



MINISTERIO  
DE  
ECONOMÍA Y FINANZAS

MINISTERIO DE ECONOMIA Y FINANZAS.-  
MINISTERIO DE RELACIONES EXTERIORES.-

Montevideo, 11 JUN. 2007

07/01/005/60/112

**VISTO:** el proyecto de Contrato de Préstamo a celebrarse entre la República Oriental del Uruguay y el Banco Internacional de Reconstrucción y Fomento (B.I.R.F.), destinado a financiar parcialmente el Proyecto de Asistencia Técnica para Modernización Institucional del Sector Público.-

**RESULTANDO:** que con fecha 30 de mayo de 2007, el Directorio del Banco Mundial aprobó el correspondiente préstamo, por un monto de U\$S 12:100.000,00 (doce millones cien mil dólares de los Estados Unidos de América), que será amortizado en un plazo de quince años, con cinco años de gracia y una tasa de interés variable.-

ASUNTO 2138

**CONSIDERANDO:** que corresponde aprobar el respectivo Contrato de Préstamo, que será suscrito en representación del país por el Señor Ministro de Economía y Finanzas, Cr. Danilo Astori.-

**ATENCIÓN:** a lo dispuesto por el artículo 145 de la Ley N° 15.851, de 24 de diciembre de 1986 y por el Decreto N° 586/93, de 27 de diciembre de 1993.-

**EL PRESIDENTE DE LA REPUBLICA  
RESUELVE:**

1º) Apruébase el proyecto de Contrato de Préstamo a celebrarse entre la República Oriental del Uruguay y el Banco Internacional de Reconstrucción y Fomento (B.I.R.F.), por un monto de U\$S 12:100.000,00 (doce millones cien mil dólares de los Estados Unidos de América), destinado a financiar parcialmente el Proyecto de Asistencia Técnica para Modernización Institucional del Sector Público, cuyo texto constituye parte integrante de la presente resolución.-

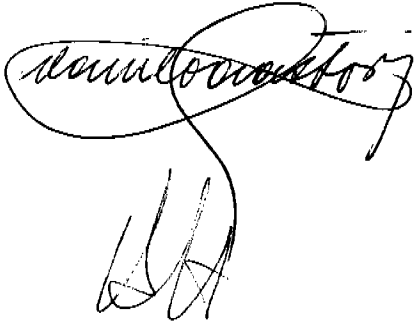
2º) El referido contrato será otorgado y suscrito en nombre y representación del país por el Señor Ministro de Economía y Finanzas, Cr. Danilo Astori.-

3º) Designase indistintamente a los Dres. Ricardo Pérez Blanco y Marcos Alvarez Rego, para que expidan por la República los dictámenes jurídicos correspondientes.-


4º) Dése cuenta a la Asamblea General.-

RP/ta. /adg

5º) Comuníquese, etc..-



A large, stylized handwritten signature in black ink, followed by a smaller, less legible signature below it.



**Dr. Tabaré Vázquez**  
Presidente de la República

REPÚBLICA ORIENTAL  
DEL URUGUAY



MINISTERIO  
DE  
ECONOMÍA Y FINANZAS

Fecha: 04/06/07  
Para: Dirección General  
De: Unidad de Gestión de Deuda  
Asunto: **Préstamos BIRF- TAL y DPL – Resoluciones del Poder Ejecutivo para autorizar suscripción de convenios**

Se adjuntan los borradores de contratos con Banco Mundial correspondientes a los siguientes programas:

- Préstamo de Apoyo a la Implementación de Reformas en Políticas de Desarrollo (DPL), por un monto de US\$ 100.000.000.
- Préstamo de asistencia técnica para Modernización Institucional del Sector Público (IBTAL), por un monto de US\$ 12.100.000.

Ambas operaciones fueron aprobadas por el Directorio del Banco el día 30 de mayo del presente y se ha programado la suscripción de los respectivos contratos para el 21 de junio de 2007.

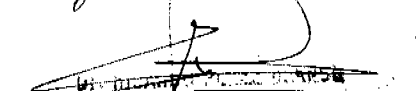
Se solicita por tanto la preparación y tramitación de las correspondientes resoluciones del Poder Ejecutivo que autoricen a suscribir los citados préstamos.

  
Cra. MARIELLA MAGLIA  
UNIDAD DE GESTIÓN DE DEUDA  
MINISTERIO DE ECONOMÍA Y FINANZAS

De acuerdo.

