



**OFID** The OPEC Fund for International Development

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LOAN NO. 1196P

**WASTEWATER DISPOSAL IN TOURISM CENTRES PROJECT**

**LOAN AGREEMENT**

**BETWEEN**

**THE DOMINICAN REPUBLIC**

**AND**

**THE OPEC FUND FOR  
INTERNATIONAL DEVELOPMENT**



**DATED**

**JUNE 20, 2008**

# **OFID** The OPEC Fund for International Development

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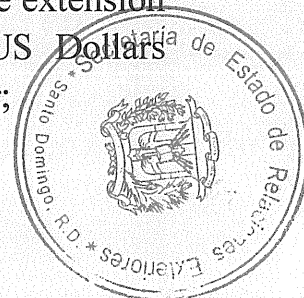
AGREEMENT dated June 20, 2008 between the Dominican Republic (hereinafter called the Borrower) and the OPEC Fund for International Development (hereinafter called OFID).

Whereas OPEC Member States, being conscious of the need for solidarity among all developing countries and aware of the importance of financial cooperation between them and other developing countries, have established OFID to provide financial support to the latter countries on concessional terms, in addition to the existing bilateral and multilateral channels through which OPEC Member States extend financial assistance to other developing countries;

And whereas the Borrower has requested assistance from OFID in the financing of the Project described in Schedule 1 to this Agreement;

And whereas the Governing Board of OFID has approved the extension of a loan to the Borrower in the amount of Four Million US Dollars (US\$ 4,000,000) upon the terms and conditions set forth hereinafter;

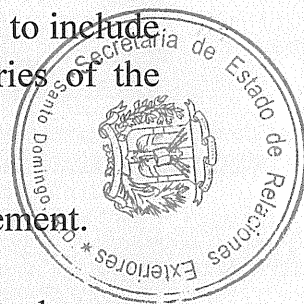
Now, therefore, the parties hereto hereby agree as follows:



## Article 1 DEFINITIONS

1.01 Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

- (a) "Closing Date" means the date specified under or pursuant to Section 2.10 of this Agreement.
- (b) "Dollar" or the sign "\$" means the currency of the United States of America.
- (a) "Effective Date" means the date, as provided in Section 7.01 of this Agreement, on which this Agreement shall come into force and effect.
- (c) "Executing Agency" means the State Secretary of Economy, Planification and Development of the Borrower or such other agency as may hereafter be agreed upon between the Borrower and the OFID Management.
- (d) "Goods" means equipment, supplies and services required for the Project. Reference to the cost of goods shall be deemed to include also the cost of importing such goods in the territories of the Borrower.
- (e) "Loan" means the loan provided by virtue of this Agreement.
- (f) "OFID" means the OPEC Fund for International Development established by the Member States of the Organization of the Petroleum Exporting Countries (OPEC) by virtue of the Agreement signed in Paris on January 28, 1976, as amended.
- (g) "OFID Management" means the Director-General of OFID or his authorized representative.



- (h) "Project" means the project for which the Loan is granted as described in Schedule 1 to this Agreement and as the description thereof may be amended from time to time by agreement between the Borrower and OFID Management.

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Article 2  
THE LOAN

2.01 A loan in the amount of Four Million Dollars (\$ 4,000,000) is hereby extended by OFID to the Borrower on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of two and one half per cent (2.5%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

2.03 The Borrower shall pay from time to time a service charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding, to meet the expenses of administering the Loan.

2.04 Interest and service charges shall be paid in Dollars semi-annually on January 15 and July 15 in each year into an account of OFID designated for this purpose by OFID Management.

2.05 After this Agreement has been declared effective pursuant to Section 7.01, and unless the Borrower and OFID shall otherwise agree, the proceeds of the Loan may be withdrawn from time to time to meet expenditures made after September 19, 2000, or to be made on later dates in respect of the reasonable cost of goods required for the Project which are to be financed out of the Loan proceeds as outlined in Schedule 2 to this Agreement and in the amendments of such a Schedule duly approved by the OFID Management.





