

ADMINISTRATION AGREEMENT

between

THE NORDIC DEVELOPMENT FUND

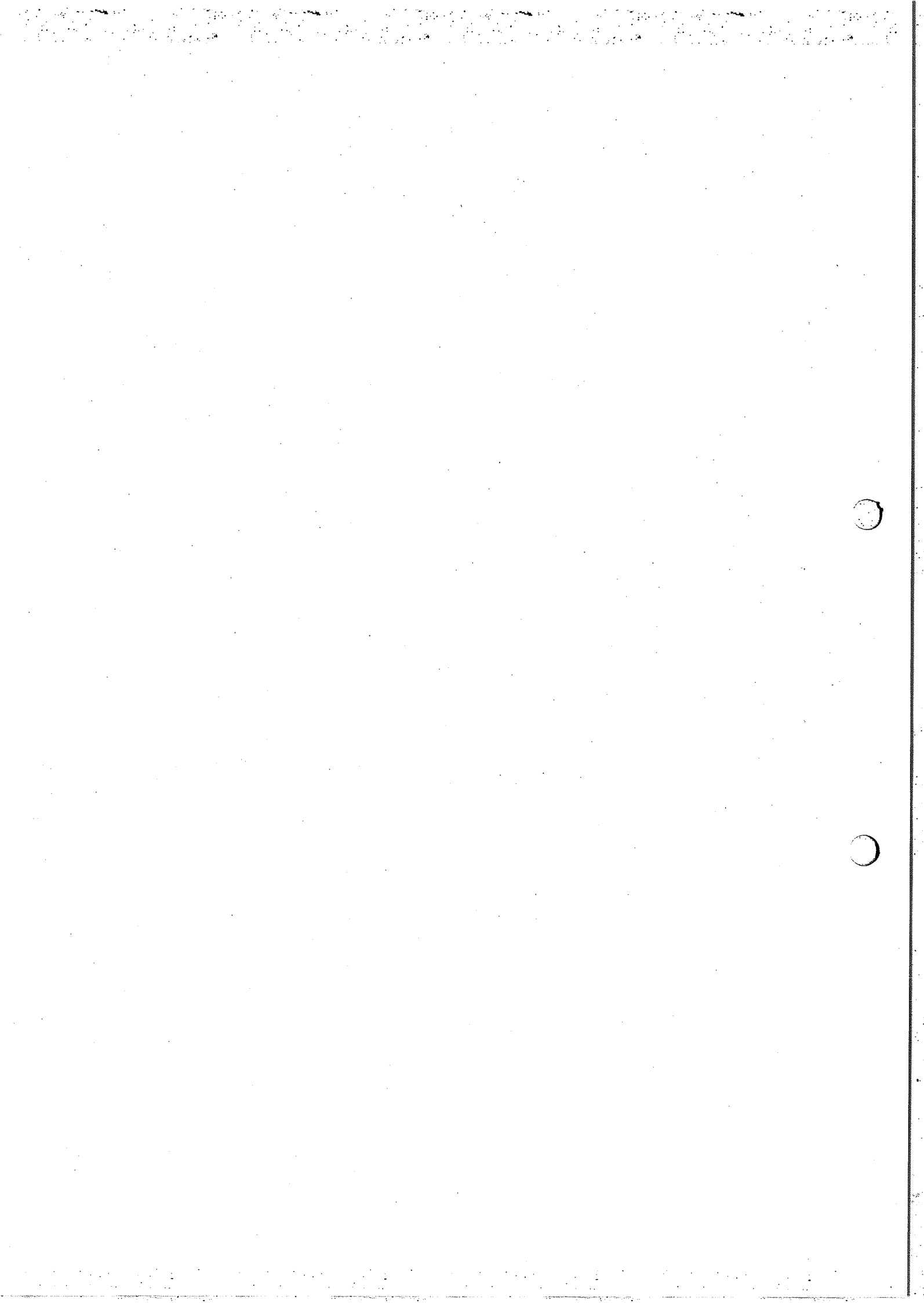
and

THE INTER-AMERICAN DEVELOPMENT BANK

regarding

**Project Specific Grant to the Inter-American Development Bank for
Project RG-X1226 titled, "Managing Climate Change in Emerging Cities"**

**Washington, D.C.
November 18, 2014**



THIS ADMINISTRATION AGREEMENT is entered into between the Nordic Development Fund ("NDF"), and the Inter-American Development Bank (the "Bank") (together referred to as the "Parties", and individually either of them, a "Party").

