



ORIGINAL: ARABIC



LOAN NUMBER: 899

LOAN AGREEMENT

CONSTRUCTION AND EQUIPMENT OF  
CHINANDEGA DEPARTMENTAL HOSPITAL PROJECT

BETWEEN

REPUBLIC OF NICARAGUA

AND

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

DATED: 17/10/2014





## LOAN AGREEMENT

Agreement, dated 17/10/2014 between Republic of Nicaragua (hereinafter referred to as the Borrower) and Kuwait Fund for Arab Economic Development (hereinafter referred to as the Fund).

Whereas, the Borrower has requested the Fund to assist in the financing of the Construction and Equipment of Chinandega Departmental Hospital Project described in Schedule 2 to this agreement (hereinafter referred to as (the Project);

Whereas the Borrower intends to obtain a loan and/or a grant from the Central American Bank for Economic Integration (hereinafter called the Bank) to assist in the financing of the project (hereinafter referred to as the Bank Loan);

Whereas the Borrower is intending also to obtain from other resources additional concessional loans and/or grants to contribute to the financing of the project (hereinafter referred to as the (Additional Financing);

Whereas the Borrower is willing to provide from his own resources such further sums in foreign and local currencies as shall be necessary for meeting the cost of the project.

Whereas, the purpose of the Fund is to assist Arab and other developing countries in developing their economies and to provide them with loans required for the execution of their development projects and programmes;

Whereas, the Fund is convinced of the importance and benefits of the project in contributing to the development of the Borrower's economy; and

Whereas, the Fund has agreed, in view of the foregoing, to make a loan, hereinafter referred to as the loan, to the Borrower on the terms and conditions set forth in this Agreement.

Now therefore, the parties hereto agree as follows.

### ARTICLE I

#### The Loan; Interest and Other Charges; Repayment; Place of Payment

**SECTION 1.01.** The Fund agrees to lend to the Borrower, on the terms and conditions set forth in this Agreement or herein referred to, an amount equivalent to Eight million five hundred thousand Kuwaiti Dinars (KD. 8,500,000/-).





**SECTION 1.02.** The Borrower shall pay interest at the rate of one and one half per cent (1.5%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

**SECTION 1.03.** An additional charge of one half of one per cent (1/2 of 1%) per annum on the amounts withdrawn from the Loan and outstanding from time to time shall be paid to meet the administrative expenses and the expenses of implementing this Agreement.

**SECTION 1.04.** In the event that the Fund, pursuant to Section 3.02 of this Agreement, enters into a special irrevocable commitment at the request of the Borrower, a charge for such special commitment shall be paid by the Borrower at the rate of one half of one per cent (1/2 of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

**SECTION 1.05.** Interest and other charges shall be computed on the basis of a 360-day year of twelve 30-day months for any period less than a full one half of a year.

**SECTION 1.06.** The Borrower shall repay the principal of the Loan in accordance with the provisions for amortization of the Loan set forth in Schedule 1 to this Agreement.

**SECTION 1.07.** Interest and other charges shall be payable semi-annually on 1<sup>st</sup> of February and 1<sup>st</sup> of August in each year.

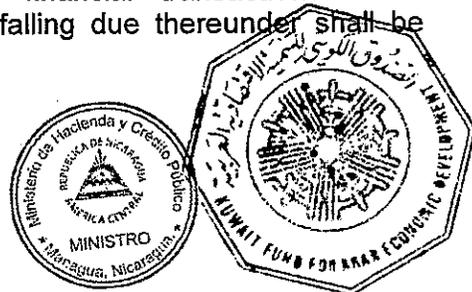
**SECTION 1.08.** The Borrower shall have the right, upon payment of all accrued interest and all other charges, and upon not less than 45 days notice to the Fund, to repay in advance of maturity: (a) all of the principal amount of the Loan at the time outstanding or (b) all of the principal amount of any one or more maturities, provided that after such prepayment there shall not be outstanding any portion of the Loan maturing after the portion to be prepaid.

**SECTION 1.09.** The principal of, and interest and other charges on, the Loan shall be paid at Kuwait or at such other places as the Fund shall reasonably request.

## ARTICLE II

### Currency Provisions

**SECTION 2.01.** All accounts of the financial transactions made pursuant to this Agreement shall be, and all sums falling due thereunder shall be payable, in Kuwaiti Dinars.