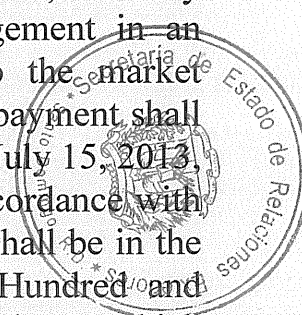
## OFID The OPEC Fund for International Development

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2.06 Except as OFID Management shall otherwise agree, withdrawals from the Loan may be made in the currencies in which the expenditures referred to in Section 2.05 have been paid or are payable. In case payment shall be requested in a currency other than Dollars, such payment shall be effected on the basis of the actual Dollar cost incurred by OFID in meeting the request. OFID Management shall act in the purchase of currencies as the Borrower's agent. Withdrawals in respect of expenditures in the currency of the Borrower, if any, shall be made in Dollars according to the official rate of exchange at the time of withdrawal, and in the absence of such a rate, according to a reasonable rate as OFID Management shall, from time to time, decide upon.

2.07 All applications for withdrawal shall be prepared in conformity with "The OPEC Fund for International Development Disbursement Procedures" as approved in May 1983, a copy of which has been furnished to the Borrower. An original copy of each such withdrawal application shall thereafter be submitted to OFID by the representative of the Borrower designated in, or in accordance with, Section 8.02. Every application so submitted shall be accompanied with such documents and other evidence sufficient in form and substance to satisfy OFID Management that the Borrower is entitled to withdraw from the Loan the amount applied for and that the amount to be withdrawn will be used exclusively for the purposes specified in this Agreement.

2.08 The Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to OFID Management in an amount equivalent to the Dollar amount due, according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in thirty semi-annual instalments commencing on July 15, 2013, after a grace period running up to that date, and thereafter in accordance with the Amortization Schedule to this Agreement. Each instalment shall be in the amount of One Hundred and Thirty-Three Thousand Three Hundred and Thirty Dollars (\$ 133,330), except for the last and thirtieth instalment which shall be in the amount of One Hundred and Thirty-Three Thousand Four Hundred and Thirty Dollars (\$ 133,430). All such instalments shall be transferred on the date of repayment to the OFID's Account as requested by OFID Management.



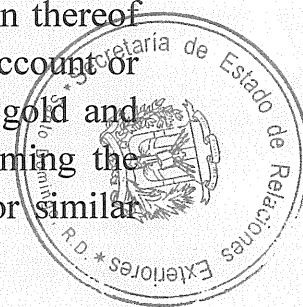
2.09 (a) The Borrower undertakes to ensure that no other external debt shall have priority over this Loan in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of the Borrower. To that end, if any lien shall be created on any public assets (as defined in Section 2.09(c)), as security for any external debt, which will or might result in a priority for the benefit of the creditor of the external debt in the allocation, realization or distribution of foreign exchange, the lien shall, ipso facto and at no cost to OFID, equally and rateably secure the principal of, and the charges on, the Loan, and the Borrower, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason that provision cannot be made with respect to any lien created on assets of any of its political or administrative subdivisions, the Borrower shall promptly and at no cost to OFID secure the principal of, and the charges on, the Loan by an equivalent lien on other public assets satisfactory to OFID.

(b) The foregoing undertaking shall not apply to:

(i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of that property; and

(ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) As used in this Section, the term "public assets" means assets of the Borrower, or of any political or administrative subdivision thereof or of any entity owned or controlled by, or operating for the account or benefit of, the Borrower or any such subdivision, including gold and other foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Borrower.



2.10 The Borrower's right to make withdrawals from the loan proceeds shall terminate on December 31, 2012, or such later date as shall be established by OFID Management. OFID Management shall promptly inform the Borrower of such later date.

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Article 3

EXECUTION OF THE PROJECT; PROCUREMENT

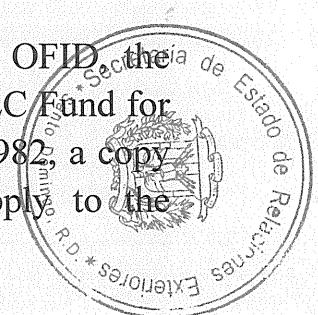
3.01 The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources, in addition to the proceeds of the Loan, required for the purpose.

3.02 The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project are conducted and coordinated in accordance with sound administrative policies and procedures.

3.03 (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

(b) Except as OFID shall otherwise agree, all the goods and services financed out of the proceeds of the Loan shall be used exclusively for the Project.

(c) Unless otherwise agreed between the Borrower and OFID, the "Procurement Guidelines under Loans Extended by the OPEC Fund for International Development" as approved on November 2, 1982, a copy of which has been furnished to the Borrower, shall apply to the procurement of goods under this Agreement.



