

CONFORMED COPY

LOAN NUMBER 7486-UR

Loan Agreement

(Non-Communicable Diseases Prevention Project)

between

REPÚBLICA ORIENTAL DEL URUGUAY

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated December 13, 2007

LOAN AGREEMENT

Agreement dated December 13, 2007, between the REPÚBLICA ORIENTAL DEL URUGUAY (“The Borrower”) and the 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 the Loan Agreement have the meanings ascribed to them in the General Conditions.

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 five million and three hundred thousand Dollars (\$25,300,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 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 Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.
- 2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread, subject to any

waiver of a portion of such interest as may be determined by the Bank from time to time; 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.

- 2.06 The Payment Dates are April 15 and October 15 in each year.
- 2.07 The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (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 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.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III—PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower, through MSP, shall carry out the Project, in technical partnership with DIGESA, ASSE and DIGESE, and with the assistance of the PSCU, all 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 - TERMINATION

- 4.01. 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 February 28, 2009.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

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

Cable:	Telex:	Facsimile:
MINECON	269 MICECON UY, Montevideo Uruguay	(59-82) 1712-2688

- 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 Montevideo, Uruguay, as of the day and year first above written.

REPÚBLICA ORIENTAL DEL URUGUAY

By /s/ Danilo Astori

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Pedro Alba

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Borrower's efforts to further strengthen its health delivery services and the current health policy framework for NCD, through the expansion of the access and quality of primary health care services related to NCD's early detection, as well as the provision of specialized medical care to avoid or reduce exposure to NCD risk factors and their health effects.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

Part 1: Strengthening of the MSP's Capacity to Address the Borrower's Changing Epidemiological Profile.

(a) Development of a health intelligence information system, focusing on optimizing information systems, including epidemiological surveillance and health monitoring and evaluation systems, with a special focus on NCD, to ultimately enhance DIGESA's capacity for health policy formulation, through: (i) the creation of an inventory of existing databases within the Borrower's health sector; (ii) the design and implementation of an integrated health insurance beneficiary database that would be actualized monthly; (iii) the strengthening of the individual databases after the inventory referred to in (i) above is concluded to enhance their quality, completeness, and connectivity; (iv) the development of additional databases based on the needs identified in the same inventory referred to in (i) above; (v) the modernization and consolidation of a public health surveillance system, including NCD and its risk factors; (vi) the strengthening of the response capacity of selected DIGESA departmental units; and (vii) the financing of eligible Subprojects for the development of investigative capacity on epidemiological surveillance and disease control (the Research Subprojects).

(b) Development of a national strategy of health promotion, aimed at promoting healthy lifestyles and NCD prevention, through: (i) the provision of training, equipment and rehabilitation of existing technological infrastructure for the MSP; (ii) the creation of the Fund for a Health and Inclusive Uruguay, for the financing of eligible Subprojects to strengthen disease prevention and health promotion at the Department level (the Disease Prevention and Health Promotion Subprojects); (iii) the carrying out of communication campaigns to educate the public on NCD risk factors; and (iv) the development of NCD prevention programs with a focus on vertical (promotion of healthy lifestyles) and horizontal prevention (promotion in settings that foster social participation).

(c) Strengthening MSP's capacity to create sound regulatory frameworks affecting essential NCD programs, to ensure their adequate enforcement, and to use

monitoring and management systems to enhance their effectiveness and efficiency, through: (i) the provision of technical assistance for the review and optimization of the current regulatory framework; and (ii) the provision of technical assistance, training and equipment to entities responsible for the certification and quality accreditation of NCD medical care procedures at the ambulatory level.

Part 2: Improve Quality of Primary Care Services for Prevalent NCD.

(a) Enhancement of technological infrastructure of primary health care facilities, as well as secondary referral centers, through the purchase of the necessary medical equipment for the detection and treatment of NCD and other pathologies.

(b) Development and implementation of an efficient monitoring and management system aimed at improving the efficiency of primary health care, with special emphasis on NCD, through: (i) the strengthening of existing production information and monitoring systems; (ii) the adoption of standards for quality assurance of care; and (iii) the creation of external certification mechanisms to ensure quality health care standards.

