

LOAN NUMBER 9144-DO

Loan Agreement

(Dominican Republic COVID-19 Crisis Response Support Development Policy Loan)

between

DOMINICAN REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT



LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between DOMINICAN REPUBLIC (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

Whereas (A) within the context of the COVID 19 emergency, the Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I. A. of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework; and

(B) the financing mentioned herein will be available to the Borrower in accordance with the terms of this Agreement to finance any budgeted expenditures (other than Excluded Expenditures).

The Borrower and the Bank therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the amount of one hundred million Dollars, (\$100,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.



ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program; and
 - (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule I to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date (unless the Bank, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purpose of Section 9.04 of the General Conditions).

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Minister of Finance.
- 5.02. For purposes of Section 10.01 of the General Conditions:
- (a) the Borrower's address is:

Ministerio de Hacienda
Av. México 45, Gazcue
Santo Domingo de Guzman, Distrito Nacional
Dominican Republic; and
 - (b) the Borrower's Electronic Address is:

Facsimile: 809-688-8838
- 5.03. For purposes of Section 10.01 of the General Conditions:
- (a) the Bank's address is:

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



(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	<u>tsayed@worldbank.org</u>

AGREED as of the Signature Date.

DOMINICAN REPUBLIC

By



Authorized Representative
Minister of Finance
Santo Domingo, Rep. Dom.



Name: José Manuel Vicente

Title: Minister of Finance

Date: 28 - Sep - 2020

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Tahseen Sayed

Authorized Representative

Name: Tahseen Sayed

Title: Country Director

Date: 08-Sep-2020

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

- A. Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:
1. The Borrower has authorized the use of emergency processes for the purchase and contracting of goods, works and services related to health care, as evidenced by Decree No. 133-20 dated March 19, 2020 as amended by Decree No. 144-20 dated April 2, 2020.
 2. The Borrower has created a Citizen Oversight Commission for COVID-19 as a mechanism for monitoring the procurement and contracting management processes for emergencies, as evidenced by Decree No. 145-20 dated April 5, 2020.
 3. The Borrower, through its Ministry of Health, has adopted a COVID-19 Contingency Plan to respond rapidly to the increasing number of cases as evidenced by the submission of said Plan by Letter of the Ministry of Health MSP-DESP-02029-2020 dated May 29, 2020.
 4. The Borrower, through the DGA, has taken measures to release, during the emergency period, importation of listed medical supplies from the import duty and the industrialized goods and services transfer tax (ITBIS), as evidenced by DGA notice dated April 2, 2020.
 5. The Borrower has created a temporary solidarity assistance fund for employees (*FASE*) to provide support to vulnerable formal workers of the private sector to offset the economic impacts of the COVID-19 pandemic, as evidenced by Decree No. 143-20, dated April 5, 2020 as amended by Decree No. 184-20 dated May 29, 2020.
 6. The Borrower has created the temporary "Stay Home Program" to deliver an emergency transfer to vulnerable households, as evidenced by Administrative Resolution No. 001-2020 of the GCPS dated May 26, 2020.
 7. The Borrower, through the DGII, has deferred 2019 income tax payments of individual taxpayers, as evidenced by Decree No. 137-20 dated March 23, 2020 and DGII notices 21-20, 23-20, 37-20, 58-20 and 61-20.
 8. The Borrower, through the DGII, has deferred firm tax payments to help businesses cope with the economic impact of COVID-19, as evidenced by Decree No. 137-20 dated March 23, 2020 and DGII notices 21-20, 23-20, 37-20, 49-20, 58-20 and 61-20.

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.



- B. Allocation of Loan Amounts.** The Loan (except for amounts required to pay the Front-end Fee) is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in USD)
(1) Single Withdrawal Tranche	99,750,000
(2) Front-end Fee	250,000
TOTAL AMOUNT	100,000,000

C. Withdrawal Tranche Release Conditions.

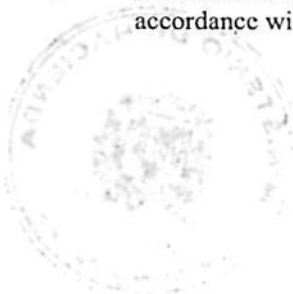
1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

D. Deposit of Loan Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
- (a) prior to furnishing to the Bank the first request for withdrawal from the Loan Account, the Borrower shall notify to the Bank the following two dedicated accounts, which shall be maintained on terms and conditions acceptable to the Bank: (i) a dedicated account in Dollars ("Foreign Currency Dedicated Account"); and (ii) a dedicated account in Dominican Pesos ("Local Currency Dedicated Account"); and
 - (b) all withdrawals from the Loan Account shall be deposited by the Bank into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Loan into the Foreign Currency Dedicated Account, the Borrower shall deposit an equivalent amount into the Local Currency Dedicated Account.
2. The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the Dominican Pesos equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Audit. Upon the Bank's request, the Borrower shall:

1. have the Dedicated Accounts audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank:



2. furnish to the Bank as soon as available, but in any case not later than six months after the date of the Bank's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and
 3. furnish to the Bank such other information concerning the Dedicated Accounts and their audit as the Bank shall reasonably request.
- F. **Closing Date.** The Closing Date is March 31, 2021 (or such other date as the Bank shall establish, upon a request from the Borrower, by notice to the Loan Parties).



SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule – Bullet Repayment

The Borrower shall repay the principal amount of the Loan in full on January 15, 2040.



APPENDIX

Section I. Definitions

1. "COVID-19" means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
2. "Dedicated Accounts" means both the Foreign Currency Dedicated Account and the Local Currency Dedicated Account".
3. "DGA" means *Dirección General de Aduanas*, the Customs Directorate General of the Borrower's Ministry of Finance.
4. "DGII" means *Dirección General de Impuestos Internos*, General Directorate of Internal Tax of the Borrower's Ministry of Finance.
5. "Dominican Pesos" means the lawful currency of the Borrower.
6. "Foreign Currency Dedicated Account" means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
7. "GCPS" means *Gabinete de Coordinación de Política Social*, the Borrower's Cabinet for the Coordination of Social Policies.
8. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing", dated December 14, 2018.
9. "ITBIS" means *Impuesto sobre Transferencias de Bienes Industrializados y Servicios*, import duty and the industrialized goods and services transfer tax.
10. "Local Currency Dedicated Account" means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.
11. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated June 3, 2020 from the Borrower to the Bank declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.
12. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
13. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.