3.04 (a) The Borrower shall furnish to OFID Management, promptly upon their preparation, the plans, specifications, contract documents and construction and procurement schedules for the Project and any material modifications thereof or additions thereto, in such detail as OFID Management shall reasonably request.



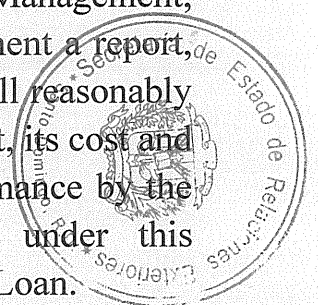
(b) The Borrower:

(i) shall maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Loan, and to disclose their use in the Project;

(ii) shall enable OFID Management's representatives to visit the facilities and construction sites included in the Project and to examine the goods and works financed out of the proceeds of the Loan and any relevant records and documents; and

(iii) shall furnish to OFID Management at regular intervals all such information as OFID Management shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditure of the proceeds of the Loan and the goods, works and services financed out of such proceeds as well as a quarterly report on the progress on the implementation of the Project.

(c) Promptly after completion of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and OFID Management, the Borrower shall prepare and furnish to OFID Management a report, of such scope and in such detail as OFID Management shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and OFID of their respective obligations under this Agreement and the accomplishment of the purposes of the Loan.



3.05 The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained appropriate accounting practices, the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out of the Project or any part thereof and shall make such records available to OFID Management upon request.



3.06 (a) The Borrower and OFID shall cooperate fully to ensure that the purposes of the Loan will be accomplished.

(b) The Borrower shall promptly inform OFID Management of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Agreement, or the accomplishment of the purposes of the Loan.

(c) The Borrower and OFID shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project and the Loan.

3.07 All references to the Borrower in this Article shall, mutatis mutandis, be construed as including references to the Executing Agency.

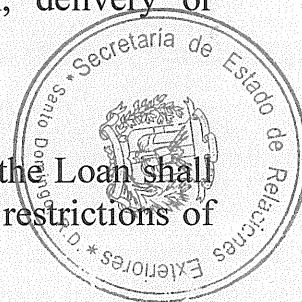
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#### Article 4 EXEMPTIONS

4.01 This Agreement and any supplementary agreement between the parties to it shall be free from any taxes, levies or duties levied by, or in the territory of, the Borrower on or in connection with the execution, delivery or registration thereof.

4.02 The principal of, the interest and the service charges on, the Loan shall be paid without deduction for, and free from, any charges and restrictions of any kind imposed by or in the territory of the Borrower.

4.03 All OFID documents, records, correspondence and similar material shall be considered as confidential by the Borrower, unless otherwise agreed by OFID.



4.04 OFID and its assets shall not be subject to any measures of expropriation, nationalization, sequestration, custody or seizure in the territory of the Borrower.

\* \* \*

Article 5

ACCELERATION OF MATURITY; SUSPENSION AND  
CANCELLATION

5.01 If any of the following events shall occur and shall continue for the period specified below, then at any subsequent time during the continuance of any such event, OFID Management may by notice to the Borrower declare the principal of the Loan then outstanding to be due and payable immediately together with the interest and service charges thereon and in that case the principal, together with the interest and all charges, shall become due and payable immediately:

(a) A default shall occur and continue for a period of thirty days in the payment of any instalment of the principal or the interest or of the service charges under this Agreement or under any other agreement by virtue of which the Borrower has or shall have received a loan from OFID;

(b) A default shall occur in the performance of any other obligation on the part of the Borrower under this Agreement or under the Project Agreement, if any, and such default shall continue for a period of sixty days after notice thereof shall have been given by OFID to the Borrower.

5.02 The Borrower may by notice to OFID cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice. OFID may by notice to the Borrower suspend or terminate the Borrower's right to make withdrawals from the loan if any of the events

mentioned in Section 5.01(a) and (b) shall occur or if any other extraordinary situation shall have arisen which shall make it improbable for the Project to be successfully carried out or for the Borrower to be able to perform its obligations under this Agreement.

5.03 Notwithstanding the acceleration of maturity of the Loan pursuant to Section 5.01 or its suspension or cancellation pursuant to Section 5.02, all the provisions of this Agreement shall continue in full force and effect except as specifically provided in this Article.