WHEREAS, the Bank has designed Project RG-X1226 titled, "Managing Climate Change in Emerging Cities" (the "Project"), as described in the attached Project Document (the "Project Document");

WHEREAS, NDF has agreed to support the execution of the Project by providing a project specific grant contribution to be administered by the Bank; and

WHEREAS, the Bank is prepared to receive and administer the contribution funds to be made available by NDF.

NOW, THEREFORE, the Parties hereby agree as follows:

TRANSFER AND MANAGEMENT OF FUNDS

1. NDF will make available to the Bank a contribution of EUR4,000,000.00 (four million Euros) (the "Contribution") to be administered by the Bank to finance the Project.
2. The Contribution will be solely for the purposes indicated in the Project Document, subject to Article 12 below. Any material deviations from the objectives and activities of the Project described in the Project Document will require NDF's written approval.
3. Following the signature of this Administration Agreement by the Parties, NDF shall, subject to Article 12 below, transfer the Contribution to the Bank in one single installment, upon the Bank's written request. The Contribution will be deposited in an account indicated by the Bank in writing. Upon receipt of such deposit, the Bank will convert the amount of the Contribution into United States dollars and will deposit them into an account held by the Bank in said currency for the administration of the Contribution (the "Account").
4. The Bank will administer the Contribution in accordance with the provisions of this Administration Agreement and the Bank's applicable policies and procedures, including those applicable for third party resources administered by the Bank. The Bank will exercise the same care in the discharge of its functions, as described in this Administration Agreement, as it exercises with respect to the administration and management of resources from other donors and will have no further liability to NDF in respect thereof.

5. a) The Contribution will be accounted for separately from the Bank's assets, and will be administered separately from other contributions received by the Bank, but may be commingled with other contributions from NDF.
 - b) The Bank may freely exchange the Contribution funds into other currencies as may facilitate their administration and disbursement. The Bank will not be responsible for foreign exchange risk in the receipt, conversion or administration of Contribution funds. Any adverse impacts of potential foreign currency fluctuations during the implementation period shall be discussed by the Parties and appropriate remedial measures and amendments shall be negotiated if necessary. Notwithstanding the foregoing, neither NDF nor the Bank shall be obliged to contribute any additional funds as a result of any foreign currency fluctuations.
 - c) Pending disbursement in connection with the Project, the Bank may at its discretion invest and reinvest the resources of the Contribution, following the Bank's investment policies, procedures and practices. Income earned from such investment and reinvestment shall be credited to the Account and returned to NDF, upon request from NDF or when the Account is closed, whichever occurs later.
6. To assist in the defrayment of the administrative costs in relation to the Contribution, the Bank will charge and retain a fee equal to five percent (5%) of the total amount of the Contribution, which may be withdrawn by the Bank from the Contribution, once the Contribution is converted into United States dollars. In addition, the Bank may also use the resources of the Contribution to cover the costs charged to the Bank related to the maintenance and transactions of the Account.

IMPLEMENTATION

7. The Bank's policies and procedures will be applicable to any relevant operational, financial and fiduciary aspects of the Project, including the procurement of goods, works, and consulting and other services, carried out with the Contribution, as required by the different components of the Project. Further, NDF accepts that:
 - a) the resources of the Contribution will be completely untied; and
 - b) the consultancy services financed with the Contribution may be provided and executed by companies, specialized institutions or individuals from any Bank member country.
8. The Bank shall inform NDF of any review missions undertaken by it related to the Contribution and provide to NDF a report setting out the main findings or results of such mission. The Bank shall invite NDF to join any Project review missions, including supervision missions and the mid-term review during the implementation of the Project and upon its completion. NDF shall be responsible for its own costs and obtaining any

official approvals that may be required with respect to participation in any Project review missions.

9. NDF will not be responsible for the activities of any person or third-party engaged by the Bank as a result of this Administration Agreement, nor will NDF be liable for any costs incurred by the Bank in terminating the engagement of any such person.

REPORTING AND AUDIT

10. The Bank shall provide NDF with:

- a) reports on implementation of the activities funded under the Contribution and other reports and information as NDF may reasonably request concerning the progress of the Project that the Bank can provide in its normal course of business, and ii) promptly, no later than six months following the completion of the Project, a final Project report;

- b) at least annually non-audited activity and financial reports of the Project, and, ii) promptly, and no later than six months from financial closure of the Project, a terminal financial report showing the receipts, income and expenditures under the Account and the remaining balance, if any (for the avoidance of doubt, the Bank will not provide audited financial statements of the Project); and

- c) should NDF require an external audit of the Account, NDF shall request the Bank for such an external audit in writing upon completion of the Project. The cost of this audit shall be charged against the Account, provided funds are available after settlement of all expenditures related to the Project. Alternately, upon agreement by NDF and the Bank the cost of such external audit shall be paid separately by NDF.