(c) Strengthening of the technical capacity of primary health care public providers in health promotion, screening, prevention and management of priority NCD, as well as increasing the use of primary health care services for NCD among low-income populations, through the development and implementation of a human resource development program for primary health care teams, including administrative and technical personnel, to reorient the health care model towards NCD prevention, health promotion activities and quality treatment standards, including the creation of a virtual campus to improve access to continuing education for health teams.

Part 3: Implementation of the *Previniendo* Program

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

Part 4: Project Management

Strengthening of the PSCU and other government agencies' capacity, through the provision of technical assistance, necessary goods and financing of operating costs and audits.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements.

A. Subsidiary Agreements:

1. For the purposes of implementing Part 3 of the Project, the Borrower shall:

(a) through DIGESA, enter into an agreement (the Umbrella Agreement), satisfactory to the Bank, with each participating DHIE, setting forth the technical, financial, administrative and fiduciary aspects of the Borrower's and DHIE's participation in the implementation and use of funds under the *Previniendo* Program, including, *inter alia*,: (i) the regulations pertaining to the enrolment system; (ii) the regulations pertaining to the billing of Capitation Payments; (iii) the *Nomenclador*; and (iv) the Coverage and Sanitary Goals;

(b) every year, by no later than six months after the Effective Date for the first year of the Project, and by no later than January 1 thereafter, enter into a performance agreement (the Annual Performance Agreement), satisfactory to the Bank, with each participating DHIE, setting forth annual targets for the *Previniendo* Program, work programs and resource requirements for the implementation of the Project, as well as the agreed prices for the services included in the *Nomenclador*, all on terms and conditions acceptable to the Bank;

(c) cause each participating DHIE (through the respective Umbrella Agreement) to enter into an agreement (or other formal agreement when the provider is public), satisfactory to the Bank, with each Authorized Health Care Provider (Health Care Provider Agreement), setting forth, *inter alia*, the participating DHIE's payment mechanisms with respect to each of the Authorized Health Care Providers; and

(d) (i) exercise its rights and comply with its obligations under each Umbrella Agreement and each Annual Performance Agreement in such manner as to protect the interests of the Bank and to accomplish the objective of the Project; (ii) cause each participating DHIE to exercise its rights and carry out its obligations under each Health Care Provider Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project; and (iii) except as the Bank shall otherwise agree, not assign, amend, abrogate, waive or fail to enforce any Umbrella Agreement, any Annual Performance Agreement or any of their provisions.

2. For the purposes of carrying out Parts 1(a)(vii) and 1(b)(ii) of the Project, the Borrower shall:

(a) enter into an agreement (the “Subproject Agreement”), with each Beneficiary, substantially in accordance with the terms of the Model Subproject Agreement and including, *inter alia*, the Borrower’s obligation to make part of the Loan proceeds available to the Beneficiary in the form of grants for the purposes of financing a Subproject and the Beneficiary’s obligation to: (i) use the proceeds of the grant exclusively for carrying out the Subproject; (ii) have the goods and services for the Subprojects be procured in compliance with the provisions of Section III of Schedule 2 to this Agreement; and (iii) abide by the technical and environmental practices and systems required for the Subprojects as set forth in the Operational Manual;

(b) exercise its rights and comply with its obligations under each of the Subproject Agreements in such manner as to protect the interests of the Bank and to accomplish the objectives of the Project, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive or fail to enforce any of the Subproject Agreements, or any of their provisions; and

(c) ensure, before disbursing funds under any of the Subprojects, that the respective Subproject Agreement has been signed on behalf of the parties thereto, all in accordance with the provisions of this Agreement and the terms and conditions of the Operational Manual.

B. Other Arrangements:

1. For the purposes of implementing Part 3 of the Project, the Borrower shall:

(a) prepare, and thereafter maintain during the execution of the Project, a list of eligible health services and activities (the *Nomenclador*) to be provided by Authorized Health Care Providers.

