OFFICIAL DOCUMENTS

CREDIT NUMBER 5895-NI

Financing Agreement

(Caribbean Regional Communications Infrastructure Program - Nicaragua Project)

between

REPUBLIC OF NICARAGUA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 17, 2016
CREDIT NUMBER 5895-NI

FINANCING AGREEMENT

AGREEMENT dated August 17, 2016 entered into between REPUBLIC OF NICARAGUA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in the amount of twenty million one hundred thousand Dollars ($20,100,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of one and a quarter percent (1.25%)
per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum.

2.06. The Payment Dates are April 1 and October 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by TELCOR in accordance with the provisions of Article IV of the General Conditions and the Subsidiary Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Events of Suspension consist of the following:

(a) The TELCOR's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of TELCOR to perform any of its obligations under the Subsidiary Agreement.

(b) TELCOR shall have failed to comply with any of its obligations under the Subsidiary Agreement.

(c) The Procurement Law shall have been amended, suspended, abrogated, repealed or waived so as to render its Article 5(e) ineffective, in the opinion of the Association, and no provision analogous to such Article 5(e) has been adopted to replace said provision.
4.02. The Additional Events of Acceleration consist of the following:

(a) The event specified in paragraph (b) of Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Association to the Recipient.

(b) The event specified in paragraph (a) of Section 4.01 of this Agreement occurs.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Subsidiary Agreement has been executed on behalf of the Recipient and TELCOR.

5.02. The Additional Legal Matter consists of the following, namely, that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and TELCOR and is legally binding upon the Recipient and TELCOR in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is its Minister of Finance and Public Credit.

6.02. The Recipient’s Address is:

Ministerio de Hacienda y Crédito Público
Avenida Bolívar, Frente a la Asamblea Nacional
Managua, Nicaragua

Facsimile: (505) 2222-3033
6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: Facsimile:

248423 (MCI) 1-202-477-6391

AGREED at Managua, Republic of Nicaragua, as of the day and year first above written.

REPUBLIC OF NICARAGUA

By

Authorized Representative

Name: Luis Acosta
Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Luis Constantino
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to increase access to regional broadband networks and to advance the development of an IT/ITES industry in Nicaragua and in the Caribbean region.

The Project consists of the following parts:

Part 1: Regional Connectivity Infrastructure

Provision of support to expand the regional broadband infrastructure network in the Caribbean coast of Nicaragua, including through, inter alia, deploying fiber optic lines and local wired and wireless networks.

Part 2: ICT-Enabled Innovation

A. Enabling Environment:

Provision of technical assistance and capacity building for, inter alia: (i) the participation of Nicaraguan organizations in regional IT/ITES industry promotion; (ii) regional learning and knowledge exchange; (iii) operating the IT/ITES skills and certification program; and (iv) carrying out an analysis of different business models for carrying IT/ITES certification.

B. IT/ITES Skills Development and Certification Program:

Strengthening of IT/ITES skills development and certification through the provision of Learning Courses.

C. ICT Innovation Ecosystem:

Provision of support to foster the ICT innovation ecosystem through: (i) the design and implementation of an industry-university collaboration platform; and (ii) the promotion of communities of entrepreneurs.

Part 3: Project Implementation Support
Provision of support to the PCU for: (a) the implementation, monitoring and evaluation of the Project’s activities, including for, *inter alia*: (i) the carrying out of Project audits; (ii) the design and implementation of strategies and other dissemination tools to inform Project stakeholders on the progress achieved during Project implementation; and (iii) the carrying out of impact evaluation surveys to evaluate the Project impacts; and (b) the carrying out of capacity building activities for the benefit of relevant policy and regulatory institutions.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall cause TELCOR to:

(a) operate and maintain throughout Project implementation, the PCU with structure, functions and responsibilities acceptable to the Association, as set forth in the Operational Manual, including, *inter alia*, the responsibility of the PCU to assist TELCOR in the implementation, monitoring and supervision of the Project; and

(b) ensure that: (i) the PCU is, throughout Project implementation, headed by a Project coordinator, and staffed with adequate professionals, including fiduciary, administrative and technical personnel (including procurement, financial management, social and environmental specialists), all with qualifications, experience and terms of employment acceptable to the Association, as set forth in the Operational Manual.

2. For the purposes of carrying out Part 2.A. of the Project, the Recipient shall cause TELCOR to enter into a memorandum of understanding with ProNicaragua (“ProNicaragua MOU”) no later than six (6) months after the Effectiveness Date, on terms and conditions acceptable to the Association, and further detailed in the Operational Manual.

