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LOAN NUMBER 8563-DO

Loan Agreement

(Distribution Grid Modernization and Loss Reduction Project)

between

DOMINICAN REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *December 29*, 2015

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LOAN AGREEMENT

Agreement dated *December 29* 2015, between the 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 one hundred and twenty million Dollars, (\$120,000,000) ("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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 March 15 and September 15 in each year.

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[Signature]

- 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 cause: (i) the Project Implementing Entity to carry out Parts 1, 2 and 3 of the Project; and (ii) SIE to carry out Part 4 of the Project, all in accordance with the provisions of Article V of the General Conditions and the Project Agreement.

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- 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 Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (b) the Project Implementing Entity has failed to comply with any of its obligations under the CDEEE Subsidiary Agreement; and
 - (c) the Project Implementing Entity or the EDEs have failed to comply with any of their obligations under the EDE Agreements.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the events specified in Section 4.01 of this Agreement occur and are 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 Additional Conditions of Effectiveness consist of the following:
- (a) The Project Operations Manual, in form and substance acceptable to the Bank, has been adopted by the Project Implementing Entity.
 - (b) The CDEEE Subsidiary Agreement has been executed on behalf of the Borrower and the Project Implementing Entity.
 - (c) The SIE Subsidiary Agreement has been executed on behalf of the Borrower and the SIE.
 - (d) Each of the EDE Agreements has been executed on behalf of the parties thereto. *cam*
- 5.02. The Additional Legal Matters consist of the following:
- (a) The CDEEE Subsidiary Agreement has been duly authorized or ratified by the Borrower and the Project Implementing Entity, and is legally *js*

binding upon the Borrower and the Project Implementing Entity, in accordance with their terms;

- (b) The SIE Subsidiary Agreement has been duly authorized or ratified by the Borrower and the SIE and is legally binding upon the Borrower and the SIE, in accordance with its terms; and
 - (c) The EDE Agreements have been duly authorized or ratified by the Project Implementing Entity and the respective EDE, and are legally binding upon the Project Implementing Entity and the respective EDE, in accordance with their terms.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

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 (*Ministro de Hacienda*).

6.02. The Borrower's Address is:

Ministry of Finance (*Ministerio de Hacienda*)
Avenida Mexico No. 45
Santo Domingo de Guzmán, 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 Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391


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AGREED at Santo Domingo, Dom Rep, as of the day and year first above written.

DOMINICAN REPUBLIC

By



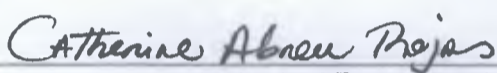
Authorized Representative

Name: Simon Lizardo Nazquit

Title: Minister of finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Zoila Catherine Abreu

Title: Procurement Specialist

SCHEDULE 1

Project Description

The objective of the Project is to improve the financial viability of the electricity distribution companies (EDEs) by reducing energy losses and increasing revenue collections in the circuits rehabilitated under the Project and consequently increase the supply of electricity.

The Project consists of the following parts:

Part 1: Rehabilitation of Selected Distribution Circuits and Upgrading of Metering Systems and Implementation of the Environmental Management Systems for the EDEs

Support investments to rehabilitate circuits selected by the EDEs, all in accordance with criteria set forth in the Project Operations Manual, through, *inter alia*:

Part 1.1: Grid Rehabilitation and Modernization

- (a) the replacement of obsolete and overloaded medium and low voltage overhead power lines and transformers; and
- (b) the installation of anti-theft medium and low voltage network, installation of high multiple meter boxes and individual meters with remote metering and switching to existing and newly regularized unmetered end-users.

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Part 1.2: Macro and Micro Metering Systems and Loss Reduction Monitoring

Supply and installation of macro-metering equipment in mid-voltage branches and micro-metering in distribution transformers.

Part 1.3: Smart Grid Remote Metering Systems

Supply and installation of remote meters, with remote switching (disconnection and reconnection) systems as needed, for end-users in low voltage residential and commercial circuits.

Part 1.4: Environmental Management System

Development and implementation of an environmental management system and upgraded systems for monitoring and management of residue sites for the EDEs and CDEEE, following international best practices for hazardous waste management.

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Part 2: Citizen Engagement and Community Participation

Provision of technical assistance, training and equipment for the implementation of the Social Management Strategy in each of the Borrower's neighborhoods included in the circuits to be rehabilitated, all selected in accordance with the criteria set forth in the Project Operations Manual.

