Financing Agreement

(Additional Financing for Rural Roads Infrastructure Improvement Project)

between

REPUBLIC OF NICARAGUA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 11, 2014
FINANCING AGREEMENT

Agreement dated \underline{July 11}, 201\underline{4}, 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 grant and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"): 

(a) an amount equivalent to thirty four million nine hundred thousand Special Drawing Rights (SDR 34,900,000) ("Grant"); and

(b) an amount equivalent to one million nine hundred thousand Special Drawing Rights (SDR 1,900,000) ("Credit").

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Payment Dates are May 15 and November 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, and in accordance with the provisions of Article IV of the General Conditions, the Recipient, through MTI, shall: (a) carry out: (i) Part A.1 of the Project, with the assistance of MCAs; and (ii) Parts B and C of the Project; (b) cause FOMAV to carry out Part A.2 and Part A.3 of the Project pursuant to the Subsidiary Agreement; and (c) cause the Coordinating Authority to carry out Part D of the Project.

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 FOMAV 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 the FOMAV to perform any of its obligations under the Subsidiary Agreement;

(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; and

(c) that FOMAV shall have failed to comply with its obligations under the Subsidiary Agreement.

4.02. The Additional Events of Acceleration consist of the following:

(a) that any event specified in paragraphs (a) or (b) of Section 4.01 of this Agreement occurs; or
(b) that the event in paragraph (c) of Section 4.1 occurs, and is continuing for a period of 30 days.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Subsidiary Agreement shall have been amended as provided in Section I.B.1. of Schedule 2 to this Agreement; and

(b) the Operational Manual shall have been updated/amended as provided in Section I.C.1 of Schedule 2 to this Agreement.

5.02. The Additional Legal Matter consists of the following, namely, that the amendment to the Subsidiary Agreement has been duly authorized or ratified by the Recipient, through MTI, and FOMAV and is legally binding upon the Recipient and the FOMAV in accordance with its 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, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section, but in no case later than eighteen (18) months after the Association's approval of the Financing which expires on December 24, 2015.

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
Washington, D.C.

AGREED at San Francisco Libe Department of Finance as of the day and year first above written.

REPUBLIC OF NICARAGUA

By

Authorized Representative

Name: Ivo Acosta
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: En Huyani Indrawardi
Title: Managing Director & Chief Operating Officer
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) improve the access of the rural population living in the Project areas to markets, and to social and administrative services through: (i) the carrying out of improvements in the Recipient’s road infrastructure; and (ii) the strengthening of MTIs and FOMAV’s institutional capacity for road asset and disaster risk management; (b) support the generation of short-term employment opportunities for the rural population living in the Project areas; and (c) improve the Recipient’s capacity to respond promptly and effectively to an Eligible Emergency.

The Project consists of the following parts:

Part A. Rural Road Improvements and Maintenance

1. Carrying out of improvement works (such as cobblestone surfacing or any other viable surface replacement option acceptable to the Association) on Selected Rural Roads, or Selected Additional Rural Roads, all within the existing right of way.

2. Carrying out of periodic maintenance works (such as asphalt resurfacing) on the Selected Periodic Maintenance Roads within the National Trunk Road Network, all within the existing right of way.

3. Carrying out of minor routine maintenance works on Selected Rural Maintenance Roads, all within the existing right of way.

Part B. Institutional Development

1. Strengthening of MTI’s institutional capacity (including road asset and disaster risk management) through, *inter alia*:

   (a) the carrying out of a detailed road inventory and a traffic and condition survey of the Core Road Network;

   (b) the provision of training to MTI’s staff;

   (c) the revision of existing design standards and manuals, and preparation of a design manual for managing geotechnical risks in road projects;

   (d) the carrying out of gender user surveys to assess the impact of the Project;
(e) the provision of training/study courses to MTI’s staff in engineering and related disciplines, as well as on social and environmental management standards and practices; and

(f) the improvement of MTI’s planning and management capacity through, inter alia, the acquisition of telecommunication and information technology materials and transportation vehicles.

2. Strengthening of FOMAV’s institutional capacity (including road asset sustainability management) through, inter alia:

(a) the carrying out of studies of FOMAV’s institutional structure, role and sustainability, including proposed recommendations for institutional, management and financing reforms; and

(b) the provision of training to FOMAV’s staff on, inter alia, road maintenance and social and environmental management standards and practices to follow in connection with road maintenance activities.

