Loan Agreement
(Integrated Social Protection and Promotion Project)

between

DOMINICAN REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 23, 2015
LOAN AGREEMENT

Agreement dated March 23, 2015, between DOMINICAN REPUBLIC ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of seventy five million Dollars ($75,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are March 15 and September 15 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwrapped, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall: (a) carry out the Project through its Social Cabinet; and (b) cause: (i) SENASA to assist in the implementation of Part 1.1 of the Project; (ii) the Eligible NGOs to carry out those activities under Part 1.2 which are designed as Subprojects; and (iii) INFOTEP to assist in the implementation of Part 1.3 of the Project, all in accordance with the provisions of Article V of the General Conditions.
3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) The INFOTEP Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of INFOTEP to perform any of its obligations under the INFOTEP Inter-institutional Agreement.

(b) The SENASA Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of SENASA to perform any of its obligations under the SENASA Inter-institutional Agreement.

(c) The Social Cabinet’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to perform any of its obligations under this Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in paragraphs (a), (b), or (c) of Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V—TERMINATION

5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen (18) months after the Bank’s approval of the Loan which expires on September 10, 2016.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. For the purposes of Section 10.02 of the General Conditions, the Borrower’s Representative who, *inter alia*, may agree to modification of the provisions of this Agreement on behalf of the Borrower, through exchange of letters (unless otherwise determined by the Borrower and the Bank), is its Minister of Finance.
6.02. The Borrower’s Address is:
Av. México 45, Gazcje
Santo Domingo
Dominican Republic
Facsimile:
809-688-8838

6.03. The Bank’s Address is:
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Cable address: Telex: Facsimile:
INTBAFRAD 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)
AGREED at Santo Domingo, Dominican Republic, as of the day and year first above written.

DOMINICAN REPUBLIC

By

Authorized Representative

Name: Simón Lizardo Mezquita

Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Maritza A. Rodriguez de Pichardo

Title: Acting Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to improve access of the Borrower’s poor citizens to an integrated package of social protection and promotion opportunities, including, in particular, human capital, enhanced employability and housing improvements in Selected Provinces.

The Project consists of the following parts:

Part 1. Integrated Area-Base | Social Protection and Pro-poor Service Delivery

1. Expansion of the PROSOLI CCT Program coverage to ensure registration of Eligible Households and/or Eligible Household Members into the CEP, ILAE, BEEP and SENASA through the financing of Outputs associated with PROSOLI and SENASA’s operational processes required for said registration, as set forth in the Project Operations Manual.

2. Carrying out of minor housing improvements, including, *inter alia*, floor replacement and wall painting in Eligible CCT Users’ homes, selected pursuant to criteria, technical specifications and implementation methods set forth in the Project Operations Manual.

3. Increase access of Eligible CCT Users to productive opportunities through, *inter alia*:

   (a) the carrying out of technical and vocational and life skills training courses and provision of apprenticeships to Eligible CCT Users;

   (b) the carrying out of periodic diagnostics of employers’ training needs and training for the Eligible Training Providers participating in activities under Part 1.3 (a) above, pursuant to the training and selection criteria set forth in the Project Operations Manual; and

   (c) the carrying out of capacity building and technical assistance activities in support of linking Eligible CCT Users to income-generating opportunities through self-employment.
Part 2. Strengthening of the PROSOLI CCT Program and Support to Targeted Households

1. Strengthening of the PROSOLI CCT Program field-based coordination, operational processes and family assistance functions to Eligible Households in Selected Provinces, through, *inter alia*: (i) mapping of supply services; (ii) strengthening of the coordination and problem-solving capacity of the Municipal Coordination Committees and Inter-institutional Committees; (iii) consolidation of the decentralized operating structure of PROSOLI CCT Program; (iv) identification and implementation of technological solutions to expedite PROSOLI CCT Program’s processes in the field; and (v) carrying out of awareness-raising activities on environmental health and healthy practices for Eligible Households benefited under Part 1.2 of the Project to maximize the health benefits associated with improved living conditions.

2. Improving Eligible CCT Users’ orientation and feedback mechanisms through, *inter alia*:

(a) the expansion of the number of One-stop Service Points and the strengthening of their role, and enhancing the responsiveness to users’ claims and complaints; and

(b) the strengthening of the outreach and effectiveness of the Community Scorecard through, *inter alia*: (i) increasing the Community Scorecard coverage to Selected Provinces; (ii) promoting the automatization of its processes; and (iii) enhancing synergies between One-Stop Service Points and Community Scorecards.