Part 3: Commercial Management and Project Management, Monitoring and Evaluation of the Distribution Grid Modernization and Electrical Losses Reduction Program

Part 3.1: Commercial Management

Carrying out of small works to refurbish and upgrade existing offices in each of the EDEs, and provision of technical assistance to monitor the business cycle (meter reading, billing, collection and claims follow-up) in the intervened circuits.

Part 3.2: Information Technology (IT) platform for CDEEE and the EDEs, and Forecasting and Demand Analysis

Integration of corporate IT systems between CDEEE and EDEs, through the acquisition and installation of fiber optic cable, other information technology hardware and software to support demand forecasting and analysis, and set up a data center at CDEEE.

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Part 3.3: Institutional Strengthening and Coordination, and Monitoring of the Distribution Grid Modernization and Electrical Losses Reduction Program

- (a) provision of technical advisory services to CDEEE and EDEs in the areas of Project management, monitoring and evaluation, including, *inter alia*: institutional analysis, preparation of policies and guidelines, development of information systems, communication, procurement, and financial management; and
- (b) provision of support to the EDEs to develop financial accounting reports in accordance with best international practice for international financial reporting standards.

Part 4: Complementary Tariff Study

Carrying out of a Complementary Tariff Study to analyze the social implications of the changes in the tariff rates, and provide recommendations on mitigation measures and glide-path implementation of the tariff levels proposed in the Tariff Study.

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SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall cause the Project Implementing Entity to maintain, throughout the implementation of Parts 1 to 3 of the Project, a PIU within its own structure, with functions, staffing, structure and resources satisfactory to the Bank.
2. Without limitation to the provisions of Section I.A.1 of this Schedule, the PIU shall be responsible for day-to-day administration of overall planning, coordination, the technical, fiduciary (i.e. procurement and financial management), environmental and social safeguards compliance, coordination, monitoring, evaluation, reporting and communication of the activities under Parts 1 to 3 of the Project, all in accordance with the provisions of this Agreement and the Project Operations Manual.
3. The Borrower shall ensure that the SIE and each EDE is maintained with sufficient resources for the duration of the Project so as to be able to carry out its obligations under this Agreement or the EDE Agreement, as applicable.

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B. Project Operations Manual

1. The Borrower shall cause the Project Implementing Entity to carry out its Respective Parts of the Project, as specified in Section 3.01 of this Agreement, in accordance with the provisions and requirements of an operational manual, in form and substance satisfactory to the Bank ("Project Operations Manual" or "POM"), which shall include, *inter alia*, the following:
 - (a) (i) the detailed description of implementation activities, their sequencing and the prospective timetable and benchmarks in relation thereto; and (ii) the detailed institutional arrangements in respect thereof, including *inter alia* the roles and responsibilities of the Project Implementation Entity and the EDEs;
 - (b) the administrative, accounting, auditing, reporting, environmental management, financial, procurement and disbursement procedures, including all pertinent standard documents and model contracts in relation thereto;
 - (c) the EIA and the EMP;

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- (d) the Social Management Strategy;
- (e) selection criteria for the Borrower's neighborhoods in which the Social Management Strategy is to be implemented;
- (f) the plan for the monitoring and supervision of the Project activities, including all environmental and social aspects in relation thereto;
- (g) the performance indicators for the Project;
- (h) the CDEEE financial management manual;
- (i) the mitigation measures, activities and procedures set forth in the EIA and EMP and the Borrower's environmental guidelines for energy distribution projects; and
- (j) the Project's chart of accounts and internal controls.

2. Notwithstanding paragraph 1 immediately above, in case of any conflict between the arrangements and procedures set out in the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

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3. The Borrower shall not, and shall cause the Project Implementing Entity to not, amend, abrogate, waive or fail to enforce any provision of the Project Operations Manual without the prior written agreement of the Bank.

C. Subsidiary Agreements

1. To facilitate the carrying out of Parts 1 to 3 of the Project by the Project Implementing Entity, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity under a subsidiary agreement between the Borrower and the Project Implementing Entity, under terms and conditions approved by the Bank (the "CDEEE Subsidiary Agreement"), which shall include, *inter alia*, the following: (a) the principal amount of the Loan made available to the Project Implementing Entity as a non-reimbursable grant, or as a loan, or partly as a non-reimbursable grant and partly as a loan; (b) if the principal amount of the Loan, or any part thereof, shall be made available to the Project Implementing Entity as a loan, such loan shall be denominated in Dollars, with an interest rate, maturity and grace period no less favorable than provided for this Loan; (c) the obligation of the Borrower: (i) to promptly disburse to the Project Implementing Entity the proceeds of the Loan in a manner acceptable to the Bank; and (ii) to provide the necessary support and resources to the Project Implementing Entity, as needed, for the implementation of the Project; (d) the obligation of the Project Implementing Entity to carry out Parts 1 to 3 of the Project in accordance with: (i) the provisions of Article V of the General Conditions; (ii) the relevant sections of

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this Schedule; (iii) the Project Agreement; (iv) the Anti-Corruption Guidelines; and (v) the Project Operations Manual.