(b) develop a matrix to record the percentage of the Eligible Population that has received the initial screening and the percentage of the Eligible Population receiving the PPI, for the purposes of monitoring whether the Coverage and Sanitary Goals have been met and of transferring the Capitation Payment on a periodic basis to the participating DHIEs, all under terms of reference acceptable to the Bank.

2. The Borrower and the Bank shall jointly review once every year the Capitation Payment amount and the eligible services and activities included in the *Nomenclador*, and adjust as necessary in a manner satisfactory to both the Borrower and the Bank.

3. The Borrower shall make Capitation Payments available to eligible DHIEs, but only after said eligible DHIE has fulfilled the requirements set forth in Section I.A.1(a) and (b) of this Schedule. Such Capitation Payments shall be made in the following manner:

(a) Unless otherwise agreed by the Borrower and the Bank, during the first nine months after the signature of the relevant Annual Performance Agreement, the disbursement of the Capitation Payments would be made at 100% on the basis of a list of the Eligible Population extracted from the DHIE Beneficiary Registry, certified and validated by the Borrower.

(b) For month ten and thereafter, the Borrower shall disburse 100% of said Capitation Payment on a monthly basis, as soon as: (i) the participating DHIE has sent to the Borrower the registry with the Eligible Population enrolled in the *Previniendo* Program as of the previous month, and the Borrower has certified and validated said registry; and (ii) the Borrower has verified that the participating DHIE has met the Coverage and Sanitary Goals. In the event that the participating DHIE has not met the Coverage and Sanitary Goals, the disbursements would be adjusted according to the methodology outlined in the Operational Manual.

(c) For the purposes of the certification and validation procedure referred to in 3(a) and (b) above, the Borrower shall appoint and thereafter maintain during the execution of the Project, auditors (Concurrent Auditors) responsible for carrying out concurrent control and review and performing quarterly (or any other interval acceptable to the Bank) audits on the Coverage and Sanitary Goals, the DHIE Beneficiary Registry, and the *Previniendo* Registry, all in a manner satisfactory to the Bank.

4. The Borrower shall:

(a) maintain and strengthen, until completion of the Project, a unit within MSP (the PSCU), responsible for the management, coordination, supervision, monitoring and evaluation of the Project; and

(b) cause such unit to have a structure, responsibilities, and key staff with functions, experience, responsibilities and qualifications acceptable to the Bank as described in the Operational Manual, including: a manager, and procurement and financial management specialists.

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 and Annual Performance Agreements; (v) the organizational structure of the Project (including the role and responsibilities of DIGESE, ASSE, DIGESA and each of the DHIEs); (vi) the Project procurement and financial management requirements and procedures; (vii) the technical, financial, administrative and fiduciary aspects of the *Previniendo* Program; and

(viii) 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.

Section II. Project Monitoring, Reporting, Evaluation.

A. Project Reports.

1. 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 the indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six months after the Closing Date.

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, interim un-audited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements for the Project 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.

Section III. Procurement.

A. General

1. **Goods and Non-Consultant Services.** All goods 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-Consultant Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting

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) Least Cost Selection
(c) Selection based on Consultants' Qualifications
(d) Single-source Selection
(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the

Selection of Individual Consultants
(f) Sole 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.

E. Special Provisions

In addition and without limitation or restriction to any other provisions set forth in this Section, the Procurement Guidelines or the Consultant Guidelines, the following provisions shall govern the procurement of goods, non-consultant services and consultants' services, where applicable, under this Section.

- (a) The lowest evaluated bid shall be selected for contract award.
- (b) Foreign bidders shall be allowed to participate in national competitive bidding.
- (c) Foreign bidders may be required as a prerequisite for bidding to be registered with local authorities, provided, however, that the information to be requested from such bidders is of such nature that it will not discourage their participation.
- (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, information relating to the examination, clarification, and evaluation of bids and proposals and recommendations concerning awards shall not be disclosed to bidders or consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines).
- (f) Foreign bidders shall not be required to authenticate (*legalizar*) their bidding documents or any documentation related to such bidding documents with Uruguayan authorities as a prerequisite for participating in the selection procedure.
- (g) There shall be no preference for domestic contractors.
- (h) The prices of contracts for consultants' services over one year duration may be adjusted.