**SECTION 2.02.** The Fund will purchase, at the request of and acting as an agent for the Borrower, such currencies as may be required for payment of the cost of goods to be financed from the Loan under this Agreement, or for reimbursement of such cost in the currency in which it was actually incurred. The amount which shall be deemed to have been withdrawn from the Loan in any such case shall be equal to the amount of Kuwaiti Dinars required for the purchase of the respective amount of foreign currency.

**SECTION 2.03.** When repayment of principal or payment of interest and other charges on the Loan is being made, the Fund may, at the request of and acting as an agent for the Borrower, purchase the amount of Kuwaiti Dinars required for such repayment or payment, as the case may be, against payment by the Borrower of the amount required for such purchase in currency or currencies, as may be acceptable from time to time to the Fund.

Any payment to the Fund required under this Agreement shall not be deemed to have been effected except from the time and to the extent that Kuwaiti Dinars have actually been received by the Fund.

**SECTION 2.04.** Whenever it shall be necessary for the purposes of this Agreement to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Fund.

### ARTICLE III

#### Withdrawal and Use of Proceeds of the Loan

**SECTION 3.01.** The Borrower shall be entitled to withdraw from the Loan amounts expended or to be expended for the Project in accordance with the provisions of this Agreement.

Except as the Fund may otherwise agree, no amount shall be withdrawn from the Loan on account of expenses incurred prior to 1<sup>st</sup> June 2014 or to finance local costs of goods produced in the territories of the Borrower.

**SECTION 3.02.** Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Borrower and the Fund, the Fund may enter into special irrevocable commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods to be financed under this Agreement notwithstanding any subsequent cancellation of the Loan or suspension of the right of the Borrower to make withdrawals from the Loan.

**SECTION 3.03.** When the Borrower shall desire to withdraw any amount from the Loan or to request the Fund to enter into a special commitment pursuant to Section 3.02, the Borrower shall deliver to the Fund a written application in such form and





containing such statements, agreements and other documents as the Fund shall reasonably request. Applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Borrower and the Fund shall otherwise agree, be made promptly in relation to expenditures for the Project.

**SECTION 3.04.** The Borrower shall furnish to the Fund such documents and other evidence in support of the application for withdrawal as the Fund shall reasonably request, whether before or after the Fund shall have permitted any withdrawal requested in the application.

**SECTION 3.05.** Each application for withdrawal and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Fund that the Borrower is entitled to withdraw from the Loan the amount applied for and that the amount to be withdrawn from the Loan is to be used only for the purposes specified in this Agreement.

**SECTION 3.06.** The Borrower shall apply the proceeds of the Loan exclusively to financing the reasonable cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Fund, subject to modification by further agreement between them.

**SECTION 3.07.** The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

**SECTION 3.08.** Payment by the Fund of amounts which the Borrower is entitled to withdraw from the Loan shall be made to or on the order of the Borrower.

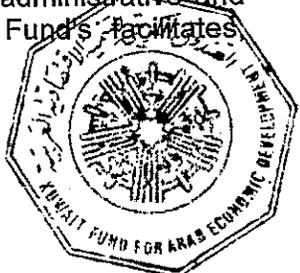
**SECTION 3.09.** The right of the Borrower to make withdrawals from the Loan shall terminate on 30 June 2018 or such other date as may from time to time be agreed between the Borrower and the Fund.

**ARTICLE IV**

**Particular Covenants**

**SECTION 4.01.** The Borrower shall entrust the Ministry of Health (hereinafter called "the Ministry") with the execution and operation of the Project, and shall make available to it the proceeds of the loan for its implementation.

**SECTION 4.02.** The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, administrative and financial practices, and shall provide, promptly as needed the Fund's facilities services and other resources for that purpose.





**SECTION 4.03.** The Borrower undertakes for the purpose of carrying out and operating the Project, to make appropriate arrangements that it will be entrusted to the Ministry which will continue at all times to function under rules or regulations in form and substance satisfactory to the Fund and have such powers, management and administration as are necessary for the diligent and efficient carrying out and operation of the Project.

The Borrower shall inform the Fund of any proposed action which would affect adversely the nature or regulations of the Ministry and shall afford the Fund all reasonable opportunity, in advance of the taking of such action, to exchange views with the Borrower with respect thereof.

**SECTION 4.04.** The Borrower shall entrust the Ministry to appoint a Project Manager with such qualifications and experience as may be acceptable to the Fund, to be the head of the Project Implementation Unit (hereinafter called "PIU"). Such project manager will organize and coordinate the Project tendering procedures and supervise its execution and monitor its progress. The Borrower shall also cause the Ministry to assign adequate, qualified and experienced staff to assist the Project Manager and ensure the efficient and timely execution of the Project.

