure for the duration of the Project for both the Technical Assistance Grant Component and for the Investment Grant component, acceptable to the AFD.

PART III - CONDITIONS PRECEDENT FOR ALL DRAWDOWNS OTHER THAN THE FIRST DRAWDOWNS CONCERNING THE INVESTMENT GRANT

- 1) Receipt by the Agency of the funds delegated by the Commission pursuant to the Delegation Agreement.

Delivery by the FONDO to the Agency of the following documents:

- 2) a certificate signed by a duly authorised representative of the FONDO certifying that one hundred per cent (100%) of the previous Drawdown have been utilised for the Technical Assistance Component or imputed to the Investment Grant Component, including a detailed breakdown of the payment with respect to Eligible Expenses during the relevant period;
- 3) a certified list of all Eligible Investments in connection with the utilisation of the amounts of the Drawdown made available prior to the Drawdown request;
- 4) the provisional forecast of expenses concerning the Investment Grant Component for the duration of the Project, updated on the relevant Drawdown date;
- 5) a revised estimate of the Project costs as well as the Eligible Expenses;
- 6) an updated document on the transmission of the Financial Comparative Advantage of Financial Intermediaries to Final Beneficiaries, which will provide for (i) a global view on the levels of transmission and the amounts compensated by FMV and (ii) a granular view on the different practices of each Financial Intermediary and, where applicable, their justification concerning the lack of full transmission of the Financial Comparative Advantage.
- 7) the latest annual statements provided in accordance with Clause 3.2.8 (*audit*); and



- 8) the last versions of the Operational Manual and the Procedures Manual, including the updated eligibility criteria, submitted to the AFD for no-objection.

PART IV - CONDITIONS PRECEDENT FOR ALL DRAWDOWNS CONCERNING THE TECHNICAL ASSISTANCE GRANT COMPONENT

- 1) receipt by the Agency of the funds delegated by the Commission pursuant to the Delegation Agreement.

Delivery by the FONDO to the Agency of the following documents:

- 2) a Certified copy of the Operation Agreement(s) submitted to the Agency for no objection, duly executed by the FONDO and the Contractor(s); and.
- 3) an updated forecast of expenditure of the Project and work program of activities indicated under Schedule 2 (*Project description*) for the Technical Assistance Grant Component.

In the event of a refinancing:

Delivery by the FONDO to the Agency of the following documents:

- 4) all contracts and orders together with any plans and quotes (if applicable) previously provided to the Agency in accordance with, and as defined in, the Procurement Guidelines, in connection with the requested Drawdown; and
- 5) evidence, in form and substance satisfactory to the Agency, that all relevant expenses have been paid.

In the event of a Drawdown made directly to third party contractors:

Delivery by the FONDO to the Agency of the instructions (in particular the account information of the relevant contractor) required for the transfer of the Drawdowns directly to the third party contractor, as requested, and:

- 6) all contracts and order forms together with any plans and quotes (if applicable) previously provided to the Agency in accordance with, and as defined in, the Procurement Guidelines, in connection with the Drawdown requested to be paid directly; and
- 7) any reports, invoices or interim payment requests, in form and substance satisfactory to the Agency, which may be delivered in the form of Certified photocopies or duplicates.