(i) Foreign consultants shall not be required to authenticate (*legalizar*) their proposals or any documentation related to such proposals with Uruguayan authorities as a prerequisite for participating in the selection criteria.

(j) The invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest, the evaluation report of bids and proposals, and contract awards of all goods, non-consultant, 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.

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 may 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
(1) Goods (except as covered by Category (3) below)	13,500,000	82%
(2) Consultant and non-consultant services, training and operating costs (except as covered by Category (3) below)	6,300,000	100%
(3) Goods and services for Subprojects under Parts 1(a)(vii) and 1(b)(ii) of the Project	800,000	100%
(4) Capitation Payments under Part 3 of the Project	3,800,000	100%
(5) Front-end Fee	-0-	Amount payable pursuant to Section 2.04 of this Agreement

		in accordance with Section 2.07 (b) of the General Conditions
(6) Premium for Interest Rate Caps and Interest Rate Collars	-0-	Amount payable pursuant to Section 2.08 (c) of this Agreement
(7) Unallocated	900,000	
TOTAL AMOUNT	25,300,000	

For the purposes of this schedule, the term:

(a) “Training” means the reasonable non-consultant expenditures incurred by the Borrower in connection with the carrying out of training activities (including workshops, conferences and seminars) under the Project, including travel costs, per diem of trainers, facilitators and stakeholders, and training materials.

(b) “Operating costs” means the reasonable costs of specialized staff and sundry recurrent expenses directly related to the performance of the Project activities, which would not have been incurred absent the Project.

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

(a) for payments made prior to the date of this Agreement, except that withdrawals under categories (1) through (3) set forth in the table in Part A of the previous section, up to an aggregate amount not to exceed \$2,530,000 equivalent, may be made for payments made prior to this date but on or after June 15, 2007 but not earlier than 12 months from the date of this Agreement, for Eligible Expenditures under the Project;

(b) for payments under Category (3) set forth in the table in Part A of the previous Section, unless the fund referred to in Part 1(b)(ii) of Schedule 1 of this Agreement has been created and its operational; and

(c) for payments under Category (4) set forth in the table in Part A of the previous Section, unless Concurrent Auditors have been appointed.

2. The Closing Date is December 31, 2012.

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 April 15 and October 15 Beginning October 15, 2012 through April 15, 2022	5%

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

Definitions

1. “Annual Performance Agreement” means any of the agreements referred to in Section I.A.1(b) of Schedule 2 to this Agreement.
2. “ASSE” means *Administración de los Servicios de Salud del Estado*, the Borrower’s Health Administration Services.
3. “Authorized Health Care Providers” means all public and private health care providers owned or contracted by DHIE (as hereinafter defined) that meet the criteria set forth in the Operational Manual (as hereinafter defined).
4. “Beneficiary” means: (a) in the case of a Disease Prevention and Health Promotion Subproject: an association, non-governmental organization, corporation or other agency, or an association or other organization representing a community, all of which meet the criteria set forth in the Operational Manual to participate in a Subproject under Part 1(b)(ii) of the Project; and (b) in the case of a Research Subproject: a health institution or personnel of a health institution that meets the criteria set forth in the Operational Manual to participate in a Subproject under Part 1(a)(vii) of the Project.
5. “Capitation Payment” means a financial transfer from the Borrower to an eligible DHIE (as hereinafter defined), in an initial amount of US\$0.70 equivalent per person in the Eligible Population (as hereinafter defined) as of each relevant month, adjusted as necessary according to the methodology outlined in the Operational Manual depending on the performance of the participating DHIE relative to the Coverage and Sanitary Goals (as hereinafter defined).
6. “Concurrent Auditors” means the auditors referred to in Section I.B.3(c) of Schedule 2 to this Agreement, that comprise: (a) the *Tribunal de Cuentas de la República*, the Borrower’s supreme audit institution, responsible for the carrying out of ex-ante external reviews of the process design; (b) the *División de Economía de la Salud*, the Borrower’s health economics division of DIGESE, responsible for the certification of the DHIE Beneficiary Registry and the *Previendo* Registry (including the validation of the coverage goals); and (c) the *Dirección Departamental de DIGESA*, DIGESA’s departmental directorate, responsible for the validation and control of the participating DHIE’s performance with respect to the sanitary goals.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
8. “Coverage and Sanitary Goals” means the targets, agreed by the Borrower and each participating DHIE in the Annual Performance Agreement, for the percentage of