3. Strengthening the inter-connectivity of information management systems among the PROSOLI CCT Program, ADESS, SIUBEN, SENASA, and INFOTEP, through, *inter alia*: (i) the optimization of data processing protocols; (ii) the development and integration of follow-up and claim response systems; (iii) the introduction of interactive geo-referenced maps of service providers; (iv) the publication of service performance data; (v) the development of integration services for selected inter-institutional systems, pursuant to the criteria set forth in the Project Operations Manual; (vi) the design and implementation of a data management system; and (vii) the support of the interoperability of data management platforms.
Part 3. Enhancing Equity and Results Orientation

1. Strengthening SIUBEN’s targeting mechanism through, *inter alia*: (i) updating the SIUBEN database including developing and carrying out a socio economic survey; and (ii) supporting the development of regulations, protocols and data management systems for the restructuring of SIUBEN as a single registry of beneficiaries of social programs and as an informatic provider for social policy decision-making.

2. Enhancing results orientation through, *inter alia*: (i) designing and implementing process evaluation and impact evaluation tools in respect of the Project; (ii) strengthening and integrating the SIME within the Social Cabinet, and beyond the PROSOLI CCT Program; and (iii) strengthening the Social Cabinet in terms of results-oriented planning, budgeting and execution.

3. Promoting innovation and policy development through the provision of technical assistance and capacity building for promoting social protection dialogue in the Borrower’s territory.

4. Supporting Project coordination, implementation, monitoring and evaluation, including the carrying out of Project audits.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall vest the overall responsibility for the implementation of the Project in the Social Cabinet, and to this end shall, through the Social Cabinet, operate and maintain, throughout Project implementation, within the Social Cabinet, the UTP with structure, staff, functions, responsibilities, and resources acceptable to the Bank.

2. Without limitations to the provisions of paragraph 1 above, and for purposes of implementing Part 1.1 of the Project, the Borrower, through the Social Cabinet shall maintain the SENASA Inter-institutional Agreement, under terms and conditions acceptable to the Bank which shall include, *inter alia*: (a) SENASA’s obligation to assist the Social Cabinet in the technical implementation of the activities under Part 1.1 of the Project, including providing the necessary data for the monitoring and verification of achievement of OBIs under Part 1.1 of the Project; and (b) the conditions for the Borrower’s payment, out of the proceeds of the Loan, of limited Operating Costs related to SENASA’s discharge of its responsibilities under said Part of the Project.

3. Without limitations to the provisions of paragraph 1 above, and for purposes of implementing Part 1.3 of the Project, the Borrower, through the Social Cabinet, shall:

   (a) maintain the INFOTEP Inter-institutional Agreement, under terms and conditions acceptable to the Bank which shall include, *inter alia*: (i) INFOTEP’s obligation to assist the Social Cabinet in the technical implementation of Part 1.3 of the Project, including, *inter alia*, the pre-selection of Eligible Training Providers, the technical evaluation of proposals, and the supervision (and provision, as needed) of training and internships under Part 1.3 of the Project; and (ii) the conditions for the Borrower’s payment, out of the proceeds of the Loan, of limited Operating Costs related to INFOTEP’s discharge of its responsibilities under said Part of the Project; and

   (b) (i) (A) enter into an agreement with each Eligible Training Provider selected and hired in a manner acceptable to the Bank and set forth in the Project Operations Manual (Training Provider Agreement) under terms and conditions acceptable to the Bank which shall include, *inter alia*, the obligation of the Eligible Training Provider to provide the training courses
and internships to the Eligible Beneficiary; and (B) enter into an agreement with each Eligible Beneficiary (Eligible Beneficiary Agreement), all under terms and conditions acceptable to the Bank and set forth in the Project Operations Manual; (ii) carry out its obligations and exercise its rights under each Training Provider Agreement and each Eligible Beneficiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project; and (iii) except as the Bank shall otherwise agree, not assign, amend, abrogate, terminate, waive, or fail to enforce any Training Provider Agreement or Eligible Beneficiary Agreement, or any of the provisions thereof.