**SECTION 4.05.** In order to assist the Borrower in the revision of the Project's specifications, preparation and evaluation of its tender documents, and supervision of the Project, the Borrower shall entrust the Ministry to employ and retain engineering consultants acceptable to, and upon terms and conditions satisfactory to the Fund.

**SECTION 4.06.** All contracts for the execution of the Project, which are to be financed from the proceeds of the Loan and any modifications thereto shall be subject to the Fund's approval.

**SECTION 4.07.** The Borrower shall make available promptly, as needed, all sums which shall be required, in addition to this Loan, other co-financiers loans and budgetary allocations made for the execution of the Project, all such sums to be made available on terms and conditions satisfactory to the Fund.

**SECTION 4.08.** The Borrower shall entrust the Ministry to furnish to the Fund, promptly upon their preparation the studies of, and the plans and specifications for the Project, the schedules of its execution and any material modifications subsequently made therein, in such detail as the Fund from time to time request.

**SECTION 4.09.** The Borrower shall entrust the Ministry to maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial position of the Ministry which is carrying out the Project, shall cause the Ministry to afford all





reasonable opportunity for accredited representatives of the Fund to make visits for purposes related to the Loan, and to inspect the Project, the goods and any relevant records and documents, and shall cause the Ministry to furnish the Fund all such information as the Fund shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods and the operations and financial position of the Ministry which is carrying out the Project.

The Borrower shall furnish the Fund every three months, as of the date of commencement of execution of the Project, with reports on the progress of such execution by comparison to the programs already set therefor.

**SECTION 4.10.** The Borrower shall entrust the Ministry to operate and maintain the Project or cause it to be operated and maintained, and the Borrower shall operate and maintain structures and other works and facilities not included in the Project but necessary to the proper and efficient operation thereof, in accordance with sound engineering and financial practices.

**SECTION 4.11.** The Borrower and the Fund shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each party shall furnish to the other such information as it may reasonably requests concerning the general status of Loan.

The Borrower and the Fund shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Fund of any condition which interferes or threatens to interfere with the accomplishment of the purposes of the Loan (including substantial increase in the cost of the Project) or the maintenance of the service thereof.

**SECTION 4.12.** The Borrower shall cause the Ministry to provide the Chinandega Departmental Hospital, in addition to the human resources transferred from the existing Hospital Mauricio Abdala and the Hospital Espana, with an adequate number of qualified staff to meet the human resources requirements of the Hospital.

**SECTION 4.13.** The Borrower shall allocate from its own resources the necessary amounts required to meet:

- (a) the running cost of the Project Implementation Unit, and
- (b) the annual operating expenses including consumable materials required by the Hospital.

**SECTION 4.14.** The Borrower shall cause the Ministry to continue its efforts in the implementation of the National Health Policy to guarantee free and universal health services for all the people of Nicaragua.





**SECTION 4.15.** It is the mutual intention of the Borrower and the Fund that no other external debt shall enjoy any priority over the Loan by way of a lien hereafter created on governmental assets. To that end, the Borrower undertakes that, except as the Fund shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for an external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to:

- (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property;
- (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of the sale of such commercial goods; or
- (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term 'assets of the Borrower' as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any entity owned or controlled by the Borrower or by any such political subdivisions, including the Central Bank of the Borrower or any other institution performing the functions of a Central Bank and the term lien includes mortgages, pledges, charges, privileges and priorities of any kind.

**SECTION 4.16.** The principal of, and interest on the Loan and all other charges shall be paid without deduction for, and free from any tax in force or charges under the laws of the Borrower or laws in effect in its territories whether at present or in the future.

**SECTION 4.17.** This Agreement shall be free from any taxes, imposts, levies, fees and dues of any nature imposed under the laws of the Borrower or laws in effect in its territories, whether at present or in the future, on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay or cause to be paid all such taxes, imposts, levies and dues, if any, imposed under the laws of the country or countries in whose currency the Loan may be repaid.

**SECTION 4.18.** The principal of, and interest and other charges on, the Loan shall be paid free from all restrictions including exchange restrictions imposed under the laws of the Borrower or laws in effect in its territories, whether at present or in the future.

**SECTION 4.19.** The Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Borrower and delivery thereof to the site of the Project.





and shall be for such amounts as shall be consistent with sound commercial practices. Such insurance shall be payable in the currency in which the cost of the goods insured thereunder shall be payable, or in freely convertible currency.