CONSULTATIONS, AMENDMENTS, TERMINATION AND DISPUTE SETTLEMENT

11. As soon as possible upon completion of the Project, the Bank shall return to NDF any remaining uncommitted Contribution funds, including, if applicable, any income from investment or reinvestment in accordance with Article 5(c) above, unless otherwise agreed to in writing by the Parties.

12. NDF acknowledges that the Bank's commitment to use the Contribution as contemplated herein shall be subject to the Bank's formalization of all internal approvals necessary for the Project and/or the Project Document, and the Bank acknowledges that NDF's disbursement in accordance with Article 3 above is subject to such internal approvals. Such internal approvals by the Bank include the approval of the Project Document, in the form attached hereto as Annex A. Once the Project Document has been approved, the IDB will furnish a copy of it to NDF, which will then be deemed incorporated into this Administration Agreement as Annex A. NDF accepts that the

final, approved version of the Project Document may vary from the attached Annex A, in which case the approved version will prevail, and no amendment to this Administration Agreement will be required.

13. The Bank shall endeavour to maximize opportunities to highlight the identity of NDF's contribution to the Project (e.g., through related signage, documentation and public information about the activities, including the use of NDF's logo), and invite NDF representatives to participate in key events related to the Project. NDF shall be responsible for its own costs with respect to any participation in such events, unless the NDF and the Bank agree otherwise in a case-by-case basis.
14. a) The Bank shall inform NDF promptly of any condition which significantly interferes, or threatens to interfere, with the performance by the Bank of its commitments under this Administration Agreement.

b) The Bank shall notify and consult with NDF whenever the Bank identifies a major change of scope in relation to any activities financed under the Contribution. If any such changes occur, which in the opinion of the Bank or NDF impairs significantly the developmental value of the Project, NDF and the Bank shall consult on measures to resolve the problem and possible courses of action. In the event of such changes, NDF, however, may decide to terminate this Administration Agreement or agree with the Bank on an amendment thereof.
15. The offices responsible for coordination of all matters and receiving any notice or request in writing in connection with this Administration Agreement or the Project will be the following:

a) For the Bank:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Chief, Grants and Co-financing Management Unit
Office of Outreach and Partnerships (ORP/GCM)
Tel.: ++ 202-623-2018
Fax: ++ 202-623-3489
E-mail: orp-gcm@iadb.org

b) For NDF:

Nordic Development Fund
P.O Box 185, Fabianinkatu 34FIN
00171 Helsinki
FINLAND
Attention: Managing Director

Tel.: ++ 358 618 002
Fax: ++ 358 9 622 1491
E-mail: info.ndf@ndf.fi

16. This Administration Agreement will come into force on the date of its signature by each of the Parties and shall remain in full force and effect until the date on which the Contribution has been fully disbursed by the Bank and all activities financed under the Contribution shall have been completed as set out in the Project Document.
17. If at any time either Party determines that the purposes of this Administration Agreement can no longer be effectively or appropriately carried out either Party may give notice of termination of this Administration Agreement. Such termination shall enter into effect three (3) months after notice has been received, subject to the settlement of any outstanding obligations made prior to the notice being received. In the event of termination by either Party, both Parties shall cooperate to ensure that all arrangements made hereunder are settled in a fair and orderly manner. Upon termination, the Bank shall return the Contribution funds to NDF in accordance with Article 11 above.
18. The Parties may amend any provision of this Administration Agreement in writing.
19. Subject to consultation with the other Party and their respective policies and procedures with respect to the disclosure of information, the Parties may make this Administration Agreement publicly available.
20. Nothing in this Administration Agreement may be construed as creating an agency relationship between the Parties.
21. The Parties acknowledge and agree that the Contribution constitutes the sole financing for the Project provided by NDF. The Administration Agreement will be considered joint financing for purposes of the provisions of the "Cooperation Agreement between the Nordic Development Fund and the Inter-American Development Bank for the Cofinancing of Programs and Projects", amended and restated as of January 26, 2010 (the "NDF-IDB Cofinancing Agreement"). For the avoidance of doubt, the provisions of NDF-IDB Cofinancing Agreement will apply to this Administration Agreement, except that in the event of conflict, the provisions of this Administration Agreement will prevail.

