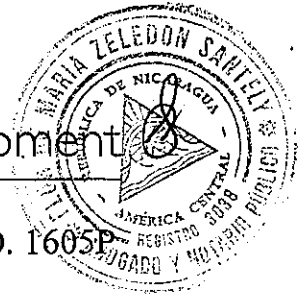




OFID The OPEC Fund for International Development



LOAN NO. 1605P

SAN JUAN DE RIO COCO – LAS CRUCES ROAD PROJECT

LOAN AGREEMENT

BETWEEN

THE REPUBLIC OF NICARAGUA

AND

THE OPEC FUND FOR
INTERNATIONAL DEVELOPMENT (OFID)

DATED

OCTOBER 14, 2014



AGREEMENT dated October 14, 2014, between the Republic of Nicaragua ("the Borrower") and the OPEC Fund for International Development ("OFID").

Whereas the Borrower has requested a loan from OFID for part financing of the Project described in Schedule 1;

And whereas OFID has approved a loan to the Borrower in the amount of nine million four hundred thousand Dollars (\$9,400,000) upon the terms and conditions set forth hereinafter;

Now, therefore, the parties to this Loan Agreement (the "Agreement") hereby agree as follows:

Article 1

GENERAL CONDITIONS; DEFINITIONS

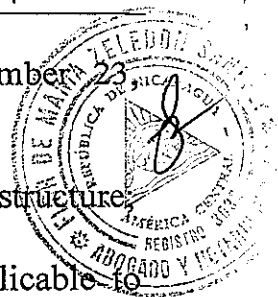
1.01 The General Conditions attached hereto shall constitute an integral part of this Agreement.

1.02 In addition to the terms defined in the preamble, the following terms and expressions shall have the following meanings or, where they duplicate terms and expressions in the General Conditions, the following specific meanings:

- (a) "Authorized Representative of the Borrower" means the Minister of Finance and Public Credit;
- (b) "Closing Date" means December 31, 2017;
- (c) "Dollar and the sign \$" mean and refer to the lawful currency of the United States of America;

OFID The OPEC Fund for International Development

- (d) "Eligible Expenditure Commencement Date" means September 23, 2014;
- (e) "Executing Agency" means the Ministry of Transport and Infrastructure;
- (f) "General Conditions" means OFID General Conditions Applicable to Public Sector Loan Agreements, December 2007;
- (g) "Grace Period" means the period beginning on October 14, 2014 and ending five (5) years from that Date.



* * *

Article 2 THE LOAN

2.01 OFID agrees to lend to the Borrower and the Borrower agrees to borrow from OFID the Loan in the amount of nine million four hundred thousand Dollars (\$9,400,000) on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of one and three quarters of one per cent (1.75%) per annum on the principal amount of the Loan withdrawn and outstanding.

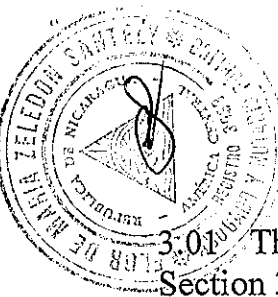
2.03 The Borrower shall pay a Service Charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.04 Interest and Service Charges shall be paid semi-annually on May 15 and November 15 in each year into OFID Account.

2.05 Immediately following the end of the Grace Period, the Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to OFID Management, in an amount equivalent to the Dollar amount due according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in thirty (30) semi-annual instalments in the amounts, and on the dates, all as specified in Schedule 3 (AMORTIZATION).

* * *

Article 3
EFFECTIVENESS



3.01 This Agreement shall enter into force and effect in accordance with Section 3.02 upon receipt by OFID of:

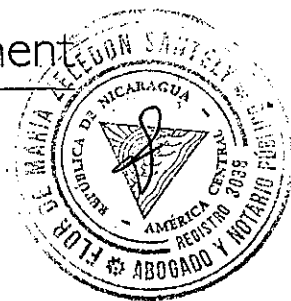
(a) satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the constitutional requirements of the Borrower; and

(b) a certificate issued by the Minister of Justice or the Attorney General or any other competent legal authority of the Borrower confirming that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

3.02 As soon as possible after the conditions specified in Section 3.01 shall have been satisfactorily fulfilled, this Agreement shall enter into full force and effect on the Date of Effectiveness.

