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LOAN NUMBER 8540-DO

# Loan Agreement

(Support to the National Education Pact Project)

between

DOMINICAN REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated: October 8, 2015

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## LOAN AGREEMENT

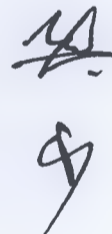
Agreement dated October 8, 2015, between DOMINICAN REPUBLIC ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

### 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 fifty million Dollars (USD 50,000,000), 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 Fixed 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 February 15 and August 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 unwithdrawn, 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 objective of the Project. To this end, the Borrower shall carry out the Project through MINERD, with the participation of IDEICE, INAIPI, INABIE, INAFOCAM, INEFI and ISFODOSU, 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 Event of Suspension consists of the following, namely, that the National Education Pact has been amended, suspended, abrogated, or waived so as to affect materially and adversely, in the opinion of the Bank, the execution of the Project.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

**ARTICLE V — EFFECTIVENESS; 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 March 30, 2017.

**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:

Ministerio de Hacienda de la República Dominicana  
Av. México 45, Gazcue  
Santo Domingo de Guzmán, Distrito Nacional  
República Dominicana

Facsimile:  
809-688-8838

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6.03. The Bank's Address is:

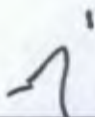
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Santo Domingo, Dominican Republic, as of the day and year first above written.

**DOMINICAN REPUBLIC**

By

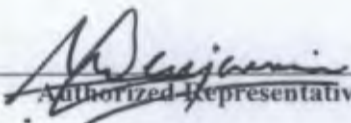
  
\_\_\_\_\_  
~~Authorized Representative~~

Name: Simon Lizardo Mezquita

Title: Minister of Finance

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By

  
\_\_\_\_\_  
~~Authorized Representative~~

Name: McDonald P. Benjamin

Title: Country Manager

## SCHEDULE 1

### Project Description

The objective of the Project is to improve the Borrower's capacity to: (i) recruit and train primary and secondary school teachers; (ii) assess student learning in primary and secondary education; (iii) evaluate the quality of service provided by Public Early Childhood Development Center,, and (iv) enhance the process for decentralizing public school management.

The Project consists of the provision of financing of EEPs to support the implementation of the National Education Pact, as set forth in the following parts:

#### Part I. Improving Capacity to Recruit and Train Primary and Secondary School Teachers

Carry out a comprehensive revision of MINERD's primary and secondary school teacher recruitment and training activities based on professional standards for teachers set forth in the POM, with a focus on:

- (a) Pre-service training through, *inter alia*: (i) the revision of ISFODOSU teaching degree curricula and competence profiles; (ii) the creation of specialized degrees for secondary school teachers; (iii) the implementation of a quality assurance and monitoring system for ISFODOSU; (iv) the implementation of a scholarship program to attract high-performing secondary students to ISFODOSU pre-service degrees; (v) the implementation of a revised remedial program for admitted students with skill gaps; and (vi) the revision of the career structure and promotion schemes of ISFODOSU teachers.
- (b) Human resources management, including, *inter alia*: (i) the design and implementation of a competitive induction exam and selection process for public school teachers, administrators and staff; (ii) the launch of an online teacher recruitment system; and (iii) the launch of web-enabled management information systems.
- (c) The teaching career, through supporting, *inter alia*, the design, and adoption of: (i) guidelines for the teaching career; (ii) a revised teacher evaluation based on international best practices; and (iii) the implementation of key aspects of the teacher career, including, *inter alia*, a certification system.
- (d) In-service training, through supporting, *inter alia*: (i) the development and piloting of in-service training programs for current teachers through

INAFOCAM; (ii) the revision of guidelines and evaluation of existing in-service programs; (iii) institutional capacity strengthening for the INAFOCAM evaluation office; and (iv) an impact evaluation of INAFOCAM in-service programs with randomized assignment.