3. For purposes of carrying out the Project, the Recipient shall cause TELCOR to comply with the provisions of the CTU MOU on terms and conditions acceptable to the Association.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make available the proceeds of the Financing to TELCOR under a subsidiary agreement (Subsidiary Agreement) to be entered between the Recipient and TELCOR, under terms and conditions approved by the Association, which shall include, *inter alia*, the obligation of TELCOR to: (a) comply with the terms of this Agreement, the Operational Manual and the ESMM; (b) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan
proceeds other than the Recipient; (c) provide, promptly as needed, the resources required for the purpose of Project implementation; (d) procure the goods, works and services to be financed out of the Financing in accordance with the provisions of this Agreement; (e) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Project and the achievement of its objectives; (f) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (2) at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; and (g) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

2. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, fail to enforce or waive the Subsidiary Agreement or any of its provisions thereof. In case of any inconsistency between any provision of the Subsidiary Agreement and this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Operational Manual

1. The Recipient shall carry out, and cause TELCOR to carry out, the Project in accordance with the provisions of the Operational Manual, which shall include, *inter alia*:

   (a) the detailed description of Project implementation activities, their sequencing and the prospective timetable;

   (b) the institutional arrangements for the implementation of the Project;

   (c) the Project administrative, procurement, environmental and social, financial management and disbursement requirements and procedures;
(d) the plan for the monitoring, evaluation and supervision of the Project;

(e) the performance indicators for the Project; and

(f) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof. In the event of any conflict between the provisions of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

E. Learning Course Grant Agreements

1. Upon the selection of any given Eligible Beneficiary and prior to the provision of pertinent Learning Course, the Recipient shall cause TELCOR to enter into an agreement ("Learning Course Grant Agreement") with the respective Eligible Beneficiary, under terms and conditions acceptable to the Association, and described in more detail in the Operational Manual, which shall include, inter alia:

(a) the description of the Learning Course, including the outputs and performance targets to be achieved;

(b) the obligation of the respective Eligible Beneficiary to partially or totally finance the cost of the pertinent Learning Course, as further specified in the Operational Manual;

(c) the modalities for the reimbursement of the cost of the Learning Course (which may include certification, if applicable) with Credit proceeds by TELCOR to the Eligible Beneficiary;

(d) the obligation of the respective Eligible Beneficiary to attend the Learning Courses, and comply with the pertinent provisions of this Agreement;

(e) the right of TELCOR, on behalf of the Recipient, to: (i) obtain all information as the Recipient, or the Association, shall reasonably request regarding the provision of the Learning Course; and (ii) suspend or terminate the right of the pertinent Eligible Beneficiary to use the proceeds of the Financing upon failure by said Eligible Beneficiary to perform any of its obligations under the Learning Course Grant Agreement; and

(f) the obligation of TELCOR to comply with the pertinent provisions of this Agreement in respect of Part 2.B of the Project, including the provisions
F. **Safeguards**

1. The Recipient shall cause TELCOR to ensure that the Project is carried out in accordance with the ESMM. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, fail to enforce or waive the ESMM, or any of their provisions thereof.

2. The Recipient shall cause TELCOR to ensure that the terms of reference of any consultancy in respect to the Project shall be satisfactory to the Association following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Association’s Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

3. Without limitation to its other reporting obligations under this Agreement and under Section 4.08 of the General Conditions, the Recipient shall:

   (a) include in the Project Reports referred to in Section II.A. of this Schedule adequate information on the implementation of the ESMM, giving details of: (i) measures taken in furtherance of such ESMM; (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMM; and (iii) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such ESMM;

   (b) afford the Association a reasonable opportunity to exchange views with the Recipient on such Project Reports; and,

   (c) thereafter take, or cause TELCOR to take, all remedial measures referred to in (a) (iii) above, in a manner acceptable to the Association.

4. The Recipient shall maintain, and publicize the availability of, grievance redress mechanisms to hear and determine fairly and in good faith, and in accordance with the ESMM, all complaints raised in relation to the implementation of the ESMM by Project affected persons, and take all measures necessary to implement the determinations made under such grievance redress mechanisms in a manner acceptable to the Association.

**Section II. Project Monitoring, Reporting and Evaluation**

A. **Project Reports**

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...
B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation of the provisions of Part A of this Section, the Recipient, through TELCOR, shall prepare and furnish to the Association as part of each Project Report, interim unaudited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient or any other period to be agreed in writing with the Association. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; and (e) Procurement under Public Private Partnership Arrangements in accordance with procedures which have been found acceptable to the Association.

