Loan No. 7486-UR (Non-Communicable Diseases Prevention Project)
Amendment to the Loan Agreement

Excellency:

We refer to the Loan Agreement between the República Oriental del Uruguay (the Borrower) and the International Bank for Reconstruction and Development (the Bank) for the above-captioned Project, dated December 13, 2007, as amended (the Loan Agreement). Please note that capitalized terms used in this letter (Amendment Letter) and not defined herein have the meaning ascribed to them in the Loan Agreement.

In accordance with: (a) the findings of the Project’s mid-term review of November 2011 and the supervision mission of April 2012; and (b) the Borrower’s letter dated October 10, 2012 requesting the Bank to: (i) revise the scope of selected Project activities; (ii) revise the Project’s outcome and intermediate indicators; and (iii) modify certain implementation arrangements, I am pleased to inform you that the Bank concurs with your request and therefore proposes to amend the Loan Agreement as follows:

1. Part 3 of Schedule 1 to the Loan Agreement is hereby amended to read in its entirety as follows:

“Part 3: Implementation of the Previniendo Program

Making Capitation Payments for PPI services financed by the Previniendo Program in the Participating Departments to the Eligible Population listed in each DHIE Beneficiary Registry.”

2. A new paragraph 3 is added to Section I.A. of Schedule 2 to the Loan Agreement to read as follows:

“3. For the purposes of providing assistance to PSCU with the implementation of Parts 1, 2 and 4 of the Project the Borrower, through MSP:

(a) may enter into separate agreements with Cooperating Agencies, under terms and conditions satisfactory to the Bank (as such terms and conditions are further detailed in the Operational Manual) (the “Cooperating Agency Agreements”);

(b) shall ensure that each Cooperating Agency Agreement is prepared based on the model form approved by the Bank and included in the Operational Manual, in which the Borrower shall obtain rights adequate to protect its interests and those of the Bank, including, inter alia, the right to: (i) suspend or terminate the right of each Cooperating Agency to use the proceeds of the Loan, or obtain a refund of all or any part
of the amount of the Loan then withdrawn, upon the Cooperating Agency's failure to perform any of its obligations under the Cooperating Agency Agreement; and (ii) require each Cooperating Agency to: (A) carry out its obligations with due diligence and efficiency and in accordance with sound technical, economic, financial and managerial, and practices satisfactory to the Bank; (B) procure the goods, Non-consulting Services and Consultants' Services to be financed out of the Loan in accordance with the provisions of this Agreement; (C) maintain procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Bank, the achievement of its objectives pursuant to the Cooperating Agency Agreement; (D) maintain a simplified financial management system and records in accordance with consistently applied accounting standards acceptable to the Bank; (E) at the Bank's or the Borrower's request, have the resulting 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; (F) enable MSP and the Bank to inspect any activities that it has carried out in connection with the Project and any relevant records and documents; and (G) 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;

(c) (i) shall, and shall cause each Cooperating Agency to, exercise its rights under each Cooperating Agency Agreement, in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, shall not assign, amend, abrogate, waive or fail to enforce any of the Cooperating Agency Agreements, or any provisions thereof; and

(d) shall furnish to the Bank for its prior review, the first five Cooperating Agency Agreements.”

3. Section I.B.5 of Schedule 2 to the Loan Agreement is amended in its entirety to read as follows:

“5. The Borrower shall carry out the Project in accordance with the provisions of: (a) the Environmental Assessment; and (b) a manual (the “Operational Manual”), satisfactory to the Bank, said manual to include, *inter alia*: (i) the procedures for the carrying out, monitoring and evaluation of the Project; (ii) the criteria for the approval, implementation and monitoring of the Subprojects; (iii) the criteria, detailed rules and procedures for the Capitation Payments, including the methodology for adjusting said payments based on the performance of the participating DHIE with respect to Coverage and Sanitary Goals; (iv) draft models for the Umbrella, Health Care Provider, Annual Performance and Cooperating Agency Agreements; (v) the organizational structure of the Project (including the role and responsibilities of DIGESE, ASSE, DIGESA and each of the DHIEs, and if applicable, of the pertinent Cooperating Agencies); (vi) the Project procurement and financial management requirements and procedures; (vii) the technical, financial, administrative and fiduciary aspects of the *Previniendo* Program; (viii) the criteria to select the Cooperating Agencies; and (ix) the indicators to be used for Project monitoring and evaluation. In case of any inconsistency between any provision of the Operational Manual and this Agreement, the provision of this Agreement will prevail.”

4. The definition of “*Previniendo* Program” in the Appendix to the Loan Agreement is hereby renumbered pursuant to paragraph 5 below and amended in its entirety to read as follows:

“30. ‘Previniendo Program’ means the Borrower's program to reduce the risk factors and medical complications associated with NDC.”
5. The following new definitions are added (in its corresponding alphabetical order) to the Appendix to the Loan Agreement:

“8. ‘Cooperating Agency’ means any private or public legal entity (including any non-governmental public legal entity) with procurement, administrative experience, qualifications and a financial management system acceptable to the Bank, that may be selected, in accordance with the criteria set forth in the Operational Manual, to assist the Borrower with the implementation of Parts 1, 2 and 4 of the Project pursuant to Section I.A.3 of Schedule 2 to this Agreement.”

“9. ‘Cooperating Agency Agreement’ means the agreement referred to in Section I.A.3 (a) of Schedule 2 to this Agreement.”

All other provisions of the Loan Agreement, except as amended herein, shall remain in full force and effect.

Please confirm your agreement to the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. This Amendment Letter will be executed in two counterparts, each of which shall be deemed an original and one of which shall be returned to us. The provisions of this Amendment Letter will become effective as of the date of your countersignature, upon receipt by the Bank of one fully executed original of this Amendment Letter.

Please also note that the restructuring paper dated November 8, 2012 will be disclosed on the Bank’s external website.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By Penelope Brook
Director
Argentina, Paraguay and Uruguay
Latin America and the Caribbean Region

AGREED:

REPÚBLICA ORIENTAL DEL URUGUAY

By: [Signature]
Authorized Representative

Name: FERNANDO LORENZO
Title: [Title]
Date: 31/12/2012