3.03 If this Agreement shall not have become effective within ninety (90) days after the Date of the Agreement, the Agreement and all obligations of the parties hereunder shall terminate, unless OFID Management, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

* * *



Article 4
ADDRESSES

4.01 The parties' addresses are as specified below:

For the Borrower:

Ministry of Finance and Public Credit
Avenida Bolivar
Apdo. 85
Managua
REPUBLIC OF NICARAGUA
Facsimile: (++505) 2222-3033

For OFID:

The OPEC Fund for International Development
Parkring 8
A-1010 Vienna
AUSTRIA
Facsimile: (++43-1) 513 92 38

* * *



LOAN NO. 1605P

IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered at Managua, Nicaragua, in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

FOR THE BORROWER:

Signature:

Name: H.E. Ivan Acosta Montalván

Title: Minister of Finance and Public Credit

FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:

Signature:

Name: Mr. Suleiman J. Al-Herbish

Title: Director-General



* * *

REPUBLIC OF NICARAGUA
SAN JUAN DE RIO COCO – LAS CRUCES ROAD PROJECT



SCHEDULE 1
DESCRIPTION OF THE PROJECT

The general objective of the Project is to improve the standard of living of the population in the Project area by facilitating its socio-economic integration to the rest of the country. The specific objective of the Project is to upgrade the existing 14km gravel road along the NIC-51 linking San Juan de Rio Coco and Las Cruces through its resurfacing with cobblestone. The Project includes the following components:

(a) Civil Works:

This component will provide for (1) **road works** which consists of the resurfacing of the road with cobblestone, (2) **drainage works** which consists of the construction of roadside gutters and drains in order to ensure adequate drainage during the rainy season and (3) **road safety and signalling works** which consists of the provision of road signs, road marking, bus stops and safety barriers among others.

(b) Project Supervision:

This component will finance the costs relating to consultancy services of an engineering firm for the supervision of the quality of the road works, adherence to the design specifications and to the work program, all, in close coordination with the Ministry of Transport and Infrastructure. In general, the component provides funding to monitor the implementation of the Project. The costs associated with the annual financial auditing reports and the Project completion report will also be financed under this component.

(c) Project Management:

This component will provide for the incremental costs incurred by the Project Implementation Unit (PIU) established by the Ministry of Transport and Infrastructure for the administration and coordination of on-going rural road projects, including those in the immediate vicinity of the proposed Project. These will include costs of incremental staff, office running, furniture, equipment, software, vehicles and travel expenses.

* * *

REPUBLIC OF NICARAGUA

SAN JUAN DE RIO COCO - LAS CRUCES ROAD PROJECT

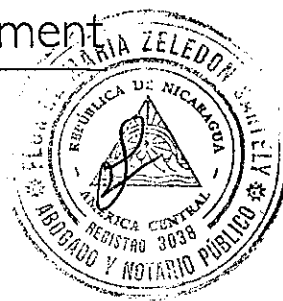
SCHEDULE 2
LOAN ALLOCATION

1. Unless otherwise agreed between the Borrower and OFID Management, the table below sets forth the components to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each component and the percentage of total expenditures for items so to be financed in respect of each component:

Component	Amount of the Loan Allocated (Expressed in Dollars)	Percentage of Total Expenditures to be Financed
(a) Civil Works	8,400,000	85
(b) Project Supervision	400,000	80
(c) Project Management	<u>600,000</u>	85
Total:	<u>9,400,000</u>	

2. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if OFID Management has reasonably estimated that the amount of the Loan then allocated to any component will be insufficient to finance the agreed percentage of all expenditures in that component, OFID Management may, by notice to the Borrower: (i) reallocate to such component, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another component and which in the opinion of OFID Management are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of such component may continue until all expenditures thereunder shall have been made.

* * *



REPUBLIC OF NICARAGUA
SAN JUAN DE RIO COCO – LAS CRUCES ROAD PROJECT

SCHEDULE 3
AMORTIZATION

<u>No.</u>	<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in Dollars)
1	November 15, 2019	313,330
2	May 15, 2020	313,330
3	November 15, 2020	313,330
4	May 15, 2021	313,330
5	November 15, 2021	313,330
6	May 15, 2022	313,330
7	November 15, 2022	313,330
8	May 15, 2023	313,330
9	November 15, 2023	313,330
10	May 15, 2024	313,330
11	November 15, 2024	313,330
12	May 15, 2025	313,330
13	November 15, 2025	313,330
14	May 15, 2026	313,330
15	November 15, 2026	313,330
16	May 15, 2027	313,330
17	November 15, 2027	313,330
18	May 15, 2028	313,330
19	November 15, 2028	313,330
20	May 15, 2029	313,330
21	November 15, 2029	313,330
22	May 15, 2030	313,330
23	November 15, 2030	313,330
24	May 15, 2031	313,330
25	November 15, 2031	313,330
26	May 15, 2032	313,330
27	November 15, 2032	313,330
28	May 15, 2033	313,330
29	November 15, 2033	313,330
30	May 15, 2034	<u>313,430</u>
Total:		<u>9,400,000</u>

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 cinco (5) folios al anverso y reverso, que rubrico, firmo y sello. Managua, veintisiete de Octubre del año dos mil catorce.


FLOR DE MARIA ZELEDON SANTELY
ABOGADO Y NOTARIO PÚBLICO