  
**MARIO BERGARA**  
Sub Secretario del  
Ministerio de Economía y Finanzas

COPIA FIEL DEL ORIGINAL fue 062 en  
Exp. 2007/05/001/60/111  
Montevideo, 4 de junio de 2007

  
Subscrito a la Dirección General del  
Ministerio de Economía y Finanzas

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Legal Department  
CONFIDENTIAL DRAFT  
(Subject to Change)  
Pilar González  
April 13, 2007-FINAL NEGOTIATED DRAFT

LOAN NUMBER \_\_\_\_\_ -

# Loan Agreement

(Institutions Building Technical Assistance Project)

between

REPÚBLICA ORIENTAL DEL URUGUAY

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated \_\_\_\_\_, 200\_

## LOAN AGREEMENT

Agreement dated \_\_\_\_\_, 200\_, between REPÚBLICA ORIENTAL DEL URUGUAY ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of twelve million one hundred thousand Dollars (\$12,100,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent ( $3/4$  of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.
- 2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time. In the event that the Borrower selects not to capitalize the Front-end Fee, the Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project through MEF in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### ARTICLE IV — TERMINATION

- 4.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen (18) months after the Bank's approval of the Loan which expire on \_\_\_\_\_.<sup>1</sup>

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<sup>1</sup> Insert here exact post-18 months date.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is its Minister of Economy and Finance.

5.02. The Borrower's Address is:

Ministerio de Economía y Finanzas  
Colonia No. 1089, Tercer Piso  
Montevideo, Uruguay

Cable:	Telex:	Facsimile:
MINECON	269 MICECON UY, Montevideo Uruguay	(59-82) 1712-2688

5.03. The Bank's Address is:

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

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	(1-202) 522-3131



AGREED at \_\_\_\_\_, \_\_\_\_\_, as of the day and year first above written.

**REPÚBLICA ORIENTAL DEL URUGUAY**

**By**

**Authorized Representative**

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to improve the Borrower's public sector performance by: (i) supporting the implementation of its public sector modernization program in the areas of customs administration, monitoring and evaluation, performance-based budgeting and e-government; and (ii) strengthening its institutions involved with the design and implementation of public policy reforms in the areas of taxation, promotion of business environment and social protection.

The Project consists of the following parts:

#### Part 1: Strengthening the Borrower's Customs Administration's Human Resources Management

Supporting the modernization of the Borrower's customs administration (*Dirección Nacional de Aduanas*) through improvements to its human resources management functions, by providing technical assistance for:

- (a) the design and application of an integrated human resources management strategy, including the interconnection of relevant information systems;
- (b) the review of job profiles, with differentiated strategies for the managerial and operational levels;
- (c) the carrying out of skills evaluations of existing employees and the provision of training focused on skills necessary to fill the revised job profiles;
- (d) the design of an exit policy for those employees who do not match the requirements of the institution, as well as for those seeking voluntary retirement;
- (e) the establishment of competitive, merit-based selection and recruitment policies;
- (f) the definition of an integrated strategic plan for human resource management;
- (g) the design and deployment of a performance evaluation policy and process;
- (h) the proposal of a new incentive-pay system for customs; and
- (i) other activities identified by the Borrower and approved by the Bank which are aimed at supporting the modernization of the Borrower's customs administration.

#### Part 2: Improving the Borrower's Institutional Planning, Monitoring and Evaluation

Enhancing the Borrower's public sector performance and transparency by providing technical assistance to support:

- (a) the strengthening of the institutional framework for monitoring and evaluation;
- (b) the design, implementation, monitoring and evaluation of central government programs in approximately nine central government institutions, focused on: (i) supporting improved definition and use of indicators; (ii) developing annual operational plans based on a logical framework methodology; and (iii) implementing operational improvement programs;
- (c) the design of instruments to include civil society in monitoring and evaluation processes; and
- (d) other activities identified by the Borrower and approved by the Bank which are aimed at enhancing the Borrower's public sector performance and transparency.

### Part 3: Supporting E-Government

Strengthening the coverage of the Borrower's e-government applications to increase the transparency and efficiency of the interaction between the public sector and individuals and companies, by providing technical assistance for:

- (a) the development of a national e-government strategy;
- (b) the development of a strategy for public sector electronic information exchange;
- (c) the definition of public sector information technology security policies;
- (d) the improvement of the Borrower's registry of suppliers and contractors;
- (e) the redesign and enhancement of the e-procurement platform and strategy to promote its broad-based use by suppliers and contractors;
- (f) the design and implementation of a national strategy to extend access to and usage of the e-procurement platform to all beneficiaries, including the public and private sectors and citizens at large;
- (g) the broadening of the e-procurement information technology platform to accommodate broad-based usage;
- (h) the design and development of a public transactions portal for broad-based access and use by the Borrower's citizens; and
- (i) other activities identified by the Borrower and approved by the Bank which are aimed at strengthening the coverage of the Borrower's e-government applications to increase the transparency and efficiency of the interaction between the public sector and individuals and companies.