5.04 Unless otherwise agreed upon between the Borrower and OFID Management, any cancellation shall be applied pro rata to the several maturities of the principal amount of the Loan which shall mature after the date of such cancellation.

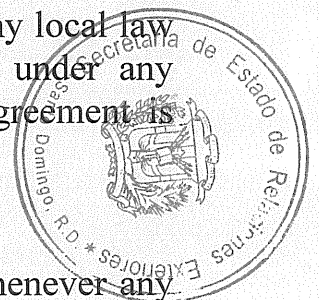
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#### Article 6

#### ENFORCEABILITY, TERMINATION OF OFID, ARBITRATION

6.01 The rights and obligations of the parties to this Agreement shall be valid and enforceable in accordance with their terms notwithstanding any local law to the contrary. No party to this Agreement shall be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

6.02 OFID Management shall promptly inform the Borrower whenever any decision is taken for the dissolution of OFID in accordance with the Agreement Establishing the OPEC Fund for International Development. In the event of such dissolution, this Loan Agreement shall remain in force and OFID Management shall advise the Borrower of any substitute arrangements for the repayment of the Loan as may be devised by the appropriate authority of OFID on such occasion.



6.03 The parties to this Agreement shall endeavour to settle amicably all disputes or differences between them, arising out of this Agreement or in connection therewith. If the dispute or difference cannot be amicably settled, it shall be submitted to arbitration by the Arbitral Tribunal as hereinafter provided:

(a) Arbitration proceedings may be instituted by the Borrower against OFID or vice versa. In all cases, arbitration proceedings shall be instituted by a notice given by the complainant party to the respondent party.

(b) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one by the claimant party, a second by the respondent party and the third (hereinafter called the Umpire) by agreement of the two arbitrators. If within thirty days after notice of the institution of arbitration proceedings the respondent party fails to appoint an arbitrator, such arbitrator shall be appointed by the President of the International Court of Justice upon the request of the party instituting the proceedings. If the two arbitrators fail to agree on the Umpire within sixty days after the date of the appointment of the second arbitrator, such Umpire shall be appointed by the President of the International Court of Justice.

(c) The Arbitral Tribunal shall convene at the time and place fixed by the Umpire. Thereafter, it shall determine where and when it shall sit. The Arbitral Tribunal shall determine all questions of procedure and questions relating to its competence.

(d) All decisions of the Arbitral Tribunal shall be reached by majority vote. The award of the Tribunal, which may be rendered even if one party defaults, shall be final and binding on both parties to the arbitration proceedings.

(e) Service of any notice or process in connection with any proceedings under this Section or in connection with any proceedings to enforce any award rendered pursuant to this Section shall be made in the manner provided in Section 8.01.



(f) The Arbitral Tribunal shall decide on the manner in which the cost of arbitration shall be borne by either or both parties to the dispute.

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#### Article 7

#### EFFECTIVE DATE; TERMINATION OF THIS AGREEMENT

7.01 This Agreement shall become effective on the date upon which OFID dispatches to the Borrower notice of its acceptance of the evidence required by Sections 7.02 and 7.03.

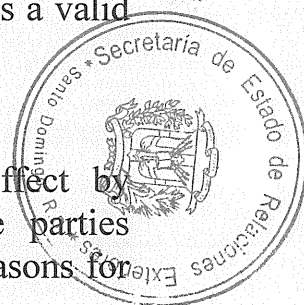
7.02 The Borrower shall furnish OFID with satisfactory evidence that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the constitutional requirements of the Borrower.

7.03 In keeping with Section 7.02, the Borrower shall also furnish OFID with a certificate issued by the Minister of Justice, or the Attorney General, or the Government's competent legal department showing that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

7.04 If this Agreement shall not have come into force and effect by September 30, 2008, this Agreement and all obligations of the parties hereunder shall terminate, unless OFID, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

7.05 When the entire principal amount of the Loan shall have been repaid and the interest and all charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

\* \* \*



Article 8

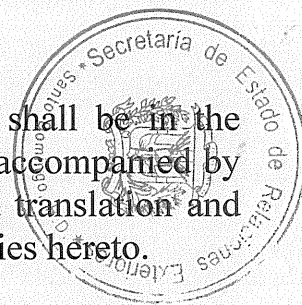
NOTICE; REPRESENTATION, MODIFICATION

8.01 Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail or telefax to the party to which it is required to be given or made, at the party's address specified below or at any other address as the party shall have specified in writing to the party giving the notice or making the request.

