

LOAN NUMBER 8794-UY

Loan Agreement

(Additional Financing for the Sustainable Management of Natural Resources and Climate Change Project)

between

REPÚBLICA ORIENTAL DEL URUGUAY

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPÚBLICA ORIENTAL DEL URUGUAY (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). 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) apply to and form 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 the amount of forty-two million Dollars, (\$42,000,000), as such amount may be converted from time to time through a Currency Conversion (“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 III 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 is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives 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 and Schedule 2 to this Agreement.

ARTICLE IV— EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Operational Manual has been duly updated by the Borrower, through MGAP, in a manner acceptable to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is its Minister of Economy and Finance.
- 5.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministerio de Economía y Finanzas
Colonia No. 1089, Piso 3
CP: 11100
Montevideo, Uruguay

- (b) the Borrower's Electronic Address is:

Facsimile:
(5982) 1712-2688

E-mail:
organismos.multilaterales@mef.gub.uy

5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPÚBLICA ORIENTAL DEL URUGUAY

By *Danilo Astori*
Authorized Representative

Name: Danilo Astori

Title: Minister of Economy and Finance
08-may.-2018

Date: _____

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By *Jesko Hentschel*
Authorized Representative

Name: Jesko Hentschel

Title: Country Director
08-May-2018

Date: _____

SCHEDULE 1

Project Description

The objective of the Project is to support the Borrower's efforts to promote farmer adoption of climate smart agricultural and livestock practices and improved natural resource management practices in the Project areas.

The Project consists of the following parts:

Part 1. Agricultural Information and Decision Support System

Provision of support for strengthening SNIA 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 and consolidation, with full interoperability, 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 for establishing climate early warning systems, including the consolidation of tools developed for risk management and early warning systems by using information on climate, soil, agrochemical, land uses and water layers;
- (c) simulating and evaluating the expected impacts of introducing different adaptation technologies and policies and contributing to the elaboration of forecast of agricultural production;
- (d) carrying out of awareness campaigns, dissemination and communication activities and training programs for, *inter alia*, staff of DGRN and INIA, farmers and advisory service providers, on the use and features of SNIA;
- (e) providing feedback and advice to improve targeting of MGAP's assistance to farmers, in particular in respect of Sub-projects; and
- (f) establishing a governance system for data sharing, decision making and risk management consistent with the Electronic Government Initiative to ensure SNIA's sustainability.

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

- (a) Provision of: (i) Preparation Grants; and (ii) technical assistance to Beneficiaries for the preparation and implementation of Sub-projects.
- (b) 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; (v) reduce diffused pollution load from dairy production in the Selected River Basins; (vi) promote the adoption of energy efficiency measures and the generation of cost effective and clean biomass energy in the agriculture sector; and (vii) promote the establishment of integrated systems for the combination of grazing areas with rapid-growing trees.
- (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 DGRN, to implement its natural resources management policies, 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 inventory;
- (iii) the provision of technical assistance to improve the Borrower's legal and policy framework and strengthen DGRN's operational capacity on water resources management, soil management and grasslands;
- (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;
- (v) the provision of support to DGRN to, *inter alia*: (A) expand the geographic reach of Soil Management Plans; (B) design a geo-referenced module

(Sistema de Gestión de los Planes de Usos) for the management and monitoring of said plans with the purpose of integrating it into the SNIA; (C) expand the geographic reach of the Borrower's soil mapping and cartography inventory and include said inventory into the SNIA; (D) rehabilitate the Borrower's soil laboratory; (E) strengthen the Borrower's capacity for the use of advanced modeling technology through the provision of training and the purchase of equipment; and (F) carrying out complementary studies and research on sustainable use of natural resource management; and

- (vi) the provision of support to strengthen OPYPA's capacity on the evaluation of policies in the agricultural sector and for natural resource management.

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, as set forth in the Operational Manual, for the implementation, coordination and supervision of the Project, including, *inter alia*, the responsibility of the PMU to implement, monitor and supervise the carrying out of the Project (including its financial, procurement and safeguards aspects).
2. For purposes of carrying out the Project, the PMU shall be assisted by technical teams within DGRN, DGS and DGDR.
3. The Borrower shall operate and maintain, during Project implementation, an inter-ministerial coordination team, led by the Borrower's National Secretary of Environment, Water and Climate Change, to define the policy framework related to climate change and climate variability within which Project implementation will take place.