4. The Borrower through the Social Cabinet shall exercise its rights and carry out its obligations under the INFOTEP Inter-institutional Agreement and the SENASA Inter-institutional Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, or fail to enforce the INFOTEP Inter-institutional Agreement and/or the SENASA Inter-institutional Agreement or any of the provisions thereof. In case of any inconsistency between the provisions of the SENASA Inter-institutional Agreement and/or the INFOTEP Inter-institutional Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.

B. Anti-Corruption

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

C. Manuals

1. The Borrower, through the Social Cabinet, shall, and shall cause SENASA and INFOTEP to, carry out the Project in accordance with the provisions and requirements of an operations manual, in form and substance satisfactory to the Bank ("Project Operations Manual"), which shall include, inter alia, the following: (a) institutional coordination and implementation arrangements and procedures for the Project; (b) financial management and procurement procedures for the Project; (c) arrangements for monitoring, evaluation, and reporting of Project implementation, including indicators for monitoring and evaluation and the necessary protocols to verify OBI achievement; (d) provisions detailing procedures and guidelines for the carrying out of the activities under Part 1.2 of the Project, including criteria and procedures for the selection, review, approval, financing, supervision, and monitoring of Eligible NGOs, Eligible Households, Eligible CCT Users and Subprojects, including a list of activities eligible for financing under the Subprojects, and the accounting, disbursement, financial management, procurement, social and environmental procedures to be followed; (e) the environmental mitigation measures to be observed in the design and
implementation of the Subprojects; (f) provisions detailing procedures and guidelines for the carrying out of activities under Part 1.3 of the Project, including procedures for the selection, review, approval, financing supervision and monitoring of Eligible Beneficiaries, Training Providers and training and apprenticeship activities under said Part; and (g) any other criteria or procedures necessary for implementation of the Project.

2. The Borrower shall carry out the Project in accordance with the PROSOLI Operations Manual, and shall not and shall cause PROSOLI to not amend, suspend, abrogate, repeal or waive any provisions thereof in a manner which, in the opinion of the Bank may materially and adversely affect the ability of the Borrower to perform any of its obligations under the Agreement.

D. Sub-projects

1. For purposes of implementing Part 1.2 of the Project through Eligible NGOs, the Borrower, through the Social Cabinet, shall:

   (a) after having selected a Subproject in accordance with the criteria, guidelines and procedures set forth in the Project Operations Manual enter into an agreement with an Eligible NGO (Subproject Agreement) under terms and conditions acceptable to the Bank and set forth in the Project Operations Manual, which shall include: (i) the Social Cabinet’s obligation to make a grant (in an amount to be calculated in accordance with the formula set forth in the Project Operations Manual) to the Eligible NGO (Subproject Grant) to carry out the Subproject; and (ii) the Eligible NGO’s obligation to: (A) comply with the Anti-Corruption Guidelines, the pertinent provisions of this Agreement (including Section III of this Schedule) and the Project Operations Manual (including the environmental mitigation measures to be observed in the design and implementation of the Subprojects, as set forth in the Project Operations Manual); and (B) take or permit to be taken all actions to enable the Borrower to comply with its obligations referred to in the Subproject Agreement and this Agreement;

   (b) carry out its obligations and exercise its rights under each Subproject Agreement, in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project; and

   (c) except as the Bank shall otherwise agree, not assign, amend, abrogate, waive, terminate or fail to enforce any Subproject Agreement or any provisions thereof.

2. The Borrower, through the Social Cabinet, shall furnish to the Bank for its prior review the first two Subprojects.
Section II. **Project Monitoring Reporting and Evaluation**

**A. Project Reports**

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) calendar days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation of the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of each Project Report after the end of each calendar semester, unaudited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Bank.

3. The Borrower shall have the Financial Statements for the Project audited and made publicly available in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than four months after the end of such period.