2. The Borrower shall exercise its rights under the CDEEE Subsidiary 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, neither of the Borrower or the Project Implementing Entity shall assign, amend, abrogate or waive the CDEEE Subsidiary Agreement or any of its provisions.
3. For the purposes of carrying out Parts 1 to 3 of the Project, the Borrower shall cause the Project Implementing Entity to enter into an agreement with each EDE participating in the implementation of the Project, under terms and conditions approved by the Bank (collectively referred to as "the EDE Agreements"), which shall include *inter alia*, the following provisions:
 - (a) the right of the Project Implementing Entity to take remedial actions against the pertinent EDE in case said EDE shall have failed to comply with any of its obligations under the pertinent EDE Agreement;
 - (b) a conflict resolution mechanism to solve any dispute or claim arising out of or relating to any of the obligations set forth in the EDE Agreements, which is not settled by agreement of the parties;
 - (c) the obligation of each EDE:
 - (i) to establish and thereafter maintain throughout Project implementation, a Project management unit (PMU), with resources, staffing and terms of reference satisfactory to the Bank, in charge of coordinating the respective EDE support to CDEEE for implementation of Parts 1 to 3 of the Project, and with the relevant IFIs involved in the Distribution Grid Modernization and Electrical Losses Reduction Program;
 - (ii) to prepare detailed budget, economic evaluations, engineering and design, as well as technical specifications in respect of their implementation support to the Project Implementing Entity under Part 1 of the Project;
 - (iii) to promptly provide to the Project Implementing Entity all the necessary information for the preparation and public disclosure by the Project Implementing Entity of energy sector performance reports on a monthly basis, at least for the duration of the Project implementation;

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- (iv) to participate actively in all procurement procedures, including bid evaluations and recommendations for award of contracts for the supply of goods, works and services;
 - (v) to provide the pertinent information for the preparation and consequent updating of the Procurement Plan;
 - (vi) to allocate the funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding activities under the Project;
 - (vii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the EDE Agreements or any provision thereof unless previously agreed by the Bank;
 - (viii) to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines; and
 - (ix) to furnish to the Bank no later than June 30 of each year during Project implementation, its annual financial statements audited by an independent auditor in accordance with international standards on auditing, at an interval acceptable to the Bank.
4. The Borrower shall cause the Project Implementing Entity to exercise its rights under each EDE 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, neither the Borrower nor the Project Implementing Entity shall assign, amend, abrogate or waive any of the EDE Agreements or any of their provisions.
5. To facilitate the carrying out of Part 4 of the Project by the SIE, the Borrower shall make the proceeds of the Loan available to the SIE under a Subsidiary Agreement between the Borrower and the SIE, under terms and conditions approved by the Bank (the SIE Subsidiary Agreement), which shall include, *inter alia*, the following: (a) the principal amount of the Loan made available to SIE shall be made available to it as a non-reimbursable grant, or as a loan, or partly as a non-reimbursable grant and partly as a loan; (b) if the principal amount of the Loan, or any part thereof, shall be made available to SIE as a loan, such loan shall be denominated in Dollars, with an interest rate, maturity and grace period no less favorable than provided for this Loan; (c) the obligation of the SIE to carry out the Complementary Tariff Study under Part 4 of the Project no later than by end of the year 2017, all in accordance with: (i) the provisions of Article V of the General Conditions; and (ii) the relevant sections of this Schedule.

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6. The Borrower shall exercise its rights under the SIE Subsidiary 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 or waive the SIE Subsidiary Agreement or any of its provisions.