The Borrower shall take out and maintain or cause to be taken out and maintained, with responsible insurers, insurance against risks related to the Project in such amounts as shall be consistent with sound commercial practices.

**SECTION 4.20.** The Borrower shall take or cause to be taken all action which shall be necessary on its part to execute the Project and shall not take, or permit to be taken, any action which would prevent or interfere with the execution or operation of the Project or the performance of any of the provisions of this Agreement.

**SECTION 4.21.** All Fund documents, records, correspondence and similar material shall be considered by the Borrower as confidential matters and the Borrower shall accord the Fund in respect thereof full immunity from censorship and inspection.

**SECTION 4.22.** All Fund assets and income shall be exempt from nationalization, confiscation and seizure.

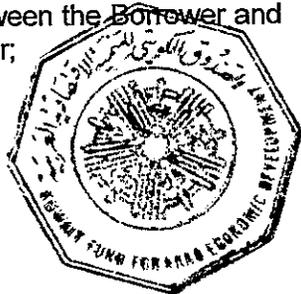
### ARTICLE V

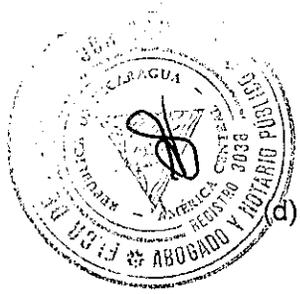
#### Cancellation and Suspension

**SECTION 5.01.** The Borrower may by notice to the Fund cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice, except that the Borrower may not so cancel any amount of the Loan in respect of which the Fund shall have entered into a special commitment pursuant to Section 3.02 of this Agreement.

**SECTION 5.02.** If any of the following events shall have happened and be continuing, the Fund may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan:

- (a) A default shall have occurred in the payment of principal or interest or any other payment required under this Agreement or any other Loan Agreement between the Borrower and the Fund;
- (b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under this Agreement;
- (c) The Fund shall have suspended in whole or in part the right of the Borrower to make withdrawals under any other loan agreement between the Borrower and the Fund because of a default on the part of the Borrower;





(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform its obligations under this Agreement.

Any event occurring after the date of this Agreement and prior to the effective date which would have entitled the Fund to suspend the Borrower's right to make withdrawals if this Agreement had been effective on the date such event occurred, will entitle the Fund to suspend withdrawals under the Loan exactly as if it had occurred after the effective date.

The right of the Borrower to make withdrawals under the Loan shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Fund shall have notified the Borrower that the right to make withdrawals has been restored; provided, however, that in the case of any such notice of restoration the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Fund in respect of any other subsequent event described in this Section.

**SECTION 5.03.** If any event specified in paragraph (a) of Section 5.02 shall occur and shall continue for a period of thirty days after notice thereof shall have been given by the Fund to the Borrower, or if any event specified in paragraphs (b), (c) and (d) of Section 5.02 shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Fund to the Borrower, then at any subsequent time during the continuance thereof, the Fund at its option, may declare the principal of the Loan to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

**SECTION 5.04.** If (a) the right of the Borrower to make withdrawals from the Loan shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) the date specified in Section 3.09 as the Closing Date an amount of the Loan shall remain unwithdrawn, the Fund may by notice to the Borrower terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Loan shall be cancelled.

**SECTION 5.05.** No cancellation or suspension by the Fund shall apply to amounts subject to any special commitment entered into by the Fund pursuant to Section 3.02 except as expressly provided in such commitment.

**SECTION 5.06.** Except as the Fund may otherwise agree any cancellation shall be applied pro rata to the several instalments of the principal amount of the Loan maturing after the date of such cancellation.





**SECTION 5.07.** Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall be continued in full force and effect except as in this Article specifically provided.

**ARTICLE VI**

**Enforceability of this Agreement;  
Failure to Exercise Rights; Arbitration**

**SECTION 6.01.** The rights and obligations of the Fund and the Borrower under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding any local law to the contrary. Neither the Borrower nor the Fund shall be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

**SECTION 6.02.** No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Agreement upon any default shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in such default, nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

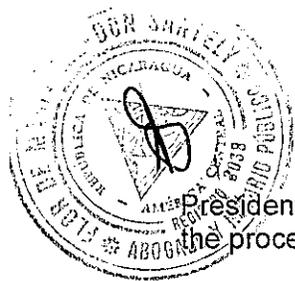
**SECTION 6.03.** Any controversy between the parties to this Agreement and any claim by either party against the other arising out of this Agreement shall be determined by agreement of the parties, and failing such agreement the controversy or claim shall be submitted to arbitration by an Arbitral Tribunal as provided in the following Section.