3. (a) Carrying out of studies to improve the Recipient’s road network, including, inter alia: (i) final studies and engineering designs of the Selected Rural Roads and any Selected Additional Rural Roads; (ii) a study to reform the axle load control system; (iii) a review of the Recipient’s road safety management capacity; (iv) a study of the Recipient’s baseline rural accessibility index indicator; and (v) studies to improve the social and environmental management capacity of MTI; and

(b) development (but excluding implementation) of a comprehensive cobblestone roads program in the Recipient’s productive areas.

Part C. Project Management

Provision of support to MTI for Project implementation and supervision, through, inter alia: (i) the financing of consultants’ services (including audits); (ii) the carrying out of monitoring and evaluation activities, and impact studies on the Project’s implementation.

Part D. Contingent Emergency Response

Provision of support to respond to an Eligible Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient, through MTI, shall:

   (a) maintain a Project coordination unit within MTI (the UCR-BM) with functions and responsibilities satisfactory to the Association, including, inter alia: (i) overall planning, coordination and monitoring of Project activities; (ii) managing of the procurement process for the hiring of MCAs and other contractors with respect to Part A.1 of the Project; (iii) managing of the procurement processes for the selection of consultants under the Project; (iv) periodic updating of the Procurement Plan, the preparation of financial reports and the hiring of external auditors; and (v) coordination with FOMAV with respect to Parts A.2 and A.3 of the Project;

   (b) staff the UCR-BM with personnel in numbers and with experience and qualifications satisfactory to the Association; and

   (c) ensure the MCAs carry out their respective procurement activities under Part A.1 of the Project in accordance with the relevant provisions of the Operational Manual.

2. Without limitation to the provisions of Section 4.03 of the General Conditions, the Recipient shall, until completion of the Project, allocate in, and make available from, its annual budget, and/or make available to the FOMAV, the funds required, in amounts satisfactory to the Association, for the maintenance works referred to in Parts A.2 and A.3 of the Project.

3. The Recipient shall:

   (a) not later than November 30 each year during Project implementation, furnish FOMAV’s annual work plans to the Association, each of which shall be in form and substance satisfactory to the Association and in conformity with the relevant provisions of the Operational Manual; and

   (b) cause FOMAV to be staffed at all times during Project implementation with personnel in numbers and with qualifications acceptable to the Association.
B. Subsidiary Agreement

1. To facilitate the carrying out of Parts A.2 and A.3 of the Project, the Recipient, through MTI, shall amend the Subsidiary Agreement, under terms and conditions approved by the Association, which shall include, *inter alia*:

   (a) the obligation of the Recipient to transfer, through MTI, on a grant basis, the proceeds of the Financing allocated to Parts A.2 and A.3 of the Project to FOMAV to enable FOMAV to carry out Parts A.2 and A.3 of the Project; and

   (b) the obligation of FOMAV to: (i) carry out Parts A.2 and A.3 of the Project in accordance with the provisions of this Agreement, the Anti-Corruption Guidelines, and the Operational Manual; and (ii) take or permit to be taken all actions to enable the Recipient to comply with its obligations under this Agreement in respect to Parts A.2 and A.3 of the Project.

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, waive, terminate, or fail to enforce the Subsidiary Agreement or any of its provisions.

C. Operational Manual

1. The Recipient shall: (a) update/amend the Operational Manual in a manner acceptable to the Association; and (b) (i) carry out Parts A.1, B, and C of the Project; and (ii) cause FOMAV to carry out Parts A.2 and A.3 of the Project, all in accordance with the terms of the updated/amended Operational Manual, which shall include, *inter alia*:

   (A) the detailed description of all Project implementation activities, their sequencing and the prospective timetable and benchmark in relation thereto;

   (B) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents;

   (C) the procedures for the procurement to be carried out by MCAs;

   (D) the models for proposals and bid evaluation reports and for short lists preparations, for works, goods, Non-consulting Services and consultants’ services;
(E) the standard bidding documents and model contracts, which shall include the pertinent ESMPs for Improvement Works, the ESMP for Periodic Maintenance Works, the pertinent environmental management plans prepared under the ESMF, the pertinent resettlement action plans prepared under the RPF, and the pertinent indigenous peoples plans prepared under the IPPF, and any additional relevant environmental/social management plans prepared pursuant to Section I.F.3 (b) of Schedule 2 to this Agreement;