**C. Technical Verification**

The Borrower shall: (a) not later than three (3) months after the Effective Date, appoint, under terms of reference acceptable to the Bank, an independent technical auditing firm with qualifications and terms of contracting acceptable to the Bank (Technical Auditor) to carry out the semi-annual verification of: (i) achievement of the Outputs/OBIs; and (ii) Borrower’s adherence to the Additional Instructions; and (b) cause said Technical Auditor to prepare and furnish to the Borrower and the Bank a report on the results of said verification of achievement process of such scope and in such detail as the Bank shall reasonably request, no later than January 31 or July 31 of each year, in line with each semi-annual verification.
Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Bank and set forth in the Project Operations Manual.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. **Withdrawal of Loan Proceeds**

A. **General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instruction:) (the “Additional Instructions”), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Outputs under Part 1.1 of the Project</td>
<td>2,042,394.65</td>
<td>100% of the applicable Unit Cost</td>
</tr>
<tr>
<td>(2) (a) Minor works, goods, non-consulting services and consultants’ services under Subprojects in respect of Part 1.2 of the Project</td>
<td>9,050,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) (b) Minor works, goods, non-consulting services and consultants’ services in respect of activities not designed as Subprojects, under Part 1.2 of the Project</td>
<td>10,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Non-consulting services (including Learning Courses, consultant’s services, Training, Remuneration for Eligible Beneficiaries, Stipends for Eligible Beneficiaries and Operating Costs, all under Part 1.3 of the Project)</td>
<td>26,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, non-consulting services, consultants’ services (including Project audits), Training and Operating Costs under Parts 2 and 3 of the Project</td>
<td>25,850,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Front-end Fee</td>
<td>187,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(6) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.08(c) of this Agreement</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>1,270,105.35</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>75,000,000</td>
<td></td>
</tr>
</tbody>
</table>
For purposes of this Section:

(a) "Learning Courses" means the non-consulting services expenditures incurred for the provision of the technical and vocational and life skills training courses under Part 1.3 of the Project, contracted by the Borrower, through the Social Cabinet, as set forth in the Project Operations Manual;

(b) "Operating Costs" means the reasonable incremental costs (which would not have been incurred absent the Project) incurred by: (i) the Borrower for the implementation, management and supervision of the Project, including, *inter alia*: travel costs (i.e. accommodation, transportation and *per diem*); operation and maintenance of office equipment; rental of offices; utilities; non-durable and/or consumable office materials; bank charges; operation and maintenance of vehicles (including fuel and insurance), communication, printing and publications; (ii) INFOTEP for the technical implementation and supervision of the training provided under Part 1.3 of the Project, including, *inter alia*, the reasonable costs (excluding any profit) for evaluating technical proposals, carrying out regular supervision (and provision, as needed) of the training courses provided under Part 1 of the Project and *per diems* for supervisors, as set forth in the Project Operations Manual; (iii) public training institutions (included in the definition of the term "Eligible Training Providers") not eligible for financing under Learning Courses, for the provision of training and apprenticeship activities under Part 1.3 of the Project; and (iv) SENASA for the technical collaboration provided under Part 1.1 of the Project.

(c) "Remuneration for Eligible Beneficiaries" means a monthly remuneration paid to each Eligible Beneficiary for his/her participation in a two month apprenticeship under Part 1.3 of the Project, including their social security contributions, all in accordance and within the limits set forth in the Project Operations Manual;

(d) "Stipends for Eligible Beneficiaries" means a bi-weekly payment to each Eligible Beneficiary to finance the daily expenses (including transportation and meal) incurred by the Eligible Beneficiary in connection with his/her participation in the technical and vocational and life-skills training courses under Part 1.3 of the Project, all in accordance and within the limits set forth in the Project Operations Manual; and

(e) "Training" means expenditures (other than those for consultants' services and Learning Courses) incurred by the Borrower to finance the reasonable travel costs (*inter alia*, accommodation, transportation, travel insurance and *per diem*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, under Parts 1.3, 2 and 3 of the Project.
B. **Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement:

   (a) except that, withdrawals up to an aggregate amount not to exceed $1,400,000 may be made for payments made prior to this date but in no case more than one year prior to the date of this Agreement, for Eligible Expenditures; and

   (b) for expenditures under Category (1), unless the Borrower has submitted the relevant semi-annual report referred to in Section II.C (b) of this Schedule confirming the achievement of the respective Output/OBIs, as set forth in the Project Operations Manual and pursuant to the Additional Instructions.

