FINANCING AGREEMENT

(Association Financing for the Second Land Administration Project)

between

REPUBLIC OF NICARAGUA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 26, 2017
FINANCING AGREEMENT

Agreement dated June 26, 2017, entered into between REPUBLIC OF NICARAGUA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 eighteen million Dollars ($18,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge;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 15 and October 15 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 objectives of the Project. To this end, the Recipient shall carry out: (a) Parts 1 through 4 of the Project, through PGR, with the assistance of the Co-executing Agencies for the Financing; and (b) Part 5 of the Project with the participation of the Coordinating Authority, all in accordance with the provisions of Article IV of the General Conditions.

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) Any Co-executing Agency for the Financing shall have failed to comply with any of its obligations under the applicable Co-Execution Agreement for the Financing.

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

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of, namely, that the three Co-execution Agreements for the Financing have been executed by the respective parties thereto.

5.02. The Additional Legal Matter consists of, namely, that each of the Co-execution Agreements for the Financing has been duly authorized or ratified by the PGR on behalf of the Recipient and the respective Co-executing Agencies for the Financing and is legally binding upon the Recipient and the respective Co-executing Agencies for the Financing in accordance with its respective terms.

5.03. Without prejudice to the provisions of the General Conditions, 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: 248423 (MCI)
Facsimile: 1-202-477-6391

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

REPUBLIC OF NICARAGUA

By ×
Name: [Signature]
Title: [Signature]

INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]
Name: [Signature]
Title: Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to strengthen the property rights of the population in the Project area through improved regularization, titling, and registry services; and (b) to improve the Recipient’s capacity to respond promptly and effectively to an Eligible Emergency.

The Project consists of the following parts:

Part 1: Consolidation of the Institutional and Policy Framework

A. Strengthening of cadastral services and land regularization capacity by: (a) supporting INETER through, *inter alia:* (i) the preparation of technical and administrative cadastral regulations; (ii) the carrying out of training on the standardization of cadastral policy and procedures; (iii) the strengthening of its capacity in the provision of cadastral services; and (iv) the maintenance and refurbishment (including the acquisition of equipment) of certain INETER offices selected pursuant to the criteria set forth in the Operational Manual; and by (b) supporting IP through, *inter alia:* (i) the updating of the SIIPRO and the installation of the SILEC in IP’s regional offices; (ii) the strengthening of IP’s capacity to deliver titling, regularization and legal services; and (iii) the maintenance and refurbishment (including the acquisition of equipment) of certain offices of IP selected pursuant to the criteria set forth in the Operational Manual.

B. Strengthening of municipal land administration services by supporting INIFOM through, *inter alia:* (a) the preparation of technical guidelines and regulations for municipal cadastre management; (b) the strengthening of the capacity of Participating Municipalities on: (i) the management of SISCAT for property taxation and territorial planning; (ii) the maintenance of sustainable municipal cadastres; and (iii) the coordination of cadastral services with INETER; and (c) the establishment of the link of SISCAT with the national Cadastre managed by INETER.

C. Strengthening of data collection and evaluation capacity by supporting INIDE through, *inter alia:* (a) the design and carrying out of a poverty measurement survey including a module to collect information on land tenure; and (b) the strengthening of its capacity for data analysis and surveys, through the provision of training, the acquisition of equipment, and the refurbishment of training facilities.

Part 2: Strengthening of Property Registration and Alternative Conflict Resolution Capacity

A. Strengthening of property registration and alternative conflict resolution capacity by supporting the Supreme Court through, *inter alia:* (a) the carrying out of capacity building activities, including the provision of technical assistance, and training to staff, on
systematic titling and registration in regional property registries covering Participating Municipalities; and (b) the carrying out of mediation services during the cadastral and regularization processes under the Project, including: (i) the provision of conflict resolution training to mediators and Co-executing Agencies’ staff; and (ii) the preparation of a manual to standardize mediation results.

B. Consolidating the SIICAR by supporting the Supreme Court and INETER through, inter alia: (a) the development and upgrading of the pilot version of SIICAR; and (b) the installation of SIICAR in the Recipient’s Departments of Managua, Chinandega and Estelé, through the provision of technical assistance, including training to the Supreme Court and INETER’s staff, and the acquisition of computer and office equipment, including software, hardware and licenses.