B. Sub-projects

1. (a) The Borrower, through MGAP, shall make Preparation Grants to Beneficiaries to partially finance the preparation of Sub-project proposals, in accordance with eligibility criteria and procedures satisfactory to the Bank.
- (b) The Borrower, through MGAP, shall make each Preparation Grant available to the pertinent Beneficiary, under a Sub-project Preparation Agreement to be entered into between the Borrower, through MGAP, and said Beneficiary, on terms and conditions satisfactory to the Bank, including, *inter alia*, the obligation of the Beneficiary to: (i) comply with the provisions of the Anti-Corruption Guidelines; and (ii) ensure that the terms of reference for any consultancy required for the carrying out of feasibility studies required for the preparation of Sub-project proposals shall duly incorporate the requirements of the Bank's Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.
2. The Borrower, through MGAP, shall make Sub-project Grants to Beneficiaries to partially finance Sub-projects under Part 2 (b) 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 MGAP's selection committee of the Sub-project proposal, on the basis of a detailed evaluation of MGAP's DGDR, pursuant to eligibility criteria and procedures acceptable to the Bank as further specified in the Operational Manual, which shall include, *inter alia*, the following:
 - (i) the Sub-project Grant shall only finance the purchase of equipment, works, goods, consulting services, non-consulting services and/or Training;
 - (ii) no Sub-project Grants shall finance any activity included in the Negative List; and
 - (iii) the proposed Sub-project shall comply with the provisions of the Environmental and Social Management Framework and the Resettlement Policy Framework.
3. Upon approval of a Sub-project proposal, the Borrower, through MGAP, shall make each Sub-project 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 Sub-project Grant, or obtain a refund of all or any part of the amount of the Sub-project 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 and Section I.D of this Schedule; (ii) provide, promptly as needed, the resources required for the implementation of the Sub-project; (iii) procure the goods, works, consulting services and non-consulting services and/or Training to be financed out of the Sub-project 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) enable the Borrower and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and

(vi) 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.

4. The Borrower shall exercise its rights and carry out its obligations under each Sub-project Preparation Agreement and 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 Preparation Agreement or any Sub-project Agreement or any of their provisions.
5. Not later than nine (9) months after the Effective Date, the Borrower, through MGAP, shall hire experts with experience, qualifications and terms of reference acceptable to the Bank in accordance with Section 5.13 of the General Conditions, for purposes of assisting the PMU in the supervision of Sub-projects, and as set forth in the Operational Manual.

C. 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 and a Sub-project Preparation Agreement;
- (g) the Environmental and Social Management Framework and the Resettlement Policy Framework; and
- (h) the performance indicators, monitoring and evaluation strategy for the Project.

D. Safeguards

1. Without limitation to the provisions of Section 5.01 (b) of the General Conditions, the Borrower, through MGAP, shall and shall cause the Beneficiaries to carry out the Project in accordance with the provisions and recommendations of the Environmental and Social Management Framework (ESMF), the Resettlement Policy Framework (RPF), 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. Without limitation to the pertinent provisions of this Agreement, and if upon the definition of detailed technical designs and precise siting alignments in respect of each investment (involving works) under any given Subproject, it is determined that Resettlement will be involved, the Borrower shall, prior to the carrying out of each said works: (a) prepare and furnish to the Bank, a resettlement plan, acceptable to the Bank (which plan shall be consistent with the pertinent provisions of the Resettlement Policy Framework); and (b) immediately thereafter, implement said resettlement plan in accordance with its terms and in a manner acceptable to the Bank.
4. The Borrower shall ensure that: (a) the terms of reference for any consultancy required under Part 2 (a), Part 3 (b) (iii) and Part 3 (b) (v) (F) of the Project shall be satisfactory to the Bank following its review thereof; and (b) to that end, such terms of reference shall

duly incorporate the requirements of the Bank' Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than forty-five days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works and non-consulting services (other than under Category 3)	1,610,000	80%
(2) Consulting services and Training (other than under Category 3)	17,900,000	80%
(3) Preparation Grants and Subprojects Grants	21,180,000	100%
(4) Operating Costs	1,310,000	85%
TOTAL AMOUNT	42,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is November 16, 2021.

