



BICENTENARIO
URUGUAY
1811-2011



República Oriental del Uruguay
Ministerio de Economía y
Finanzas

**MINISTERIO DE ECONOMIA Y FINANZAS
MINISTERIO DE GANADERIA, AGRICULTURA Y PESCA
MINISTERIO DE RELACIONES EXTERIORES**

Montevideo, **27 DIC 2011**

11/05/001/60/352

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 al financiamiento del Proyecto de Manejo Sustentable de los Recursos Naturales y la Adaptación al Cambio Climático.-


RESULTANDO: que el monto del financiamiento asciende a U\$S 49:000.000,00 (cuarenta y nueve millones de dólares de los Estados Unidos de América), que será amortizado en un plazo de veinte años, con quince años de gracia y con una tasa de interés variable.

ASUNTO 1470

CONSIDERANDO: que corresponde proceder a la aprobación del proyecto de Contrato de Préstamo negociado y autorizar que el mismo sea suscrito, en representación del país, por el Señor Ministro de Economía y Finanzas, Ec. Fernando Lorenzo o por el Sub Secretario de Economía y Finanzas, Ec. Luis Porto, 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:**

 FS/adg
Asesor MEF

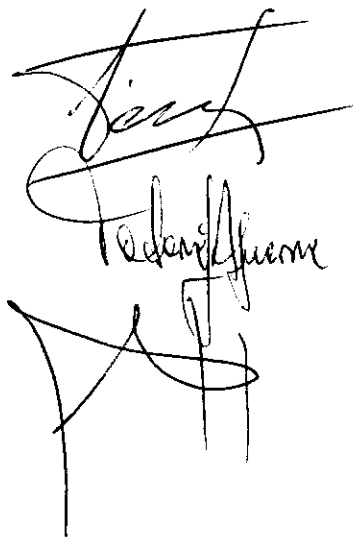
1º) Apruébase el proyecto de Contrato de Préstamo a celebrarse entre la República Oriental del Uruguay y el Banco Internacional de Reconstrucción y Fomento (B.I.R.F.) por un monto de hasta U\$S 49:000.000,00 (cuarenta y nueve millones de dólares de los Estados Unidos de América), destinado a la financiación del Proyecto de Manejo Sustentable de los Recursos Naturales y la Adaptación al Cambio Climático, cuyo texto constituye parte integrante de la presente resolución.-

2º) El referido contrato será oportunamente otorgado y suscrito en nombre y representación del país por el Señor Ministro de Economía y Finanzas, Ec. Fernando Lorenzo o por el Señor Sub Secretario de Economía y Finanzas, Ec. Luis Porto, indistintamente.-

3º) Designanse, indistintamente, a los Dres. Ricardo Pérez Blanco, Marcos Álvarez 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, etc.-



JOSE MUJICA
Presidente de la República

**Legal Department
Negotiated Draft
September 27, 2011
F. Altimari**

LOAN NUMBER _____ - _____

Loan Agreement

(Sustainable Management of Natural Resources and Climate Change Project)

between

REPÚBLICA ORIENTAL DEL URUGUAY

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated _____, 201_

LOAN AGREEMENT

Agreement dated _____, 201_, 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 forty nine million Dollars (\$49,000,000), 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. The Borrower's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its Minister of MGAP.
- 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. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate 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 (e) 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, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; 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, the Borrower, through MGAP, shall carry out the Project 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 — EFFECTIVENESS; TERMINATION

- 4.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date one hundred and twenty (120) 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 V — REPRESENTATIVE; ADDRESSES

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

5.02. The Borrower's Address is:

Colonia 1076
Tercer Piso
11200 Montevideo
Uruguay

Facsimile:

(59-82) 419-8175

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)

1-202-477-6391

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 support the Borrower's efforts to promote farmer adoption of improved environmentally sustainable agricultural and livestock practices that are climate smart.