8.02 Any action required or permitted to be taken, and any documents required or permitted to be executed under this Agreement on behalf of the Borrower shall be taken or executed by the Minister of Finance of the Borrower or another officer authorized by him in writing.

8.03 Any modification of the provisions of this Agreement may be agreed to on behalf of the Borrower by written instrument executed by the representative of the Borrower designated by, or pursuant to, Section 8.02; provided that in the opinion of such representative the modification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under this Agreement.

8.04 Any document delivered pursuant to this Agreement shall be in the English language. Documents in any other language shall be accompanied by an English translation thereof certified as being an approved translation and such approved translation shall be conclusive between the parties hereto.



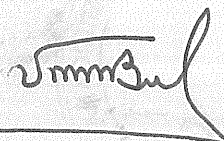
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# OFID The OPEC Fund for International Development

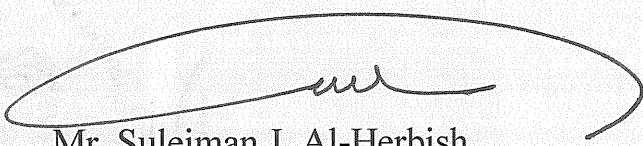
LOAN NO. 1196P

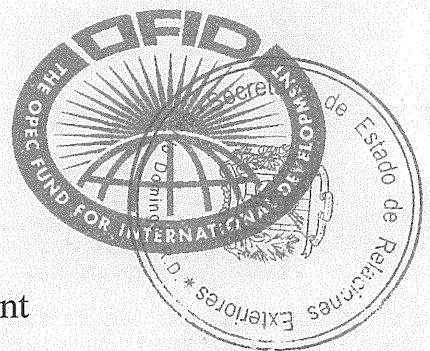
IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered at Vienna in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

## FOR THE BORROWER:

  
Name: H.E. Vicente Bengoa  
Secretary of State for Finance  
  
Address: Ministry of Finance  
Av. Mexico No.45, Gazcue,  
Santo Domingo  
Dominican Republic  
  
Telefax: (1 809) 682 0498

## FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:

  
Name: Mr. Suleiman J. Al-Herbish  
Director-General  
  
Address: The OPEC Fund for International Development  
P.O. Box 995  
A-1011 Vienna  
Austria  
  
Telefax: (43) 1 5139238



\* \* \*

590/08



16/10/08

CONSULADO DE LA REPUBLICA DOMINICANA  
VIENA - AUSTRIA

CERTIFICO: que la firma que aparece al pié de este documento

es la del Sr. Vicente Bengoa, Secretario de Estado de Hacienda de la República Dominicana y que es

la misma que acostumbra a usar en todos sus actos y la cual se debe entera fe y crédito.

Mag Peter Stoma  
P.R. Consul Honorario



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16/10/08

CONSULADO DE LA REPUBLICA DOMINICANA  
VIENA - AUSTRIA

CERTIFICO: que la firma que aparece al pié de este documento

es la del Sr. Suleiman J. AL-Herbish, Director General del Fondo OPEP y que es

la misma que acostumbra a usar en todos sus actos y la cual se debe entera fe y crédito.

Mag Peter Stoma  
P.R. Consul Honorario



REPUBLICA DOMINICANA  
SECRETARIA DE ESTADO DE RELACIONES EXTERIORES  
CERTIFICO que la firma que aparece al pie de cada documento

es la del Sr. Mag Peter Stoma  
Consul Honorario

la misma que acostumbra a usar en todos sus actos y a la cual se debe entera fe y crédito

Sto Dgo, R D

23-10-2008

Elizabeth Williams  
SUB-ENCARGADA  
DIVISION DE LEGALIZACIONES  
DEL DEPARTAMENTO CONSULAR

23/10/08



**SCHEDULES**

Schedule 1: Description of the Project

Schedule 2: Loan Allocation

Schedule 3: Amortization Schedule

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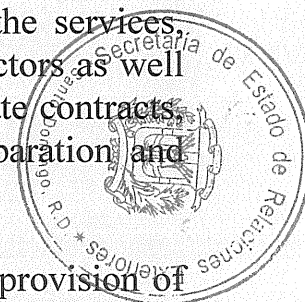