Schedule 5 - Form of Impact Indicators Report

Indicator	Calculation and source	Baseline - Values as of July 2019 (if not indicated otherwise)
Certified Dwellings (number of ex-post and ex-ante certifications)	<i>Monthly data from External Certifier hired by Fondo</i> Source: Fondo	201 dwellings (46,664 units)
Total investments committed (Soles)	<i>Average cost of social houses in the Program times # certified dwellings (S/)</i> Source: Fondo	6,532,960,000
Amount of Green Investment Grant disbursed (Soles)	Data from Fondo (S/) Source: Fondo	38,257,133
Amount disbursed on contracts for advisory services from external consulting firms on the Green Housing Component (Soles or USD)	Technical Assistance Program Budget (S/) Source: Fondo - AFD	570,000
Energy savings (kWh)	Houses in the Program per year (number) x Annual energy savings (Kwh) Reference of savings: http://eficienciaenergetica.minem.gob.pe/calculadora/#calculadora	8,000,000 kWh
Annual emission reductions of greenhouse gas saved (tons of CO ₂ equivalent per year)	Efficient Lighting + Natural Gas equipment for water heating Reference: http://www.minem.gob.pe/giee/pdf/ficha-informativa-02-secundaria.pdf	5,000 Tons
Volume of Water consumption reduced (m ³ /year)	Houses in the Program per year (number) x Annual water savings (m ³ /year) Reference: http://www.sedapal.com.pe	47,253,720 liters or 47253.72 m ³
Households benefitting by a certified sustainable housing mortgage (Number)	Data from Fondo (this number corresponds to disbursed loans)	7,338
Women benefitting by a certified sustainable housing mortgage (Number of heads of household)	Data from Fondo	3,669
Beneficiaries living below the poverty line (Number)	Data from Fondo	550
Technical Assistance's Beneficiaries (Number)	Data from Fondo	170
Final Beneficiaries benefitting from trainings or workshops (Number)	Data from Fondo	340

Gerente Legal
Pedro Elias Zanelli
Fondo MIVIVIENDA S.A.

Gerente de Proyectos Inmobiliarios
Guillermo Sánchez Zambrano
Fondo MIVIVIENDA S.A.

Gerente de Finanzas (e)
Fondo MIVIVIENDA S.A.

Gerente General
R. CHAVEZ
Fondo MIVIVIENDA S.A.

<u>Equipment prices</u> (Soles or USD, average price of the main devices linked to the eligibility criteria)	Data from Fondo	3,500
<u>Providers of the main devices linked to the eligibility criteria</u> (Number)	Data from Fondo	100
<u>Direct employment during the Construction phase resulting from the Project</u> (Number, estimates)	Data from Fondo	14,037



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Schedule 6 - Information that the Agency is authorized expressly to disclose on the Agency's Website (in particular on its open data platform)

1. Information relating the Project

- Number and name in AFD's book;
- Description;
- Operating sector ;
- Place of implementation ;
- Expected project starting date ;
- Expected Technical Completion Date; and
- Status of implementation updated on a semi-annual basis.

2. Information relating to the financing of the Project

- Kind of financing (loan, grant, co-financing, delegated funds);
- Principal amount of the Grant;
- Total amount drawn on annual basis;
- Drawdown amounts planning on a three year basis; and
- Amount of the Grant which has been drawn down (updated as the implementation of the Project is carried out).

3. Other information

- Transaction information notice attached to this Schedule; and
- Performance sheet (summary of the evaluation done based on evaluation principals given by the Development Assistance Committee of OECD) attached to this Schedule.



Schedule 7 - List of undertakings applicable to the FONDO under the delegation of funds by the European Union

1. Conflict of interests

- 1.1. The FONDO shall refrain in accordance with its regulations and rules, from any action which may give rise to a conflict of interests.
- 1.2. There is a conflict of interests when the impartial and objective exercise of the functions of any person implementing the Agreement is compromised.

2. Data protection

The FONDO shall ensure appropriate protection of personal data. Personal data means any information relating to an identified or identifiable natural person. Personal data shall be:

- o processed lawfully, fairly and in a transparent manner in relation to the data subject;
- o collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes;
- o adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
- o accurate and, where necessary, kept up to date;
- o kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; and
- o processed in a manner that ensures appropriate security of the personal data.