Part 2. Improving Capacity to Assess Student Learning in Primary and Secondary Education

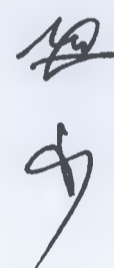
Support the strengthening of student assessment system through:

- (a) Development and implementation of a national strategy for pre-tertiary student assessments.
- (b) Participation in and dissemination of international assessments.
- (c) Technical improvement of national student assessments.
- (d) Design and implementation of a system for dissemination of results and use of assessment data.
- (e) Development and implementation of a national assessment in early grades.

Part 3. Improving Capacity to Evaluate the Quality of Service Provided by Public Early Childhood Development Centers

Support the organizational design and institutional strengthening of INAIPI, through:

- (a) Developing a strategic plan for INAIPI and quality standards systems for Public Early Childhood Development Centers and personnel.
- (b) Development and implementation of an information and communications strategy to disseminate within the Public Early Childhood Development Centers standards of quality service delivery, public understanding of the QEC Program, and improve parenting practices.



Part 4. Improving Capacity to Enhance the Process for Decentralizing Public School Management

Support the decentralization of MINERD's functions and resources through:

- (a) Supporting the increase of established School Management Committees in public schools through Transfers to SMCs.
- (b) Supporting the review of regulations and processes to: (i) increase efficiency in establishing SMCs; and (ii) streamline SMC account opening procedures.
- (c) Implementation of a functional expenditure system for SMCs.
- (d) Improving the training of SMCs to develop school improvement plans and annual work plans.
- (e) Improving financial and procurement practices at the school level.
- (f) Revising school auditing guidelines and procedures.

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## 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 MINERD, and the responsibility for coordination, monitoring and evaluation in OCI. To this end, the Borrower, shall maintain during the implementation of the Project, OCI with powers, functions, capacity, staffing, terms of reference, and resources satisfactory to the Bank to fulfill its respective functions under the Project, as set forth in the Project Operations Manual.
2. The Borrower, through MINERD, shall establish not later than February 28, 2016, and thereafter maintain, a Project Steering Committee with composition (consisting of, *inter alia*: (i) a representative of OCI; (ii) a representative of the MINERD's Vice-Ministry of Planning; (iii) a representative of the MINERD's Vice-Ministry of Technical and Pedagogical Services; and (iv) a representative of the Borrower's Ministry of Finance), functions and responsibilities, acceptable to the Bank. The Steering Committee's responsibilities shall include, *inter alia*: (i) providing strategic guidance to MINERD for overall Project implementation; (ii) regularly reviewing Project monitoring and evaluation data to determine progress and proposing adjustments to MINERD to ensure satisfactory achievement of the Project objective; (iii) monitoring MINERD's sufficient budgetary allocation for the carrying out the audit and verification obligations under the Project in a manner satisfactory to the Bank; (iv) overseeing the reporting, documentation and submission of DLI achievement, and the timely submission of withdrawal applications; and (v) overseeing the coordination of technical and decentralized units of MINERD and respective key stakeholders on key policy issues related to Project implementation.
3. No later than six (6) months from the Effective Date, the Borrower shall cause its Ministry of Finance and MINERD to enter into an inter-institutional agreement, under terms and conditions acceptable to the Bank, which shall include, *inter alia* (i) the obligation of the Borrower to allocate sufficient resources from the Borrower's Budget to MINERD as required to enable MINERD to carry out the Project; and (ii) the obligation of MINERD to maintain the OCI under terms and conditions acceptable to the Bank, and allocate budget resources for the carrying out of the Borrower's reporting obligations under this Agreement.

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**B. Project Operations Manual**

1. Without limitation upon the provisions of Article V of the General Conditions and Section I.A. of this Schedule, and except as the Bank shall otherwise agree, the Borrower, through MINERD, shall carry out the Project in accordance with the terms of the Project Operations Manual, which shall include, *inter alia*:
  - (i) the detailed description of Project implementation activities, their sequencing, timetable, benchmarks and the institutional arrangements of the Project;
  - (ii) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures (including all pertinent standard documents and model contracts in relation thereto);
  - (iii) the plan for the monitoring and supervision of the Project;
  - (iv) arrangements for monitoring, evaluation, and reporting of Project implementation, including Verification Protocols to confirm DLI achievement;
  - (v) the roles and responsibilities of the entities involved in Project implementation;
  - (vi) the indicators to evaluate the performance of the Project;
  - (vii) the criteria for the preparation of Customized Statements of Expenditures Reports; and
  - (viii) the SMCs Operations Manual.
2. Except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce the Project Operations Manual or any provision thereof.
3. In the case of any conflict between the terms of the Project Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.