(F) the ESMPs for Improvement Works;

(G) the ESMP for Periodic Maintenance Works;

(H) the ESMF, including the RPF and the IPPF;

(I) the plan for the monitoring, evaluation and supervision of the Project;

(J) the performance indicators for Parts A through C of the Project;

(K) the criteria to identify and prioritize, by the Recipient and FOMAV, the road sections within: (a) the Selected Rural Roads and the Selected Additional Rural Roads; and (b) the pertinent Selected Periodic Maintenance Roads;

(L) the guidelines for the carrying out of environmental and social screenings and/or assessment of works under Parts A.1 and A.2 of the Project and for the preparation of the relevant environmental/social management plans referred to in Section I.F.3 (b) of this Schedule 2;

(M) the procedures for the implementation of Part A.3 of the Project, including: (i) selection criteria for the micro-enterprises which FOMAV may contract to carry out road maintenance works on the Selected Rural Maintenance Roads; and (ii) standard operating procedures for environmental and social management of small scale impacts resulting from routine maintenance minor works;

(N) the list of Selected Rural Roads;

(O) the list of Selected Additional Rural Roads;

(P) the list of Selected Periodic Maintenance Roads; and

(Q) the list of Selected Rural Maintenance Roads.
2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce the Operational Manual or any provision thereof.

3. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

D. Implementation Arrangements for Part D of the Project - Immediate Response Mechanism (IRM Part)

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

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

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

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

(d) ensure that the Coordinating Authority carries out the IRM Part in accordance with the IRM Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the IRM 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 IRM Operations Manual without prior approval by the Association.
2. The Recipient shall, throughout the implementation of the IRM Part, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under the IRM Part (and no activities shall be included in the IRM 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 IRM 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 IRM 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.

E. Anti-Corruption

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

F. Safeguards

1. The Recipient, through MTI, shall: (a) carry out Part A.1 of the Project in accordance with the relevant ESMPs for Improvement Works, in respect of the Selected Rural Roads, or the ESMF (and any environmental management plans prepared thereunder), the RPF (and any resettlement action plans prepared thereunder) and the IPPF (and any indigenous peoples plans prepared thereunder), in respect of the Selected Additional Rural Roads; and (b) cause FOMAV to carry out Part A.2 of the Project in accordance with, as applicable, the ESMP for Periodic Maintenance Works, or the ESMF (and any environmental management plans prepared thereunder), the RPF (and any resettlement action plans prepared thereunder) and the IPPF (and any indigenous peoples plans prepared thereunder).

2. The Recipient, through MTI, shall ensure, and cause FOMAV to ensure, that any works to be carried out in connection with any Selected Rural Roads, any Selected Periodic Maintenance Roads covered by the ESMP for Periodic Maintenance Works, and any Selected Rural Maintenance Roads, do not involve any Resettlement.
3. Prior to the carrying out of any routine maintenance activities under Part A.3 of the Project (including routine maintenance activities for the road sections Quebrada Honda-San Francisco Libre and Cardenas-Colón which have been improved under Part A.1 of the Project), the Recipient, through MTI, shall cause FOMAV to: (a) carry out, or cause to be carried out, an environmental and/or social assessment of the proposed minor works in accordance with the standard operating procedures for environmental and social management of small scale impacts set forth in accordance with the requirements of the Operational Manual; (b) if applicable, prepare or cause to be prepared, a plan acceptable to the Association which shall incorporate the results of said assessment; and (c) thereafter implement, or cause to be implemented, said plan in accordance with its terms and in a manner acceptable to the Association.

4. The Recipient shall not, and shall cause FOMAV not to, amend, suspend or abrogate any of the provisions of the ESMPs for Improvement Works, the ESMPs for Periodic Maintenance Works, the ESMF (and any environmental management plans prepared thereunder), RPF (and any resettlement action plans prepared thereunder) or IPPF (and any indigenous peoples plans prepared thereunder) without the prior agreement of the Association.

5. The Recipient shall ensure that the terms of reference for any consultancies related to any technical assistance provided under the Project shall be satisfactory to the Association, following its review thereof, and, to that end, such terms of reference shall incorporate the requirements of the Association Safeguard Policies then in force, as applied to such technical assistance.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of Parts A through C 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 indicators set forth in the Operational Manual. 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.