3. Communication and visibility

- 3.1. The FONDO shall implement the communication and visibility plan detailed in Schedule 8 - *Communication and visibility plan* of this Agreement, as amended by agreement where appropriate.
- 3.2. Unless the Agency or the Commission requests or agrees otherwise, the FONDO shall take all appropriate measures to publish the fact that the Project has received funding from the European Union. Information given to the press and to the contractors, as well as related publicity material, official notices, reports and publications shall acknowledge that the Project was carried out "*with funding by the European Union*" and shall display the European Union logo (twelve yellow stars on a blue background) in an appropriate way. Publications by the FONDO pertaining to the Project, in whatever form and whatever medium, including the internet, shall carry the following disclaimer: "*This document was produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.*" Such measures shall be carried out in accordance with the Communication and Visibility Manual published by the European Commission or with any other guidelines agreed between the European Commission and the Agency.
- 3.3. If during the implementation of the Project, equipment, vehicles or major supplies are purchased using European Union funds, the FONDO shall display appropriate acknowledgment on such vehicles, equipment or major supplies, including the display of the European Union logo (twelve yellow stars on a blue background). Where such display could jeopardise the FONDO's privileges and immunities or the safety of the

FONDO's staff, the FONDO shall propose appropriate alternative arrangements. The acknowledgment and the European Union logo shall be such a size and prominence as to be clearly visible in a manner that shall not create any confusion regarding the identification of the Project as an activity of the FONDO, the ownership of the equipment, vehicles or major supplies by the FONDO.

- 3.4. In case the equipment, vehicles or remaining major supplies purchased using European Union funds have not been transferred to the FONDO when submitting the General Implementation Report, the visibility requirements as regards this equipment, vehicles or major supplies (in particular display of the European Union logo) shall continue to apply between the submission of the final report and the end of the Project, if the latter is longer.
- 3.5. Unless otherwise provided for, if disclosure risks threatening the FONDO or harming its interests, the FONDO agrees that the Commission publishes in any form and medium, including on its internet sites, the name and address of the FONDO, the purpose and amount of the European Union contribution.
- 3.6. The FONDO shall ensure that reports, publications, press releases and updates relevant to the Project are communicated to the following addresses [*adresse de l'AFD dans les conditions particulières de la convention de contribution*] when they are issued.
- 3.7. The Agency and the FONDO will consult immediately and strive to remedy any detected shortcoming in implementing the visibility requirements set out in this clause and without prejudice to measures the Agency or the European Union may take in case of substantial breach of an obligation.

4. Ownership, rights to use results and transfer of equipment

Right to use

- 4.1. Ownership of the results of the Project is not conferred on the Commission or the Agency. Notwithstanding the provisions subject to article 9.8 (*Confidentiality - Disclosure of information*) of the Agreement, the FONDO shall grant, and act to ensure that the third party concerned (contractors) grant the Agency and/or the Commission the right to use free of charge those results, including reports and any related documents which are subject to industrial or intellectual property rights.
- 4.2. Where the results mentioned in section 4.1 include pre-existing rights and the FONDO cannot warrant the Agency and/or the Commission the right to use such results, the FONDO shall inform in writing the Agency and the Commission.

Transfer

- 4.3. The equipment, vehicles and remaining major supplies purchased with the European Union contribution disbursed by the Agency in the framework of the Project shall be transferred to the FONDO, at the latest when submitting the General Implementation Report.
- 4.4. The documentary proof of those transfers shall not be presented with the final reports, but shall be kept for the verification for the duration and along with the documents mentioned in section 5.2 below.



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4.5. By way of derogation from section 4.4, the equipment, vehicles and remaining major supplies purchased with the European Union contribution disbursed by the Agency in the framework of the Project which continue after the end of the implementation period may be transferred at the end of the Project. The FONDO shall inform the Agency on the use of the equipment, vehicles and remaining major supplies in the final report.

5. Accounts and archiving

Accounting

5.1. The FONDO shall keep accurate and regular records and accounts of the implementation of the Project. The accounting regulations and rules of the FONDO shall apply, provided that these regulations and rules conform to internationally accepted standards. Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the regulations and rules of the FONDO.