**SECTION 6.04.** The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Borrower; the second arbitrator shall be appointed by the Fund; and the third arbitrator (hereinafter sometime called the Umpire) shall be appointed by agreement of the parties. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as hereinbefore prescribed for the appointment of the original arbitrator, and such successor, shall have all the powers and duties of such original arbitrator.

Arbitration proceedings may be instituted under this Section upon notice by either party to the other. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature and extent of the relief sought, and the name of the arbitrator appointed by the party instituting such proceedings.

Within thirty days after the giving of such notice, the other party shall notify the party instituting the proceedings of the name of the arbitrator appointed by such other party and failing this, such arbitrator shall be appointed by the





President of the International Court of Justice upon the request of the party instituting the proceedings.

If within sixty days after the giving of the notice instituting the arbitration proceedings the parties shall not have agreed upon the Umpire, either party may request the President of the International Court of Justice to appoint the Umpire.

The Arbitral Tribunal shall convene for the first time at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

Subject to the provision of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure so as to afford a fair hearing to each party and shall determine the matters submitted to it whether both parties appear before it or in default of appearance of either of them. Decisions of the Arbitral Tribunal shall be by majority vote and it shall render its award in writing. Such award shall be signed, at least, by a majority of the members of the Arbitral Tribunal and a signed counterpart thereof shall be transmitted to each party. The award of the Arbitral Tribunal rendered in accordance with the provisions of this Section shall be final and binding upon the parties who shall abide by, and comply with such award.

The parties shall fix the amount of remuneration or fees of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

The Arbitral Tribunal shall apply the principles common under the current laws of the Borrower and the State of Kuwait, as well as the principles of justice.

**SECTION 6.05.** The provisions for arbitration set forth in the previous Section shall be in lieu of any other procedure for the determination of controversies between the parties to this Agreement and any claim by either party against the other party arising thereunder.

**SECTION 6.06.** Service of any notice or process in connection with any proceedings under this Article may be made in the manner provided in Section 7.01. The parties to this Agreement may waive any and all other requirements for the service of any such notice or process.





**ARTICLE VII**

**Miscellaneous Provisions**

**SECTION 7.01.** Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Except as otherwise provided in Section 8.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telex, telegram or cable to the party to which it is required or permitted to be given or made at such party's address specified in this Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

**SECTION 7.02.** The Borrower shall furnish to the Fund sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article III or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under this Agreement, and the authenticated specimen signature of each such person.

**SECTION 7.03.** Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Borrower may be taken or executed by H.E. the Minister in charge of Finance or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of this Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by his aforementioned representative or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under this Agreement. The Fund may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of this Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

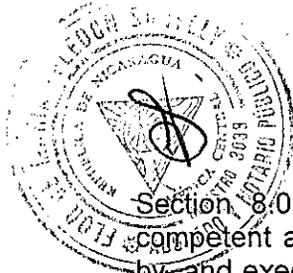
**ARTICLE VIII**

**Effective Date: Termination**

**SECTION 8.01.** This Agreement shall not become effective until evidence satisfactory to the Fund shall have been furnished to the Fund that the execution and delivery of this Agreement on behalf of the Borrower have been:

- (a) duly authorized or ratified by all necessary governmental action
- (b) the Bank Loan and the Additional Financing Agreements have been ratified and became effective.





**SECTION 8.02.** As part of the evidence to be furnished pursuant to Section 8.01, the Borrower shall furnish to the Fund an opinion or opinions of competent authority showing that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

**SECTION 8.03.** Except as shall be otherwise agreed by the Fund and the Borrower, this Agreement shall come into force and effect on the date upon which the Fund dispatches by cable to the Borrower notice of its acceptance of the evidence required by Section 8.01.

**SECTION 8.04.** If all acts required to be performed pursuant to Section 8.01 shall not have been performed before 90 days after the signature of this Agreement or such other date as shall be agreed upon by the Fund and the Borrower, the Fund may at any time thereafter at its option terminate this Agreement by notice to the Borrower. Upon the giving of such notice this Agreement and all obligations of the parties thereunder shall forthwith terminate.