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, through MTI, shall prepare and furnish to the Association not later than forty-five
(45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the 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

A. General

1. Goods, Works and Non-consulting Services. All goods, works and Non-consulting Services required for Parts A through C of 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 Parts A through C of 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-consulting Services. The Procurement Plan shall specify the circumstances under which such methods may be used:
**Procurement Method**

(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting
(d) Community Participation 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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection based on Consultant's Qualifications (CQS)</td>
</tr>
<tr>
<td>(b) Quality-based Selection (QBS)</td>
</tr>
<tr>
<td>(c) Least Cost Selection (LCS)</td>
</tr>
<tr>
<td>(d) Single Source Selection (SSS)</td>
</tr>
<tr>
<td>(e) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(f) Procedures set in 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants (IC)</td>
</tr>
</tbody>
</table>

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. **Annual Procurement Audits**

The Recipient shall:

(a) cause independent auditors of experience and qualifications satisfactory to the Association and operating under terms of reference satisfactory to the Association, to carry out annual procurement audits for each year of Project implementation, and have all the Project procurement records and documentation for each fiscal year of the Recipient audited, including the procurement carried out by MCAs, all in accordance with appropriate procurement auditing principles;
(b) not later than six months after the end of the fiscal year, furnish to the Association the procurement audit report of each such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(c) furnish or cause to be furnished to the Association or to said auditors such other information concerning said procurement records and documentation as the Association shall from time to time reasonably request.

F. Special Provisions

In addition and without limitation to any other provisions set forth in this Section or the Procurement Guidelines, the following principles of procurement shall expressly govern all procurement of goods, works and Non-consulting Services under either International Competitive Bidding, National Competitive Bidding or Shopping:

(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 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 Section I of the 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 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 proposal and performance securities;

(n) complaints shall be handled as indicated in the appendixes to the Procurement Guidelines and Consultant Guidelines;

(o) the procurement of goods and works shall be carried out using standard bidding documents acceptable to the Association;

(p) the Recipient, shall: (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 three months, 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

(q) 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 SISCAE, and 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.

G. **Procurement of Emergency Expenditures under the IRM Part of the Project**

Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for the IRM Part of the Project shall be procured in
accordance with the procurement methods and procedures set forth in the IRM Operations 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 “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 Grant Allocated (SDR)</th>
<th>Amount of the Credit Allocated (SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) under Part A.1 of the Project</td>
<td>28,850,000</td>
<td>1,900,000</td>
<td>85%</td>
</tr>
<tr>
<td>(b) under Part A.2 of the Project</td>
<td>3,250,000</td>
<td></td>
<td>85%</td>
</tr>
<tr>
<td>(c) under Part A.3 of the Project</td>
<td>650,000</td>
<td></td>
<td>85%</td>
</tr>
<tr>
<td>(2) Non-consulting services, consultants’ services, goods, and Training under Parts B through C of the Project</td>
<td>2,150,000</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Emergency Expenditures under Part D of the Project</td>
<td>0</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>34,900,000</td>
<td>1,900,000</td>
<td></td>
</tr>
</tbody>
</table>
3. For the purposes of this Section, "Training" means expenditures (other than for Non-consulting Services) for: (i) reasonable travel, room, board and per diem incurred by trainers, training facilitators, and trainees in connection with the training activities under Part B of the Project; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution.

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.

(b) under Category (3), for Emergency Expenditures under Part D of the Project, unless and until the Association is satisfied, and has 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 IRM 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.D.3(b) of this Schedule;

(iii) the Recipient's Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.D.2 of this Schedule for the purposes of said activities; and

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

2. The Closing Date is November 30, 2017.
V. Other Undertakings

The Recipient and the Association hereby agree to amend the Original Financing Agreement as set forth in Schedule 4 to this Agreement.
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 May 15 and November 15:</td>
<td></td>
</tr>
<tr>
<td>commencing on November 15, 2024 to and including May 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing on November 15, 2034 to and including May 15, 2054</td>
<td>2%</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.
SCHEDULE 4

Amendment to the Original Financing Agreement

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

1. Section 3.01 of the Original Financing Agreement is hereby amended in its entirety to read as Section 3.01 of this Agreement.

2. Schedule 1 to the Original Financing Agreement is hereby amended to read in its entirety as set forth in Schedule 1 to this Agreement.