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22. The Parties will seek to settle amicably any disputes that may arise from or relate to this Administration Agreement.

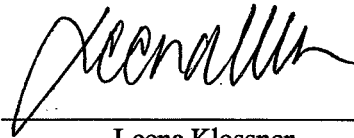
IN WITNESS WHEREOF, the Nordic Development Fund and the Inter-American Development Bank, each acting through its duly authorized representatives, have signed this Administration Agreement in two (2) original counterparts in the English language, in Washington, D.C., United States of America on this 18th day of November, 2014.

**NORDIC DEVELOPMENT
FUND**



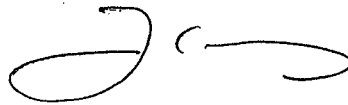
Pasi Hellman
Managing Director

**NORDIC DEVELOPMENT
FUND**



Leena Klossner
Deputy Director

**INTER-AMERICAN
DEVELOPMENT BANK**



Luis Alberto Moreno
President

**TC DOCUMENT: Managing Climate Change in Emerging Cities
RG-X1226
(Funded by the Nordic Development Fund (NDF))**

I. Basic Information

▪ Country/Region:	Bolivia, Honduras, and Nicaragua
▪ TC Name:	Managing Climate Change In Emerging Cities
▪ TC Number:	RG-X1226
▪ Associated Loan/Guarantee Name:	
▪ Associated Loan/Guarantee Number:	
▪ Team Leader/Members:	Horacio Terraza INE/WSA (Team leader); Andres Blanco IFD/FMM (Co-Team Leader); Daniel Torres, TPS/CHO; Andrés Muñoz FMM/CNI; Patricio Zambrano INE/INE; Harvey Scorcia INE/INE; Sebastian Lew IFD/FMM; Diego Arcia INE/WSA; Roland Krebs IFD/FMM; Ginés Suarez INE/RND; Federico Scodelaro IFD/FMM; Luis Lopez-Torres INE/ESC; David Maleki INE/WSA; Arturo Alarcon INE/ENE; Thierry Delaunay WSA/CNI; Maricarmen Esquivel INE/CCS; Martin Kerres INE/CCS; Kevin MacTigue LEG/SGO and Roxana Chavez INE/WSA
▪ Date of TC Abstract authorization:	N/A
▪ Beneficiary	Bolivia, Honduras, Nicaragua
▪ Executing Agency and contact	INE
▪ Donors providing funding:	Nordic Development Fund (NDF)
▪ IDB Funding Requested	Us\$ 5,094,240 ¹
▪ Local counterpart funding, if any:	None
▪ Disbursement period:	48 months
▪ Required start date:	
▪ Types of consultants :	Firms and individual consultants
▪ Prepared by Unit:	INE/WSA
▪ Unit of Disbursement Responsibility:	INE/WSA
▪ TC Included in Country Strategy:	Yes
▪ TC included in CPD:	Yes
▪ GCI-9 Sector Priority:	Climate change and infrastructure for competitiveness and social welfare

II. Objectives and Justification of the TC

The main objective of this TC is contributing to the implementation of the NDF-supported Emerging and Sustainable Cities Initiative (ESCI) Action Plans for Cochabamba, Managua, and Tegucigalpa. The project will advance a range of activities that are key to help these cities achieving or maintaining a low carbon footprint and to reduce their vulnerability to climate change. This will be achieved through the preparation of relevant sustainable infrastructure projects, creating planning and risk management instruments, and improving the local capacity for the development and implementation of climate change mitigation and adaptation activities.

By covering several cities and linking them to the ESCI methodology, the project will not only facilitate climate change planning and its implementation in the three cities, but also provide an opportunity for national and local stakeholders in Honduras, Nicaragua, and Bolivia to learn from the experience of

¹ These funds will be administered by the IDB through a non-reimbursable project-specific grant (PSG). The Nordic Development Fund (NDF) will contribute 4,000,000 euros which is equivalent to US\$ 5,094,240, based on the exchange rate as of October 21, 2014

these cities. This will particularly be possible through the close engagement of national decision-makers in the entire process, which might allow replication of these efforts in other cities in these countries. The need to involve a wide variety of stakeholders, to work across sectors, and to adopt a long-term vision (all crucial to address the challenges of climate change) will be addressed throughout the implementation of the project.

