December 11, 2012

His Excellency
Fernando Lorenzo Estefan
Minister of Economy and Finance
Ministry of Economy and Finance
Ministerio de Economía y Finanzas
Colonia 1089 Piso 3
Montevideo
República Oriental del Uruguay

Re: IBRD Loan 8205-UY (Uruguay Road Rehabilitation and Maintenance Program)
Additional Instructions: Disbursement Letter

Excellency:

I refer to the Loan Agreement between the International Bank for Reconstruction and Development ("World Bank") and República Oriental del Uruguay (the "Borrower") providing the above-referenced Loan (the "Loan"), dated December 11, 2012. The Loan Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of the Loan 8205-UY ("Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The capitalized terms used in this Disbursement Letter have the meanings ascribed to them in this Disbursement Letter or in the Loan Agreement (as the case may be).

I. Disbursement Arrangements

(i) Achievement of Results. When a DLR has been achieved, the Borrower will submit to the Bank, through the Task Team Leader, a notification (Results Achievement Notification) with the supporting evidence/justification that the DLR has been achieved, as per the agreed Verification Protocol (Annex 3 to the Project Appraisal Document).

(ii) Withdrawal Applications. Applications for withdrawal from the Loan Account ("Withdrawal Applications") of amounts of the Loan allocated to individual Disbursement-linked Result ("DLR") may, pursuant to the provisions of Schedule 2, Section IV of the Loan Agreement, be sent to the World Bank at any time after the World Bank has notified the Borrower in writing that it has accepted evidence of achievement of the specific DLR (Confirmation of Results Achievement).
(iii) **Withdrawal Amount.** The Withdrawal Application may be for an amount not to exceed the amount of the Loan confirmed by the World Bank for the specific DLI (and DLR) in respect of which the withdrawal is requested, as specified in the World Bank’s notice to the Borrower (Confirmation of Results Achievement).

(iv) **Advances and Recovery of Advances.** The Borrower may, in accordance with provisions of the Loan Agreement, request advances of amounts of Loan proceeds allocated to certain DLIs that have not yet been achieved. The aggregate amount of all such advances made in respect of amounts allocated to DLIs (DLRs) may not exceed the equivalent of USD $14,000,000. The specific allocation is indicated in the “Bank Disbursement Table” in Annex 3 (Disbursement Linked Indicators, Disbursement Arrangements and Verification Protocols) to the PAD, and in the Withdrawal Application will be included the amount of the advance(s) and the specific DLI(s) and DLR(s) to which it relates (Request of Advance).

The World Bank records an amount of the advance as justified (“recovered”) after it has notified the Borrower of its acceptance of the evidence of achievement of the DLI for which the advance was provided.

(v) **Program expenditure reconciliation.** As indicted in Section IV.B.5 in Schedule 2 to the Loan Agreement, after the Closing Date, the total expenditures during the life of the Program, less expenditures financed by any other sources, shall be compared to the disbursements by the Bank and any excess disbursement by the World Bank shall be refunded to the World Bank.

(vi) **Disbursement Deadline Date.** The period of disbursement of the Loan ends six months after the Closing Date (“Disbursement Deadline Date”). This is the final date established by the World Bank for receipt by the World Bank of Withdrawal Applications. Normally, to support orderly closure of the Loan Account, the World Bank does not accept Withdrawal Applications received after the Disbursement Deadline Date. The Borrower should promptly inform the World Bank of any expected implementation delays or exceptional administrative issues before these dates. The World Bank will notify the Borrower of any exception that the World Bank may make to the Disbursement Deadline Date.

(vii) **Deposits of Loan Amounts.** All withdrawals from the Loan Account shall be deposited by the World Bank into an account established at the Central Bank (Banco Central del Uruguay).

(viii) **Disbursement Conditions.** Please refer to the Withdrawal Condition(s) in the Loan Agreement (Schedule 2, Section IV.B).
II. Determination of Financing

(i) DLI #1 Cumulated number of km rehabilitated on Uruguay’s national network, with a minimum level of service of 85, as measured by the IES.

