



OFID The OPEC Fund for International Development

LOAN NO. 1281P

ELECTRICITY DISTRIBUTION REHABILITATION PROJECT

LOAN AGREEMENT

BETWEEN

THE DOMINICAN REPUBLIC

AND

THE OPEC FUND FOR
INTERNATIONAL DEVELOPMENT

DATED

July 10, 2009

OFID The OFID Fund for International Development

AGREEMENT dated July 10, 2009, between the Dominican Republic (“the Borrower”) and OFID.

Whereas the Borrower has requested assistance from OFID in the financing of the Project described in Schedule 1;

And whereas OFID has approved a loan to the Borrower in the amount of thirty million Dollars (\$ 30,000,000) upon the terms and conditions set forth hereinafter;

Now, therefore, the parties to this Loan Agreement (the “Agreement”) hereby agree as follows:

Article 1
GENERAL CONDITIONS; DEFINITIONS

1.01 The General Conditions attached hereto shall constitute an integral part of this Agreement.

1.02 In addition to the terms defined in the preamble, the following terms and expressions shall have the following meanings or, where they duplicate terms and expressions in the General Conditions, the following specific meanings:

- (a) “Authorized Representative of the Borrower” means the Secretary of State for Finance of the Borrower;
- (b) “Closing Date” means June 30, 2014;
- (c) “Dollar and the sign \$” mean and refer to the lawful currency of the United States of America;

- OFID The OFID Fund for International Development
- (d) "Eligible Expenditure Commencement Date" means March 11, 2009;
 - (e) "Executing Agency" means Suburban and Rural Electrification Unit;
 - (f) "General Conditions" means OFID General Conditions Applicable to Public Sector Loan Agreements, December 2007;
 - (g) "Grace Period" means the period beginning on July 10, 2009 and ending five (5) years from that Date; and
 - (h) "Loan Administrator" means the Inter-American Development Bank.

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Article 2
THE LOAN

2.01 OFID agrees to lend to the Borrower and the Borrower agrees to borrow from OFID the Loan in the amount of thirty million Dollars (\$ 30,000,000) on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of three and three tenths of one percent (3.3%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.03 The Borrower shall pay a Service Charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding.

2.04 Interest and Service Charges shall be paid semi-annually on January 15 and July 15 in each year into OFID Account.

2.05 Upon the expiry of the Grace Period, 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 (30) semi-annual instalments in the amounts, and on the dates, all as specified in Schedule 3 (AMORTIZATION).

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Article 3 EFFECTIVENESS

3.01 This Agreement shall enter into force and effect in accordance with Section 3.02 upon receipt by OFID of:

(a) 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; and

(b) a certificate issued by the Minister of Justice or the Attorney General or any other competent legal authority of the Borrower confirming 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.

3.02 As soon as possible after the conditions specified in Section 3.01 shall have been satisfactorily fulfilled, this Agreement shall enter into full force and effect on the Date of Effectiveness.

3.03 If this Agreement shall not have become effective within ninety (90) days after the Date of the Agreement, the Agreement and all obligations of the parties hereunder shall terminate, unless OFID Management, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

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Article 4
ADDRESSES

4.01 The parties' addresses are as specified below:

For the Borrower:

The Ministry of Finance
Av. Mexico # 45
Santo Domingo
DOMINICAN REPUBLIC
Facsimile: (+1- 809) 682 0498

For OFID:

The OPEC Fund for International Development
Parkring 8
A-1010 Vienna
AUSTRIA
Facsimile: (+43-1) 513 92 38

* * *

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:

Signature: *Ramón Quiñones*

Name: H.E. Ramón Quiñones

Title: Ambassador to the Republic of Austria and Permanent Representative to the UN, OSCE and other International Organizations in Vienna

FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:

Signature: *[Handwritten Signature]*

Name: Mr. Suleiman J. Al-Herbish

Title: Director-General



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THE DOMINICAN REPUBLIC
ELECTRICITY DISTRIBUTION REHABILITATION PROJECT