Archiving

5.2. For a period of five years from the termination date of the Agreement as set out in article 11.1 (*Entry into Force and Duration*) of the Agreement and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by the European Anti-Fraud Office (OLAF), if notified to the Participant, has been disposed of, the FONDO shall keep and make available to the Agency and/or the European Union all relevant financial information in its original form or in the form of a copy relating to the Agreement, the Project and any public contract concluded under the Agreement.

6. Access and financial checks

6.1. The FONDO allows the Agency, the Commission and the European Court of auditors, or any authorised representatives to conduct desk reviews and on-the-spot checks on the use made of European Union contribution (including procedures for the award of procurement contracts and grants) on the basis of supporting accounting documents and any other documents related to the financing of the Project.

6.2. The FONDO agrees that OLAF may carry out investigations, including on-the-spot checks, in accordance with the provisions laid down by European Union law for the protection of the financial interests of the European Union against fraud, corruption and any other illegal activity and, where applicable, any administrative cooperation arrangements concluded between OLAF and the FONDO anti-fraud bodies.

6.3. The Participant agrees that the execution of this Agreement may be subject to review by the European Court of Auditors when the latter carries out an audit of the implementation of the European Union's expenditure by the European Commission. In this case, the FONDO provides the European Court of Auditors with access to the information it needs to fulfill its mission.

6.4. To that end, the FONDO shall provide the Agency, officials of the Commission, OLAF and the European Courts of Auditors and their authorised agents, upon request, information and access to any documents and computerised data concerning the technical and financial management of operations financed under the Agreement, as well as grant them access to sites and premises at which such operations are carried out. The Parties shall take all necessary measures to facilitate these checks in accordance with its regulations and rules. The documents and computerised data may include information which the FONDO considers confidential in accordance with its own established regulations and rules or as governed by contractual agreement. Such



information once provided to the Agency, the Commission, OLAF, the European Courts of Auditors, or any other authorised representatives, shall be treated in accordance with European Union confidentiality rules. Documents must be accessible and filed in a manner permitting checks, the Final Beneficiary being bound to inform the Agency, the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept. Where applicable, the parties may agree to send copies of such documents for a desk review.

6.5. In case of the Commission or their authorised agents, if the FONDO is an international organisation, verifications shall cover on-the-spot checks and desk-reviews and follow any verification provisions agreed with the Commission. If the FONDO is not an international organisation an investigation or audit may be performed.

6.6. The Agency and/or the Commission shall inform the FONDO of the planned on-the-spot missions by agents appointed by the Commission in due time in order to ensure adequate procedural matters are agreed upon in advance.

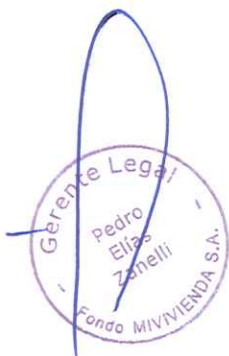
7. Ex-post publication of information on contractors

7.1. The FONDO shall publish, on an annual basis, on its internet site, the following information on procurement contracts exceeding fifteen thousand euros (EUR 15.000): title of the contract/project, nature and purpose of the contract/project, name and locality of the contractor and amount of the contract/project. The term "locality" shall mean the address for legal persons and the region on NUTS 2² level, or equivalent, for natural persons. This information shall not be published for scholarships paid to natural persons and other direct support paid to natural persons in most need. This information shall be published with due observance of the requirements of confidentiality security and in particular the protection of personal data.

7.2. The FONDO shall provide to the Agency and the Commission the address of the internet site where this information can be found and authorises the publication of such address on both the Agency and the Commission' internet sites.