- the Eligible Population (as hereinafter defined) that has received the initial screening and the percentage of the Eligible Population (as hereinafter defined) receiving the planned medical services to mitigate identified NCD risk factors.
9. “DHIE” means all the Borrower’s private and public health institutions authorized by the Borrower to provide health insurance and health care services to the population, operating in each Participating Department.
 10. “DHIE Beneficiary Registry” means the database of all beneficiaries of each participating DHIE, without any other consideration.
 11. “Department” means a political subdivision of the Borrower, and the term “Departments” means all of said political subdivisions.
 12. “DIGESA” means *Dirección General de Salud*, the MSP’s Directorate General of Health.
 13. “DIGESE” means *Dirección General de Secretaría*, the MSP’s Directorate General of Secretariat.
 14. “Disease Prevention and Health Promotion Subproject” means a set of activities designed to enhance public and private local stakeholder’s initiatives and involvement in local health promotion and preventive actions and programs, including, but not limited to, NCD programs.
 15. “Eligible Population” means all those DHIE beneficiaries 18 years of age and over.
 16. “Environmental Assessment” means the assessment prepared by the Borrower, dated June 5, 2007, which sets out the environmental protection measures in respect of the Project.
 17. “Fund for a Healthy and Inclusive Uruguay” means a fund to consolidate local capacity to generate and implement policies, programs and activities, within the conceptual framework of healthy and inclusive spaces and environments, through the provision of small grants for selected proposals developed and submitted by Beneficiaries through a national public competition.
 18. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005.
 19. “Health Care Provider Agreement” means any of the agreements referred to in Section I.A.1(c) of Schedule 2 to this Agreement.

20. “Model Subproject Agreement” means the model agreement for Subprojects to be included in the Operational Manual.
21. “MSP” means *Ministerio de Salud Pública*, the Borrower’s Ministry of Public Health.
22. “NCD” means non-communicable diseases, specifically those with higher prevalence in the Borrower’s territory including, *inter alia*, cardiovascular diseases (hypertension), diabetes and obesity.
23. “*Nomenclador*” means the list of the eligible health services referred to in Section I.B.1(a) of Schedule 2 to this Agreement.
24. “Operational Manual” means the manual referred to in paragraph I.B.5(b) of Schedule 2 of this Agreement.
25. “Participating Department” means any Department of the Borrower that meets the requirements set forth in the Operational Manual to be eligible to participate and receive funds from the *Previniendo* Program under Part 3 of the Project.
26. “PPI” means the package of initially 10 cost-effective preventive interventions for primary health care promotion and prevention for the *Previniendo* Program, materialized in the *Nomenclador*.
27. “PSCU” means the Project support and coordination unit to be created within MSP and referred to in paragraph I.B.4(a) of Schedule 2 to this Agreement.
28. “*Previniendo* Program” means the Borrower’s pilot program to reduce the risk factors and medical complications associated with NCD.
29. “*Previniendo* Registry” means the database of persons that are part of the Eligible Population who are receiving the PPI.
30. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
31. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated July 12, 2007 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.
32. “Research Subproject” means a set of activities designed to develop investigative capacity on epidemiological surveillance and disease control.

33. “Subprojects” means collectively the Research Subprojects and the Disease Prevention and Health Promotion Subprojects.
34. “Subproject Agreement” means any of the agreements referred to in paragraph I.A.2(a) to Schedule 2 to this Agreement.
35. “Umbrella Agreement” means each agreement referred to in Section I.A.1(a) of Schedule 2 to this Agreement.

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