SCHEDULE 1
DESCRIPTION OF THE PROJECT

The Project aims at maximizing the security of electricity supply in the Dominican Republic and improving the cash recovery index of the distribution companies: EdeNorte, EdeSur and EdeEste (the Companies), through the rehabilitation and upgrading of the current distribution network. The objectives of the Project will be achieved through the implementation of the following components:

(a) **Rehabilitation of Distribution Networks:** financing the rehabilitation and upgrading of medium and low voltage circuits by: (i) replacing existing obsolete and aged medium and low voltage overhead lines; (ii) expanding distribution sub-stations and feeders; (iii) replacing and installing meters, cables, transformers, and new connections for customers with irregular connections; (iv) installing remote meters for large consumers; and (v) installing tamper-proof equipment in areas difficult to manage.

(b) **Outreach to Communities:** delivering seminars and promoting meetings with local leaders, communities and institutions, within the context of the “24-Hours of Light Program”, to discuss a wide range of issues such as: fraud reduction, safety, legal rights and energy conservation.

(c) **Project Management, Monitoring and Evaluation:** engaging consultants to assist the Companies to: (i) coordinate Project activities between the Companies and the contractors, municipalities and other utilities, (ii) ensure that the supplied equipment and civil works are in compliance with the Project design and work schedule, and (iii) implement an appropriate Project monitoring and evaluation system.

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THE DOMINICAN REPUBLIC
ELECTRICITY DISTRIBUTION REHABILITATION PROJECT

SCHEDULE 2
LOAN ALLOCATION

1. Unless otherwise agreed between the Borrower and OFID Management, the table below sets forth the components to be financed out of the proceeds of the Loan, the allocation of amounts of the Loan to each component and the percentage of total expenditures for items so to be financed in respect of each component:

Component	Amount of the Loan Allocated (Expressed in US Dollars)	Percentage of Total Expenditures to be Financed
(a) Rehabilitation of Distribution Networks	28,500,000	20.45
(b) Outreach to Communities	1,500,000	15
(c) Project Management, Monitoring and Evaluation	--	--
Total:	<u>30,000,000</u>	

2. Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in paragraph 1 above, if OFID Management has reasonably estimated that the amount of the Loan then allocated to any component will be insufficient to finance the agreed percentage of all expenditures in that component, OFID Management may, by notice to the Borrower: (i) reallocate to such component, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then allocated to another component and which in the opinion of OFID Management are not needed to meet other expenditures; and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals in respect of such component may continue until all expenditures thereunder shall have been made.

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THE DOMINICAN REPUBLIC
ELECTRICITY DISTRIBUTION REHABILITATION PROJECT

SCHEDULE 3
AMORTIZATION

<u>No.</u>	<u>Date of Repayment</u>	<u>Amount Due</u> (Expressed in Dollars)
1	July 15, 2014	1,000,000
2	January 15, 2015	1,000,000
3	July 15, 2015	1,000,000
4	January 15, 2016	1,000,000
5	July 15, 2016	1,000,000
6	January 15, 2017	1,000,000
7	July 15, 2017	1,000,000
8	January 15, 2018	1,000,000
9	July 15, 2018	1,000,000
10	January 15, 2019	1,000,000
11	July 15, 2019	1,000,000
12	January 15, 2020	1,000,000
13	July 15, 2020	1,000,000
14	January 15, 2021	1,000,000
15	July 15, 2021	1,000,000
16	January 15, 2022	1,000,000
17	July 15, 2022	1,000,000
18	January 15, 2023	1,000,000
19	July 15, 2023	1,000,000
20	January 15, 2024	1,000,000
21	July 15, 2024	1,000,000
22	January 15, 2025	1,000,000
23	July 15, 2025	1,000,000
24	January 15, 2026	1,000,000
25	July 15, 2026	1,000,000
26	January 15, 2027	1,000,000
27	July 15, 2027	1,000,000
28	January 15, 2028	1,000,000
29	July 15, 2028	1,000,000
30	January 15, 2029	<u>1,000,000</u>
	Total:	<u>30,000,000</u>

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