### Part 4: Institutional Strengthening of BPS for the Implementation of Tax and Social Protection Reforms

Strengthening BPS's institutional capacity, including those areas necessary to:

(a) adequately implement the Borrower's new personal income tax, focusing on the development of systems, infrastructure and technical capacity necessary to improve BPS's operation of the tax and collections areas, including: (i) human resources management; (ii) information systems management; (iii) control, business intelligence, collections, and risk management; (iv) taxpayer assistance; (v) outreach, information campaigns and surveys; and (vi) other areas proposed by the Borrower and approved by the Bank related to the implementation of the new personal income tax; and

(b) undertake structural improvements to the Borrower's social protection system by designing, developing and implementing an integrated, inter-institutional, social information system that brings together data on the characteristics and beneficiaries of social programs from various entities (*Sistema de Información Integrada para el Área Social*).

#### Part 5: Supporting Capital Markets and Corporate Transparency Reforms

(a) Supporting the Borrower to address the challenges associated with reforming the institutional, legal and regulatory, and infrastructure framework underlying capital markets through: (i) securities market promotion; (ii) institutional strengthening of the Borrower's securities regulator; (iii) development and support for the implementation of changes to the regulatory framework governing the Borrower's capital markets; (iv) implementation of international standards for securities markets regulation and securities settlement; (v) development of a risk-based supervisory framework, (vi) provision of computer hardware and software to support the institutional strengthening process; and (vii) other activities proposed by the Borrower and approved by the Bank aimed at improving the efficiency of capital markets.

(b) Strengthening the Borrower's corporate financial reporting framework to boost private investment, ensure financial sector stability and improve the governance of state-owned enterprises through: (i) the updating and strengthening of the regulatory and institutional framework for the submission of financial reports; (ii) establishment of a sustainable and effective process for the adoption of IFRS; (iii) establishment of an independent control system for all forms of accounting report certification (including audits); and (iv) other activities proposed by the Borrower and approved by the Bank aimed at strengthening the Borrower's corporate financial reporting framework.

#### Part 6: Supporting Bankruptcy Regulation Reforms

Supporting the implementation of reforms to the Borrower's bankruptcy legal framework through:

(a) the preparation of draft regulations to the new bankruptcy law, including a report on procedural changes needed to support its implementation;

(b) the provision of logistical support for court implementation of the reforms, including equipment, training materials and other inputs;

(c) the carrying out of activities for awareness, outreach, and promotion of best practices; and

(d) other activities proposed by the Borrower and approved by the Bank aimed at supporting the implementation of reforms to the Borrower's bankruptcy legal framework.

Part 7: Project Coordination and Strategy Development

(a) Supporting the PCU.

(b) Supporting the Borrower's Presidential Commission for the Transformation of the State (*Comisión para la Transformación del Estado*) in monitoring and evaluating the overall reform process.

(c) Carrying out studies and other consultancies related to Project coordination and/or strategy development that are proposed by the Borrower and approved by the Bank.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Borrower, through MEF, shall establish and maintain, during Project implementation, a Project coordination unit with functions, staffing and responsibilities satisfactory to the Bank, including, *inter alia*: (a) a Project coordinator; (b) a procurement specialist; (c) a financial management specialist; and (d) administrative and support personnel.
2. The Borrower, through MEF, shall convene at least once a year during Project implementation, a steering committee with composition, functions and responsibilities satisfactory to the Bank and set forth in the Operational Manual.
3. (a) The Borrower shall carry out the Project in accordance with an operational manual satisfactory to the Bank (the Operational Manual), such manual to include, *inter alia*:
  - (i) the procedures for carrying out, monitoring and evaluating the Project;
  - (ii) the final format of the financial statements, chart of accounts and the interim unaudited financial reports for the Project;
  - (iii) the composition, functions and responsibilities of the PCU and the steering committee referred to in paragraph 2 above;
  - (iv) the performance indicators to be used for monitoring and evaluating the implementation of the Project;
  - (v) the procedures to be followed for the identification and submission by the Borrower to the Bank for approval of activities under Parts 1(f), 2(d), 3(i), 4(a)(vi), 5(a)(vii), 5(b)(iv), 6(d) and 7(c) of the Project; and
  - (vi) the guidelines for the carrying out of small works.
- (b) The Operational Manual may be amended by the Borrower from time to time with the prior approval of the Bank. In the case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

##### B. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports and Plans**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the performance indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five days after the end of the period covered by such report.
2. (a) Without limitation to the provisions of paragraph 1 above, the Borrower shall: (i) no later than one month after the date of this Agreement, prepare and furnish to the Bank an operating plan, satisfactory to the Bank, with respect to the activities to be carried out under the Project during the rest of the calendar year, including a time-table for such activities; and thereafter, no later than December 1 of each year throughout Project implementation, prepare and furnish to the Bank an annual operating plan, satisfactory to the Bank, with respect to the activities to be carried out under the Project during the calendar year following the date of presentation of such plan, including a time-table for such activities; and (ii) carry out such plans in accordance with their terms.  
  