The Project consists of the following parts:

Part 1. Establishment of an Agricultural Information and Decision Support System

Establishment of an agricultural information and decision support system, to integrate, synthesize, and generate critical and timely information in relation to natural resource management, short and medium term climate forecast, as well as potential long term changes and impacts, including:

- (a) facilitating the integration of dispersed agriculture, natural resource management and new climate-related information in an online state-of-the-art platform tailored to the needs of different users including farmers, advisory service providers, rural insurance and agricultural research and policy institutions;
- (b) improving the methodologies and spatial resolution of seasonal climate forecasts and establishing climate early warning systems;
- (c) improving real time monitoring of climate, vegetation and other variables relevant to agriculture;
- (d) simulating and evaluating the expected impacts of introducing different adaptation technologies and policies;
- (e) carrying out of training programs for, *inter alia*, staff of RENARE, INIA and DNM, farmers and advisory service providers on the use of the agriculture information and decision support system mentioned herein; and
- (f) providing feedback and advice to improve targeting of MGAP's assistance to farmers, in particular in respect of Sub-projects.

Part 2. On Farm Investments for Climate Smart Agriculture and Livestock Management

- (a) Carrying out of Subprojects consisting of investments and technical assistance to: (i) reduce farm vulnerability to extreme climatic events; (ii) improve farm productivity and sustainability; (iii) increase the availability of water resources for irrigation and livestock consumption; (iv) promote adoption of an integrated approach to natural resources management practices in agriculture and livestock production systems, including improved water use efficiency and generation of biodiversity benefits in natural pastures; and (v) promote the adoption of energy efficiency measures and the generation of cost effective and clean biomass energy in the agriculture sector.
- (b) Provision of technical assistance to Beneficiaries for the preparation and implementation of Subprojects.
- (c) Carrying out of training programs for: (i) Beneficiaries, to enhance their capabilities to implement natural resources management and climate change adaptation and mitigation activities; and (ii) rural workers engaged in natural resources management activities.

Part 3. Capacity Building and Training

Strengthening the capacity of: (a) farmers (regardless of their farm's size) and technical staff of the Borrower's advisory service providers, to adopt integrated natural resource and water management; and (b) MGAP, focused on RENARE, to implement its natural resources management programs and climate change strategy in the agricultural sector, including, *inter alia*:

- (i) the development of MGAP's web-based services related to land and water use, conservation and management;
- (ii) the updating of the Borrower's soil mapping and cartography;
- (iii) the provision of technical assistance to improve the Borrower's legal and policy framework and strengthen RENARE's operational capacity on water resources management and grasslands; and
- (iv) the provision of technical assistance to MGAP's staff in the dissemination of experiences, organization of conferences and participation in international events related to climate change.

Part 4. Project Management, Monitoring and Evaluation

- (a) Supporting the operation of the PMU for the efficient coordination and management of the Project.
- (b) Supporting the operation of a monitoring and evaluation system for the Project.
- (c) Coordinating and supervising the implementation of the training activities under the Project.
- (d) Supporting the design and implementation of a communication strategy to disseminate results and lessons learned within the Borrower's territory and in other countries acceptable to the Bank.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through MGAP, shall operate and maintain during Project execution a unit (the PMU) with organizational structure, staff, functions and responsibilities satisfactory to the Bank for the implementation, coordination and supervision of the Project.
2. For purposes of carrying out the Project, the PMU shall be assisted by technical teams within RENARE, DPSIA and DGDR.
3. Without limitation to paragraph 1 above, the Borrower shall ensure that any change of the PMU structure, staff, personnel, functions and responsibilities shall be effected only with the prior approval of the Bank.
4. The Borrower shall maintain during Project implementation an inter-ministerial coordination committee, led by the Minister of MGAP, and including the Director of OPP, the Minister of MEF and the Minister of MVOTMA, to define the policy framework related to climate change and climate variability within which Project implementation will take place.

B. Anti-Corruption

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

C. Sub-projects

1. The Borrower, through MGAP, shall make Grants to Beneficiaries to partially finance Sub-projects under Part 2 (a) of the Project, in accordance with eligibility criteria and procedures satisfactory to the Bank, which shall include the following:
 - (a) A pre-screening by DGDR of the eligibility of the Beneficiaries submitting Sub-project proposals, with regard to eligibility criteria and procedures satisfactory to the Bank, as specified in the Operational Manual.
 - (b) A review and approval by the Project's selection committee of the Sub-project proposal, on the basis of a detailed evaluation of MGAP's Rural

Development Directorate, pursuant to eligibility criteria and procedures acceptable to the Bank as further specified in the Operational Manual, which shall include the following:

- (i) unless otherwise agreed by the Bank, the amount of the proposed Grant shall be no more than: (A) eight thousand Dollars (\$8,000) equivalent for Family Producers and Medium Size Producers; and (B) fifty thousand Dollars (\$50,000) equivalent for groups of farmers and farmers' organizations;
 - (ii) the Grant shall only finance the purchase of equipment, works, goods, consultants' services, Non-Consultant Services and/or Training;
 - (iii) no Grants shall finance any activity included in the Negative List; and
 - (iv) the proposed Sub-project shall comply with the provisions of the Environmental and Social Management Framework.
2. Upon approval of a Sub-project proposal, the Borrower, through MGAP, shall make each Grant available to the pertinent Beneficiary, under a Sub-project Agreement to be entered into between the Borrower, through MGAP, and said Beneficiary, on terms and conditions satisfactory to the Bank, which shall include the following, namely, that the Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to:
- (a) suspend or terminate the right of the Beneficiary to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-project Agreement; and
 - (b) require the Beneficiary to: (i) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (ii) provide, promptly as needed, the resources required for the implementation of the Sub-project; (iii) procure the goods, works, consultant services and services to be financed out of the Grant in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives; (v) (A) maintain a financial management system and prepare financial statements in

accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; (B) at the Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; and (C) make such audited financial statements publicly available in a timely fashion and in a manner acceptable to the Bank; (vi) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and (vii) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

3. The Borrower shall exercise its rights and carry out its obligations under each Sub-project Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, terminate, abrogate, waive or fail to enforce any Sub-project Agreement or any of its provisions.
4. The Borrower, through MGAP, shall, during the first two years of the implementation of the Project and thereafter upon the Bank's request: (i) carry out operational audits covering the implementation of Sub-projects during each calendar semester, with the scope and under terms and conditions acceptable to the Bank; and (ii) not later than forty five days after each calendar semester, furnish said operational audit reports to the Bank.

D. Operational Manual

1. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank may otherwise agree, the Borrower, through MGAP, shall carry out the Project in accordance with an operational manual acceptable to the Bank (the "Operational Manual"). Except as the Bank shall otherwise agree, the Borrower shall not amend or waive any provision of the Operational Manual without the Bank's prior written approval. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.
2. The Operational Manual shall consist of different sections setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Project including, *inter alia*, the following:
 - (a) requirements regarding functions, staffing and organization of the PMU;

- (b) the draft terms of reference of key personnel of the PMU, including, *inter alia*: the PMU Director, two managers for administration and monitoring and evaluation, an information technology advisor, a procurement specialist and three coordinators for Parts 1, 2 and 3 of the Project;
- (c) the Project administrative, accounting, auditing, monitoring, reporting, financial, disbursement and procurement procedures including all pertinent standard documents and model contracts in relation thereto, including standard bidding documents in respect of each procurement method set forth in the Procurement Plan (as applicable);
- (d) the eligibility criteria and the procedures governing the approval of Sub-projects, including the Negative List;
- (e) the eligibility criteria for selecting the Beneficiaries;
- (f) the model form of a Sub-project Agreement;
- (g) the ESMF; and
- (h) the performance indicators, monitoring and evaluation strategy for the Project.

E. Safeguards

1. Without limitation to the provisions of Section 5.01 (b) of the General Conditions, the Borrower, through MGAP, shall cause the Project to be carried out in accordance with the provisions and recommendations of the Environmental and Social Management Framework (ESMF) and the procedures outlined in the Operational Manual, when applicable.
2. Wherever required in terms of the ESMF, the Borrower, through MGAP shall, for the purposes of any Sub-project activity, and prior to implementation thereof, proceed to carry out an environmental assessment under terms acceptable to the Bank, and if applicable, have the corresponding Environmental Management Plan:
 - (a) prepared in form and substance satisfactory to the Bank;
 - (b) except as otherwise agreed with the Bank, submitted to the Bank for review and approval; and
 - (c) thereafter, adopted, locally disclosed and implemented in accordance with the terms of the Environmental Management Plan and in a manner acceptable to the Bank.

3. The Borrower shall ensure that the Subprojects do not include any activity that may cause Resettlement.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

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 indicators acceptable to the Bank. 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.

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. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report not later than forty five days after the end of each calendar semester, 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. 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.
4. The Borrower, through MGAP, shall, not later than one year after the Effective Date, establish an integrated accounting and management system acceptable to the Bank.