Part 3: Titling and Regularization Services

A. Supporting the provision of cadastral, titling and regularization services by supporting INETER, IP and the Supreme Court, through, inter alia: (a) the carrying out of systematic cadastral surveying, and land regularization, titling and registration activities in Participating Municipalities; (b) the carrying out of land surveys, regularization, titling, and registration of parcels for individuals: (i) on a demand basis; or (ii) prioritized by those Recipient’s pertinent national programs selected pursuant to the criteria set forth in the Operational Manual; (c) the carrying out of land titling and registration activities of eligible parcels subject to the Recipient’s agrarian reform selected pursuant to the criteria set forth in the Operational Manual, for current possessors; and (d) the implementation of the Project’s communication strategy.

B. Demarcating, titling and registration of two complementary areas of indigenous territories of MSBU and MITK by supporting IP through, inter alia: (a) the carrying out of capacity building and coordination activities; (b) the validation of existing territorial diagnostics; (c) the establishment of conflict resolution mechanisms; and (d) the demarcation, titling and registration activities.

C. Demarcating of Protected Areas selected pursuant to the criteria set forth in the Operational Manual by supporting MARENA, through, inter alia: (a) the carrying out of the demarcation of the external boundaries of said Protected Areas, including preparatory work, data collection, consultation with beneficiaries, determination of boundaries, and geo-referencing and physical demarcation of such boundaries; and (b) the carrying out of an environmental communication and educational campaign in the Protected Areas and neighboring communities.

Part 4: Project Management, Monitoring and Evaluation

A. Supporting Project management through, inter alia: (a) the provision of training and the carrying out of workshops; (b) the carrying out of the coordination, administrative and fiduciary activities of the Project, including audits; and (c) the oversight of the
implementation of a communication strategy and a gender strategy for the Project.

B. Supporting Project monitoring and evaluation, through, *inter alia*: (a) the collection of base line data to assess the Project’s social, environmental and economic impacts; (b) the preparation of the Project’s semi-annual progress reports, the midterm review report and the final evaluation report; and (c) the carrying out of a social audit of relevant activities.

C. Carrying out studies related to land administration in Nicaragua.

**Part 5: Contingent Emergency Response**

Providing immediate response to an Eligible Emergency, as needed.
SCHEDULE 2

Project Execution

Section I.  Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall operate and maintain, at all times during Project implementation, the PCU, CIP and CTO with a structure, functions, responsibilities and adequate resources, all satisfactory to the Association. The Recipient shall ensure that the PCU shall include, as its core staff, a general coordinator and a technical coordinator, a procurement specialist, a financial management specialist, a monitoring and evaluation specialist, a social/gender specialist, an environmental specialist and a communication specialist, all with terms of reference, qualifications and experience acceptable to the Association.

2. The Recipient, through PGR (including the IP), shall carry out Part 3.A of the Project.

B. Co-execution Agreements for the Financing and Participation Agreements

1. For purposes of carrying out Project activities under the administrative jurisdiction of any given Co-executing Agency for the Financing, under Parts 1.A, 1.B, 2, and 3.A of the Project, the Recipient, through PGR, shall enter into the following agreements (each a “Co-execution Agreement for the Financing”), under terms and conditions satisfactory to the Association, with the respective Co-executing Agencies for the Financing, all as set forth in the Operational Manual: (a) a Co-execution Agreement for the Financing for Parts 1.A and 1.B of the Project, with INETER and INIFOM; (b) a Co-execution Agreement for the Financing for Part 2 of the Project, with the Supreme Court (for DNR and DIRAC) and INETER; and (c) a Co-execution Agreement for the Financing for Part 3.A of the Project, with INETER.

2. Prior to the carrying out of any Project activity under Parts 1.A, 1.B, 2, and 3.A of the Project in any given Participating Municipality, the Recipient, through PGR, shall maintain and/or enter into an agreement (“Participation Agreement”) with each such municipality under terms and conditions satisfactory to the Association, to address the roles of the Participating Municipalities within the land administration system, as further described in the Operational Manual.