2. Notwithstanding the provisions of Part B.1 (b) of this Section:

   (a) by June 30 and December 31 of each year during Project implementation, the Borrower may withdraw an amount of the Loan corresponding on a percentage-basis to the degree of achievement of an OBI for the respective year, based on the evidence referred to in Part B.1 (b) of this Section, as specified in the OBI Table set forth in the Project Operations Manual, and in accordance with the Additional Instructions;

   (b) in connection with paragraph (a) above, any amounts disbursed for the first calendar semester of the same year for the respective OBI, will count towards the final withdrawn amount for the respective OBI for the respective year;

   (c) at the end of each year during Project implementation, and in the event that the Borrower has not achieved fully the pertinent OBI, the Bank may, after consultation with, and by notice to, the Borrower, cancel any amount of the Loan withheld pursuant to paragraph B.2(a) above under Category (1), or reallocate said amount to another Category; and

   (d) the Bank and the Borrower may agree from time to time to adjust the OBIs, corresponding amounts, or respective dates for OBI achievement.

3. The Closing Date is March 30, 2019.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15, Beginning March 15, 2020 through March 15, 2048</td>
<td>1.72%</td>
</tr>
<tr>
<td>On September 15, 2048</td>
<td>1.96%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions

1. "ADESS" means Administradora de Subsidios Sociales, the Borrower’s Social Subsidies Administration Unit, established pursuant to Decree No. 1560-04, dated December 16, 2004 published in the Borrower’s Official Gazette No. 10303, dated December 29, 2004.

2. “Additional Instructions” means the instructions referred to in Section IV.A.1. of Schedule 2 to this Agreement.


4. “BEEP” means Bono Escolar Estudiando Progresando, the middle and secondary education component of the PROSOLI CCT Program linked to compliance of corresponsibilities in middle and secondary education incorporated in the PROSOLI Operation Manual.

5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

6. “CEP” means Come es Primero, the health component of the PROSOLI CCT Program linked to compliance of corresponsibilities in health, incorporated in the PROSOLI Operation Manual.

7. “Community Scorecard” means Reporte Comunitario, the Borrower’s participatory monitoring tool for the Eligible CCT Users to provide feedback on the PROSOLI CCT Program, and the associated education, healthcare, and other social services they receive under said program.


9. “Eligible Beneficiary” means an individual to be selected in accordance with the provisions of the Project Operations Manual to receive training and participate in apprenticeship activities under Part 1.3 of the Project.

10. “Eligible Beneficiary Agreement” means any of the agreements referred to in Section I.A.3. (b)(i)(I) of Schedule 2 to this Agreement.
11. "Eligible CCT User" means a household or a household member already registered in the PROSOLI CCT Program, which meets the eligibility criteria for participating under Part 1 of the Project, as set forth in the Project Operations Manual.

12. "Eligible Household" means a household comprised of Eligible Household Members, and selected pursuant to the eligibility criteria and selection procedures set forth in the Project Operations Manual.

13. "Eligible Household Member" means an individual who is categorized as extremely poor and/or moderately poor by SIUBEN.

14. "Eligible NGO" means a non-governmental institution legally established in the Borrower’s territory, selected to receive a Subproject Grant under Part 1.2 of the Project pursuant to the selection criteria and procedures set forth in the Project Operations Manual.

15. "Eligible Training Provider" means a public training institution, non-governmental institution or training firm to be selected in accordance with the provisions of the Project Operations Manual to provide training and organize apprenticeships under Part 1.3 of the Project.


17. "ILAE" means Incentivo a la Asistencia Escolar, the Borrower’s basic education component of the PROSOLI CCT Program aimed at providing incentives for school attendance, established pursuant to the PROSOLI Operations Manual.

18. "INFOTEP" means Instituto Nacional de Formación Técnico Profesional, the Borrower’s National Institute for Professional Technical Training, created pursuant to the INFOTEP Legislation.

19. "INFOTEP Inter-institutional Agreement" means the agreement referred to in Section I.A.3 of Schedule 2 to this Agreement, dated January 13, 2015, as the same may be amended from time to time with the Bank’s prior written consent.

21. “Inter-institutional Committee” means any intersectorial committee coordinated by PROSOLI at regional level and involving all relevant partners for the execution of the PROSOLI CCT Program.

22. “Municipal Coordination Committee” means any intersectorial committee coordinated by PROSOLI at municipal level and involving all relevant partners for the execution of the PROSOLI CCT Program.

23. “One-stop Service Point” means a mechanism for user orientation and grievance redress of Eligible Households, also referred to as Puntos Solidarios.

24. “Operating Costs” means “Operating Costs” as defined under the table in Section IV.A.2 of Schedule 2 to this Agreement.


26. “Output 1” means the registration of Eligible Households in CEP.