8. Central exclusion Database

8.1. The FONDO informs the Agency if, in relation to the implementation of the Project, it has found that a third party is subject of a judgement which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity detrimental to the European Union financial interests. The information shall be transmitted using the ad-hoc template³, which shall be sent to the Agency with an indication of the duration of the exclusion, if any, decided on the basis of the judgement which is being notified. If available to the FONDO, a copy of the definitive judgement and where available and applicable of the necessary documents establishing the legal existence of the entity concerned shall also be provided. The Agency shall provide this information to the Commission which shall introduce this information in the Central Exclusion Database. The FONDO shall inform the Agency when it becomes aware that transmitted needs to be rectified updated or removed. The FONDO shall ensure that the entity concerned is informed that its data was transmitted to the Agency and the Commission and may be included in the Central Exclusion Database. These requirements cease upon the end of the implementation period of the Project.



² Nomenclature of Territorial Units for Statistics, available at: <http://ec.europa.eu/eurostat/ramon> - May 2015
³ Annex C8f at DEVCO Companion published at: <http://ec.europa.eu/europeaid/companion>



- 8.2. Without prejudice to the power of the European Commission to exclude an entity from future procurement contracts and grants financed by the EU, the FONDO may impose financial penalties on contractors and grant beneficiaries according to its own Regulations and Rules ensuring, where applicable, the right of defence of the contractor or grant FONDO.

9. Obligations regarding information and reporting

- 9.1. According to article 7.1 (*Progress report*) of the Agreement, the FONDO shall provide the Agency with full information on the implementation of the Project by submitting progress report(s) and a General Implementation Report in accordance with the provisions below. These reports shall consist of a narrative part and a financial part.
- 9.2. Every report, whether progress or final, shall provide a complete account of all relevant aspects of the implementation of the Project for the period covered. The report shall describe the implementation of the Project according to the activities envisaged in Schedule 2 (*Description of the Project*) as well as the degree of achievement of its results as measured by corresponding indicators. The report shall be laid out in such a way as to allow monitoring of the objective(s), the means envisaged and employed. The level of detail in any report shall match that of Schedules 2 and 3 of this Agreement.

- 9.3. The progress report(s) shall directly relate to the Agreement and shall at least include:

- a) summary and context of the Project;
- b) actual Results: an updated table based on a matrix including reporting of Results achieved by the Project as measured by their corresponding Indicators, agreed baselines and targets, and relevant data sources (Schedule 7);
- c) activities carried out during the reporting period;
- d) information on the implementation of the Visibility and Communication Plan (Schedule 8) and any additional measures taken to identify the EU as source of financing;
- e) information on the implementation of the visibility and communication plan and any additional measures taken to identify the European Union as source of financing
- f) information on the implementation costs incurred as well as legal commitments entered into by the FONDO during the reporting period;
- g) a summary of controls carried out, and available final audit reports; ; Where errors and weaknesses in systems were identified, analysis of their nature and extent as well as information on corrective measures taken or planned shall also be provided;
- h) work plan for the following period.

- 9.4. The General Implementation Report shall include the following points covering the entire period of implementation:

- a) all the information above requested for the progress reports (with the exception of point (i)) ;
- b) a summary of the Project's receipts, payments received and of the eligible costs incurred If relevant, details of transfers of equipment, vehicles, and remaining major supplies mentioned in section 3 (*Communication and visibility*) above.
- c) the exact link to the webpage where, according to section 7.1 of this Schedule, information on grant beneficiaries and contractors is available;
- d) if relevant, details of transfers of equipment, vehicles, and remaining major supplies mentioned in section 3 (*Communication and visibility*) of this Annex.



Schedule 8 - Communication and visibility plan

This document constitutes an indicative Communication and Visibility Plan for Fondo Mivivienda project which might evolve as the project is implemented.

Communication and visibility form an integral part of the project components. These activities are aimed at the international public (visibility of the project) as well as the FONDO populations of the project.