For the first evaluation period:

\[ d_1 = k_{m1} \times u \]

For each subsequent evaluation period i:

- If \( k_{m_i} - k_{m_{i-1}} \geq 50 \):
  \[ d_i = (k_{m_i} - k_{m_{i-1}}) \times u \]
- If \( k_{m_i} - k_{m_{i-1}} < 50 \):
  \[ d_i = 0 \]
- If \( k_{m_i} > 524 \):
  \[ d_i = (524 - k_{m_{i-1}}) \times u \]

Where:
- \( d_i \): actual disbursement for period i
- \( u = \text{US$} 49,620 \)
- \( k_{m_i} \): actual value reached by the indicator for period i

(ii) DLI #2 Number of km of Uruguay’s national highway network maintained through performance-based contracts

For each period of evaluation i:

\[ d_i = \min \left\{ \frac{t_i}{T_i} \times D_i, D_i \right\} \]

Where:
- \( d_i \): actual disbursement for period i
- \( D_i \): disbursement for period I, as specified in the above DLI matrix
- \( t_i \): actual value reached by the indicator for period i
- \( T_i \): target indicator value for period i.
III. Withdrawal Applications

(i) Authorized Signatories for Withdrawal Applications. An authorized signatory letter in the Form attached (Attachment I) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Withdrawal Applications:

The World Bank
Torre Bouchard
Bouchard 547
Buenos Aires, Argentina
Attention: Penelope J. Brook
Country Director
Argentina, Paraguay and Uruguay

(ii) Withdrawal Applications. Please provide completed and signed Withdrawal Applications to the address indicated below:

Banco Mundial
Setor Comercial Norte,
Quadra 02, Lote A
Edificio Corporate Finance Center
7º andar
70712-900 Brasilia, D.F.
Brazil
Attention: Monica Tambucho
Sr. Finance Officer
Loan Department

(iii) Electronic Delivery. The World Bank may permit the Borrower to electronically deliver to the World Bank Withdrawal Applications through the World Bank’s Client Connection, web-based portal. The option to deliver Withdrawal Applications to the World Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Withdrawal Applications and to receive secure identification devices (“Tokens”) from the World Bank for the purpose of delivering such Withdrawal Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Borrower with Tokens for the designated officials. Following which, the designated officials may deliver Withdrawal Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Borrower may continue to exercise the option of preparing and delivering Withdrawal Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Withdrawal Applications by the Borrower.

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1 The Ministry of Transport and Public Works will prepare the information. The Ministry of Economy and Finances will complement the information and will submit it to the World Bank.
(iv) **Terms and Conditions of Use of Tokens to Process Withdrawal Applications.** By designating officials to accept Tokens and by choosing to deliver the Withdrawal Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of Tokens") provided in *Attachment 2*; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

IV. **Other Important Information**

For additional information on disbursement arrangements and electronic delivery of Withdrawal Applications\(^2\), please visit our secure website "Client Connection" at https://clientconnection.worldbank.org.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Withdrawal Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Withdrawal Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Mr. Victor Ordonez Conde, Finance Officer at vconde@worldbank.org or a member of the Loan Department team responsible for the Uruguay portfolio at ctrln-brasilia@worldbank.org using the above reference.

Yours sincerely,

By

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

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\(^2\) Disbursement requests will be submitted to the Bank using the World Bank's standard disbursement forms signed by an authorized signatory of the Borrower. It is expected that the disbursement requests (Withdrawal Applications) will be submitted electronically using the e-disbursement functionality in the Bank's Client Connection system.
Attachments

1. Form for Designating Authorized Signatories for Withdrawal Applications

FOR OFFICIAL USE ONLY

Prepared by: Victor Ordonez, CTRLN

Cleared with and cc: Gregoire Gauthier, LCSTR
Mamadou Lamarane Deme and Natalia Bavio, LCSFM
Fabiola Altimari, LEGLE
Form of Authorized Signatory Letter

[Letterhead]

Ministry of Economy and Finance
[Street address]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Ms. Penelope J. Brook, Country Director

Re: Loan No. 8205-UY (Uruguay Road Rehabilitation and Maintenance Program)

Dear Ms. Brook:

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development (the "Bank") and República Oriental del Uruguay (the "Borrower"), dated ______, providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

For the purpose of delivering Applications to the Bank, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

[This confirms that the Borrower is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the Bank by electronic means. In full

1 Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Bank.

2 Instruction to the Borrower: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Bank.

3 Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

4 Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.
recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of Tokens"), the Borrower represents and warrants to the Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.

[Name], [position] Specimen Signature: ______________________

[Name], [position] Specimen Signature: ______________________

[Name], [position] Specimen Signature: ______________________

Yours truly,

/signed/

Minister of Economy and Finance

--- Footnote ---

5 Instruction to the Borrower: Add this paragraph if the Borrower wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. Please delete this footnote in final letter that is sent to the Bank.
Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Withdrawal Applications and Supporting Documentation

January 20, 2010

The World Bank (Bank) will provide secure identification devices (Tokens) to permit the Borrower to deliver Withdrawal Applications for withdrawal under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.

2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.

3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her
Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a “Token User”. The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.

5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.

6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.

2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.

3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.

4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.

4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.
Care of Tokens

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at http://www.rsa.com.

5. Replacement

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User’s Account.

6. Reservation of Right to disable Token

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User’s Account or both.