CONFORMED COPY

April 11, 2011

Mr. Daoiz G. Uriate
Secretario General
Administración de las Obras Sanitarias del Estado
Carlos Roxlo 1275 Esquina Constituyente
Montevideo, Uruguay

Re: Uruguay -Preparation for the Administración de las Obras Sanitarias del Estado Modernization & Rehabilitation Program (APL4): Construction of Wastewater Treatment Plants (TF096016)
First Amendment to the Grant Agreement

Dear Sir:

We refer to the Grant Agreement for the above-captioned Project between Administración de las Obras Sanitarias del Estado (the Recipient) and the International Bank for Reconstruction and Development (the Bank) acting as administrator of grant funds provided by Spain under the Spanish Fund for Latin America and the Caribbean (SFLAC), dated June 14, 2010, (the Grant Agreement) for the benefit of the Oriental Republic of Uruguay (Member Country). Please note that capitalized terms used in this letter (the Amendment Letter) and not defined herein have the meaning ascribed in them in the Grant Agreement.

We also refer to your letter dated March 23, 2011, wherein a request is made to amend the Grant Agreement. Consequently, the Grant Agreement is hereby amended to read as follows:

1. Section 2.01 of the Annex to the Grant Agreement is hereby amended to read in its entirety as follows:

“2.01. Project Objectives and Description. The objective of the Project is to support the preparation of OSE Response to Climate Change Project (the “Associated Project”), which aims to support OSE’s adaptation to climate change by increasing the resilience of existing and future water supply and sanitation systems.

The Project consists of the following parts:

Part A: Environmental and Social Impact Assessment

(i) preparation of the Associated Project’s environmental assessment focusing on its social and environmental impacts, as well as the identification of mitigation measures which shall follow Bank guidelines, policies and procedures; and

(ii) the carrying out of at least two consultation workshops.”
Part B: Cost Benefit Analysis

Carrying out of a cost benefit analysis of the Associated Project, through financial, economic and risk evaluation, including distributive and sensitivity analysis.

Part C: Evaluation and Preparation of Technical Studies

(i) evaluation of the existing non revenue water, energy efficiency and water conservation programs and designs of water and sanitation systems, in order to identify potential improvements to be included in the Associated Project; and

(ii) carrying out of technical studies related to: (A) climate change adaptation and mitigation; and (B) integrated watershed management.

Part D: Interagency Consultation Workshops

Carrying out of at least four interagency workshops with international experts to discuss current water supply, sanitation, wastewater, urban drainage policies and regulations, watershed management, climate change adaptation/mitigation- and utility management.

Part E: Design of a Monitoring Framework

Design of a monitoring framework to evaluate the performance of the components of the Associated Project and the achievement of its Project Development Objective.”

2. Section 2.05 of the Annex to the Grant Agreement is hereby amended to read in its entirety as follows:

“2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.07 of this Agreement.”

3. Section 3.03 of the Annex to the Grant Agreement is hereby amended to read in its entirety as follows:

“3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 20, 2012.”
Please confirm your agreement with the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. Thenceforward, all the provisions of the Grant Agreement except as amended through this Amendment Letter shall remain in full force and effect. This Amendment Letter shall be executed in two counterparts, each of which shall be an original. Upon confirmation, please return one fully executed original to us. The provisions set forth in this Amendment Letter shall become effective as of the date above written upon receipt by the Bank of one fully executed original of this Amendment Letter.

Please also note that the approved restructuring paper dated will be disclosed the Bank’s external website.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Penelope Brook  
Country Director  
Country Management Unit  
Argentina, Paraguay and Uruguay

AGREED:

ADMINISTRACION DE LAS OBRAS SANITARIAS DEL ESTADO

By: /s/ Raul Sendic  
Authorized Representative

Name: Raul Sendic
Title: President
Date: April 14, 2011

By: /s/ Daoiz G. Uriarte  
Authorized Representative

Name: Daoiz G. Uriarte
Title: Secretario General
Date: April 14, 2011