**C. Anti-Corruption**

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

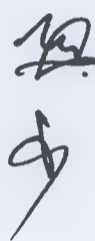
**Section II. Project Monitoring Reporting and Evaluation**

**A. Project Reports**

The Borrower, through MINERD, 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) 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 on the provisions of Part A of this Section, the Borrower, through MINERD, shall prepare and furnish to the Bank as part of the Project Report after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower, through MINERD, shall have its Financial Statements in respect of the Project audited 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. Independent Performance Audit**

1. No later than three months prior to the submittal of a withdrawal request as set forth in Section IV below, the Borrower, through MINERD, shall engage, under terms of reference and with qualifications satisfactory to the Bank, a Project Audit

Consultant, for purposes of carrying out the Independent Performance Audit in respect of DLIs 16 and 20, set forth in Schedule 4 to this Agreement.

2. The Borrower, through MINERD, shall ensure independent monitoring and evaluation of the Project, through the carrying out of an Independent Performance Audit certifying the extent to which, in respect of DLIs 16, and 20: (a) Eligible Expenditures under the Project have been incurred in compliance with the arrangements provided for in this Agreement, and in the Operations Manual; (b) the Disbursement-Linked Indicators have been met; and (c) the Additional Instructions have been adhered to by the Borrower.
3. No later than November 1 of each calendar year during Project implementation, the Borrower shall furnish to the Bank a complete Independent Performance Audit Report including all the findings and results from the Independent Performance Audit, as well as the certifications from the Project Audit Consultant of the degree of achievement of the Disbursement Linked Indicators.

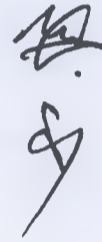
### **Section III. Procurement**

#### **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. **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.

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

1. **Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods may be used for procurement of goods, works and non-consulting services financed under the SMC Transfers: (a) Shopping; and (b) Direct Contracting.



C. Review by the Bank of Procurement Decisions

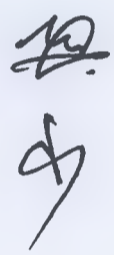
All contracts shall be subject to Post Review by the Bank.

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 instructions) (the "Additional Instructions"), to finance Eligible Expenditures under EEPs, as measured against specific DLIs, all 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.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed</u>
(1) Payments for EEPs	49,875,000	100% up to the amount of the Loan allocated to each DLI, as set forth in Schedule 4 to this Agreement
(2) Front-end Fee	125,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
<b>TOTAL AMOUNT</b>	<b>50,000,000</b>	

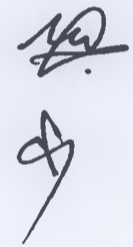


**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed ten million Dollars (USD 10,000,000) may be made for payments made up to twelve (12) months prior to the date of this Agreement; and
  - (b) for any DLI, until and unless the Borrower has furnished evidence satisfactory to the Bank that said DLI has been achieved.
2. With respect to withdrawals under Category 1, and as provided under paragraph B.1(b) of this Section, payments shall be made in November of, or as soon as practicable thereafter in, each year during Project implementation upon timely submittal by the Borrower of a withdrawal request acceptable to the Bank and pursuant to the Additional Instructions. Such withdrawal request shall include evidence in form and substance acceptable to the Bank of: (i) EEPs incurred, as presented in a Customized Statement of Expenditures Report; and (ii) supporting documentation confirming the Borrower's achievement of the respective DLI, as referred to in Schedule 4 to this Agreement, and as set forth in the Verification Protocols. The Bank may accept withdrawal requests submitted pursuant to the provisions of this section, in respect of any DLI, except Scalable DLIs, achieved prior to the date by which such DLI is set to be achieved.
3. Notwithstanding the provisions of paragraphs B.1(b) and B.2 of this Section, if the Bank is not satisfied that any DLI under Category (1) has been achieved by the date by which the respective DLI is set to be achieved, as set forth in Schedule 4 to this Agreement, the Bank may at any time, and by notice to the Borrower, decide, in its sole discretion to:
  - (a) in respect of Scalable DLIs (DLIs 4, 8, 12, 16, 20):
    - (i) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Loan then allocated to the said Scalable DLI which, in the opinion of the Bank, corresponds to the degree of achievement of said Scalable DLI calculated as set forth in the Verification Protocols;