Detailed objectives and justification for Cochabamba, Tegucigalpa, and Managua are described below.

Cochabamba Metropolitan Area (CMA) has experienced large and disorganized urban growth (physical and demographical) that is imposing a threat to its transport sustainability. As a response to the challenges the IDB, through ESCI, agreed with local authorities on an Action Plan for a Sustainable CMA. One of the main activities laid out in the Action Plan is the preparation of a Master Sustainable Mobility Plan (MSMP). This study is being carried out by an international consulting firm in close coordination with local authorities and will be finished by early 2015. One of the expected proposed actions from the MSMP will be the implementation of an Integrated Mass Transit System (IMTS). A system of these characteristics has the potential not only to improve the quality of life of CMA inhabitants by substantially reducing travel times and reducing transit operational cost but also to reduce GHG emissions (which currently account for 45% of total GHG emissions in CMA). The Cochabamba component of this TC will be focused on supporting pre investment studies for the implementation of the IMTS. This would be a major step forward to the implementation of such system and will be built on the current work in CMA led by the IDB with the support of the NDF.

The Municipio del Distrito Central (MDC)—Honduras' capital and largest urban settlement that combines the twin cities of Tegucigalpa and Comayagüela— currently faces the triple and interrelated challenges of unsustainable urban development patterns, high vulnerability to disasters and the impacts of climate change, and marked poverty and inequality. The ESCI's diagnostic work in the MDC shows a territorial prevalence of this triple challenge along the urban watershed of the Choluteca River, particularly in the historic center, long abandoned and deteriorated. The Action Plan for the city has been recently finished and it is focused on transformative projects in the Choluteca urban watershed. Three critical areas, which will be supported through this TC, have been identified to start the city improvement process. These areas are: (i) controlling flooding of Choluteca river, (ii) reducing climate change vulnerability by increasing adaptation capacities, and (iii) designing urban interventions that actively promote public-private collaboration, improve mobility solutions, and implement a systems-approach to public spaces along the urban watershed.

The city of Managua has been affected by both many natural disasters (e.g., flooding or similar hydro-meteorological events, and earthquakes), and an unsustainable urban development pattern (e.g., urban sprawl, segregated settlements along main roads, sub-utilization of urbanized land, and insufficient public transport services). This situation can be worsened by climate change because it will further increase the existing vulnerabilities. In parallel, 50% of the territory has no current regulations and the city built-up area has exceeded the borders of the city. Local authorities in conjunction with the ICES developed an Action Plan to address the main issues of aforementioned for the Metropolitan Region that prioritized projects and require pre-investment resources. The result of prioritizing specific interventions in two areas: (i) urban development including the development of the Land Use Plan, Transportation and Mobility Plan and the preparation of pre-investment studies for the project of urban regeneration traditional city center, and (ii) projects reducing vulnerability to natural disasters and adapt to climate change, including the conservation and recovery of forest cover, infrastructure development for the management of surface runoff from the city, and reinforcement of construction vulnerable.

III. Description of activities/components and budget

Component 1. Bolivia: Pre-investment studies for the Integrated Mass Transit System (IMTS) of the Cochabamba Metropolitan Area (CMA).

- Component 1.1. Pre investment studies for the IMTS of the CMA: Under this component, the creation of an Integrated Mass Transit System (IMTS) in the Cochabamba Metropolitan Area (CMA) will be prepared by developing the necessary technical, legal, and financial pre-investment studies. The Integrated Mass Transit System design will be focused on: (i) ensuring the conversion of small private operators into large private transport operator companies, allowing a new business model of operation. This will not only ensure effective project implementation but also avoid GHG leakage resulting from old bus scrapping schemes; (ii) guaranteeing universal public transport accessibility; (iii) guaranteeing affordability, especially for the most vulnerable population; (iv) exploring innovative opportunities for getting the private sector involved; (v) improving connectivity with non-motorized transport such as walking and cycling; (vi) promoting the use of clean fuels such as CNG or even allow exploring opportunities for the use of electric or hybrid technologies; and (vii) comprising a clear implementation scheme, widely accepted by both the users and current transit operator companies.
- Component 1.2. Capacity Development in the context the Integrated Mass Transit System of the Cochabamba Metropolitan Area: This component will support the institutional capacity strengthening required for the collaborative implementation of the IMTS. Particularly local officials, but also other relevant stakeholders, will be introduced to the system and the technical skills required for its management will be developed. In order to further mainstream climate change considerations into sectoral decision-making, the GHG mitigation benefits of implementing the IMTS will be emphasized. Activities are expected to include, but not be limited to, the development of guidelines, workshops, participatory monitoring of progress, and continuous training with support provided to stakeholders on-the-job.
- Component 1.3. Possibilities for NAMA development in the transport sector: This component will explore the design and implementation of a Nationally Appropriate Mitigation Action (NAMA) by financing a study, and training local officials and other stakeholders in the principles and opportunities of the mechanism.