3. The Recipient shall exercise its rights and carry out its obligations under each Co-execution Agreement for the Financing and each Participation 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, waive, terminate or fail to enforce any Co-execution Agreement for the Financing or any Participation Agreement, or any of their respective provisions. In case of any inconsistency between any provision of the Co-execution Agreements for the Financing and this Agreement, or between any provision of the Participation Agreements 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. Safeguards

1. The Recipient, through PGR, shall carry out the Project in accordance with the provisions of the EA, the EMP, the Process Framework and the IPP, as applicable. The Recipient, through the PGR, shall not assign, amend, abrogate, or waive the EA, the EMP, the Process Framework, and/or the IPP, or any provision thereof, without prior approval of the Association.

2. The Recipient shall refrain from granting or considering any claims for lands within or adjacent to Protected Areas, unless said Protected Areas have been physically demarcated in a manner satisfactory to the Association.

E. Operational Manual

1. The Recipient shall carry out the Project in accordance with a manual satisfactory to the Association ("Operational Manual"), which shall include, inter alia, the following provisions: (a) the Project financial, management, disbursement and procurement procedures; (b) the Performance Indicators and the procedures for the monitoring and evaluation of the Project; (c) the EMP; (d) the Process Framework; (e) the IPP; (f) the criteria for the selection of the Participating Municipalities; (g) the criteria for the selection of the Protected Areas; (h) the criteria for the selection of INETER’s and IP’s offices referred to, respectively, in Part 1.A.(a)(iv) and Part 1.A(b)(iii) of the Project; and (i) the guidelines for registering and addressing Project-related inquiries and complaints under the Project’s grievance redress mechanism.

2. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.
F. **Implementation Arrangements for Part 5 of the Project (Contingent Emergency Response Component)**

1. In order to ensure the proper implementation of Part 5 of the Project ("CER Part"), the Recipient shall take the following measures:

   (a) prepare and furnish to the Association for its review and approval, an operations manual ("CER Operations Manual") which shall set forth detailed implementation arrangements for the CER Part, including: (i) designation of terms of reference for, and resources to be allocated to, the entity to be responsible for coordinating and implementing the CER Part ("Coordinating Authority"); (ii) specific activities which may be included in the CER Part, Eligible Expenditures required therefore ("Emergency Expenditures") and any procedures for such inclusion; (iii) financial management arrangements for the CER Part; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CER Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CER Part, consistent with the Association’s policies on the matter; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CER Part;

   (b) afford the Association a reasonable opportunity to review the proposed CER Operations Manual;

   (c) promptly adopt the CER Operations Manual for the CER Part as shall have been approved by the Association;

   (d) ensure that the CER Part is carried out in accordance with the CER Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

   (e) not amend, suspend, abrogate, repeal or waive any provision of the CER Operations Manual without prior approval by the Association.

2. The Recipient shall, throughout the implementation of the CER Part, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under the CER Part (and no activities shall be included in the CER Part) unless and until the following conditions have been met in respect of said activities:
(a) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the Association a request to include said activities in the CER Part in order to respond to said Eligible Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has prepared and disclosed all safeguards instruments required for said activities, in accordance with the CER Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 Performance Indicators. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.

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 on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of each Project Report, interim unaudited financial reports for the Project covering the pertinent calendar semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements 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. 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

1. All goods, works, Non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.
2. Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for Part 5 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CER Operational Manual.

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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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, consulting services, Non-consulting services, Training/workshops and Operating Costs for Parts 1.A, 1.B, 2, 3.A, and 4 of the Project</td>
<td>18,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Emergency Expenditures under the CER Part of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>18,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3. For the purposes of this Section:

(a) “Training” means: (i) reasonable travel, room, board and per diem expenditures incurred by trainers, training facilitators, and trainees in connection with the training activities under the Project; (ii) course fees;
(iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under this paragraph;

(b) "Operating Costs" means the incremental expenses incurred on account of Project implementation, including office equipment and supplies, vehicle and special equipment operation, maintenance and insurance costs, communication costs, office administration costs, utilities, travel, per diem and supervision costs (none of which would have been incurred absent the Project); and excluding salaries of civil servants; and

(c) "Non-consulting services" means the reasonable expenditures incurred on account of Project implementation to cover reasonable costs of data collection services and other services which are not rendered by consultants, and which are not covered in the definitions of Training and Operating Costs set forth in paragraphs (a) and (b) above.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $3,600,000 may be made for payments made prior to this date but on or after one year prior to the date of this Agreement, for Eligible Expenditures; or