**SECTION 8.05.** If and when the entire principal amount of the Loan and all interest and other charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

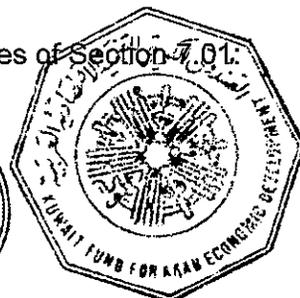
**ARTICLE IX**

**Definitions**

**SECTION 9.01.** Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any schedule hereto:

- (1) The term 'Project' means The Construction and Equipment of Chinandega Departmental Hospital Project for which the Loan is granted, as described in Schedule 2 to this Agreement and as the description thereof shall be amended from time to time by agreement between the Fund and the Borrower.
- (2) The term 'goods' means equipment, supplies and services which are required for the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.

The following addresses are specified for the purposes of Section 7.01:





**For the Borrower:**

H.E. The Minister of Finance and Public Debt  
Ministry of Finance and Public Debt  
Managua  
Republic of Nicaragua

Alternative address for E-Mail and Faxes:

**E-MAIL**

**FAX**

.....

+(505) 2222 3033

**For the Fund:**

Kuwait Fund for Arab Economic Development  
P.O. Box 2921, Safat  
Kuwait. - 13030

Alternative address for E-Mail and Faxes:

**CABLE**

**FAX**

operations@kuwait-fund.org

+(965) 22999190

+(965) 22999091

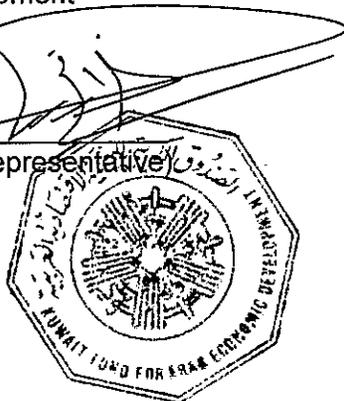
**IN WITNESSETH WHEREOF** the parties hereto acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in Managua, in two copies, each considered an original and all to the same and one effect, as of the day and year first above written.

Kuwait Fund for Arab  
Economic Development

Republic of Nicaragua

By: \_\_\_\_\_

(Authorized Representative)



By: \_\_\_\_\_

(Authorized Representative)





## SCHEDULE (1) REPAYMENT PROVISIONS

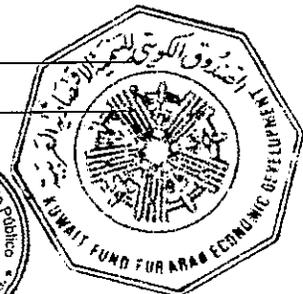
The amount of principal withdrawn from loan shall be repaid in 40 semi annual instalments, the amount and order of sequence of each being as set forth in the attached schedule. The first of these instalments shall be due on the first date on which any interest or other charges on the loan shall fall due, in accordance with the provisions of the Loan Agreement, after the elapse of a grace period of 4 years, commencing from the date on which the Fund pays, any amount from the loan pursuant to the first withdrawal application made by the Borrower or the date on which the Fund issues an undertaking pursuant to Section 3.02 of the Loan Agreement, in case the first withdrawal application requests the issue of such undertaking, whichever is earlier of the two dates. The remaining instalments for the repayment of the principal shall be due consecutively, every six-month, after the date on which the first instalment falls due.



ANNEX TO SCHEDULE 1  
AMORTIZATION SCHEDULE



Sl. No.	Payment of Principal (Expressed in Kuwaiti Dinars)
1	212,500
2	212,500
3	212,500
4	212,500
5	212,500
6	212,500
7	212,500
8	212,500
9	212,500
10	212,500
11	212,500
12	212,500
13	212,500
14	212,500
15	212,500
16	212,500
17	212,500
18	212,500
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24	212,500
25	212,500
26	212,500
27	212,500
28	212,500
29	212,500
30	212,500
31	212,500
32	212,500
33	212,500
34	212,500
35	212,500
36	212,500
37	212,500
38	212,500
39	212,500
40	212,500
<b>Total</b>	<b>8,500,000</b>





## SCHEDULE 2

### DESCRIPTION OF THE PROJECT

The Project aims to support the social and economic development of the Chinandega Department by meeting the increasing demand and improving the quality, coverage, and access to secondary healthcare services in the Department.

The Project comprises the construction and equipment of a new 300 bed departmental hospital on a 5.5 ha site about 8 km south west of Chinandega, to replace the existing Maternal Paediatric Hospital Mauricio Abdala and the Medical Surgery Hospital Espana. The Project also includes institutional support for capacity building and consulting services for design and supervision of construction and equipment of the hospital.