Component 2. Honduras: Pre-investment studies for reducing climate change vulnerability in Tegucigalpa

- Component 2.1. Flood alleviation and drainage study in the city center: This study will develop solutions to minimize impacts from insufficient urban drainage and flood control infrastructure in critical areas of the city center considering options for adaptation to climate change. Taking into account current and future climate change scenarios, the study will analyze green and grey infrastructure solutions for flood control that will contribute to reducing economic and human losses and to improve mobility of the population within the central area of Tegucigalpa, particularly through a linear park. The assessment will build on the findings of previous studies, incorporating a holistic view of urban recovery and reducing climate change vulnerability.
- Component 2.2. Design of a risk information system for the city: This component proposes the design and implementation of a computing platform that allows standardizing adaptation to climate change and disaster risk information and making it accessible and useful for decision makers. Access to adequate information is a precondition for all elements of effective disaster risk management in the context of climate change, including risk reduction, disaster preparation, and financing

management. Even though many risk assessment studies of good technical quality have been developed in Tegucigalpa over the last two decades, with the support of international cooperation, this information is dispersed across stakeholders and not centrally accessible for the municipality. Through this component, the existing studies will be collected and standardized via a new institutional and technological platform, managed by the Municipality.

- Component 2.3. Capacity Development in the context of the flood alleviation and the risk information system: This component helps local officials and other relevant stakeholders gain the required knowledge and skills to make optimal use of the study generated under component 1 and of the risk information system under component 2. For the risk information system, special attention will be given to ensuring that the stakeholders will be able to maintain and further develop the database. Activities are expected to include but not be limited to the development of guidelines, workshops, and continuous training with support provided to stakeholders on-the-job.

- Component 2.4. Rehabilitation urban plans for specific zones in Tegucigalpa's Central Axis: These pre-investment studies will define specific urban and infrastructure interventions in selected areas within the Central Axis, conducive to the revitalization of local urban assets. The studies will reach feasibility level, estimate the investment amounts needed, and propose a schedule for their implementation. The scope and depth of the studies will meet all requirements of IDB's loan preparation process.

- Component 2.5. Improving mobility solutions in Tegucigalpa: This component will finance studies to strengthen the benefits of the implementation of Trans450 (a Bus Rapid Transit system) financed partially by the IDB and currently under implementation. The studies will propose solutions complementary to the mass transit systems and the rehabilitations urban plans studied under Component 2.4. The studies will explore different mobility in the central areas of the MDC (such as traffic management and pedestrianization, and a pilot on parking management) and define the alignment and characteristics for the future expansion of BRT system network

Component 3. Nicaragua: Support to the sustainable development of the City of Managua

- Component 3.1. Implementation of an Urban Development Tool-Kit for the City of Managua: This component will support the following activities: (i) Update of the Metropolitan Urban Development Plan and its Regulatory Plan, and updating planning districts I, II, III and IV; (ii) Development of surface runoff master plan of the city to allow the attention of more intense flooding and the problems caused by runoff from the top of the South Basin of Lake Managua ; (iii) Development of a Sustainable Urban Mobility Plan for the Metropolitan Region; (iv) technical consulting for the establishment of a Metropolitan Planning Authority, and the development of a NAMA associated with transport and mobility sector.

- Component 3.2. Implementation of pre-investment studies of strategic urban interventions: This component will finance the development of pre-investment studies of urban interventions for the regeneration of urban areas in central Managua: (i) Pilot project to regenerate the historic center of Managua; and (ii) Design of a Walkable Project for the City Center of Managua and public spaces.

- Component 3.3. Institutional training and enhancing an Integrated Planning Approach: This component will finance: (i) strengthening and establishment of an Urban Investment Unit to prepare and structure the financing of strategic projects; (ii) preparation of portfolio of projects that can be funded with support from the private sector or through national programs; and (iii) training partnership through the ESCI city network (local planning staff and decision-makers will be trained to incorporate innovative planning approaches that promote sustainable urban development).