- (ii) authorize that the unwithdrawn amount by which the corresponding disbursement for a partially achieved Scalable DLI had been reduced, be carried forward to the immediately subsequent withdrawal, pending further achievement of the respective Scalable DLI; and/or
  - (iii) cancel all or a portion of the proceeds of the Loan then allocated to said Scalable DLI.
- (b) in respect of any DLI which is not a Scalable DLI:
  - (i) withhold the unwithdrawn proceeds of the Loan then allocated to said DLI until the Bank is satisfied that said DLI has been fully achieved; or
  - (ii) (1) reallocate all or a portion of the proceeds of the Loan then allocated to said DLI to any other DLI; and/or (2) cancel all or a portion of the proceeds of the Loan then allocated to said DLI.
- 4. Notwithstanding the provisions of paragraphs B.1, B.2, and B.3 above, the Bank shall not be required to make further disbursements if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section II.C of Schedule 2 to this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section.
- 5. If, at any time, the Bank determines that any portion of the amounts withdrawn by the Borrower under Category (1) was made: (i) for ineligible expenditures; or (ii) not in compliance with the provisions of part B.2 of this Section, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower. The Bank shall cancel such refunded amount.
- 6. The Closing Date is June 30, 2020.



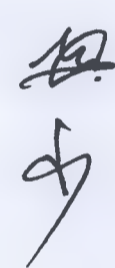
**SCHEDULE 3**

**Amortization Schedule**

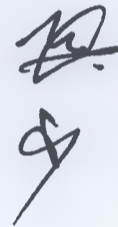
1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal 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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each February 15 and August 15 Beginning February 15, 2027 through August 15, 2039	3.70%
On February 15, 2040	3.80%

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.



**SCHEDULE 4**

**Disbursement-Linked Indicators**


Disbursement-Linked Indicators, by expected calendar year of completion (by October 15 of each year)					
<i>DLIs eligible for partial achievement are marked "Scalable"</i>					
	2015	2016	2017	2018	2019
<i>Improving capacity to recruit and train primary and secondary school teachers</i>	DLI 1: ISFODOSU's revised standardized entrance examination is applied to all its applicants (Value: USD 2.5 M)	DLI 5: Dissemination of professional standards for teachers started (Value: USD 2.5 M)	DLI 8: ISFODOSU offers two new degrees for training secondary-level teachers (Scalable) (Value: USD 2.5 M)	DLI 12: INAFOCAM and ISFODOSU's annual financial reports are prepared using SIGEF (scalable) (Value: USD 3.0 M)	DLI 17: ISFODOSU has started the implementation of its own professional development plan for its educators (Value: USD 2.375 M)
	DLI 2: MINERD administers competitive entrance exam to hire teachers (Concurso de Oposición) (Value: USD 2.5 M)	DLI 6: MINERD aligns entrance exam (Concurso de Oposición) with professional standards for teachers (Value: USD 2.5 M)	DLI 9: Teaching career and evaluation system (based on standards) has been adopted by MINERD (Value: USD 2.5 M)	DLI 13: 20% of public school teachers have been evaluated using the teacher career and evaluation system (Value: USD 2.5 M)	DLI 18: INAFOCAM adjusts in-service training programs based on results from assessments and/or impact evaluations (Value: USD 2.5 M)
<i>Improving capacity to assess student learning in primary and secondary education</i>	DLI 3: PISA 2015 applied by MINERD (Value: USD 3.0 M)	DLI 7: The implementation of the Student assessment strategy has started (Value: USD 2.5 M)	DLI 10: MINERD pilots, and based upon the results of the pilot, revises the dissemination component of the Student assessment strategy (Value: USD 2.5 M)	DLI 14: MINERD administers a student assessment for the first cycle of primary education (Value: USD 2.5 M)	DLI 19: MINERD's Student Assessment Directorate staff have received training on sampling, item design, database management, and statistical software (Value: USD 2.5 M)
<i>Improving capacity to evaluate the quality of service provision Public Early Childhood Development Centers</i>				DLI 15: Pilot assessment for Public Early Childhood Development Centers carried out (Value: USD 2.5 M)	DLI 20: 50% of functioning Public Early Childhood Development Centers are assessed for quality standards (Scalable) (Value: USD 2.5 M)
<i>Improving capacity to enhance the process of decentralized public school management</i>	DLI 4: 250 additional School Management Committees (Juntas de Centro) receive Transfers to SMCs. (Scalable) (Value: USD 2.0 M)		DLI 11: New functional spending guidelines for School Management Committees (Juntas de Centro) adopted by MINERD (Value: USD 2.0 M)	DLI 16: 1,750 School Management Committees (Juntas de Centro) are fully functional (Scalable) (Value: USD 2.5 M)	
<i>Estimated disbursement</i>	10 mill.	7.5 mill	9.5 mill.	13 mill.	9.875 mill