A communication strategy based on Peruvian specific context adapted to the different stakeholders will be defined with FMV, in accordance with the instructions of the Communication and Visibility Manual for European Union External Actions. Website: http://ec.europa.eu/europeaid/work/visibility/index_en.htm. This strategy will define specific messages, target and tools.

AFD will ensure that the EU's contribution to the project will be acknowledged publicly whenever appropriate, including in official publications, through media coverage, official notices and press releases, reports and publications referring to the project. AFD shall also seek to ensure that the visibility of the EU contribution is at least equivalent to that given through media to other donors/lenders supporting the implementation of the project (e.g. the European logo shall be displayed whenever a public notice regarding the investments financed under this project is displayed).

A- Objective

1. Global objectives of communication

The communication that will be developed on the project will aim to improve the understanding of the Program Mivivienda Verde, i.e. to explain the benefits of the offer, to clarify the modalities of certification and of mortgage request and evaluation, and to facilitate implementation by enhancing the achievements.

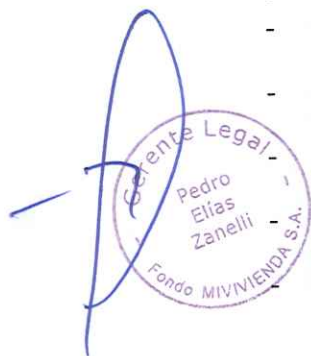
The communication actions that will be deployed as part of the communication plan will be structured around the following issues:

- Meet the information expectations of the targeted groups;
- Disseminate the modalities of implementation of the Program Mivivienda Verde and certification of social sustainable dwellings;
- Promote the adoption of changes and encourage adherence to the values promoted by the Program;
- Create favorable conditions for change towards a sustainable construction sector, based on energy efficiency and sustainable management of natural resources;
- Support partner financial institutions and real estate promoters in the development of a commercial offer dedicated to the green social housings and green mortgages linked;
- Enhance the partnership between AFD, KfW and the EU explicitly according to the visibility guidelines of the three organizations and as detailed below through communication activities and through the use of targeted and complementary materials to illustrate the innovative nature of the Program Mivivienda Verde.

2. Targeted groups

The Project targets five different groups:

2.1 Real Estate developers



Personalized support for real estate developers will enable them to better understand the added value of incorporating sustainable devices and architectural bioclimatic techniques within their projects. This awareness shall allow them to remove their barriers to investment and to better communicate about the benefits of these technologies to their future clients, i.e the families beneficiaries of Mivivienda Verde Program.

The Technical Assistance Program will help developing their construction activity in this specific green social housing segment, through the development of a dedicated commercial offer.

2.2 Financial institution (IFP) :

Increase in the « green » mortgages approval (loan approved to buy a Sustainable Social Housing from Mivivienda Verde Program) has been noted since march/april-18. Until Nov-18 (submission of the Application Form to DEVCO), financial partners of Fondo Mivivienda had not implemented specific communication plan or tools towards families, in order to present, in a proper and convincing way, benefits of a social green house, at a short, medium and long term. In the same way that the AT Program will help real estate promoters to fully understand and then communicate on Mivivienda Verde Program, a specific component will be dedicated to financial entities.

Train and increase knowledge of financial institutions on climate risks and climate impacts on their operations - including financial transformational changes towards sustainable business. It will include the creation of a non-financial service package for consumers to identify future commercial opportunities for sustainable business (technologies, informatic services, financial inclusion, change the business as usual of the financial business) .

2.3 Final beneficiaries

Through targeted communication activities, Peruvian citizens and families' participation will be encouraged, allowing creating a demand of green social housing from the population itself. This communication will aim to promote Mivivienda Verde Program in order to increase awareness among Peruvian citizens. It will initially support the commercial offer of partner banks and real estate developers, in order to positively influence their image, while waiting for them to develop their own "green" product or while waiting environmental criteria to become compulsory by law.

Increasing awareness among the population will allow pressuring private real estate sector to cope with their demand in case the latter would start moving back towards "traditional" unsustainable practices.