(b) Unless otherwise agreed by the Bank in writing, the Borrower shall not carry out any activities which are not included in an operating plan previously approved by the Bank.

### **B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall prepare and furnish to the Bank as part of the Project Report, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

## **Section III. Procurement**

### **A. General**

1. **Goods, Works and Non-Consultant Services.** All goods, works and non-consultant services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-Consultant Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Quality-based Selection
(b) Least Cost Selection
(c) Selection based on Consultants' Qualifications
(d) Single-source Selection
(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f) Sole Source Procedures for the Selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**



The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

**E. Special Provisions**

In addition and without limitation or restriction to any other provisions set forth in this Section, the Procurement Guidelines or the Consultant Guidelines, the following provisions shall govern the procurement of goods, works, non-consultant services and consultants' services, where applicable, under this Section.

- (a) The lowest evaluated bid shall be selected for contract award.
- (b) Foreign bidders shall be allowed to participate in national competitive bidding.
- (c) Foreign bidders may be required as a prerequisite for bidding to be registered with local authorities, provided, however, that the information to be requested from such bidders is of such nature that it will not discourage their participation.
- (d) There shall be no prescribed minimum number of bids to be submitted in order for a contract to be subsequently awarded.
- (e) After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and proposals and recommendations concerning awards shall not be disclosed to bidders or consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines).
- (f) Foreign bidders shall not be required to authenticate (*legalizar*) their bidding documents or any documentation related to such bidding documents with Uruguayan authorities as a prerequisite for participating in the selection procedure.
- (g) There shall be no preference for domestic contractors.
- (h) The prices of contracts for consultants' services over one year duration may be adjusted.
- (i) Foreign consultants shall not be required to authenticate (*legalizar*) their proposals or any documentation related to such proposals with Uruguayan authorities as a prerequisite for participating in the selection criteria.
- (j) The invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest, the evaluation report of bids and proposals, and contract awards of all goods, works, and consultants' services, as the case may be, shall be published in a web page acceptable to the Bank, and in a manner acceptable to the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, consultants' services, non-consultant services, Training and Operating Costs for Parts 1, 2, 3, 4, 5 and 7 of the Project	11,263,000	100%
(2) Goods, consultants' services, non-consultant services, Training and Operating Costs for Part 6 of the Project	265,000	100%
(3) Refund of the Project Preparation Advance	200,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
(4) Premium for Interest Rate Caps and Interest Rate Collars	0	Amount payable pursuant to Section 2.08 (c) of this Agreement
(5) Unallocated	372,000	
<b>TOTAL AMOUNT</b>	<b>12,100,000</b>	

For the purposes of this schedule, the term:

(a) "Training" means the reasonable non-consultant expenditures incurred by the Borrower in connection with the carrying out of training activities (including workshops, conferences and seminars) under the Project, including travel costs, per diem of trainers, facilitators and stakeholders, and training materials.

(b) "Operating Costs" means the reasonable costs of specialized staff, including procurement staff in the MEF and sundry recurrent expenses directly related to the performance of the Project activities, which would not have been incurred absent the Project.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) from the Loan Account (other than to repay the Project Preparation Advance) until the Bank has received payment in full of the Front-end Fee, if the Borrower selects not to capitalize the Front-end Fee;
  - (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$500,000 equivalent may be made for

payments made prior to this date but on or after December 1, 2006 for Eligible Expenditures under Category 1 (but in no case earlier than twelve months immediately before the date of this Agreement); or

- (c) under Category 2, until the bankruptcy law which was submitted by the Borrower's Executive to the Borrower's Parliament on August 21, 2006 has been approved by Parliament without substantial changes in the opinion of the Bank.

2. The Closing Date is December 30, 2011.

### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each April 15 and October 15 Beginning October 15, 2012 through April 15, 2022	5%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006.
2. "BPS" means *Banco de Previsión Social*, the Borrower's social security fund.
3. "Category" means a category set forth in the table in Section IV of Schedule 4 to this Agreement.
4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October 2006.
5. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated July 1, 2005 (as amended through October 15, 2006).
6. "IFRS" means International Financial Reporting Standards, the set of accounting standards issued by the International Accounting Standards Board.
7. "MEF" means *Ministerio de Economía y Finanzas*, the Borrower's Ministry of Economy and Finance.
8. "Operational Manual" means the Borrower's manual for the operation of the Project, dated April 12, 2007.
9. "PCU" means the Project coordination unit referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.
10. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006.
11. "Procurement Plan" means the Borrower's procurement plan for the Project, dated April 12, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
12. "Project Preparation Advance" means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement signed on behalf of the Bank on January 30, 2007 and on behalf of the Borrower on March 9, 2007.

