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REPÚBLICA ORIENTAL  
DEL URUGUAY



MINISTERIO  
DE  
ECONOMÍA Y FINANZAS

MINISTERIO DE ECONOMIA Y FINANZAS  
MINISTERIO DE RELACIONES EXTERIORES  
MINISTERIO DE EDUCACION Y CULTURA

Montevideo, 01 FEB. 2010

09/05/001/60/386

**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 ampliar el financiamiento del Tercer Proyecto de Apoyo a la Escuela Pública Uruguaya.-

**RESULTANDO:** que el monto del financiamiento asciende a U\$S 29:900.000,00 (veintinueve millones novecientos mil dólares de los Estados Unidos de América), que será amortizado en un plazo de veintidós años y medio, con trece años de gracia y con una tasa de interés variable.-

**CONSIDERANDO:** que corresponde proceder a la aprobación del proyecto de Contrato de Préstamo negociado y del correspondiente Convenio Interadministrativo, a celebrarse entre la República y la Administración Nacional de Educación Pública (ANEP) y autorizar que los mismos sean suscritos en representación del país, por el Señor Ministro de Economía y Finanzas, Cr. Alvaro García o por el Sub Secretario de Economía y Finanzas, Ec. Andrés Masoller, indistintamente.-

**ATENTO:** a lo dispuesto por el artículo 145 de la Ley N° 15.851, de 24 de diciembre de 1986.-

**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 hasta U\$S 29:900.000,00 (veintinueve millones novecientos mil dólares de los Estados Unidos de América), destinado a la financiación adicional del Tercer Proyecto de Apoyo a la Escuela Pública Uruguaya, cuyo texto constituye parte integrante de la presente resolución.-

2º) Apruébase el proyecto de Convenio Interadministrativo a celebrarse entre la República y la Administración Nacional de Educación Pública (ANEP), cuyo texto constituye parte integrante de la presente resolución.-

3º) Los referidos contratos serán oportunamente otorgados y suscritos en nombre y representación del país por el Señor Ministro de Economía y

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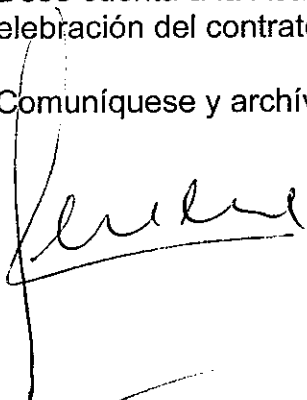
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Finanzas, Cr. Alvaro García o por el Señor Sub Secretario de Economía y Finanzas, Ec. Andrés Masoller, indistintamente.-

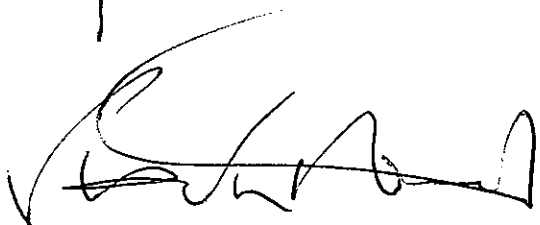
3º) Designanse, indistintamente, a los Dres. Ricardo Pérez Blanco, Marcos Alvarez Rego y Fernando Scelza, para que expidan por la República los dictámenes jurídicos correspondientes.-

4º) Dese cuenta a la Asamblea General, dentro de los diez días siguientes a la celebración del contrato.-

5º) Comuníquese y archívese.-



Dr. TABARE VAZQUEZ  
Presidente de la República



**Negotiated Version  
August 26, 2009**

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

# **Loan Agreement**

**(Additional Financing for the  
Third Basic Education Quality Improvement Project)**

**between**

**REPÚBLICA ORIENTAL DEL URUGUAY**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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

## **LOAN AGREEMENT**

Agreement dated \_\_\_\_\_, 200\_, between REPUBLICA ORIENTAL DEL URUGUAY ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 twenty nine million nine hundred thousand dollars (\$29,900,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 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 Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; 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. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

- 2.07. (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 withdrawn and outstanding 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.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, without any limitation or restriction upon any of its other obligations under the Original Loan Agreement, the Borrower shall continue to cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, the General Operational Manual, the PME Operational Manual and the Project Agreement.
- 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 — REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Project Implementing Entity shall have failed to perform any of its obligations under the Project Agreement.
- (b) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement.
- (c) Law No. 18.437 or any provision thereof shall have been amended, suspended, abrogated, repealed, waived or not enforced in such a manner so as to materially and adversely affect, in the opinion of the Bank, the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