3. Section 1.C of Schedule 2 to the Original Financing Agreement is hereby amended in its entirety to read as Section 1.C of Schedule 2 of this Agreement.

4. Section 1.E. of Schedule 2 to the Original Financing Agreement is hereby amended in its entirety to read as Section 1.F of Schedule 2 to this Agreement.

5. A new Section 1.F. is added to Schedule 2 to the Original Financing Agreement, and shall read as follows:

“F. Implementation Arrangements for Part D of the Project (Immediate Response Mechanism (IRM Part))

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

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

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

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

(d) ensure that the Coordinating Authority carries out the IRM Part in accordance with the IRM Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the IRM 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 IRM Operations Manual without prior approval by the Association.

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

3. The Recipient shall undertake no activities under the IRM Part (and no activities shall be included in the IRM 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 IRM 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 IRM 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.”

6. The table in Section IV.A.2. of Schedule 2 to the Original Financing Agreement is hereby amended, and shall read as follows:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) under Part A.1 of the Project</td>
<td>3,900,000.00</td>
<td>10,500,000.00</td>
<td>85%</td>
</tr>
<tr>
<td>(b) under Part A.2 of the Project</td>
<td></td>
<td>2,000,000.00</td>
<td>85%</td>
</tr>
<tr>
<td>(c) under Part A.3 of the Project</td>
<td></td>
<td></td>
<td>85%</td>
</tr>
<tr>
<td>(2) Non-consulting services, consultants' services, goods, and Training under Parts A through C of the Project</td>
<td></td>
<td>2,565,664.00</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants services (up to the date of the Additional Financing Agreement)</td>
<td></td>
<td>183,588.00</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods (up to the date of the Additional Financing Agreement)</td>
<td></td>
<td>6,126.00</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Training (up to the date of the Additional Financing Agreement)</td>
<td></td>
<td>44,622.00</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td></td>
<td>3,300,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Emergency Expenditures under Part D of the Project</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>3,900,000.00</td>
<td>18,600,000.00</td>
<td></td>
</tr>
</tbody>
</table>

7. Section IV.B.1 of Schedule 2 to the Original Financing Agreement is hereby amended to read as follows:
"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; or

(b) under Category (3), for Emergency Expenditures under Part D of the Project, 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 IRM 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;

(iii) the Recipient's Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.F.2 of this Schedule for the purposes of said activities; and

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

8. Section IV.B.2 of Schedule 2 to the Original Financing Agreement is hereby amended to read as follows:

"2. The Closing Date is November 30, 2017."

9. The Appendix of the Original Financing Agreement is hereby amended as follows:
(a) The following definitions are added in alphabetical order and the definitions in the Appendix are renumbered accordingly:

""Additional Financing Agreement" means the financing agreement for the provision of additional financing for activities related to the Project, between the Recipient and the Association, dated ____________\(^1\) (Credit No. ______-NI/Grant No. _____-NI), as the same may be amended from time to time."

""Coordinating Authority" means the entity or entities designated by the Recipient in the IRM Operations Manual and approved by the Association pursuant to Section I.F.1(a) of Schedule 2 to this Agreement, to be responsible for coordinating the IRM Part of the Project."

""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 a natural or man-made crisis or disaster."

""Emergency Expenditure" means any of the Eligible Expenditures set forth in the IRM 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 IRM Part of the Project."

""ESMF" means the Recipient’s framework for the environmental and social management of the Project disclosed by the Recipient on May 15, 2014, and through the Association’s Infoshop on May 15, 2014, which contains, inter alia, the RPF, the IPPF, and guidelines for the carrying out of environmental assessments and for the preparation and implementation of environmental management plans, when applicable, as such framework may be amended from time to time with the prior agreement of the Association."

""ESMP for Periodic Maintenance Works" means the Recipient’s environmental/social management plan, dated December 2013, and disclosed on the FOMAV website on January 20, 2014, and on the Association’s Infoshop on January 31, 2014, acceptable to the Association, for the carrying out of periodic maintenance works in the Managua-El Rama road section within the National Trunk Road Network, under Part A.2 of the Project."

\(^1\) Minutes of Negotiations (and signing instructions) to indicate that this date will be filled out at the same time as the date for the Additional Financing Agreement is filled out.
“‘Immediate Response Mechanism Operations Manual’ and ‘IRM Operations Manual’ each means the operations manual referred to in Section I.F.1(a) of Schedule 2 of this Agreement, to be adopted by the Recipient for the IRM Part of the Project in accordance with the provisions of said Section.”

