Lic. Simón Lizardo Mézquita  
Minister of Finance  
Ministry of Finance  
Av. Mexico No. 45  
Gazcue  
Santo Domingo, Dominican Republic

Re: Dominican Republic  
Municipal Development Project  
Loan No. 7836-DO  
Second Amendment to the Loan Agreement

Dear Minister:

We refer to the above-referenced Loan Agreement between the Dominican Republic ("Borrower") and the International Bank for Reconstruction and Development ("Bank") dated May 10, 2010 ("Loan Agreement"). We also refer to your letter dated October 5, 2015 requesting the extension of the Closing Date.

In view of the above and our recent discussions, the Bank proposes to amend the Loan Agreement to (a) eliminate counterpart funding and increase the percentage of expenditures to be financed under Categories 2 and 3 of the table under Section IV.A.2 of Schedule 2 to the Loan Agreement; and (b) extend the Closing Date.

Accordingly, the Loan Agreement is amended as follows:

1. The table under Section IV.A.2 of Schedule 2 to the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

<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) Goods, consultants’ services, Non-consultant Services and Training under Part 1 of the Project.</td>
<td>5,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Matching Grants under Part 2 of the Project.</td>
<td>7,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, Non-consultant Services, consultants’ services, Incremental Operating Costs and Training under Part 3 of the Project.</td>
<td>3,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>50,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (expressed in USD)</td>
<td>Percentage of Expenditures to be financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>----------</td>
<td>------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>(5) Premia for Interest Rate Caps and Interest Rate Collars</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07 (c) of this Agreement</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>750,000</td>
<td></td>
</tr>
<tr>
<td>(7) Cancellation as of October 15, 2013</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>20,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. Section IV.B.2. of Schedule 2 to the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

"2. The Closing Date is November 15, 2016."

All other terms and conditions of the Loan Agreement remain in full force and effect.

Please confirm your agreement with the foregoing amendment, on behalf of the Borrower, by signing and dating this letter in the space provided below. This amendment letter shall be executed in two counterparts each of which shall be an original and one of which shall be returned to us. The provisions set forth in this amendment letter will become effective as of the date of the countersignature, upon receipt by the Association of one fully executed original of this letter.

Please also note that the Restructuring Paper dated February 5, 2016 copy of which is enclosed herewith, will be disclosed on the Bank’s external website as per the Bank’s policy on Access to Information.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By ___________________________
Sophie Sirtaine
Country Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:
DOMINICAN REPUBLIC

By: ___________________________
Authorised Representative

Title: Minister of Finance

Date: February 15, 2016

Enclosure: Restructuring Paper