Substantial changes in Peruvian customs will be possible through (i) neighbors / new house owners oriented workshops and social & environmental programs and (ii) massive campaigns of communication on Mivivienda Verde Program and its short and long term benefits.

2.4 Green technologies suppliers

Through the organization of specific events on sustainable construction and real estate, a major promotion of Mivivienda Verde Program will be made in order (i) to promote the Program to suppliers who would not be aware of it until now (ii) to encourage the entry of new actors and suppliers of these specific green technologies and (iii) to create the conditions necessary to reduce prices of energy and water-saving devices thanks to scale economy for the suppliers (wider market).

2.5 The general public, civil society, international and national public administrations, international organizations



A targeted institutional communication will promote Mivivienda Verde Program values: the promotion of green construction and green real estate projects, the democratization of green technologies and green building certification for social housings, fight against energy and water crisis and mitigation of climate change (among others). These communication actions will aim to promote the visibility of the European Union's, AFD's and KfW's commitment.

B- Communication activities

The development of a sustainable certified dwellings and financing offer, by the partner institutions of Fondo Mivivienda in Peru is the main objective of the project. Communication with all stakeholders and support for financial and real estate partners in the commercial development of their activity (marketing) is thus a key component of the Project.

With regard to each of these groups and within the framework of the activities carried out, the role and visibility of the EU in supporting the project will be systematically enhanced in accordance with the EU visibility requirements: EU logo, mention of EU funding, EU disclaimer on any publication mentioning the project. Particular attention will also be paid to communication on the Project, in particular through the enhancement of its impacts on beneficiaries and local populations

The team in charge of Communication will keep contact with the LAIF communication expert Patricia Rodriguez (rodriguez@taseuro.com) to feed LAIF's dedicated website under construction and align material and brands.

A variety of communication channels and tools are available to inform and promote the project. These may include:

1. Events linked to the execution of the project:

The events of this information and awareness campaign will aim to promote Mivivienda Verde Program, its expected benefits, as well as to promote its results and impacts.

Virtual platforms will be preferable in the first year of the project execution, due to the COVID-19 pandemic and public event restrictions.

The presentation of the Program will ensure as much as possible the involvement of the beneficiaries and will target the presence of the media. All the materials distributed as part of the events will ensure the EU's visibility (logo, mention of financial support). Through events, it could be proposed:

Launch Event of Phase II of Mivivienda Verde Program

A national launch workshop will be organized to promote the Program, present the modalities for supporting technical assistance, raise awareness among target audiences on green social housing and participate in ecosystem structuring, in particular by allowing TA, technical partners and project leaders to meet. The European Union and other partners will be invited to participate and on this occasion media promotion actions will be launched. The event could be materialized through the inauguration of a Green Building from Phase I or the launch of construction of a certified green building from Phase II. .

- Special workshops and events

Workshops will be held during the project implementation period. They will provide the opportunity to disseminate the project's progress, highlight successful operations and discuss the challenges encountered. The participation of the various partners in the Project's workshops and



presentations, as well as the banks, real estate developers and suppliers will be strongly recommended to increase the knowledge of the Program among economic actors and final beneficiary companies and thus allow its dissemination. Signage at events: banners and posters can be created to cover seminars, workshops and other activities. The banners will be adapted to the target groups participating in the events and will take into account the EU's visibility requirements.

2. Publications and printed material

The following paper media may be distributed to target groups of beneficiaries and/or participants in various events, during field visits and launch events (non-exhaustive list):

- Publications related to the activities financed through the LAIF Contribution;
- Brochures mentioning the different contributions of the donors (EU AFD, KfW) and a summary of the results;
- Press kit;
- Other media that may be developed according to the needs identified during the Implementation Period.