- **Component 3.4. Possibilities for NAMA development in the transport sector:** This component will explore the design and implementation of a Nationally Appropriate Mitigation Action (NAMA) by financing a study, and training local officials and other stakeholders in the principles and opportunities of the mechanism.

Component 4. Technical Assistance on Nordic Solutions

- **Component 4.1. Urban Specialist.** Urban specialist contracted to the ESCI team in IDB to work with Nordic solutions to urban planning and climate change

Indicative Results Matrix

Component	Objective	Intermediate Objective	Duration (months)	Financing (USD)	Expected Outcome
1.1	Pre investment studies for the IMTS of the CMA	International competitive bidding process completed and contract signed for starting the study	Eight months after the approval of the TC	Twenty six months after the approval of the TC	Technical, legal, and financial feasibility studies completed for the implementation of an IMTS in the CMA
1.2	Guidelines, training, workshops, among other for the Capacity Development in the context the Integrated Mass Transit System of the CMA	Detailed document with the capacity development activities to be carried out during and after the advance of the pre investment studies	Ten months after the approval of the TC	Thirty two months after the approval of the TC	Training for local officials and other relevant stakeholders on the needs and management skills needed for the planning, design and implementation of a IMTS in the CMA
1.3	Studies on possibilities for a NAMA development in the transport sector	Studies hired	Twenty months after the approval of the TC	Thirty two months after the approval of the TC	Studies for a NAMA in the transport sector completed
2.1	Flood alleviation and drainage study in the city center	International competitive bidding process completed and contract signed for starting the study	Eight months after the approval of the TC	Twenty six months after the approval of the TC	Technical, legal, and financial feasibility studies completed for the implementation of a flood control system.
2.2	Design of a risk information system for the city	International competitive bidding process completed and contract signed for starting the study	Eight months after the approval of the TC	Twenty six months after the approval of the TC	A risk information system fully operative.
2.3	Capacity Development in the context of the flood alleviation and the risk information system	International competitive bidding process completed and contract signed for starting the study	Eight months after the approval of the TC	Twenty six months after the approval of the TC	Training for local officials and other relevant stakeholders on skills needed for flood control and risk information management.
2.4	Studies on the Rehabilitation urban plans for specific zones in Tegucigalpa's Central Axis	Studies hired	Eight months after the approval of the TC	Twenty six months after the approval of the TC	Studies completed
2.5	Studies for improving	Studies hired	Four months	Twenty six	Studies completed on: (i)

	mobility solutions in Tegucigalpa		after the approval of the TC	months after the approval of the TC	traffic management and pedestrianization for the central area of MDC; (ii) design of a parking management strategy for the central area of MDC; (iii) change on mobility patterns and needs due to central area changes; and (iv) expansion plan of the BRT system network on MDC
3.1.1	Update of the Metropolitan Urban Development Plan and its Regulatory Plan, and updating planning districts I, II, III and IV	International competitive bidding process completed and contract signed for starting the plan	Eight months after the approval of the TC	Twenty six months after the approval of the TC	(i) Sectorial assessments, baseline studies, technical support document; (ii) the plan document formulation with technical, legal, environmental and financial viability; (iii) Management strategy for the implementation of the plan; (iv) Participation and disclosure strategy for the formulation and implementation of the plan.
3.1.2	Master plan of the city runoff	International competitive bidding process completed and contract signed for starting the plan	Nine months after the approval of the TC	Eighteen months after the approval of the TC	Sectorial assessment, baseline study, develop a computational model for storm water management in the Municipality of Managua. Document with formulation of the master plan with the mitigation strategies and adaptation for the management of surface runoff. Management strategy for the implementation of the plan
3.1.3	Urban Sustainable Mobility Plan for the Metropolitan Region of Managua	International competitive bidding process completed and contract signed for starting the plan	Nine months after the approval of the TC	Twenty seven months after the approval of the TC	Plan completed
3.1.4	Study for the establishment of a Metropolitan Planning Authority	Study hired	Ten months after the approval of the TC	Fifteen months after the approval of the TC	Study for the establishment of a Metropolitan Planning Authority completed
3.2.1	Design the Pilot project to regenerate the historic center of Managua	National competitive bidding process completed and contract signed for starting the design	Eight months after the approval of the TC	Sixteen months after the approval of the TC	Final designs of the pilot project. Public-private partnership proposal to finance the project with social housing densification
3.2.2	Design of a Walkable project for the City Center of Managua and public spaces	National competitive bidding process completed and contract signed	Eight months after the approval of the TC	Sixteen months after the approval of the TC	Technical, legal, and financial feasibility studies completed for the implementation of the project. Finally designs of

		for starting the design			walkable route
3.3.1	Study for establishing a functioning Urban Investment Unit	Study hired	Sixth months after the approval of the TC	Twelve months after approval of the TC	Studies for a for the establishment of Urban Investment Unit completed
3.3.2.	Preparation of portfolio of projects that can be financed with support from the private sector and national programs	Consultants hired	Ten months after the approval of the TC	Sixteen months after the approval of the TC	Document with a project urban portfolio developed. Profiles developed strategic projects. Document with analysis of technical, legal and financial feasibility projects
3.3.3.	Training local staff in planning and decision-making to incorporate innovative approaches to sustainable urban development planning	Training plan	Eight months after the approval of the TC	Sixteen months after the approval of the TC	Five training workshops in urban planning process, risk management, urban management and financing with a focus on sustainability
3.4	Studies on possibilities for a NAMA development in the transport sector in Managua	Studies hired	Twenty months after the approval of the TC	Thirty two months after the approval of the TC	Studies for a NAMA in the transport sector completed
4.1.	Urban specialist	Consultant hired	Three months after the approval of the TC	Thirty six months after the approval of the TC	Support to all activities and advance of Nordic solutions to urban planning and climate change

Indicative Budget

Activity/Component	IDB/PSG Funding US\$
Component 1. Bolivia: Pre-investment studies for the Integrated Mass Transit System (IMTS) of the Cochabamba Metropolitan Area (CMA).	885,000
Component 2. Honduras: Pre-investment studies for reducing climate change vulnerability in Tegucigalpa	1,136,000
Component 3. Nicaragua: Support to the sustainable development of the City of Managua	2,337,000
Component 4. Technical Assistance on Nordic Solutions	427,000
Contingencies	54,240
Administration fee 5%	255,000
Total	5,094,240

The Nordic Development Fund (NDF) expects to commit € 4,000,000 to this project, which is equivalent to US\$ 5,094,240, as of October 21, 2014. Final resources in USD will be dependent on the exchange rate of the date when the resources are received by the Bank from NDF in Euros and converted into Dollars, pursuant to the terms of the arrangement to the entered into between NDF and the Bank, as further detailed below. If a significant adverse movement in exchange rates reduces the amount of dollars contemplated in this budget from NDF's contribution and such amount cannot be covered by the contingency line item, the activities contemplated in the project will be decreased appropriately and the budget will be adjusted accordingly by the project team.

Resources of this project to be received from NDF will be provided to the Bank through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the "Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)" (Document SC-114). As contemplated in these procedures, and in the "Cooperation Agreement between Nordic Development Fund and the Inter-American Development Bank for the Cofinancing of

Programs and Projects", dated as of October 2, 1994, amended and restated as of January 26, 2010 (Article IV, Section 6), the commitment from NDF will be established through a separate administrative arrangement. Under such arrangement, the resources for this project will be administered by the Bank and the Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this project. The 5% administrative fee will be charged after the contribution has been converted into US dollars.

IV. Executing agency and execution structure

The IDB will execute this Technical Cooperation through the ESCI with close cooperation with INE/WSA. The local and national governments of Cochabamba (Bolivia), Tegucigalpa (Honduras), and Managua (Nicaragua) will be actively involved during the carry out of this TC.

The project team will be responsible for: a) the preparation and submission to the donor of the project reporting in compliance with the stipulation of the Administration Agreement and b) the communication with the donor regarding supervision missions in compliance with the stipulation of the Administration Agreement.

If at the end of project execution the project was closed with a positive uncommitted and unspent balance, the project team will be responsible for informing ORP/GCM to transfer the unspent balance as agreed to by the NDF and the Bank pursuant to the terms of the PSG Administration Agreement

Procurement. The procurement of individual consulting services will be carried out by the IDB in accordance with Human Resources (HRD) policies (AM-650). The procurement of firm consulting services will be carried out by the IDB in accordance with the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9). The procurement of consulting services different from consultants will be carried out by IDB in accordance with Corporate Procurement Policies (GN-2303-20) while IDB's new policies regarding the matter are not in force.

V. Exceptions to Bank policy

There will not be any Bank policy exception during the execution of this TC.

VI. Environmental and Social Classification

This operation is classified as Category C. No environmental assessment studies or consultations are required for Category "C" operations.

Required Annexes:

- Donor agreement
- Terms of Reference for activities/components to be procured
- Procurement Plan