Re: NICARAGUA- Credit No. 5036-NI
Second Support to the Education Sector Project
Amendment No. 1 to the Financing Agreement

Excellency:

Please refer to the Financing Agreement (the Financing Agreement), dated January 20, 2012 between the Republic of Nicaragua (the Recipient) and the International Development Association (the Association) for the above referenced Project. Please note that capitalized terms used in this letter (Amendment Letter) and not defined herein have the meaning ascribed to them in the Financing Agreement.

The Association has received the letter No. MHCP-DM-E-0809-08-15 dated August 25, 2015, requesting the amendment of the Financing Agreement for the purpose of: (a) introducing a few changes to the current Project description; (b) extending the Closing Date from June 30, 2016 to December 31, 2016; (c) reallocating Credit proceeds; and (d) modifying a few of the current staffing and reporting arrangements of the Project.

We are pleased to inform you that pursuant to your request, the Association hereby agrees to amend the Financing Agreement as follows:

1. Part A 1.(ii) of Schedule I to the Financing Agreement is hereby amended to read as follows:
   "(ii) carrying out of a qualitative assessment of the activity referred to in (i)."

2. Part B 4. of Schedule I to the Financing Agreement is hereby amended to read as follows:
   "Support the design and implementation of annual standardized tests for Primary Education students through technical assistance, training, purchase of materials, printing of test forms and result reports, and any operational costs associated with implementation."

3. Section I.A.1. (b) of Schedule 2 to the Financing Agreement is hereby amended to read as follows:
   "(b) not later than forty-five (45) days after the Effective Date, appoint and, thereafter, maintain, at all times during Project implementation, competent personnel required for Project implementation, in adequate numbers and with sufficient resources, including, but not limited to, a senior international procurement advisor, a procurement coordinator, a financial management coordinator, a social safeguards coordinator, two senior financial management specialists, three procurement specialists, one social safeguards specialist, four accountants, three procurement analysts, four social safeguards analysts, and six..."
controllers, all with terms of reference, qualifications and experience acceptable to the Association, as further detailed in the Operational Manual.”

4. Section II.A.1. of Schedule 2 to the Financing Agreement is hereby amended to read as follows:

“The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.”

5. The Closing Date referred to in Section IV.B.2. of Schedule 2 to the Financing Agreement is extended from June 30, 2016 to December 31, 2016.

6. The table in Section IV Paragraph A.2 of Schedule 2 to the Financing Agreement is hereby amended as set forth in the Annex to this Amendment Letter.

Except as specifically amended in this Amendment Letter, all other terms and conditions of the Financing Agreement shall remain in full force and effect.

Please confirm your agreement with the foregoing amendment by signing, dating and returning to us the enclosed copy of this Amendment Letter. This Amendment Letter will be executed in two counterparts, each of which shall be an original. The provisions of this Amendment Letter will become effective upon the receipt by the Association of a countersigned original of the Amendment Letter.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

J. Humberto Lopez
Director
Central America
Latin America and the Caribbean Region

AGREED:
REPUBLIC OF NICARAGUA

By: (Authorized Representative)
Name: Iván Acosta Montiel
Title: Ministro de Hacienda
Date: September 21, 2015
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
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</thead>
<tbody>
<tr>
<td>(1) Goods, Non-consulting services, consultants’ services and Operating Costs under Part A of the Project</td>
<td>6,255,276.00</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Non-consulting services, consultants’ services, Operating Costs, Training and/or Scholarships under Part B.1(i) and (ii) of the Project</td>
<td>1,968,046.50</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, Non-consulting services, consultants’ services, works, Operating Costs and Training under Part B.1(iii); B.2; B.3; B.4 and B.5 of the Project</td>
<td>2,711,678.50</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, Non-consulting services, consultants’ services, Operating Costs and Training under Part C of the Project</td>
<td>4,864,999.00</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>15,800,000</td>
<td></td>
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