*[Handwritten initials/signature]*

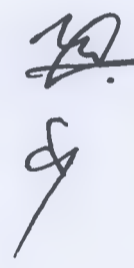
## APPENDIX

### Section I. Definitions

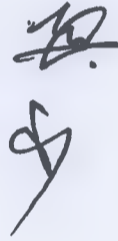
1. "Additional Instructions" means the additional instructions referred to in Section IV.A.1 of Schedule 2 to this Agreement, dated as of even date herewith, as such Additional Instructions may be revised from time to time by the Bank and delivered to the Borrower.
2. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
3. "Borrower's Budget" means the Borrower's annual budget, approved by the Borrower's Parliament, from time to time.
4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. "Customized Statement of Expenditures Report" means any report prepared by the Borrower in accordance with the Additional Instructions and set forth in the Project Operations Manual and referred to in Section IV.B.2 of Schedule 2 to this Agreement on the spending status of the EEPs in relation to the Borrower's Budget.
6. "Disbursement-Linked Indicator" or "DLI" means an indicator, set forth in Schedule 4 of this Agreement, the achievement of which is a condition for disbursement of Loan Proceeds, pursuant to Section IV.B of Schedule 2 to this Agreement.
7. "Education Law" means the Borrower's Law 66-97, dated April 9, 1997, as amended to the date of this Agreement.
8. "Eligible Expenditure Programs" or "EEPs" means a set of defined expenditures within the Borrower's Budget for financing of (a) remuneration of staff of ISFODOSU, INAFOCAM, IDEICE, INABIE, and INEFI; (b) fuel and lubricants for ISFODOSU's vehicles used in respect of the Project; and (c) Transfers to SMCs.



9. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
10. "IDEICE" means *Instituto Dominicano de Evaluación e Investigación de la Calidad Educativa*, the Dominican Institute of Research and Evaluation, established as a decentralized entity of MINERD, pursuant to Order 03-2008 of the National Education Council and pursuant to Article 78 of the Education Law, or any successor thereto satisfactory to the Bank.
11. "INABIE" means *Instituto Nacional de Bienestar Estudiantil*, the Borrower's National Student Well-being Institute, established as a decentralized entity of MINERD, pursuant to Article 177 of the Education Law, or any successor thereto satisfactory to the Bank.
12. "INAFOCAM" means *Instituto Nacional de Formación y Capacitación del Magisterio*, the National Institute of Education and Training of Teachers, established as a decentralized entity of MINERD, pursuant to Article 129 of the Education Law, or any successor thereto satisfactory to the Bank.
13. "INAIFI" means *Instituto Nacional de Atención Integral a la Primera Infancia*, the National Institute of Comprehensive Care for Early Childhood, established as a decentralized entity of MINERD, pursuant to Article 7 of the Borrower's Decree 102-13, dated April 12, 2013, or any successor thereto satisfactory to the Bank.
14. "Independent Performance Audit" means the annual audit carried out by the Project Audit Consultant, referred to in Section II.C.1 of Schedule 2 to this Agreement.
15. "Independent Performance Audit Report" means the report by the Project Audit Consultant integrating the results of the Independent Performance Audit, to be prepared and furnished to the Bank pursuant to Section II.C.3 of Schedule 2 to this Agreement.
16. "INEFI" means *Instituto Nacional de Educación Física*, the Borrower's National Physical Education Institute, established as a decentralized entity of MINERD, pursuant to the Borrower's Law 165-07, dated July 4, 2007, which modified Law 33-98, dated January 16, 1998, or any successor thereto satisfactory to the Bank.



17. "ISFODOSU" means *Instituto de Formación Docente Salomé Ureña*, the Borrower's Salomé Ureña Teacher Training Institute, established as a decentralized entity of MINERD, pursuant to Decree 427-00, dated August 15, 2000, and Decree 571-03, dated June 16, 2003, or any successor thereto satisfactory to the Bank.
18. "MINERD" means *Ministerio de Educación*, the Borrower's Ministry of Education, or any successor thereto satisfactory to the Bank.
19. "National Education Pact" means the *Pacto Nacional Para la Reforma Educativa en la Republica Dominicana (2014-2030)*, dated April 1, 2014, set forth pursuant to the Borrower's National Development Strategy 2030 (Law 1-12), and Decree 228-13, a document reflecting a broad-based consensus among the Borrower's key stakeholders, and aimed at transforming the education system in the Borrower's territory.
20. "OCI" means *Oficina de Cooperación Internacional*, the MINERD's International Cooperation Office, responsible for coordinating and overseeing the Borrower's internationally funded projects in the education sector, or any successor thereto satisfactory to the Bank.
21. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, as revised in July 2014.
22. "Project Audit Consultant" means an independent consultant in charge of carrying out the Independent Performance Audit.
23. "Project Operations Manual" or "POM" means the manual referred in Section I.B of Schedule 2 to this Agreement, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project.
24. "Project Steering Committee" means the committee referred to in section I.A.2 of Schedule 2 to this Agreement, tasked with overall guidance and coordination oversight of the Project.
25. "Public Early Childhood Development Centers" means *Centros de Atención Integral para la Primera Infancia (Estancias Infantiles)*, the Borrower's centers, established and functioning under the QEC Program.

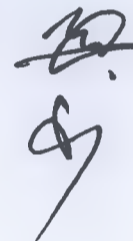


26. "QEC Program" means *Sistema Nacional de Protección a la Primera Infancia*, also referred to as *Quisqueya Empieza Contigo*, the Borrower's program for the provision of early childhood development services as set forth in the Borrower's Decree 102-13, dated April 12, 2013, or a successor program satisfactory to the Bank.
27. "Scalable DLIs" means DLIs 4, 8, 12, 16, and 20, which, in case of non-achievement, or partial achievement thereof, may be carried forward to a subsequent withdrawal period, with the Bank's prior approval.
28. "School Management Committees" or "SMCs" means *Juntas de Centro*, as set forth in Article 93 of the Borrower's Education Law.
29. "SMCs Operations Manual" means the Borrower's *Manual de Operación de Juntas Escolares* and the *Instructivo para el Manejo de Fondos Transferidos a las Juntas Regionales, de Distrito y Centro Educativo*, satisfactory to the Bank, and incorporated in the Project Operations Manual.
30. "Transfers to SMCs" means periodic transfers of budgetary funds by MINERD to the account of an SMC for the purposes of supporting the development of schools, managing of human, physical, and financial resources, and promoting community participation in school activities and decisions, all in accordance with the SMCs Operations Manual, and the Borrower's applicable laws and regulations.
31. "Verification Protocols" means the set of protocols setting forth the actions and mechanisms required for verification of DLIs, agreed with the Bank and included in the Project Operations Manual, and referred to in Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.

## 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".