   (b) under Category (2), for Emergency Expenditures, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:

       (i) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the Association a request to include said activities in the CER Part in order to respond to said Eligible Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

       (ii) the Recipient has prepared and disclosed all safeguards instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.F 3(b) of this Schedule 2;
(iii) the Recipient’s Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.F.2 of this Schedule 2, for the purposes of said activities; and

(iv) the Recipient has adopted and maintained the CER Operations Manual in form, substance and manner acceptable to the Association and the provisions of the CER Operations Manual remain - or have been updated in accordance with the provisions of Section I.F.1 (a) of this Schedule 2 so as to be appropriate for the inclusion and implementation of said activities under the CER Part.

2. The Closing Date is June 30, 2020.

Section V. Other Undertakings

A. The Recipient, through PGR, shall: (a) have all the procurement records and documentation of the Project audited each fiscal year during Project implementation, in accordance with appropriate procurement audit principles, by independent auditors acceptable to the Association; (b) furnish to the Association as soon as available, but no later than six months after the end of each fiscal year, the procurement audit report of such audit by said auditors of such scope and in such detail as the Association shall reasonably request; and (c) furnish to the Association such other information concerning said procurement records and documentation and the procurement review thereof as the Association shall from time to time reasonably request.

B. The Recipient and the Association hereby agree to amend the Original Financing Agreement as reflected in Schedule 4 to this Agreement.
SCHEDULE 3

<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 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2022 to and including April 15, 2032</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing October 15, 2032 to and including April 15, 2042</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
Amendments to the Original Financing Agreement

The Recipient and the Association hereby agree to amend the Original Financing Agreement as follows:

1. Part 2.B of the Project in Schedule 1 is amended to read in its entirety as follows:

   “B. Consolidating the SIICAR by supporting the Supreme Court and INETER through, *inter alia:* (a) the development and upgrading of the pilot version of SIICAR; (b) the installation of SIICAR in the Recipient’s Departments of Managua, Chinandega and Estelí, through the provision of technical assistance, including training to the Supreme Court and INETER’s staff, and the acquisition of computer and office equipment, including software, hardware, and licenses.”

2. A new Part 4.C of the Project is added under Part 4 of the Project in Schedule 1, to read as follows:

   “C. Carrying out studies related to land administration in Nicaragua.”

3. The definition of “Operating Costs” in paragraph 3 (b) of Section IV.A of Schedule 2 is hereby amended to read in its entirety as follows:

   “(b) “Operating Costs” means the incremental expenses incurred on account of Project implementation, including office equipment and supplies, vehicle and special equipment operation, maintenance and insurance costs, communication costs, office administration costs, utilities, travel, per diem and supervision costs (none of which would have been incurred absent the Project); and excluding salaries of civil servants; and”.
APPENDIX

Section I. Definitions


2. “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 at 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.

3. “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 at 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. “Cadastre” means the Recipient’s national property cadastre operated by INETER and the municipalities of the Recipient.

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


7. “CER Operations Manual” means the Recipient’s manual for the CER Part referred to in Section I.F.1 (a) of Schedule 2 to this Agreement, to be adopted by the Recipient for the CER Part of the Project in accordance with the provisions of said Section, as such manual may be amended from time to time with the prior written consent of the Association.

8. “CER Part” means Part 5 of the Project.


10. “Co-executing Agencies” means collectively INETER, INIDE, INIFOM, MARENA, and the Supreme Court.

12. "Co-execution Agreement for the Financing" means any of the agreements referred to in Section I.B.1. of Schedule 2 to this Agreement.

13. "Coordinating Authority" means the entity or entities designated by the Recipient in the CER Operations Manual and approved by the Association pursuant to Section I.F.2 of Schedule 2 to this Agreement, to be responsible for coordinating the CER Part of the Project.


15. "DIRAC" means Dirección de Resolución Alterna de Conflictos, the Recipient’s Directorate for Alternative Conflict Resolution within the Supreme Court.

16. "DNR" means Dirección Nacional de Registros, the Recipients’ Directorate of Public Property Registries established within the Supreme Court.