D. Anti-Corruption

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

E. Safeguards

1. The Borrower shall, and shall cause the Project Implementing Entity to carry out the Project in accordance with the Environmental Impact Assessment (EIA) and the Environmental Management Plan (EMP), including the guidelines, rules and procedures defined in said EIA and EMP.
2. The Borrower shall cause the Project Implementing Entity and the EDEs to ensure that: (a) all preventive, mitigation and remediation activities as agreed in the EIA and EMP for this project are implemented or similar safeguard instrument shall be prepared in accordance with the requirements of the EIA; and (b) if applicable, the rehabilitation, retrofitting or construction activity shall be carried out in accordance with such environmental management plan or similar safeguard instrument as approved by the World Bank.
3. The Borrower shall cause the Project Implementing Entity, where applicable, through the EDEs, to include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the EMP(s), or similar safeguard instrument, giving details of:
 - (a) measures taken in furtherance of the EIA, any environmental assessment or similar safeguard instrument;
 - (b) conditions, if any, which interfere or threaten to interfere with the implementation of the EMP, any environmental management plan or similar safeguard instrument; and
 - (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the EMP, any environmental management plan or similar safeguard instrument.

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4. The Borrower shall cause the Project Implementing Entity, where applicable, through the EDEs, to ensure that no activities take place under the Project, that:
 - (a) involve land acquisition resulting in Involuntary Resettlement;
 - (b) are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, as determined by the Bank; or
 - (c) are identified as not eligible in the EIA.
5. The Borrower shall ensure that the terms of reference for any consultancy in respect of any Project activity under Part 4 of the Project shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank's Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall cause the Project Implementing Entity to 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 indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

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B. Financial Management, Financial Reports and Audits

1. The Borrower shall cause the Project Implementing Entity and SIE to maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall cause the Project Implementing Entity and SIE to prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall, and shall cause SIE to, have its Project Financial Statements audited and made publicly available in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Project Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each entity and such period shall be furnished to the Bank not later than four months after the end of such period.

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4. The Borrower shall cause the Project Implementing Entity and the EDEs to each have their respective financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of the respective financial statements shall cover the period of one fiscal year of the Project Implementing Entity, and each of the EDEs, respectively. The audited financial statements for each entity and such period shall be furnished to the Bank not later than six months after the end of such period. The Borrower shall also cause the Project Implementing Entity and the EDEs to make the audited financial statements publicly available in a timely fashion and in a manner acceptable to the Bank.

C. Technical Audits

1. The Borrower shall cause the Project Implementing Entity to:
 - (a) Carry out an independent Technical Audit on a quarterly basis.
 - (b) Furnish, together with the financial reports set forth in paragraph B.2 of this Section, a complete Technical Audit report satisfactory to the Bank, including all the findings and results from the Technical Audit to the Bank.
 - (c) Afford the Bank a reasonable opportunity to exchange views with the Borrower and the Project Implementing Entity on such report, and thereafter implement such recommended measures, taking into account the Bank's views on the matter.

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D. EDE Business Plans

The Borrower, through the Project Implementing Entity, shall cause each EDE to prepare and adopt in a manner satisfactory to the Bank a rolling five year business plan, including projected income statement, cash flow and balance sheets based on reasonable and realistic assumptions, no later than April 30 of each year during Project implementation, commencing from April 30 2016, or as soon as possible thereafter if the Effective Date falls later than April 30, 2016.

E. Meetings with IFIs

The Borrower shall cause the Project Implementing Entity to organize by April 30 and October 31 of each year, commencing on the date immediately following the Effective Date, coordination meetings for discussing the progress under the Distribution Grid Modernization and Electrical Losses Reduction Program for

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which all the IFIs participating in the Distribution Grid Modernization and Electrical Losses Reduction Program shall be invited.

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.

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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; and (c) Direct Contracting.

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.

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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 based on Consultants' Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) 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 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, as such table may be modified through the exchange of letters between the Borrower and the Bank, in line with the provisions of Section 6.01 of this Agreement, and without limitation to the provisions of Section 2.08 of the General Conditions.

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<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed</u>
(1) Goods, works, non-consulting services, and consultants' services under Part I of the Project	103,630,000	100%

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<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed</u>
(2) Goods, non-consulting services, consultants' services Training and Operating Costs under Part 2 of the Project	4,560,000	100%
(3) Goods, works, non-consulting services, consultants' services, Training and workshops, and Operating Costs under Part 3 of the Project	11,160,000	100%
(4) Consultants' services and Operating Costs under Part 4 of the Project	350,000	100%
(5) Front-end Fee	300,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(6) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	120,000,000	

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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;
 - (b) for payments made for Eligible Expenditures covered by Category (4), unless: (i) a procurement specialist has been hired by the Borrower, through SIE, to assist in the implementation of Part 4 of the Project; and (ii) the adequate financial management arrangements are put in place to allow the implementation of Part 4 of the Project.
2. The Closing Date is December 31, 2020.