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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
4. **Special Provisions.** Without limitation to the other provisions in Section III.A of this Schedule, the following additional provisions shall also govern the procurement of goods, works, Non-Consultant Services and consultants' services under the Project (as the case may be):
 - (a) Contracts of works, goods, Non-Consultant Services shall not be awarded to the "most convenient" bid but to the bid determined to be substantially responsive and the lowest evaluated bid, provided that the bidder is further determined to be qualified to perform the contract satisfactorily.
 - (b) Foreign bidders shall be allowed to participate in bidding processes under National Competitive Bidding.
 - (c) All procurement shall be done using standard bidding documents, standard requests for proposals, model bid evaluation forms, model proposal evaluation forms, and contract forms previously agreed with the Bank. For consultant services contracts, only the types of contracts listed in Section IV of the Consultant Guidelines may be used. The use of *Convenios* shall not be allowed.
 - (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 for goods, works and Non-Consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award.
 - (f) Bidders, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids or consultant proposals, as the case may be.

- (g) Foreign and local contractors, service providers, consultants, and suppliers shall not be required to register, establish residence in the Borrower's territory, or enter into association with other national or international bidders as a condition for submitting bids or proposals and/or for contract award.
- (h) Foreign bidders shall not be required to authenticate (*legalizar*) their bids or any documentation related to such bids with the Borrower's authorities as a prerequisite for participating in the selection process.
- (i) Foreign consultants shall not be required to authenticate (*legalizar*) their proposals or any documentation related to such proposals with the Borrower's authorities as a prerequisite for participating in the selection process.
- (j) There shall be no preference for domestic contractors.
- (k) The invitations to bid, bidding documents, minutes of bid openings, requests of 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.
- (l) The Borrower shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Bank; and (ii) update the Procurement Plan at least every six months, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.
- (m) Compliance by bidders with the norms issued by ISO with respect to any given good procured under the Project shall not be used as parameter for contract award.
- (n) A two-envelope system of procurement shall not be allowed in the procurement of goods, works or Non-Consultant Services.

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:

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Shopping
(c) Procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Bank
(d) Direct Contracting
(e) Force Account
(f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank.

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:

<u>Procurement Method</u>
(a) Quality-based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection based on Consultants' Qualifications
(e) Single-source Selection of consulting firms
(f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank
(g) Selection of consultants under Indefinite Delivery Contract or Price Agreement
(h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(i) Single-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.

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.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Goods and Non-Consultant Services (other than under Category (3))	2,600,000	80%
(2) Consultants' services and Training (other than under Category (3))	17,000,000	80%
(3) Works, goods, Non-Consultant Services and/or consultants' services under Subprojects	22,800,000	100% of amounts disbursed under the corresponding Grants
(4) Operating Costs	4,100,000	85%
(5) Unallocated	2,500,000	
TOTAL AMOUNT	49,000,000	

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 until the Bank has received payment in full of the Front-end Fee; and
 - (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$2,000,000 equivalent may be made for payments made prior to this date but on or after September 26, 2011, (but in no case more than one year prior to the date of this Agreement) for Eligible Expenditures.
2. The Closing Date is March 1, 2017.

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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each February 15 and August 15 Beginning on February 15, 2027 through August 15, 2031	9.09%
On February 15, 2032	9.10%

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

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 and revised in January 2011.
2. “Beneficiary” means each Family Producer, Medium Size Producer, groups of farmers or farmers’ organizations (vested with legal personality), which meet the eligibility criteria set forth in the Operational Manual and have been selected to carry out a Subproject.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
5. “DGDR” means MGAP’s Rural Development Directorate.
6. “DNM” means the Borrower’s National Meteorological Directorate.
7. “DPSIA” means the MGAP’s Directorate for Promotion of Information Systems.
8. “Environmental and Social Management Framework” or “ESMF” means the Borrower’s environmental and social management framework (included in the Operational Manual), disclosed in the Borrower’s territory on September 12, 2011, and at the Bank’s *Infoshop* on September 15, 2011, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions and the guidelines for the protection of natural habitats, as said framework may be amended from time to time with the prior consent of the Bank.
9. “Environmental Management Plan” or “EMP” means a Sub-project-specific environmental management plan, acceptable to the Bank, giving details of measures appropriate or required to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, together with budget and cost estimates, sources of funding, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, such environmental management plan.