27. “Output 2” means the registration of Eligible Household Members in ILAE.

28. “Output 3” means the registration of Eligible Household Members in BEEP.

29. “Output 4” means the registration of Eligible Household Members in SENASA.

30. “Output Based Indicator” or “OBI” means an indicator of achievement of each Output, set forth in the Output Based Indicator Table in the Project Operations Manual, the achievement of which is a condition for disbursement of Loan proceeds, pursuant to Section IV.B of Schedule 2 to this Agreement.

31. “Output Based Indicator Table” or “OBI Table” means the table set forth in the Project Operations Manual showing the OBI for each Output, as well as the corresponding unit cost and amounts allocated for disbursement upon the achievement of each OBI.


33. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated August 11, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
34. “Project Operations Manual” means the manual referred to in Section I. C.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the Bank’s prior written consent.

35. “PROSOLI CCT Program” means Progresando con Solidaridad, the Borrower’s conditional cash transfer program aimed at providing holistic assistance to households categorized as poor by the SIUBEN, with a view to develop their human and social capital, and established and operating pursuant to the PROSOLI Legislation.

36. “PROSOLI Legislation” means Decree 488-12 dated, August 21 2012, stating that the Progresando program of the First Lady’s office and the PROSOLI CCT Program must operate in strong coordination to foster human and social capital as part of the Government’s strategy against poverty, published in the Borrower’s Official Gazette No. 10693, dated August 31, 2012.

37. “PROSOLI Operations Manual” means the operations manual of the PROSOLI CCT Program, whose latest version was approved by the Vice-President of the Dominican Republic on November 19th, 2010, amended on July 2013, and January 2015, as the same may be further amended from time to time.

38. “Selected Province” means any administrative division of the Borrower that is selected for participation in the Project, pursuant to criteria set forth in the Project Operations Manual.

39. “SENASA” means Seguro Nacional de Salud, the Borrower’s Subsidized Health Insurance Program established and operating pursuant to the SENASA Legislation.

40. “SENASA Inter-institutional Agreement” means the agreement referred to in Section I.A.2 of Schedule 2 to this Agreement, dated January 13, 2015, as the same may be amended from time to time with the Bank’s prior written consent.


42. “SIME” means Sistema de Monitoreo y Evaluación de Solidaridad, the Borrower’s integrated monitoring and evaluation system.

43. “SIUBEN” means Sistema Único de Beneficiarios, the Borrower’s entity created by the Borrower’s Presidential Decree No. 1073-04, dated August 31st, 2004, published in the Borrower’s Official Gazette No. 10292, dated September 2, 2004, which is part of the Social Cabinet, and responsible for creating and updating the
database of poor households in the Borrower's territory as well as for registering of households eligible for participating in, or benefiting from, the Borrower's social programs or subsidies, including the PROSOLI CCT Program.

44. "Social Cabinet" means Gabinete de Coordinación de Políticas Sociales, the Borrower's cabinet comprising inter alia SIUBEN, ADESS and PROSOLI, and in charge of articulating, formulating, implementing, monitoring and evaluating the Borrower's social protection programs, established pursuant to the Social Cabinet's Legislation.


46. "Subproject" means any of the activities referred to in Part 1.2 of Schedule 1 to this Agreement.

47. "Subproject Agreement" means any of the agreements referred to in Section I.A.1 (a) of Schedule 2 to this Agreement.

48. "Subproject Grant" means a grant made or to be made out of the proceeds of the Loan to finance minor works, goods and services under any given Subproject, subject to specific terms and conditions set forth in the respective Subproject Agreement.

49. "Technical Auditor" means the independent technical auditing firm appointed under terms of reference acceptable to the Bank to carry out the verification of compliance of OBI's.

50. "Training Provider Agreement" means any of the agreements referred to in Section I.A.3. (b)(i)(A) of Schedule 2 to this Agreement.

51. "Unit Cost" means the unit cost of an Output, as set forth in the Project Operations Manual, financed out of the proceeds of the Loan, in connection with the achievement of said Output.

52. "UTP" means Unidad Técnica de Proyectos, the Project management unit referred to in Section I.A.1 of Schedule 2 to this Agreement.
Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

   "Section 3.01. Front-end Fee; Commitment Charge

   (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

   (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

   "19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

"68. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment Charge are" after the word "interest".