- 4.02. The Additional Events of Acceleration consist of the following:
- (a) The event specified in paragraph (a) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.
  - (b) Any event specified in paragraphs (b) and (c) of Section 4.01 of this Agreement occurs.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) that the Inter-Administrative Agreement has been executed on behalf of the Borrower and the Project Implementing Entity; and
  - (b) that a revised General Operational Manual, including the EMP, has been approved by the Project Implementing Entity and the Bank.
- 5.02. 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 the eighteen (18) months after the Bank's approval of the Loan which expire on \_\_\_\_\_.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Minister of Economy and Finance.
- 6.02. The Borrower's Address is:

Ministerio de Economía y Finanzas  
Colonia No. 1089, Piso 3  
Montevideo, Uruguay

Facsimile:  
5982 1712 2688

- 6.03. 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)	1-202-477-6391

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

**REPUBLICA 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 increase the equity, quality and efficiency in the provision of preschool and primary (i.e., ages 4 through 11) education in Uruguay through: (i) school-level interventions to raise education quality in schools servicing socio-economically disadvantaged students; (ii) the enhancement of the teacher training system and the introduction in the classroom of new teaching and learning instruments; and (iii) an increase in the efficiency of primary education institutions.

The Project consists of the following parts included in the Original Project:

Part A: School-level interventions to raise education quality in schools serving socio-economically disadvantaged students

1. Expansion of schools to the Full-time School model through: (i) the construction, transformation, and/or rehabilitation of approximately 675 full-time classrooms in disadvantaged urban communities; (ii) the rehabilitation of approximately 14 rural schools; and (iii) the provision of furniture and kitchen equipment for Full-time Schools created under the Project.

2. (a) Provision to Full-time Schools and to CSCC - Priority Attention Schools of technological equipment and learning materials, including any or all of the following: television sets and audio equipment, computers (including software and screens), pre-school and primary level learning materials, learning materials for bilingual classes, and reading books; and

(b) Provision of textbooks to all of the Borrower's public primary schools.

3. Provision of: (i) training to approximately 3,000 pre-school and primary school teachers, principals, inspectors, and teachers in administrative positions in Full-time Schools and CSCC - Priority Attention Schools; (ii) training to approximately 700 teachers, principals, and inspectors in new technologies; and (iii) training to approximately 415 teachers in bilingual teaching.

4. Carrying out a program to improve the institutional climate inside schools and to strengthen the relationship between full-time schools not covered under Project 4381-UR and student's families through, *inter alia*, the carrying out of workshops for parents, and visits to families in conflict situations, and guiding teachers on how to deal with students with behavioral problems. Said program shall include one remunerated junior social worker per school and a central support team consisting of a psychologist and four senior social workers.

5. Expansion of the working hours of teachers in charge of Full-time Schools and CSCC - Priority Attention Schools.

Part B: Institutional strengthening



1. Improvement of teachers' academic training through: (i) the carrying out of a diagnosis of the pre-service and in-service teacher training programs and the development of an action plan to address the issues identified in said diagnosis (including the main curriculum guidelines); (ii) the development of professional requirements and standards for teachers; (iii) the development and application of pre-service teacher training evaluation instruments; (iv) the revision of the teachers' pre-service training curriculum; (v) the training of teacher trainers on the pre-service training curriculum revised as per (iv) above; (vi) the carrying out of an in-service training program for tutors of teachers in practice (*maestros adscriptores*); (vii) the improvement of the libraries and physical structure of teacher training institutes; (viii) the provision of books and teaching materials to teacher training institutes; and (ix) the construction of a teacher training institute.

2. Carrying out of approximately 400 education improvement projects and provision of technical assistance: (i) to the School Development Commissions and teachers for implementation of the PME; and (ii) to the PCU for monitoring thereof, such activities to be financed through grants from the Project Implementing Entity to School Development Commissions.

3. Strengthening the Borrower's education monitoring and evaluation system through: (i) the development and establishment of a research and evaluation division within the Project Implementing Entity; (ii) the carrying out of national evaluations of all students in sixth grade and the participation of some children in international evaluations; (iii) the provision of technical assistance to carry out the evaluations referred in (ii) above; (iv) the establishment and implementation of a school-based management information system which will gather data on teachers, students, and infrastructure; and (v) the carrying out of education studies.