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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)
March 15, 2027	3.79167%
September 15, 2027	3.75000%
March 15, 2028	3.70000%
September 15, 2028	3.70000%
March 15, 2029	3.70000%
September 15, 2029	3.70000%
March 15, 2030	3.70000%
September 15, 2030	3.70000%
March 15, 2031	3.70000%
September 15, 2031	3.70000%
March 15, 2032	3.70000%
September 15, 2032	3.70000%
March 15, 2033	3.70000%
September 15, 2033	3.70000%
March 15, 2034	3.70000%
September 15, 2034	3.70000%
March 15, 2035	3.70000%
September 15, 2035	3.70000%
March 15, 2036	3.70000%
September 15, 2036	3.70000%
March 15, 2037	3.70000%
September 15, 2037	3.70000%
March 15, 2038	3.70000%

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Principal Payment Date	Installment Share (Expressed as a Percentage)
September 15, 2038	3.70000%
March 15, 2039	3.70000%
September 15, 2039	3.70000%
March 15, 2040	3.65833%

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.

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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.

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APPENDIX

Section I. Definitions

1. "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.
2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. "CDEEE Subsidiary Agreement" means the agreement referred to in Section I.C of Schedule 2 to this Agreement, pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity.
4. "Complimentary Tariff Study" means the study referred to in Part 4 of the Project, and satisfactory to the Bank, consisting of an assessment of the social implications of the changes in tariff rates and including recommendations of mitigation measures and glide-path implementation of the tariffs proposed under the Tariff Study. CAN
5. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
6. "Distribution Grid Modernization and Electrical Losses Reduction Program" means the program developed by CDEEE, dated November 2012, for the period 2013-2016, and revised from time to time, with the objective to reduce the levels of losses in the rehabilitated circuits. The Distribution Grid Modernization and Electrical Losses Reduction Program has been designed by CDEEE to ensure complementary investments by the donor partners in their respective projects to achieve the overall objectives of the program.
7. "EDE Agreement" means any of the agreements referred to in Section I.C.3 of Schedule 2 to this Agreement, and "EDE Agreements" refers collectively to agreements with all three EDEs.
8. "EDE" or "EDEs" means collectively EDENORTE, EDESUR and EDEESTE.
9. "EDEESTE" means *Empresa Distribuidora de Electricidad del Este, S.A.*, an electricity distribution company serving the following areas of the Borrower's territory: Santo Domingo, San Pedro de Macoris, El Seibo y la Romana, and established pursuant to the laws of the Borrower on August 5, 1999, and registered in the Borrower's Business Register under license No. 20706SD, issued by the Commerce and Production Chamber of Santo Domingo, or any successor thereto. S

10. "EDENORTE" means *Empresa Distribuidora de Electricidad del Norte, S.A.*, an electricity distribution company serving the following areas of the Borrower's territory: Santiago, La Vega, Puerto Plata y San Francisco de Macorís, and established pursuant to the laws of the Borrower on August 13, 1999, and registered in the Borrower's Business Register under license No. 07443-2010-STI, issued by the Commerce and Production Chamber of Santiago, or any successor thereto.
11. "EDESUR" means *Empresa Distribuidora de Electricidad del Sur, S.A.*, an electricity distribution company serving the following areas of the Borrower's territory: Distrito Nacional, San Cristóbal, Azua, Barahona y San Juan de la Maguana, and established pursuant to the laws of the Borrower on August 13, 1999, and registered in the Borrower's Business Register under license No. 4883SD, issued by the Commerce and Production Chamber of Santo Domingo, or any successor thereto.
12. "EIA" or "Environmental Impact Assessment" means the Borrower's environmental impact assessment prepared by the Project Implementing Entity, and published on September 20, 2015, satisfactory to the Bank, setting forth, *inter alia*: (i) the environmental mitigation, monitoring and institutional measures required for the Project and to be taken to eliminate adverse environmental impacts, offset them, or reduce them to acceptable levels; and (ii) the EMP.
13. "EMP" or "Environmental Management Plan" means the Borrower's environmental management plan prepared by the Project Implementing Entity, and published on September 20, 2015, as part of the EIA, satisfactory to the Bank, setting forth, *inter alia*: (i) the measures to prevent and mitigate adverse environmental impacts of the Project; (ii) the responsibilities for environmental management (including health and safety) by the EDEs and the Project Implementing Entity; (iii) the instruments to improve coordination among EDEs and the Project Implementing Entity; (iv) the procedures for "chance finds" for the conservation of cultural resources; and (v) the environmental clauses to be added to bidding documents to incorporate specific measures.
14. "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.
15. "Involuntary Resettlement" means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business,

