

Public Disclosure Authorized

OFFICIAL DOCUMENTS

LOAN NUMBER 8787-DO

Loan Agreement

(Disaster Risk Management Development Policy Loan with a Deferred Drawdown
Option for Catastrophe Risks)

between

DOMINICAN REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT



LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between DOMINICAN REPUBLIC ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

Whereas (A) the Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I.A of Schedule 1 to this Agreement; and (ii) the Borrower's maintenance of an adequate macroeconomic policy framework; and

(B) the financing mentioned herein will be available to provide timely liquidity to the Borrower upon the declaration of a State of Emergency (*Estado de Emergencia*) to respond to an imminent or occurring natural catastrophe, and in accordance with the terms of this Agreement.

The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of one hundred and fifty million United States Dollars (\$150,000,000), as such amount may be converted from time to time through a Currency Conversion (which has been requested by the Borrower and accepted by the Bank in accordance with the pertinent provisions set forth in Article IV of the General Conditions) ("Loan").
- 2.02. The Front-end Fee is one half of one percent (0.50%), of the Loan amount.
- 2.03. If, at the Borrower's request and on such terms and conditions as the Bank may agree, the Closing Date is extended, the fee payable by the Borrower for each extension of the Closing Date shall be one quarter of one percent (0.25%) of the Loan amount available for withdrawal upon such extension. If the Borrower elects to capitalize the fee, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself such amounts required to pay such fee. If the Borrower elects to pay the fee from its own resources, the Borrower shall pay such

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fee not later than sixty days after the date of the notice given by the Bank to the Borrower confirming the extension of the Closing Date.

- 2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion (which has been requested by the Borrower and accepted by the Bank in accordance with the pertinent provisions set forth in Article IV of the General Conditions); subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. (a) Except as otherwise provided in paragraph (b) of this Section, the principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- (b) The Borrower may at the time of requesting a Withdrawal also request repayment provisions different from those set out in Schedule 2 to this Agreement for such Withdrawal, provided that (i) the average maturity of such Withdrawal does not exceed 20 years from the Withdrawal Date and the final maturity of such Withdrawal does not exceed 35 years from the Withdrawal Date (or such other average maturity and/or final maturity as may be generally applicable to loans made by the Bank to the Borrower at the time of such agreement), and (ii) such repayment provisions have been agreed between the Borrower and the Bank prior to the Withdrawal Date of such Withdrawal.
- 2.07. At any time prior to the Closing Date, the Borrower may, by notice to the Bank, refund any amount of the Withdrawn Balance for the purpose of re-crediting such amount to the Loan Account for further withdrawals. Upon such refund, the repayment schedule shall be adjusted on a pro rata basis, on terms and conditions acceptable to the Bank.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program; and



- (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists, namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists, namely, that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions,

- (a) The Borrower's address is:

Ministerio de Hacienda
Av. México 45, Gazcue
Santo Domingo de Guzmán, Distrito Nacional
Dominican Republic

- (b) The Borrower's Electronic Address is:

Facsimile:
809-688-8838

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6.03. For purposes of Section 10.01 of the General Conditions,

(a) The Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) The Bank's Electronic Address is:

Telex:

Facsimile:

248423(MCI) or
64145(MCI)

1-202-477-6391



AGREED as of the Signature Date.

DOMINICAN REPUBLIC

By



Authorized Representative

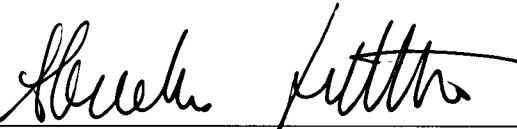
Name: Donald Guerrero Ortiz

Title: Minister of Finance

Date: 22-Dec-2017

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Alessandro Legrottaglie

Title: Country Manager

Date: 12/18/2017



SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

A. Strengthening institutions for improved climate and disaster resilience in priority sectors.

1. The Borrower has established new institutional structures for quantifying, pricing and managing contingent liabilities associated with climate and disaster risks, by: (a) establishing an interinstitutional body to assess and quantify the socio-economic and fiscal impacts of natural disasters; (b) granting legal mandate to the MH's General Directorate for Fiscal Analysis and Policy to estimate and assess the impacts of disaster and climate-related risks on fiscal accounts as part of managing contingent liabilities; and (c) granting legal mandate to the MH's General Directorate of Public Credit to manage the contracting of financial instruments for risk transfer in accordance with the Borrower's applicable legislation, as evidenced by:
 - (i) CNE's Resolution No. 1-2017, dated April 20, 2017; and
 - (ii) MH's Resolution No. 146-2017, dated April 11, 2017.