4. (a) Provision of technical assistance to: (i) manage and coordinate the financial and physical execution of the Project (including procurement activities); and (ii) monitor and evaluate the Project.

(b) Provision of office equipment to the PCU.

## APPENDIX

### Section I. 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. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. "CEIP" means the Project Implementing Entity's primary education council (*Consejo de Educación Inicial y Primaria*).
4. "CSCC - Priority Attention School" means a Regular School that serves students from socio-economically disadvantaged backgrounds.
5. "CODICEN" means *Consejo Directivo Central de la Administración Nacional de Educación Pública*, the Borrower's Central Steering Committee of the National Administration of Public Education, established pursuant to the Borrower's Law No. 15.739 of March 28, 1985.
6. "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.
7. "EMP" or "Environmental Management Plan" means the Borrower's document dated July 2009, as published and available to the public on August 5, 2009 which contains the environmental protection measures in respect of the Project, including identification of existing environmental conditions and potential direct and indirect environmental impacts from the carrying out of the Project, recommendation of mitigation measures for each negative impact identified, as well as measures for enhancing each identified positive impact.
8. "Full-time School" means a primary school in the Borrower's territory that operates in seven-hour shifts.
9. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
10. "General Operational Manual" means the Borrower's manual for the Project dated August 28, 2009, including: (i) a Project implementation plan including a procurement plan for the entire Project and the Project's physical and financial timeline; (ii) the granting of capacity to the PCU coordinator to approve expenditures of up to \$150,000 equivalent included in the corresponding annual operating plan approved by CODICEN; and (iii) the EMP.

11. "Inter-Administrative Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement, pursuant to which the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity, as the same may be amended from time to time, and such term includes all schedules to said Inter-Administrative Agreement.
12. "Law No. 18.437" means Ley No. 18.437 of the Borrower, dated December 12, 2008, published in the official gazette (*Diario Oficial*) on January 16, 2009, as such law has been amended to the date of this Agreement.
13. "Original Loan Agreement" means the loan agreement for the Original Project between the Bank and the Borrower, dated June 17, 2002 (Loan No. 7113-UR), as amended through July 13, 2006.
14. "Original Project" means the Project described in Schedule 2 to the Original Loan Agreement.
15. "PCU" means the project coordination unit established in the Project Implementing Entity pursuant to the Project Implementing Entity's Resolution No. 57 (February 2, 1994), and ratified through Resolution No. 35 (October 27, 1998) and Resolution No. 40 (December 27, 2001) for the execution of the Project.
16. "PME" means any of the education improvement project (*proyectos de mejoramiento educativo*) to be carried out by an eligible School Development Commission under Part B.2 of the Original Project.
17. "PME Grant" means any of the grants of up to \$5,000 equivalent per year to be given to a School Development Commission under Part B.2 of the Original Project.
18. "PME Grant Agreement" means the agreement referred to in Section I.C.6 of Schedule 1 to the Project Agreement to be entered into between a School Development Commission and the Project Implementing Entity for the execution of Part B.2 of the Original Project.
19. "PME Operational Manual" means the manual referred to in Section I.C.1 of Schedule 1 to the Project Agreement.
20. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006.
21. "Procurement Plan" means the Borrower's procurement plan for the Project, dated August 28, 2009, 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.
22. "Project 4381-UR" means the project covered by a loan agreement entered into between the Borrower and the Bank on October 6, 1998 (as amended) and a project agreement entered into between the project Implementing Entity and the Bank on October 6, 1998.

23. "Project Agreement" means the agreement of even date herewith between the Bank and the Project Implementing Entity, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.
24. "Project Implementing Entity" or "ANEP" means the Borrower's national administration of public education (*Administración Nacional de Educación Pública*) established pursuant to the Borrower's Law No. 15.739 of March 28, 1985 .
25. "Regular School" means a primary school in the Borrower's territory that operates in four-hour shifts.
26. "School Development Commission" means any of the commissions (*comision de fomento escolar*) provided for in Article 5 of the Borrower's Law No. 8012 of October 28, 1926 and Resolution No. 7 (Act No. 997) of the Borrower's CEIP of November 4, 1993.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Paragraph (1) of Section 7.02 is modified to read as follows:

*"Section 7.02. Suspension by the Bank*

... (1) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association."

2. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The definition of the term "Conversion Date" is modified to read as follows:

"'Conversion Date' means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines."