

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Cable Address: INTBAFRAD
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December 22, 2010

His Excellency
Lic. Vicente Bengoa
Ministry of Finance
Avenida México No. 45
Santo Domingo, Dominican Republic

Re: Loan No.7144-DO (Early Childhood Education Project)
Second Amendment to the Loan Agreement

Dear Minister:

Please refer to the Loan Agreement between the Dominican Republic (the Borrower) and the International Bank for Reconstruction and Development (the Bank) dated December 6, 2002 with regard to the above-captioned Loan (the Loan Agreement) as amended. Capitalized terms used in this amendment letter and not defined herein have the meaning ascribed to them in the Loan Agreement.

We are pleased to inform you that, pursuant to your letter of request dated September 8, 2010 as well as our recent discussions on the subject, the Bank agrees to amend the Loan Agreement so as to: (a) modify the indicators set forth in the Annex to the Implementation Letter; (b) extend the Closing Date; and (c) modify the table in Schedule 1 to the Loan Agreement by reallocating funds among Categories.

Consequently, the Loan Agreement is hereby amended as follows:

1. The indicators included in the Annex to the Implementation Letter are hereby amended and replaced in their entirety to read as set forth in Attachment I to this amendment letter.
2. Section 2.03 of the Loan Agreement is amended as follows:

"Section 2.03. The Closing Date shall be June 30, 2011 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date."
3. The table in paragraph 1 of Schedule I to the Loan Agreement is hereby amended and replaced to read in its entirety as set forth in Attachment 2 to this amendment letter.

Please confirm your agreement with the foregoing amendment by signing and dating this.

letter in the spaces provided below. Thenceforward, all other provisions of the Loan Agreement, except as amended through this letter shall remain in full force and effect. This amendment letter shall be executed in two counterparts each of which shall be an original.

Upon confirmation, please return one fully executed original to us. The provisions set forth in this amendment letter shall become effective as of the date of the countersignature.

Very truly yours,

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

J.P.


By

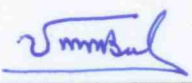
Yvonne M. Tsikata

Director

Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

DOMINICAN REPUBLIC

By 
Authorized Representative

Name: VICENTE BENGOA ALBIZU

Title: MINISTRO DE HACIENDA

Date: FEBRUARY 10, 2011

Attachment 1

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
Project Development Objective:	Outcome / Impact Indicators:	Project reports:	(from Objective to Goal)
1. To increase access to early childhood development services for all children ages zero to five.	<p>1. Increase enrollment rate of poorest five-year-olds from 51% to 69% by the end of 2010.</p> <p>2. Carry out initiatives involving cross-sectoral and public-private collaboration in the provision of early childhood services, benefiting 50,000 children directly and 100,000 others indirectly.</p>	<p>Ministry of Planning and Economy's national work force survey</p> <p>Progress Reports for funded initiatives</p> <p>Management Information System (MIS)</p>	<p>Commitment of parents and communities to early childhood development</p> <p>Sufficient demand for early childhood services exists</p> <p>Private sectors and NGOs interested in participating</p> <p>Openness to collaboration at the community level</p>
2. To strengthen the quality of early childhood education that is available to children ages zero to five.	<p>1. Increase capacities in communication and socio-emotional development of pre-school children as measured by the EYE instrument from 3.0 to 3.4 among the children benefiting from the project</p> <p>2. Achieve a difference of at least 3 percentage points in grade repetition in grades 3 and 4 for children that benefited from the project as compared to those rates for the total population in grades 3 and 4.</p>	<p>EYE results</p> <p>Project progress reports</p>	
Output from each Component:	Output Indicators:	Project reports:	(from Outputs to Objective)
1. Expansion of Preprimary education services	1.1. About 18,600 new places for pre-school education, as a result of construction of about 258 new classrooms and about 18 regional model centers	<p>Project progress reports</p> <p>Supervision Missions</p> <p>Site visits</p>	<p>Political support for the project</p> <p>Sufficient demand for early childhood services</p> <p>Availability of counterpart funds in the country's yearly budget</p>

2.Increased ECD education quality	<p>2.1. 100% of regional Model Centers and 50% of pre-primary classrooms have teachers that have received training.</p> <p>2.2. New pedagogical model in use in 100% of regional Model Centers and 50% of all pre-primary classrooms (those with teachers receiving training).</p> <p>2.3. Fully equipped and operational Educational Resource Center in each Regional Model Center.</p> <p>2.4. All preprimary classrooms in the country possess a standard minimum amount of classroom materials.</p> <p>2.5. About 26,580 improved places for pre-school education, as a result of rehabilitation of about 425 existing classrooms and about 18 classrooms in regional model centers.</p> <p>2.6. 50% of pre-schools nationwide have a functioning Parent Committee.</p>	<p>Classroom observation</p> <p>Teacher surveys</p> <p>Parent surveys</p> <p>Project progress reports</p> <p>Site visits</p>	<p>Commitment of parents, community members, and civil society to the goals of the project</p> <p>Data is accessible</p>
3.Institutional Strengthening in Education Sector	3.1. Fifteen (15) activities designed to enhance cross-sectoral collaboration, such as studies, workshops, and seminars, have taken place.	Project progress reports	Political willingness to achieve the aims of the project

Attachment 2

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars</u>	<u>% of Expenditures to be Financed</u>
(1) Works under Parts A.1, A.3 (a) and B.4 of the Project	21,201,000	100%
(2) Goods (excluding goods under Early Childhood Education Subprojects)	11,085,000	100% of foreign expenditures; 100% of local expenditures (ex-factory cost); and 80% of local expenditures for other items procured locally
(3) Consultants' services (excluding consultants' services under Early Childhood Education Subprojects)	1,256,954	38%
(4) Training (excluding training under Early Childhood Education Subprojects)	2,647,000	84%
(5) Works, goods, consultants' services and/or training, as the case may be, under Early Childhood Education Subprojects	4,790,000	80%
(6) Operating Costs	600,046	80%
(7) Front-end fee	420,000	Amount due under Section 2.04 of this Agreement
(8) Premia for Interest Rate Caps and Interest Rate Collars	0	
TOTAL	<u>42,000,000</u>	