“‘IPPF’ means the Recipient’s Indigenous Peoples Planning Framework for the Project disclosed as part of the ESMF by the Recipient on May 15, 2014 and through the Association’s Infoshop on May 15, 2014, which contains, *inter alia*, guidelines for the preparation and implementation of indigenous peoples plans, when applicable, as may be amended from time to time with the prior agreement of the Association.”

“‘IRM Part of the Project’ and “IRM Part” each mean Part D of the Project.”

“‘RPF’ means the Recipient’s resettlement policy framework for the Project disclosed as part of the ESMF by the Recipient on May 15, 2014, and through the Association’s Infoshop on May 15, 2014, which contains, *inter alia*, guidelines for the preparation and implementation of resettlement action plans, when applicable as may be amended from time to time with the prior agreement of the Association.”

“‘Selected Additional Rural Roads” means the road sections, within the Recipient’s *vías colectoras* (collector roads) or the *vías vecinales* (local roads), selected in accordance with the criteria set forth in the Operational Manual for financing under Part A.1 of the Project, which road sections are included in the Recipient’s Sector-wide Medium Term Expenditure Framework (*Marco de Gasto Sectorial de Mediano Plazo*) dated August 2010 (and subsequent amendments), or the National Transport Plan (*Plan Nacional de Transporte*) dated January 2014 (and subsequent amendments), and listed in the Operational Manual.”

“‘Selected Periodic Maintenance Roads” means the road sections in the Managua-El Rama road section within the National Trunk Road Network, which have been selected in accordance with criteria acceptable to the Association for financing under Part A.2 of the Project, and any other road sections within the National Trunk Road Network, selected in accordance with said criteria, and listed in the Operational Manual.”

“‘Selected Rural Maintenance Roads” means the road sections Quebrada Honda-San Francisco Libre (approximately 34 km) and Cárdenas-Colón (approximately 41 km), the routine maintenance of which has been selected for financing under Part A.3 of the Project, and any other road
sections selected in accordance with criteria acceptable to the Association, and listed in the Operational Manual.”

(b) The following definitions are hereby amended to read as follows:

“ESMPs for Improvement Works” means any of the following Recipient’s environmental/social management plans, acceptable to the Association, for the carrying out of improvement works on the Selected Rural Roads, and included in the Operational Manual: (i) Cárdenas-Colón ESMP; (ii) Empalme La Mora – La Carpa ESMP, (iii) Granada-Malacatoya ESMP and (iv) Quebrada Honda – San Francisco Libre ESMP; and (v) Rivas-Veracruz ESMP, all five published by the Recipient on February 07, 2013, and on the Association’s Infoshop on April 25, 2013; (vi) Río Blanco – Mulukuku ESMP, published by the Recipient on November 20, 2012, and on the Association’s Infoshop on April 25, 2013; (vii) León-La Ceiba ESMP, and (viii) León-Lechecuago ESMP, both published by the Recipient on September 18, 2013, and on the Association’s Infoshop on December 13, 2013; (ix) El Portillo – El Cuá ESMP, published by the Recipient on December 19, 2013, and on the Association’s Infoshop on January 24, 2013; (x) El Cuá-San José de Bocay ESMP, (xi) Esquipulas-San Dionisio (sub-section San Dionisio-Planta Ocalca) ESMP; and (xii) Santa Lucía-Boaco ESMP all three published by the Recipient on December 19, 2013, and on the Association’s Infoshop on January 13, 2013, all of which address the environmental, social, forestry, natural habitats and cultural property safeguard requirements, including the actions/provisions to be undertaken for the prevention, mitigation and remediation of any potential environmental damage arising from the implementation of civil works, under the carrying out of Part A.1 of the Project; as each said plan may be amended from time to time with the prior no objection from the Association.”

“Procurement Law” means Ley de Contrataciones Administrativas del Sector Público, the Recipient’s Law No. 737, which was enacted on November 4, 2010 and published in the Official Gazette on November 8, 2010.”

“Selected Rural Roads” means the road sections, within the Recipient’s vías colectoras (collector roads) or the vías vecinales (local roads), which have been selected in accordance with criteria acceptable to the Bank for financing under Part A.1 of the Project, which road sections are included in the Recipient’s Sector wide Medium Term Expenditure Framework (Marco de Gasto Sectorial de Mediano Plazo) dated August 2010 (and following amendments), and listed in the Operational Manual.
"Subsidiary Agreement" means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement, as amended pursuant to the terms of Section I.B.1 of Schedule 2 to the Additional Financing Agreement, pursuant to which the Recipient shall make part of the proceeds of the Financing available to FOMAV.
APPENDIX

Section I. Definitions


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "Coordinating Authority" means the entity or entities designated by the Recipient in the IRM Operations Manual and approved by the Association pursuant to Section I.D.1(a) of Schedule 2 to this Agreement, to be responsible for coordinating the IRM Part of the Project.

6. "Core Road Network" means the network comprised by the National Trunk Road Network and the Recipient’s via colectoras (collector roads), as referred to in Article 7 of Recipient’s Law No. 706 of October 8, 2009, duly published in Official Gazette No. 243 on December 23, 2009.

7. "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 a natural or man-made crisis or disaster.

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

9. "ESMF" means the Recipient’s framework for the environmental and social management of the Project disclosed by the Recipient on May 15, 2014, and through the Association’s Infoshop on May 15, 2014, which contains, inter alia, the RPF, the IPPF, and guidelines for the carrying out of environmental assessments and for the preparation and implementation of environmental
management plans, when applicable, as such framework may be amended from
time to time with the prior agreement of the Association.

10. “ESMPs for Improvement Works” means any of the following Recipient’s
environmental/social management plans, acceptable to the Association, for the
carrying out of improvement works in the Selected Rural Roads, and included in
the Operational Manual: (i) Cardenas-Colón ESMP; (ii) Empalme La Mora – La
Carpa ESMP; (iii) Granada-Malacatoya ESMP; (iv) Quebrada Honda – San
Francisco Libre ESMP; (v) Rivas-Veracruz ESMP, all five published by the
Recipient on February 07, 2013, and on the Association’s Infoshop on April 25,
2013; (vi) Río Blanco – Mulukuku ESMP, published by the Recipient on
November 20, 2012, and on the Association’s Infoshop on April 25, 2013; (vii)
León-La Ceiba ESMP; (viii) León-Lechecuago ESMP both published by the
Recipient on September 18, 2013, and on the Association’s Infoshop on
December 13, 2013; (ix) El Portillo – El Cuá ESMP, published by the Recipient
on December 19, 2013, and on the Association’s Infoshop on January 24, 2013;
(x) El Cuá-San José de Bocay ESMP; (xi) Esquipulas-San Dionisio (sub-section
San Dionisio-Planta Ocalca) ESMP; and (xii) Santa Lucía-Boaco ESMP, all three
published by the Recipient on December 19, 2013, and on the Association’s
Infoshop on January 13, 2013, all of which address the environmental, social,
forestry, natural habitats and cultural property safeguard requirements, including
the actions/provisions to be undertaken for the prevention, mitigation and
remediation of any potential environmental damage arising from the
implementation of civil works, under the carrying out of Part A.1 of the Project;
as each said plan may be amended from time to time with the prior no objection
from the Association.

11. “ESMP for Periodic Maintenance Works” means the Recipient’s
environmental/social management plan, dated December 2013, and disclosed on
the FOMAV website on January 20, 2014, and on the Associations Infoshop on
February 06, 2014, acceptable to the Association, for the carrying out of periodic
maintenance works in the Managua-El Rama road section within the National
Trunk Road Network, under Part A.2 of the Project.

12. “FOMAV” means the Fondo de Mantenimiento Vial, the fund established by the
Recipient for purposes of financing the maintenance of the Recipient’s national
and municipal roads pursuant to the FOMAV Legislation, or any successor
thereto.

13. “FOMAV Legislation” means Ley Creadora del Fondo de Mantenimiento Vial,
the Recipient’s Law No. 355 that created FOMAV, duly published in Official
Gazette No. 157 on August 21, 2000, as said law has been amended to the date of
this Agreement.

15. “Immediate Response Mechanism Operations Manual” and “IRM Operations Manual” each means the operations manual referred to in Section I.D.1(a) of Schedule 2 of this Agreement, to be adopted by the Recipient for the IRM Part of the Project in accordance with the provisions of said Section.