The Project comprises, in particular, the following components:

1. Construction of the hospital buildings with a total floor area of about 35,000 square meter, and utilities, services, road works and landscaping.
2. Procurement, installation, testing and calibration of medical and auxiliary equipment and furniture for the hospital, including electro-biomedical and complementary equipment, electro-mechanical equipment, IT equipment, and supply and installation of clinical and general furnishing and clinical instrumentation.
3. Procurement of pre-opening medical and hospital supplies including medicines, medical gases and chemicals, clothing, textiles and soft furnishing.
4. Institutional support for capacity building and training of hospital staff on hospital management, administration, procedures and protocols.
5. Consultancy Services for the design and supervision of construction and equipment.

The execution of the Project is expected to start by mid-2014 and it is expected to be completed by mid 2017.





Side Letter No. 1

REPUBLIC OF NICARAGUA

Date: 17/10/2014

Kuwait Fund for Arab Economic Development  
P.O. Box 2921, Safat  
Kuwait, 13030

Dear Sirs:

With reference to Section 3.06 of the Loan Agreement signed between us today for the financing of the Construction and Equipment of Chinandega Departmental Hospital Project, we attach herewith a List of Goods showing the items to be financed from the proceeds of the Loan, the allocation for each item and the percentage of expenditures thereon to be so financed. We agree that if Kuwait Fund for Arab Economic Development (the Fund) finds that the allocation for any item is insufficient to finance the percentage of expenditure thereon as specified in the List of Goods, it may take any of the following measures:

- (a) To allocate for the item, within the limit of the amount necessary to cover the shortfall in financing on the basis of the specified percentage, an additional amount against the allocation for contingencies in the List of Goods or against the allocation for any other item, if the Fund considers that there is a surplus in that allocation.
- (b) To reduce the percentage to be financed from the Loan, of the cost of the particular item, if the additional allocation for that item, in accordance with the foregoing, is insufficient to cover the shortfall referred to above, or if the Fund is of the opinion that it is not possible to allocate any additional amount from the Loan for that item, so that as a consequence of such reduction withdrawals from the Loan for financing the cost, the good, works or services included in that item will continue until the total allocated amount for the item is disbursed in full.

We confirm that the proceeds of the Loan will not be used in any manner for the payment of any taxes or duties imposed under the laws in force in Republic of Nicaragua.

For the purpose of the appointment of the consultants required for the Project, we shall prepare, in consultation and agreement with the Fund a short list of the consultants to be invited to submit proposals. Such List will consist of international consulting firms in association with Kuwaiti and Nicaraguan consultants. In order that any consulting firm may be eligible for short listing as a Kuwaiti or Nicaraguan, such firm





must be owned to the extent of at least 50% by Kuwaiti or Nicaraguan citizens respectively. We shall also present to the Fund for approval the proposed terms of reference for such Consultants and the draft request of proposals from them. Following receipt of the Consultants' proposals, such proposals will be evaluated in accordance with criteria agreed in advance with the Fund and a report, on the evaluation, together with the proposed selection of the consulting firm to be engaged will be presented to you for approval.

As regards goods to be financed from the Loan other than the consulting services aforementioned, we confirm that such goods will be procured through international competitive bidding with post-qualification. The invitation to tender will be published in the local and international press, including, two newspapers published in the State of Kuwait.

In all cases we shall furnish to you the draft tender documents on the basis of which bids are to be invited and we shall make such reasonable modifications in the draft documents or the bidding procedure as may be requested by the Fund. Upon the receipt of bids for any goods to be financed from the Loan, such bids will be evaluated with the assistance of the consultant appointed for the Project and a report on the evaluation together with the recommendation for award of the contract, will be furnished to the Fund for review and approval.

Following the signature of any contract to be financed from the loan, we shall furnish the Fund with a conformed and duly certified copy of such contract for your records and for the purpose of disbursements from the Loan. Any material modification proposed to be made in any contract approved by the Fund will be presented to the Fund for approval in advance of making the modification.

Please confirm that the foregoing corresponds to the understandings reached during our negotiations and indicate your agreement to the attached List of Goods by signing the form of confirmation on the attached copy of this letter and returning it to us.