Section IV. Other Undertakings

A. The Borrower and the Bank hereby agree to amend the Original Loan Agreement as reflected in Schedule 4 to this Agreement.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

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”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each February 15 and August 15 Beginning February 15, 2023 through February 15, 2035	4%

SCHEDULE 4

Amendments to the Original Loan Agreement

The Borrower and the Bank hereby agree to amend the Original Loan Agreement as follows:

1. Schedule 1 is hereby amended to read in its entirety as set forth in Schedule 1 to this Agreement.
2. Any references to the term “RENARE” is hereby replaced with the term “DGRN”.
3. Any references to “consultants’ services” and “Non-Consultant Services” are hereby replaced, respectively, with “consulting services” and “non-consulting services”.
4. Section I.A. of Schedule 2 is hereby replaced to read in its entirety as set forth under Section I.B of Schedule 2 to this Agreement.
5. Section I.C of Schedule 2 is hereby replaced to read in its entirety as set forth under Section I.B of Schedule 2 to this Agreement.
6. Section I.D.2(g) of Schedule 2 is hereby amended to read in its entirety as set forth in Section I.C.2(g) of Schedule 2 to this Agreement.
7. Section I.E. of Schedule 2 is hereby amended to read in its entirety as set forth under Section I.D of Schedule 2 to this Agreement.
8. Section III of Schedule 2 is hereby amended to read in its entirety as follows:

“All goods, works, and 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 the Procurement Regulations and the provisions of the Procurement Plan.”
9. The definition of “AGESIC” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 1 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
10. The definitions of “Anti-Corruption Guidelines”; “Environmental and Social Management Framework”; “Family Producer”; “Medium Size Producer”; “Operating Costs”; “PMU”, “Preparation Grant”; and “Subprojects” in the corresponding paragraphs of Section I of the Appendix are hereby amended to read in their entirety as set forth in the corresponding paragraphs of Section I of the Appendix to this Agreement.
11. The definition of “DGRN” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 7 of

Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.

12. The definition of DGS is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 8 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
13. The definition of “Electronic Government Initiative” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 9 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
14. The definition of “Index Coneat” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 14 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
15. The definition of “OPYPA” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 23 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
16. The definition of “Procurement Regulations” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 28 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
17. The definition of “Procurement Plan” is hereby amended in its entirety to read as follows:

“Procurement Plan means the Borrower’s procurement plan for the Project, provided for under Section IV of the Procurement Regulations, as such plan may be updated from time to time with the Bank’s approval.”
18. The definition of “Resettlement Policy Framework” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 30 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
19. The definition of “Santa Lucia River Basin” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 31 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
20. The definition of “Selected River Basins” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 32 of

Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.

21. The definition of “SNIA” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 34 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
22. The definition of “Soil Management Plan” is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 35 of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.
23. The definitions of “Consultant Guidelines”, “DNM”, “ISO”, ““MVOTMA”, “Non-Consultant Services”, “Procurement Guidelines”, “RENARE” and “SEPA” set forth in Section I of the Appendix are hereby deleted in their entirety and the subsequent paragraphs renumbered accordingly.

APPENDIX

Definitions

1. “AGESIC” means *Agencia para el Desarrollo del Gobierno de Gestión Electrónica y la Sociedad de la Información y del Conocimiento*, the Borrower’s Agency for the Development of Electronic Government Management and an Information and Knowledge Society, established pursuant to Article 72 of the Borrower’s Law No.17,930, dated December 19, 2005 and duly published in the Borrower’s Official Gazette on December 23, 2005, as amended by Article 80 of the Borrower’s Law No. 18,834, dated November 4, 2011 and duly published in the Borrower’s Official Gazette on November 17, 2011.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
3. “Bank’s Safeguard Policies” means the Bank’s operational safeguard policies and procedures, set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36 and 4.37, or such policies and procedures then in force.
4. “Beneficiary” means any Family Producer, Medium Size Producer, groups of farmers or farmers’ organizations (vested with legal personality), all of which meet the eligibility criteria set forth in the Operational Manual to receive a Preparation Grant or a Sub-project Grant.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “DGDR” means MGAP’s Rural Development Directorate.
7. “DGRN” means *Dirección General de Recursos Naturales*, the Borrower’s Directorate for Natural Resources within MGAP.
8. “DGS” means the MGAP’s General Secretary Directorate.
9. “Electronic Government Initiative” means the Borrower’s initiative implemented by AGESIC that aims at advancing the transformation of public management, the quality of citizen’s attention, greater transparency, the improvement of participation mechanisms and citizen collaboration.
10. “Environmental and Social Management Framework” or “ESMF” means the Borrower’s environmental and social management framework (included in the Operational Manual), dated September 2017, published in the Borrower’s website on September 14, 2017 and on the Bank’s website on September 26, 2017 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 and guidelines for the preparation and implementation of EMPs, as said framework may be amended from time to time with the prior consent of the Bank.