10. "Family Producer" means a farmer operating as an individual or through an entity vested with legal personality in the Borrower's territory, all of which meet the following criteria set forth in the Borrower's Resolution No. 528-08, dated July 29, 2008: (a) the farm output is produced with the assistance of family labor and a maximum of two wage laborers hired on a permanent basis or 500 man/days of temporary labor per annum; (b) the farm size does not exceed 500 hectares; (c) the farm production is the main source of income or the farm should be the farmer's full time occupation; and (d) the farmer resides on the farm or in a place located 50 km, or less, from the farm.
11. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated July 31, 2010.
12. "Grant" means a grant made, or to be made, to a Beneficiary out of the proceeds of the Loan to partially finance works, goods, consultants' services, Non-Consultant Services and/or Training under any given Sub-project.
13. "INIA" means *Instituto Nacional de Investigación Agropecuaria*, the Borrower's national institute of agricultural research, created pursuant to the Borrower's Law No. 16.065, dated October 6, 1989.
14. "ISO" means International Organization for Standardization, an international-standard-setting body composed of representatives from various national standards organizations which issues world-wide proprietary industrial and commercial standards for products.
15. "Medium-Size Producer" means a farmer operating as an individual or through an entity vested with legal personality within the Borrower's territory which meets the criteria set forth in the Borrower's report *Algunos Elementos para la Definición de Productores* (Bruno Y y Tomassino H, MGAP, Anuario OPYPA 2005), dated 2005.
16. "MEF" means *Ministerio de Economía y Finanzas*, the Borrower's Ministry of Economy and Finance.
17. "MGAP" means *Ministerio de Ganadería, Agricultura y Pesca*, the Borrower's Ministry of Livestock, Agriculture and Fisheries.
18. "MVOTMA" means *Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente*, the Borrower's Ministry of Housing, Territorial Planning and Environment.
19. "Negative List" means the list, approved by the Bank, and included in the Operational Manual, specifying the activities which are not eligible for financing under Sub-projects.

20. "Non-Consultant Services" means services which will be bid and contracted on the basis of performance of measurable physical outputs, such as: (a) communications services and publishing costs; (b) preparation of soil maps; (c) cartographic services; and (d) installation services for office equipment.
21. "Operating Costs" means reasonable recurrent expenditures incurred by MGAP in connection with incremental recurrent costs associated with the implementation of the Project including, *inter alia*: (a) overtime compensation of MGAP's specialized staff and salaries of incremental non-technical staff for the PMU, including drivers; (b) operation, leasing and maintenance of: (i) office equipment, vehicles (including fuel, repairs and spare parts); and (ii) office facilities under the Project; (c) insurance for equipment and vehicles procured under the Project; (d) office utilities associated with the functioning of the PMU; (e) communications expenses required for the implementation of the Project; (f) travel and *per diem* for PMU's staff; and (g) office materials.
22. "Operational Manual" means the manual referred to in Section I.D of Schedule 2 to this Agreement, dated September 27, 2011, and as the same may be amended from time to time with the prior written consent of the Bank, and such term includes any schedules to such manual.
23. "OPP" means *Oficina de Planeamiento y Presupuesto*, the Borrower's Office for Planning and Budget.
24. "PMU" means the unit referred to in Section I.A.1 of Schedule 2 to this Agreement.
25. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
26. "Procurement Plan" means the Borrower's procurement plan for the Project, dated September 27, 2011 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
27. "RENARE" means *Dirección General de Recursos Naturales Renovables*, the Borrower's General Directorate for Renewable Natural Resources within MGAP.

28. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) standard of living adversely affected; or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; or (e) an involuntary restriction of access to natural resources in legally designated parks and protected areas (including reserves) which causes an adverse impact on the livelihoods of the affected persons.
29. “SEPA” means the Bank’s publicly accessible Procurement Plans Execution System.
30. “Sub-project” means a specific set of activities under Part 2(a) of the Project.
31. “Sub-project Agreement” means each agreement referred to in Section I.C.2 of Schedule 2 to this Agreement.
32. “Training” means reasonable expenditures (other than those expenditures for consultants’ services) incurred by MGAP and/or Beneficiaries for the purposes of the Project and directly related to the activities of the Project, including, *inter alia*, costs related to: (a) training materials; (b) travel costs and *per diems* for trainers and trainees; (c) scholarships and fellowships for training courses to be provided in the Borrower’s territory or abroad; and (d) study tours and internships in the Borrower’s territory or abroad.