2. The Borrower has strengthened its capacity to incorporate safety standards in the management of school infrastructure, by: (a) creating a General Directorate for Risk Management within MINERD; (b) creating a General Directorate for Building Rehabilitation within MINERD with responsibility for existing school infrastructure rehabilitation and retrofitting; and (c) centralizing the supervision of school infrastructure construction under the MOPC and in coordination with MINERD, as evidenced by:
 - (i) MINERD's Departmental Order No. 18-2016, dated October 4, 2016;
 - (ii) MINERD's Departmental Order No. 01-2017, dated January 5, 2017; and
 - (iii) Borrower's Decree No. 348-16, dated December 2, 2016 published in the Borrower's Official Gazette No. 10864, dated December 7, 2016.

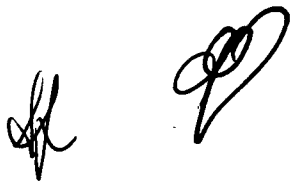
3. The Borrower has enhanced flood and drought risk reduction by creating an inter-institutional structure to coordinate and facilitate the work of the Borrower's institutions responsible for integrated water resource management, as evidenced by the Borrower's Decree No. 265-16, dated September 23, 2016, published in the Borrower's Official Gazette No. 10859, dated October 3, 2016.

B. Establishing mandatory regulations for climate and disaster risk reduction in public investment and construction works

4. The Borrower has established mandatory technical standards for incorporating disaster and climate risk analysis into the design and formulation of all public investment projects, as evidenced by:
 - (i) Updated SNIP Regulations and Procedures dated 2017: (1) SNIP Technical Regulations; and (2) General Methodological Guide for the Formulation and Evaluation of Public Investment Projects; and
 - (ii) MEPyD's Resolution No. 04-17 which approved the updated SNIP Regulations and Procedures dated 2017.
5. The Borrower has issued mandatory technical regulations for granting operating permits to health facilities by requiring: (a) compliance with MSP's guidelines for the design, construction and finishing of health facilities; and (b) an assessment of the health facilities built before 2011 using the Hospital Safety Index, as evidenced by MSP's Resolution No. 001, dated February 20, 2017, issuing the Technical Regulations for the Authorization to provide Clinical and Surgical Services.
6. The Borrower has strengthened its technical regulations for the supervision and inspection of construction works by requiring said works to comply with all applicable building regulations, as evidenced by the Borrower's Decree (*Reglamento para la Supervisión e Inspección de Obras*) No. 232-17, dated June 26, 2017, published in the Borrower's Official Gazette No. 10888, dated June 30, 2017.

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:



Allocations	Amount of the Loan Allocated (expressed in US Dollars)
(1) Single Withdrawal Tranche	150,000,000
(2) Fee payable pursuant to Section 2.03 of this Agreement	0
(3) Amount due pursuant to Section 4.05 (c) of the General Conditions	0
TOTAL AMOUNT	\$150,000,000

C. Payment of Fee Pursuant to Section 2.03 of Agreement. If the Closing Date is extended pursuant to Section 2.03 of this Agreement and the Borrower elects to finance from its own resources the fee set forth in said Section, no withdrawal shall be made from the Loan Account until the Bank has received payment in full of such fee.

D. Withdrawal of Loan Proceeds

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied, based on evidence satisfactory to it, that a State of Emergency (*Estado de Emergencia*) has been declared to respond to an imminent or occurring natural catastrophe.
2. Notwithstanding the foregoing, if, at any time prior to the receipt by the Bank of a request for withdrawal of an amount of the Loan, the Bank determines that a review of the Borrower's progress in carrying out the Program is warranted, the Bank shall give notice to the Borrower to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Loan Balance unless and until the Bank has notified the Borrower of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of Section 3.01 of Article III of this Agreement, with the progress achieved by the Borrower in carrying out the Program.

E. Audit. Upon the Bank's request, the Borrower shall:

1. have the Deposit Account audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
2. furnish to the Bank as soon as available, but in any case not later than eight months after the date of the Bank's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank

shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and

3. furnish to the Bank such other information concerning the Deposit Account and its audit as the Bank shall reasonably request.

F. Closing Date. The Closing Date is February 28, 2021.

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SCHEDULE 2

Disbursement-Linked Amortization Repayment Schedule – Level Repayment

1. Subject to the provisions of Section 3.03 of the General Conditions, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each January 15 and July 15, the first installment to be payable on the twenty-fifth (25th) Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the thirty-eight- (38th) Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment except for the last one shall be equal to one-fourteenth (1/14th) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.
2. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.



APPENDIX

Section I. Definitions

1. “CNE” means *Comisión Nacional de Emergencias*, the Borrower’s National Emergency Commission, created by the Borrower’s Decree No. 361, dated March 14, 2001, and ratified by the Borrower’s Law No. 147-02, dated September 22, 2002 and published in the Borrower’s Official Gazette No. 10172 on September 29, 2002.
2. “Deposit Account” means the account referred to under Section 2.03(a) of the General Conditions.
3. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated July 14, 2017, with the modifications set forth in Section II of this Appendix.
4. “Hospital Safety Index” means *Índice de Seguridad Hospitalaria* an indicator that provides a snapshot of the probability that a hospital or health facility will continue to function in an emergency situation, based on the assessment of its structural, non-structural, and functional factors.
5. “MEPyD” means *Ministerio de Economía, Planificación y Desarrollo*, the Borrower’s Ministry of Economy, Planning and Development, or any successor thereto.
6. “MINERD” means *Ministerio de Educación*, the Borrower’s Ministry of Education, or any successor thereto.
7. “MH” means *Ministerio de Hacienda*, the Borrower’s Ministry of Finance, or any successor thereto.
8. “MOPC” means *Ministerio de Obras Públicas y Comunicaciones*, the Borrower’s Ministry of Public Works and Communications, or any successor thereto.
9. “MSP” means *Ministerio de Salud Pública*, the Borrower’s Ministry of Public Health, or any successor thereto.
10. “PIP Law” means the Borrower’s Law No. 498-06 on Public Planning and Investment, dated December 28, 2006, and published in the Borrower’s Official Gazette No. 10400 dated December 29, 2006
11. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated September 14, 2017 from the Borrower to the Bank



declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.

12. "Signature Date" means the latest of the two dates on which the Borrower and the Bank signed this Agreement and such definition applied to all references to "the date of the Loan Agreement" in the General Conditions.
13. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
14. "SNIP" means *Sistema Nacional de Inversión Pública*, the Borrower's national public investment system established by the PIP Law.
15. "State of Emergency" means a declaration by the Borrower's President, through the issuance of a Borrower's Decree of a state of emergency (*Estado de Emergencia*) in accordance with articles 128(1)(g), 262, 265 and 266 of the Borrower's Constitution, dated June 13, 2015 and published in the Borrower's Official Gazette on July 10, 2015, as it may be amended from time to time.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In paragraph 54 of the Appendix, the term "Fixed Spread" is modified to read as follows:

"54. "Fixed Spread" means, for each Withdrawal, the Bank's fixed spread for the Loan Currency of the Withdrawal in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date, and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the "Fixed Spread" means the Bank's fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on the Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, "Fixed Spread" means the Bank's fixed spread for the Loan Currency as reasonably determined by the Bank on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the



Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines.”

2. In paragraph 101 of the Appendix, the term “Variable Spread” is modified to read as follows:

“101. “Variable Spread” means, for each Withdrawal and each Interest Period: (a) (1) the Bank’s standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date; (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate, for six-month deposits, in respect of the Bank’s outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank and expressed as a percentage per annum and (b) in case of Conversions, the variable spread, as applicable, as determined by the Bank in accordance with Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c). In the case of a Loan denominated in more than one Currency, “Variable Spread” applies separately to each of such Currencies.”

3. The following definitions of the terms “Withdrawal” and “Withdrawal Date” are inserted as new paragraphs 102 and 103, respectively, and the remaining definitions and paragraphs (as the case may be) renumbered accordingly:

“102. “Withdrawal” means each amount of the Loan withdrawn by the Borrower from the Loan Account pursuant to Section 2.01.”

“103. “Withdrawal Date” means, for each Withdrawal, the date on which the Bank pays the Withdrawal.”