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occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

16. "Operating Costs" means the reasonable costs, as shall have been approved by the Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants' services and salaries of officials of the Borrower's civil service).
17. "IFIs" means international financial institutions participating in the support of the Distribution Grid Modernization and Electrical Losses Reduction Program, including IBRD, EIB, IDB and OPEC/OFID.
18. "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 (revised July 2014). CAN
19. "Procurement Plan" means the Borrower's procurement plan for the Project, dated September 29, 2015 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.
20. "Project Agreement" means the agreement between the Project Implementing Entity and the Bank for the Project, as such agreement may be amended from time to time. "Project Agreement" includes all appendices, schedules and agreements supplemental to the Project Agreement.
21. "Project Implementing Entity" means CDEEE, or *Corporación Dominicana de Empresas Eléctricas Estatales*, which is the Borrower's conglomerate of electric companies, created pursuant to the Project Implementing Entity's Legislation, or any successor thereto.
22. "Project Implementing Entity's Legislation" means: (i) *Ley General de Electricidad*, the Borrower's General Electricity Law No. 125-01 of July 26, 2001, which created CDEEE; and (ii) *Reglamento de la Corporación Dominicana de Empresas Eléctricas Estatales*, the Borrower's Regulations on CDEEE of August 21, 2002.
23. "Project Implementation Unit" or "PIU" mean the unit established by the CDEEE for purposes of Project implementation and coordination, and to be maintained as provided for in Section I.A of Schedule 2 to this Agreement. S

24. "Project Operations Manual" means the Borrower's manual, acceptable to the Bank, adopted by the Borrower and the Project Implementing Entity, setting forth implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement and procurement arrangements for purposes of implementation of the Project, including the monitoring indicators for the Project, and the Social Management Strategy, as said manual may be revised from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such manual.
25. "SIE" means *Superintendencia de Electricidad*, the Borrower's energy regulator established pursuant to the Borrower's General Electricity Law No. 125-01, dated July 17, 2001, and any legal successor thereto.
26. "SIE Subsidiary Agreement" means the agreement to be entered into between the Borrower and SIE pursuant to Section I.C.5 of Schedule 2 to this Agreement, pursuant to which the Borrower shall make the proceeds of the Loan available to the SIE. CAA
27. "Social Compacts" means those documents to be entered into between the EDEs and the communities in which the Social Management Strategy is implemented, incorporating agreements reached on the number of hours of electricity that the EDEs will deliver per day in those communities, the legalization of illegal users and payment of the electricity bills by the EDE clients.
28. "Social Management Strategy" means the Borrower's and Project Implementing Entity's strategy set forth in the Project Operations Manual, aiming at restoring the confidence between users and EDEs, increasing cash collection levels and using electricity efficiently and safely. The Social Management Strategy is comprised of the following stages: (i) identification of technical, commercial and social characteristics of the circuits to be rehabilitated; (ii) information and community organization activities for formulating and implementing the Project; (iii) diagnosis of the socioeconomic characteristics of the Borrower's neighborhoods selected in accordance with the criteria set forth in the Project Operations Manual, and of the current status of the electrical service and other energy sources in the Borrower's selected neighborhoods; (iv) participatory formulation of the Project, through data collection, analysis and dissemination activities, and support for the preparation of Social Compacts; (v) (a) community Training on legalization of users; regularization of accounts in default; cash recovery campaigns; (b) dissemination of results of Project activities carried out; (c) community life improvement activities; and (d) customer service satisfaction survey; (vi) monitoring and evaluation of the Social Compacts; and (vii) follow up of Social Compacts and maintenance of achievements reached. S

29. "Technical Audit" means a technical review of the planning, design, rehabilitation and management of the works under Part I of the Project, to be carried out in accordance with the Terms of Reference acceptable to the Bank by an independent entity with qualifications and experience satisfactory to the Bank.
30. "Training" means the reasonable costs, as shall have been approved by the Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services).
31. "Tariff Study" means the Borrower's study to assess and update the levels of current electricity tariffs in terms of cost recovery.
32. "World Bank's Safeguard Policies" means the Bank's environmental and social safeguards operational policies and procedures (OPs/BPs) 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 set forth in the World Bank Operational Manual, applicable to the Project.

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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). *Cam*
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". *g*