THE DOMINICAN REPUBLIC  
WASTEWATER DISPOSAL IN TOURISM CENTRES PROJECT

SCHEDULE 1  
DESCRIPTION OF THE PROJECT

The Project aims generally towards improving public health and sewerage services in the tourism centres of the Juan Dolio, Sosua, Cabarete and Puerto Plata regions, and has the following components:

- (a) Construction of the wastewater conveyance system, treatment installation and submarine outfalls, covering the Juan Dolio Wastewater System and the Sosua Wastewater System, construction of required sewerage collection networks and pumping stations, procurement of equipment for the operation of the plants, enhancement of the capacity of existing collectors, construction of preliminary and bypass treatment facilities as well as the construction of submarine outfalls for disposal of the effluents to the ocean;
- (b) Preparation and implementation of the private sector participation (PSP) process for the provision of water supply and sewerage services, embracing the provision of consultancy services for the preparation of tender documents and contracts for the management of the services, technical support for tender evaluation, selection of contractors as well as the design of control and auditing mechanisms to regulate contracts, together with monitoring and evaluation of the PSP preparation and implementation process;
- (c) Monitoring of the coastal environment, encompassing the provision of information for assessing the effectiveness of the submarine outfalls, the Project's environmental benefits and the effects of wastewater disposal, thus necessitating the monitoring of parameters such as microbiological, chemical and biological impact of the submarine outfalls;
- (d) Training and dissemination of the technology of small-diameter outfalls relating to the preparation of an outfall manual, workshops on construction techniques and technology transfer and also to share lessons learned during the implementation of the Project and, specifically, experience gained during the development of the PSP process;



- (e) Establishment and provision of technical and financial support, extending to the provision of technical and financial support required for the preparation of the legal and regulatory framework to promote PSP in the water and sewerage sector and of the detailed design of the Project together with its execution; and
- (f) Project management and design, comprising the provision of support to the Executing Agency, including consultancy services for the preparation, design and management of the Project, preparation of the tender documents, as well as oceanographic and detailed design studies of the submarine outfalls and of other system components.

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THE DOMINICAN REPUBLIC  
WASTEWATER DISPOSAL IN TOURISM CENTRES PROJECT

SCHEDULE 2  
LOAN ALLOCATION

1. Unless otherwise agreed between the Borrower and OFID Management, the Loan proceeds of US\$ 4,000,000 shall be utilized towards financing 66.7 % of the total costs of the Juan Dolio Wastewater System as outlined under the Construction of Wastewater Conveyance System, Treatment Installation and Submarine Outfalls component of the Project in paragraph (a) of Schedule 1 of this Agreement.
2. Notwithstanding the allocation of the Loan proceeds or the disbursement percentage set forth in paragraph 1 above, if OFID Management has reasonably estimated that the amount of the Loan then allocated to the component specified above will be insufficient to finance the agreed percentage of all expenditures in that component, OFID Management may, by notice to the Borrower, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of said component may continue until all expenditures thereunder shall have been made.

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# OFID The OPEC Fund for International Development

## THE DOMINICAN REPUBLIC WASTEWATER DISPOSAL IN TOURISM CENTRES PROJECT

### SCHEDULE 3 AMORTIZATION SCHEDULE

<u>No.</u>	<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in US Dollars)
1	July 15, 2013	133,330
2	January 15, 2014	133,330
3	July 15, 2014	133,330
4	January 15, 2015	133,330
5	July 15, 2015	133,330
6	January 15, 2016	133,330
7	July 15, 2016	133,330
8	January 15, 2017	133,330
9	July 15, 2017	133,330
10	January 15, 2018	133,330
11	July 15, 2018	133,330
12	January 15, 2019	133,330
13	July 15, 2019	133,330
14	January 15, 2020	133,330
15	July 15, 2020	133,330
16	January 15, 2021	133,330
17	July 15, 2021	133,330
18	January 15, 2022	133,330
19	July 15, 2022	133,330
20	January 15, 2023	133,330
21	July 15, 2023	133,330
22	January 15, 2024	133,330
23	July 15, 2024	133,330
24	January 15, 2025	133,330
25	July 15, 2025	133,330
26	January 15, 2026	133,330
27	July 15, 2026	133,330
28	January 15, 2027	133,330
29	July 15, 2027	133,330
30	January 15, 2028	133,430
Total:		<u>4,000,000</u>