All publications will include the following disclaimer: "This publication has been developed with the assistance of the European Union. The content of the publication is the sole responsibility of the author and cannot, in any way, be considered as reflecting the views of the European Union"

3. Online Visibility and Media Coverage

i. *Web presence*

Fondo Mivivienda already promotes the Program Mivivienda Verde on its own institutional website: <https://www.mivivienda.com.pe/PortalWEB/usuario-busca-viviendas/pagina.aspx?idpage=450>. Fondo Mivivienda will be asked to highlight in its own website that this Program is financed through the LAIF contribution as well as the role of the EU, AFD and KfW in its implementation. Advice on the visibility and branding strategy of LAIF will be provided.

ii. *Social Medias*

AFD, KfW and the EU will be invited to mobilize their official pages on social networks (including Facebook, Twitter, etc.) to communicate and promote the activities financed through the LAIF Contribution in compliance with (i) the European Union communication guidelines and (ii) AFD communication guidelines..

4. Public relations

Media monitoring of the Project will be reported in a Press book to be maintained by FMV communication department. Where applicable, press releases and press kits issued under the Project will systematically mention EU funding and will feature the EU logo and will be shared with the EUD.

i. *Press Releases*

Press releases will be sent out at important stages of the activities financed through the LAIF Contribution (launch or completion of programs, events, conferences and workshops, etc.). Regarding their audience, some of them may be written in various languages such as French, English and Spanish.

These releases will describe and relay the involvement of the stakeholders and the role of the EU and AFD in their implementation..



ii. *TV and interviews*

Press interviews with key stakeholders may be conducted after the launching phase of the Project and during the implementation of the Project.

Field visits may be organized, and may allow photographs or video shots.

5. Multimedia production

The possibility of producing multimedia dedicated to the activities financed through the LAIF Contribution (photo reports, interviews, videos, animation and infographics) will be studied by AFD, to be used on its different communication tools, networks and channels. All multimedia production will include visible UE, AFD and KfW logos.

Each communication support produced should be available in appropriate language (Spanish, English and/or French). Translation costs have to be expected.

C - Resources

1. Human Resources

The critical role in supervising the implementation of the communication plan and its operationalization lies with Fondo Mivivienda. FMV Marketing and Communication departments have a great experience of organizing different types of communication events:

- (i) Inauguration and events with the Minister of MVCS, or others important representatives of national and local governments;
- (ii) Ferias (in Lima and in all regions of Peru) promoting social housing and benefits of green social housings;
- (iii) Press and public relations with medias.

Fondo Mivivienda is at the center of the articulation of all the actors (banks, real estate developers, government authorities), converting it in the key pillar of the execution of the Communication Plan. This professionalism has been recognized during the visit of a Phase I certified green project with the Peruvian Minister of MVCS and the French and UE Ambassadors (see Annex IX).

However in Phase II of the program, a digital platform or website will be developed to ensure upscaling impacts of knowledge and experience sharing, including offers and main processes (certification, verification and monitoring).

Nevertheless, due to the increased workload that will bring the specific communication on Mivivienda Verde Program, a project communication expert consultant or a communication agency may be appointed occasionally or part/time for important events or milestones in the execution of the Projects. This expert may mobilize the appropriate communication professionals (audiovisual, publication, etc.). A marketing expert may also be mobilized to support IFPs and/or real estate developers in the development of their "green" commercial offer.

The consultant and/or the communication agency will produce an updated communication plan on the project at the start of its service and submit it to AFD for advice of no objection.

To this end, AFD will also ensure that the EU's visibility constraints are respected on all product communication media. If necessary, the communication department at AFD headquarters can support the local AFD agency in Peru

2. Financial Resources



Financial resources required for the implementation of the communication and visibility plan will be allocated from the Technical Assistance envelope of LAIF. Fondo Mivivienda may also contribute to the financing of some communication events or ferias. The indicative budget dedicated to communication and marketing will be 250 000 Euros (see Schedule 3 (*Financing plan*)).



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