17. "EA" means the Recipient’s environmental assessment, satisfactory to the Association, and disclosed on the PGR’s website and on the World Bank’s Infoshop on December 27, 2012, identifying positive and negative, direct and indirect, and cumulative social and environmental impacts associated with the Project as well as the applicable measures to prevent, avoid, minimize, mitigate or compensate potential negative impacts, as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Association.

18. "Eligible Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient associated with natural or man-made crisis or disaster.

19. "Emergency Expenditure" means any of the Eligible Expenditures set forth in the CER Operations Manual in accordance with the provisions of Section I.F.1 (a) of Schedule 2 to this Agreement and required for the activities included in the CER Part of the Project.

20. "EMP" means the Recipient’s environmental management plan, satisfactory to the Association, and disclosed on the PGR’s website and on the World Bank’s Infoshop on December 27, 2012, addressing the environmental, forestry, natural habitats and cultural property safeguard requirements of the Project, as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Association.
21. "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.

22. "INETER" means Instituto Nicaragüense de Estudios Territoriales, the Recipient's institute for territorial studies, established pursuant to the Recipient's Executive Decree 830, published in the Recipient's Official Gazette 224 on October 5, 1981.


26. "IPP" means the Recipient's Indigenous Peoples Plan, satisfactory to the Association, and disclosed on the World Bank's Infoshop and on the PGR's website on December 27, 2012, addressing the indigenous peoples safeguard requirements of the Project, as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Association.

27. "MARENA" means Ministerio del Ambiente y Recursos Naturales, the Recipient's Ministry of the Environment and Natural Resources or any successor thereto.

28. "MITK" means Miskitu Indian Tasbaika Kum, an indigenous territory located in the Recipient's territory.

29. "MSBU" means Mayanga Sauni Bu, an indigenous territory located in the Recipient's territory.

30. "Operational Manual" means the Recipient's manual referred to in Section I.E.1. of Schedule 2 to this Agreement and approved by the Association on February 6, 2013, as amended on May 7, 2017, and as such manual may be further amended from time to time with the prior written agreement of the Association.
31. “Original Financing Agreement” means the financing agreement for the Second Land Administration Project between the Recipient and the Association, dated April 15, 2013, as amended to the date of this Agreement (Credit No. 5225-NI).

32. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.

33. “Participating Municipalities” means any municipality within the Recipient’s territory which has been selected to participate in the Project according to the criteria and mechanisms specified in the Operational Manual.

34. “Participation Agreement” means any of the agreements referred to in Section I.B.2. of Schedule 2 to this Agreement.


36. “Performance Indicators” means the indicators, acceptable to the Association, to be used in the monitoring and evaluation of the Project, as set forth in the Operational Manual.

37. “PGR” means Procuraduría General de la República, the Recipient’s Attorney General’s Office, ascribed to the Recipient’s executive branch.

38. “Process Framework” means the Recipient’s framework, satisfactory to the Association, and disclosed on the World Bank’s Infoshop and on the PGR’s website on December 27, 2012, addressing the potential restrictions to access to natural resources due to demarcation of protected areas within the Project, as the same may be amended, supplemented or otherwise modified from time to time with the prior written agreement of the Association.

39. “Procurement Law” means the Recipient’s Law No. 737, which was enacted on November 4, 2010 and published in the Recipient’s Official Gazette No. 213 of November 8, 2010.

40. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 7, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


42. “Protected Areas” means any of the areas selected according to the Operational Manual, established within the framework of the Recipient’s Law 217 (Title II, Chapter II, Section III), Decree 9-96, and Decree 14-99.
43. "SIICAR" means Sistema Integrado de Información de Cadastro y Registro, the Recipient’s integrated information system operated jointly by the Cadastre and the DNR.

44. "SIIPRO" means Sistema Integrado de Información de Propiedad, the Recipient’s property information system.

45. "SILEC" means Sistema de Información Legal y Catastral, the Recipient’s legal and cadastral information system within the IP.

46. "SISCAT" means Sistema de Registro Catastral, the Recipient’s municipal cadastral system.

47. “Supreme Court” means the highest tribunal of the Recipient’s judiciary, and includes DIRAC and DNR.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are 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).