Republic of Nicaragua

By: [Signature]  
(Authorized Representative)

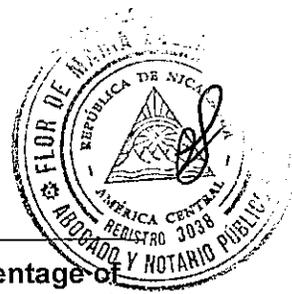
Confirmed:

Kuwait Fund for Arab  
Economic Development

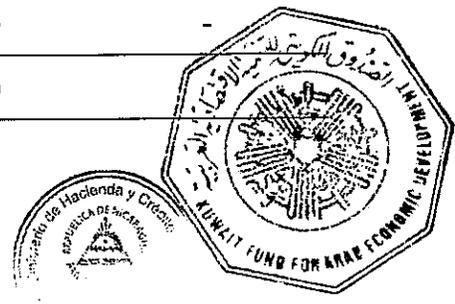
By: [Signature]  
(Authorized Representative)



LIST OF GOODS



No	Items	Allocation of Proceeds expressed in (Kuwaiti Dinars)	Percentage of Total Cost of Item
1.	Construction of Hospital Buildings	5,300,000	35%
2.	Medical & Hospital Equipment & Furniture	1,975,000	35%
3.	Consultancy Services for Supervision	220,000	35%
4.	Pre-Opening Medical & Hospital Supplies	245,000	100%
5.	Institutional Support	240,000	100%
6.	Contingencies	520,000	-
<b>Total</b>		<b>8,500,000</b>	



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Side Letter No. 2

REPUBLIC OF NICARAGUA

Date: 17/10/2014

Kuwait Fund for Arab Economic Development  
P.O. Box 2921, Safat  
Kuwait, 13030

Dear Sirs:

With reference to the Loan Agreement signed today between us for the financing of the Construction and Equipment of Chinandega Departmental Hospital Project, we confirm that we have been duly informed that in accordance with the regulations in force in the State of Kuwait, the use of public funds in transactions involving any firm boycott regulations or entity subject to boycott under these regulations is prohibited.

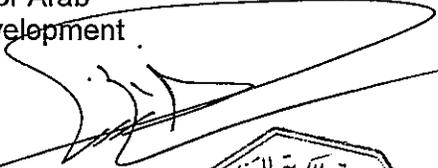
We therefore undertake that the proceeds of the above-mentioned Loan will not be used in any manner to finance directly or indirectly goods or services produced by any country, firm or entity subject to boycott according to the regulations in force in the State of Kuwait.

Republic of Nicaragua

By:   
(Authorized Representative)

Confirmed:

Kuwait Fund for Arab  
Economic Development

By:   
(Authorized Representative)



Side Letter No. 3



REPUBLIC OF NICARAGUA

Date: 17/10/2014

Kuwait Fund for Arab Economic Development  
P.O. Box 2921, Safat  
Kuwait, 13030

Dear Sirs:

We refer to Section 2.04 of the Loan Agreement of even date herewith between us for the financing of the Construction and Equipment of Chinandega Departmental Hospital Project. We understand that the rate of exchange between the Kuwaiti Dinar and other currency or currencies used for disbursement or debt service payment under the Loan shall be determined as follows:

- (a) the rate used for disbursement purposes shall be the rate advised by the bank effecting the payment made from the Loan in any currency other than the Kuwaiti Dinar, and
- (b) in case of debt service payment in a currency acceptable to the Fund, other than the Kuwaiti Dinar, the rate of exchange between such other currency and the Kuwaiti Dinar shall be the rate published by the Central Bank of Kuwait on the day the payment was received.

Please confirm your agreement to the foregoing by signing the attached copy of this letter and returning it to us.

Republic of Nicaragua

By: [Signature]  
(Authorized Representative)

Confirmed:

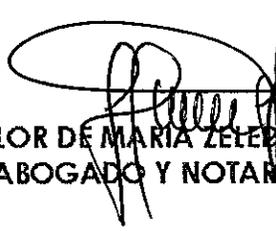
Kuwait Fund for Arab  
Economic Development

By: [Signature]  
(Authorized Representative)



LEPTI...

**FICACION.- FLOR DE MARIA ZELEDON SANTELY,** Abogado y Notario Público de la República de Nicaragua, de este domicilio y residencia, autorizada por la Corte Suprema de Justicia para cartular en un quinquenio que expira el veintitrés de mayo del año dos mil diecisiete, de conformidad con el Decreto N° 1690 del 26 de Febrero de 1970 publicada en La Gaceta No. 124 del 5 de Junio de 1970 y su Reforma contenida en la Ley N° 16 del 17 de Junio de 1986, publicada en La Gaceta No. 130 del 23 de Junio de 1986. **CERTIFICO:** Que el documento que antecede está conforme con su original con el que fue debidamente cotejado y consta de trece (13) folios al anverso y reverso, que rubrico, firmo y sello. Managua, veintidós de Octubre del año dos mil catorce.

  
**FLOR DE MARIA ZELEDON SANTELY**  
**ABOGADO Y NOTARIO PÚBLICO**