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

E. Procurement Special Provisions

In addition and without limitation to any other provisions set forth in this Section, the Procurement Guidelines or the Consultant Guidelines, the following principles of procurement shall expressly govern all procurement of works, goods, non-consulting services or consultants’ services, as the case may be:
(a) foreign bidders shall not be required to be registered with local authorities as a prerequisite for bidding;

(b) no bids shall be rejected, and no provisional awards shall be made at the time of bid opening;

(c) the invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for the contract prices;

(d) the invitation to bid shall not publish the estimated cost of the contract;

(e) in the case of Shopping, a minimum of three quotations shall be obtained as a condition to award the contract;

(f) unless the Association may otherwise agree, for the procurement of goods, works and non-consulting services, the “best offer” shall be the one submitted by the bidder whose offer was determined to be the lowest evaluated bid and was found substantially responsive to the bidding document acceptable to the Association, provided further that the bidder was determined to be qualified to perform the contract satisfactorily;

(g) bidders and consultants shall not be allowed to review or make copies of other bidder’s bids or consultants’ proposals, as the case may be. Likewise, bidders’ and consultants’ responses to requests of clarifications made by the procuring entity during the bidding process shall not be disclosed to other bidders or consultants, as the case may be. Finally, reports including recommendations for award shall not be shared with bidders and consultants prior to their publication;

(h) eligibility criteria shall be the one defined in Section I of the Procurement Guidelines and Consultant Guidelines. Articles 17 and 18 of the Procurement Law shall not apply;

(i) automatic rejection of bids or proposals, as the case may be, due to differences between bid or proposal prices and cost estimates being higher than predetermined percentages, shall not be allowed;

(j) bidders shall have the possibility of procuring hard copies of bidding documents even if they are published on the procurement portal;

(k) unless so indicated in the applicable Association’s Standard Bidding Documents, pre-bid conferences shall not be conducted;

(l) bid preparation terms shall not be reduced as a result of re-bidding;

(m) consultants shall not be required to submit performance securities;
complaints shall be handled as indicated in the appendixes to the Procurement Guidelines and Consultant Guidelines;

the procurement of goods, works and non-consulting services shall be carried out using standard bidding documents acceptable to the Association;

the Recipient, shall cause TELCOR to: (i) supply SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Association; and (ii) update the Procurement Plan at least every year, or as required by the Association, to reflect the actual Project implementation needs and progress and shall supply SEPA with the information contained in the updated Procurement Plan immediately thereafter; and

the invitations to bid, bidding documents, minutes of bid opening, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, non-consulting and consultants services shall be published in the SISCAE, in a manner acceptable to the Association. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services for Part 1 the Project</td>
<td>6,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services (including non-consulting services in respect of soft and technical skills Learning Courses), consultants’ services and Training for Part 2 of the Project</td>
<td>8,700,000</td>
<td>100%; and up to 100% of the cost of the Learning Course pursuant to the pertinent Learning Courses Grant Agreement and the provisions set forth in the Operational Manual</td>
</tr>
<tr>
<td>(3) Non-consulting services in respect of English Learning Courses for Part 2.B. of the Project</td>
<td>3,400,000</td>
<td>up to 100% of the cost of the English Learning Course pursuant to the pertinent Learning Courses Grant Agreement and the provisions set forth in the Operational Manual</td>
</tr>
<tr>
<td>(4) Goods, non-consulting services, consulting services, Training and Operating Costs for Part 3 of the Project</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>20,100,000</td>
<td></td>
</tr>
</tbody>
</table>

3. For purposes of this Schedule, the terms:

   (a) “Training” means reasonable expenditures (other than those for consultants’ services and non-consulting services in respect to Learning Courses) incurred by the Recipient for the carrying out of training activities under the Project, including reasonable costs of travel and per
diem of trainers and trainees, catering, rental of training facilities, and equipment and training materials; and

(b) “Operating Costs” means the incremental reasonable costs which would not have been incurred by the PCU absent the Project, on account of Project administration, implementation, monitoring and supervision, including vehicle operation and maintenance, communication and insurance costs, banking charges, office rental expenses, freight charges, office equipment, utilities, printing, non-durable goods, and travel costs (but excluding consultants’ services, non-consulting services and salaries of officials of the Recipient’s civil service).

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $200,000 may be made for payments made within one year prior to this date, for Eligible Expenditures under Category (4).