16. “IPPF” means the Recipient’s Indigenous Peoples Planning Framework for the Project disclosed as part of the ESMF by the Recipient on May 15, 2014 and through the Association’s Infoshop on May 15, 2014, which contains, inter alia, guidelines for the preparation and implementation of indigenous peoples plans, when applicable, as may be amended from time to time with the prior agreement of the Association.

17. “IRM Part of the Project” and “IRM Part” each means Part D of the Project.

18. “MCA” means Módulos Comunitarios de Adoquinado, any of the Recipient’s community modules for cobblestones, composed of members of the local communities adjacent to any of the Selected Rural Roads or the Selected Additional Rural Roads, selected by the Recipient and approved by the Association for purposes of assisting the Recipient in the carrying out of the improvement works under Part A.1 of the Project.

19. “MTI” means the Ministerio de Transporte e Infraestructura, the Recipient’s Ministry of Transport and Infrastructure, or any successor thereto.


21. “Non-consulting Services” means the reasonable cost of 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 can be procured on the basis of performance of measurable physical outputs.

22. “Operational Manual” means the Recipient’s manual, dated October 18, 2011 referred to in Section I.C.1 of Schedule 2 to this Agreement, as the same has been updated through February 27, 2013, and as may be further updated/amended from time to time with the prior written agreement of the Association, and such term includes any annexes and schedules to such manual.

23. “Original Financing Agreement” means the financing agreement for a Rural Roads Infrastructure Improvement Project between the Recipient and the
Association, dated December 19, 2011 (Credit No. 5028-NI and Grant No. H7440-NI), as amended through the date of this Agreement.

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


26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 21, 2014 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.

27. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

28. “RPF” means the Recipient’s resettlement policy framework for the Project disclosed as part of the ESMF by the Recipient on May 15, 2014, and through the Association’s InfoShop on May 15, 2014, which contains, inter alia, guidelines for the preparation and implementation of resettlement action plans, when applicable as may be amended from time to time with the prior agreement of the Association.

29. “Selected Additional Rural Roads” means the road sections within the Recipient’s vias colectoras (collector roads) or the vias vecinales (local roads), selected in accordance with the criteria set forth in the Operational Manual for financing under Part A.1 of the Project, which road sections are included in the Recipient’s Sector wide Medium Term Expenditure Framework (Marco de Gasto Sectorial de Mediano Plazo) dated August 2010 (and subsequent amendments), or the National Transport Plan (Plan Nacional de Transporte) dated January 2014 (and subsequent amendments), and listed in the Operational Manual.

30. “Selected Periodic Maintenance Roads” means the road sections in the Managua-El Rama road section within the National Trunk Road Network, which have been selected in accordance with criteria acceptable to the Association for financing under Part A.2 of the Project, and any other road sections within the National
Trunk Road Network, selected in accordance with said criteria, and listed in the Operational Manual.

31. “Selected Rural Roads” means the road sections, within the Recipient’s vias colectoras (collector roads) or the vias vecinales (local roads), which have been selected in accordance with criteria acceptable to the Association for financing under Part A.1 of the Project, which road sections are included in the Recipient’s Sector wide Medium Term Expenditure Framework (Marco de Gasto Sectorial de Mediano Plazo) dated August 2010 (and subsequent amendments), or the National Transport Plan (Plan Nacional de Transporte) dated January 2014 (and subsequent amendments), and listed in the Operational Manual.

32. “Selected Rural Maintenance Roads” means the road sections Quebrada Honda-San Francisco Libre (the length of which is approximately 34 km) and Cárdenas-Colon (the length of which is approximately 41 km), which have been selected in accordance with criteria acceptable to the Association for financing under Part A.3 of the Project, and any other road sections selected in accordance with said criteria, and listed in the Operational Manual.

33. “SEPA” means the Association’s publicly accessible Procurement Plans Execution System.

34. “SISCAE” means the Recipient’s procurement web portal (www.nicaraguacompra.gob.ni/siscae/portal).

35. “Subsidiary Agreement” means the agreement dated March 5, 2012 between the Recipient and FOMAV pursuant to which the Recipient shall make part of the proceeds of the Financing available to FOMAV, as the same may be amended from time to time with the prior agreement of the Association.

36. “UCR-BM” means Unidad Coordinadora de Recursos Banco Mundial, the unit with MTI referred to in Section I.A.1 of Schedule 2 to this Agreement.