11. “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.
12. “Family Producer” means a farmer operating as an individual in the Borrower’s territory, in accordance with the Borrower’s Resolutions No. 219-014, dated February 28, 2014 and No. 387-014 dated March 19, 2014 (as said Resolutions may be amended from time to time), who meets the criteria set forth in the Operational Manual.
13. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated July 14, 2017.
14. “Index Coneat 100” means the average index that measures soil productivity.
15. “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.
16. “Medium-Size Producer” means a farmer operating as an individual or through an entity vested with legal personality within the Borrower’s territory who meets the criteria set forth in the Operational Manual.
17. “MEF” means *Ministerio de Economía y Finanzas*, the Borrower’s Ministry of Economy and Finance.
18. “MGAP” means *Ministerio de Ganadería, Agricultura y Pesca*, the Borrower’s Ministry of Livestock, Agriculture and Fisheries.
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. “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) non-durable goods.
21. "Operational Manual" means the Borrower's manual dated January 3, 2015 referred to in Section I.C of Schedule 2 to this Agreement, 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.
 22. "OPP" means *Oficina de Planeamiento y Presupuesto*, the Borrower's Office for Planning and Budget.
 23. "OPYPA" means the Borrower's Office of Agricultural Programing and Policy established within MGAP.
 24. "Original Loan Agreement" means the loan agreement for the Original Project between the Borrower and the Bank, dated January 17, 2012 as amended as of the Signature Date (Loan No. 8099-UY).
 25. "Original Project" means the project described in Schedule 1 to the Original Loan Agreement.
 26. "Preparation Grant" means a grant made, or to be made, to a Beneficiary out of the proceeds of the Loan, under terms and conditions set forth in the Operational Manual, to partially finance consulting' services and non-consulting services for the preparation of a Sub-project proposal.
 27. "PMU" means the unit referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.
 28. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016.
 29. "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.
30. “Resettlement Policy Framework” or “RPF” means the Borrower’s framework, dated September 2017, acceptable to the Bank, published in the Borrower’s website on September 26, 2017 and on the Bank’s website on September 26, 2017 and included in the Operational Manual, outlining general implementation procedures, mitigation measures and monitoring procedures for Resettlement under the Project, including the procedures for preparation and implementation of resettlement action plans, when applicable, as said framework may be amended from time to time with the Bank’s prior written approval.
 31. “Santa Lucia River Basin” means, for purposes of the Project, the zone of approximately 12,300 square kilometers of the drainage area of the Santa Lucia river, comprising parts of the territories of the Borrower’s Departments of San José, Lavalleja, Florida, Canelones and Montevideo.
 32. “Selected River Basins” means the Santa Lucia River Basin and any other basin, in addition therefore, selected and agreed between the Borrower and the Bank.
 33. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
 34. “SNIA” means *Sistema Nacional de Información Agropecuaria*, the Borrower’s agricultural information and decision support system, formally established pursuant to Article 279 of the Borrower’s Law No.19,355, dated December 19, 2015 and duly published in the Borrower’s Official Gazette on December 30, 2015.
 35. “Soil Management Plan” means the plan required by Law No. 19,355 dated December 19, 2015, dully published in the Borrower’s Official Gazette on December 30, 2015, for a farmer who expects to cultivate on more than 50 hectares, which needs to include a description of the proposed cropping sequences for each farm plot.
 36. “Sub-project” means a specific set of activities under Part 2 (b) of the Project.
 37. “Sub-project Agreement” means any of the agreements referred to in Section I.B.3 of Schedule 2 to this Agreement.
 38. “Sub-project Grant” means a grant made, or to be made, to a Beneficiary out of the proceeds of the Loan to partially finance works, goods, consulting services, non-consulting services and/or Training under any given Sub-project.
 39. “Sub-project Preparation Agreement” means any of the agreements referred to in Section I.B.1 (b) of Schedule 2 to this Agreement.

40. "Training" means reasonable expenditures (other than those expenditures for consulting 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.