2. The Closing Date is July 31, 2022.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1:</td>
<td></td>
</tr>
<tr>
<td>commencing on October 1, 2021 to and including April 1, 2031</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing October 1, 2031 to and including April 1, 2041</td>
<td>3.35%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Agreement for the Establishment of the Caribbean Telecommunications Union” means the international agreement establishing the CTU (as hereinafter defined) as a regional organization signed respectively by its member countries on the dates mentioned herein as follows: Antigua and Barbuda on April 28, 1989, the Commonwealth of Bahamas on April 28, 1989, Barbados on March 14, 1990, the Commonwealth of Dominica on March 13, 1990, Grenada on April 25, 1990, Guyana on August 25, 1989, Jamaica on January 23, 1990, Saint Kitts and Nevis on July 19, 1990, Saint Lucia on March 14, 1990, Saint Vincent and the Grenadines on March 15, 1990, and by Trinidad and Tobago on September 19, 1989, as said Agreement is in force and effect in accordance with Article 26 of said Agreement.


3. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect as 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

4. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect as 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


7. “CTU” means the Caribbean Telecommunications Union established under the Agreement for the Establishment of the Caribbean Telecommunications Union, or any successor thereto.
8. "CTU MOU" means the Memorandum of Understanding between TELCOR and the Caribbean Telecommunications Union, dated March 15, 2016, acceptable to the Association, referred to in Section I.A.2. of Schedule 2 of this Agreement, which sets the terms and conditions for, inter alia, for the knowledge sharing between CTU member countries and Nicaragua on IT/ITES development and certification.

9. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

10. "Eligible Beneficiary" means an individual who has met the eligibility criteria specified in the Operational Manual to register in, and benefit from, a Learning Course under Part 2.B of the Project.

11. "ESMM" means the Recipient's integrated environmental and social management manual, dated September 2015, acceptable to the Association, consisting of the EMF, the IAPF, and the IRF, as said ESMM may be modified from time to time after the prior written agreement of the Association, and such term includes any schedules or annexes to such manual.

12. "EMF" means the Recipient's environmental management framework, dated September 2015, acceptable to the Association (included in the ESMM), setting forth the modalities for environmental screening and procedures/actions for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the Environmental Management Framework, as the same may be amended from time to time with the prior written agreement of the Association.

13. "IAPF" means the Recipient's indigenous and afro-descendants peoples' framework, dated September 2015, acceptable to the Association (included in the ESMM), setting forth procedures for preparation of an indigenous peoples plan, measures for addressing the needs of the Indigenous Peoples, and providing guidelines and procedures for carrying out free, prior and informed consultation leading to broad community support of Indigenous Peoples present in the Project area as the same may be amended from time to time with the prior written agreement of the Association.

14. "IT/ITES" means Information Technology and Information Technology Enabled Services, which include, inter alia, services that are provided remotely through information technologies.

15. "IRF" means the Recipient's involuntary resettlement framework dated September 2015, acceptable to the Association (included in the ESMM), setting
forth the modalities for resettlement and compensation of any persons who may be affected or displaced under the Project as determined by the Association, and the guidelines for the preparation and implementation of the respective resettlement action plans, as the same may be amended from time to time with the prior written agreement of the Association.

16. “Learning Courses” means soft and technical skills learning courses and English learning courses.

17. “Learning Course Grant Agreement” means any of the agreements referred to in Section I.E.1 of Schedule 2 to this Agreement.

18. “Operational Manual” means the Recipient’s manual, acceptable to the Association, and referred to in Section I.D.1 of Schedule 2 of this Agreement, as the same may be amended from time to time after the prior written agreement of the Association.

19. “PCU” means the Project Coordination Unit within TELCOR responsible for the implementation of the Project, referred to Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Association.


22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 21, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

23. “ProNicaragua” means the Official Investment and Export Promotion Agency of the Recipient, or its successor thereto.

24. “ProNicaragua MOU” means the Memorandum of Understanding between TELCOR and ProNicaragua, referred to in Section I.A.3 of Schedule 2 of this Agreement.

25. “TELCOR” means Instituto Nicaraguense de Telecomunicaciones y Correos, the Recipient’s telecommunications regulatory agency, or its successor thereto.
26. "TELCOR's Legislation" means Decree-Law No 1053, "Ley Orgánica del Instituto Nicaraguense de Telecomunicaciones y Correos (TELCOR)" dated June 5, 1982; Law No 200, "Ley General de Telecomunicaciones y Servicios Postales" dated July 21, 1995; and their regulations, which established TELCOR and governs its operations.


30. "Subsidiary Agreement" means the agreement referred to in Section I.B. of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

   (b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".
3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).