Dear Prime Minister:

Re: COMMONWEALTH OF DOMINICA: Housing Recovery Project
Credit No. 62320-DM and Grant No. D3070-DM
Amendment to the Financing Agreement

We refer to the Financing Agreement dated May 10, 2018 between the Commonwealth of Dominica (the Recipient) and the International Development Association (the Association), for the above referenced Project (“the Project”). We also refer to your letter dated April 24, 2020 where the Association was requested to make certain amendments to the Project.

The Association is pleased to inform you that, after due consideration, we concur with your request to amend the Financing Agreement in order to: (i) clarify the Eligible Homeowner’s obligation to pay building suppliers upon their presentation of satisfactory invoices and certification of works; (ii) clarify the signatory parties of the Memorandum of Understanding mentioned in Section I.C.3(a) of Schedule 2 to the Financing Agreement; and (iii) incorporate a Contingency Emergency Response Component to the Project. Consequently, the Financing Agreement is hereby amended as follows:

1. Part 4 is hereby included to the Project Description under Schedule 1 to the Financing Agreement, as follows:

   **“Part 4: Contingent Emergency Response”**

   Provision of immediate response to an Eligible Crisis or Emergency, as needed.”

2. Section I.C.2(a) of Schedule 2 to the Financing Agreement is hereby amended and replaced to read in its entirety as follows:

   “(a) prior to the commencement of any works to be financed by a Housing Grant, enter into an agreement with the Eligible Homeowner based on the model form for the Housing Grant Agreements set forth in the Project Operations Manual and under terms and conditions acceptable to the Association,
including, *inter alia*, the obligations to (i) comply with the Project Operations Manual, including financial management, the Safeguard Documents, the Procurement Regulations and the Anti-corruption Guidelines, and (ii) to promptly pay building suppliers upon their presentation of satisfactory invoices and certification of works; and”

3. Section I.C.3(a) of Schedule 2 to the Financing Agreement is hereby amended and replaced to read in its entirety as follows:

“(a) prior to the commencement of any works to be financed by a Housing Grant, enter into a Memorandum of Understanding with the Banking Institutions based on the model form for the Memorandum of Understanding set forth in the Project Operations Manual and under terms and conditions acceptable to the Association including, *inter alia*, the Banking Institution’s obligation to comply with the Project Operations Manual, including financial management, the Safeguard Documents, the Procurement Regulations and the Anti-corruption Guidelines; and”

4. Section I. E. is hereby included to Schedule 2 to the Financing Agreement, as follows:

“E. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project (“Emergency Response Part”), the Recipient shall:

(a) prepare and furnish to the Association for its review and approval, a Contingency Emergency Response Manual (“CER Manual”) which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any additional institutional structures or arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management arrangements and instruments applicable to the Emergency Response Part consistent with the provisions of Section D. above; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;

(b) afford the Association a reasonable opportunity to review the proposed CER Manual;

(c) promptly adopt the CER Manual for the Emergency Response Part as accepted by the Association and integrate it as an annex to the Project Operations Manual;

(d) ensure that the Emergency Response Part is carried out in accordance with the CER Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Manual and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CER Manual without the prior written approval by the Association.
2. The Recipient shall, throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the CER Manual, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:
   (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
   (b) the Recipient has ensured the preparation and disclosure of all safeguard instruments as may be required for said activities in accordance with the CER Manual, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

5. The table under Section III.A of Schedule 2 to the Financing Agreement is amended to read in its entirety as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit (expressed in SDR) (Credit Number 62320-DM)</th>
<th>Percentage of Expenditures to be Financed by the Credit (inclusive of Taxes)</th>
<th>Amount of the Grant (expressed in SDR) (Grant Number D3070-DM)</th>
<th>Percentage of Expenditures to be Financed by the Grant (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project</td>
<td>0</td>
<td>100%</td>
<td>4,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Housing Grants for Subprojects</td>
<td>7,000,000</td>
<td>30%</td>
<td>16,300,000</td>
<td>70%</td>
</tr>
<tr>
<td>(3) Emergency Expenditures under Part 4 of the Project</td>
<td>0</td>
<td>100%</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>7,000,000</td>
<td></td>
<td>20,800,000</td>
<td></td>
</tr>
</tbody>
</table>
The following Section is hereby included to Schedule 2 to the Financing Agreement as Section III.B.3, renumbering the remaining sub section on the Closing Date as Section III.B.4.

"3. for Emergency Expenditures under Category (3), unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has ensured that all safeguard instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.E of this Schedule;

(iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.E of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the CER Manual, in form and substance acceptable to the Association, and the provisions of the CER Manual remain - or have been updated in accordance with the provisions of Section I.E of this Schedule so as to be - appropriate for the inclusion and implementation of the Emergency Response Part."

Definition 17 of the Appendix to the Financing Agreement, shall be amended and replaced in its entirety to read as follows:

"17. “Memorandum of Understanding” means any agreement to be signed between the Recipient and the Banking Institution for the implementation of Part 2.1 of the Project.”

The Appendix to the Agreement is amended by adding, and placing in alphabetical order the following terms and definitions (and, as a result, the remaining terms and definitions are renumbers to maintain alphabetical order):

(a) “Contingency Emergency Response Manual” and the acronym “CER Manual” means the manual referred to in Section I.E1.(a) of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part and form part of the Project Operations Manual in accordance with the provisions of said Section.

(b) “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
(c) "Emergency Expenditure" means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.E.1.(a) of Schedule 2 to this Agreement, and required for the Emergency Response Part.

(d) "Emergency Response Part" means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 4 of the Project.

Please confirm your agreement with the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. All other provisions of the Financing Agreement except as amended through this Amendment Letter shall remain in full force and effect. This Amendment Letter shall be executed in two (2) counterparts each of which shall be an original.

The provisions set forth in this Amendment Letter shall become effective as of the date of the countersignature upon receipt by the Association of one fully executed original of this Amendment Letter.

Sincerely yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Tahseen Sayed
Country Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

COMMONWEALTH OF DOMINICA

By: [Signature]
Authorized Representative

Name: Hon. Roosevelt Skerrit
Title: Prime Minister and Minister for Finance
Date: 18th May 2020