

OFFICIAL DOCUMENTS

LOAN NUMBER 8675-UY

Loan Agreement

(Improving the Quality of Initial and Primary Education in Uruguay Project)

between

REPÚBLICA ORIENTAL DEL URUGUAY

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 22, 2017

LOAN AGREEMENT

Agreement dated March 22, 2017, between REPÚBLICA ORIENTAL DEL URUGUAY (“Borrower”) and 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 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, on the terms and conditions set forth or referred to in this Agreement, the amount of forty million Dollars (\$40,000,000), 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 Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum; and provided furthermore 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. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in 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 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: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference 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.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
- 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 — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that the Law No. 18.437 or any provision thereof shall have been amended, suspended, abrogated, repealed, waived or not enforced in such a manner so as to materially

and adversely affect, in the opinion of the Bank, the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

- 4.02. The Additional Event of Acceleration consists of the following, namely that, any event specified in Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that, the Inter-Administrative Agreement has been executed on behalf of the Borrower and the Project Implementing Entity in a manner acceptable to the Bank.
- 5.02. The Additional Legal Matters consist of the following, namely, that the Inter-Administrative Agreement, has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the Project Implementing Entity, and is legally binding upon the Borrower and the Project Implementing Entity in accordance with the terms of the Inter-Administrative Agreement.
- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Economy and Finance.
- 6.02. The Borrower's Address is:
Ministerio de Economía y Finanzas
Colonia No. 1089, Piso 3
Montevideo, Uruguay
Facsimile: 5982 1712 2688
e-mail: organismos.multilaterales@mef.gub.uy
- 6.03. The Bank's Address is:

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

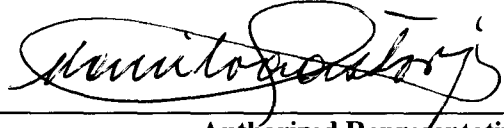
Telex: Facsimile:

248423(MCI) or 1-202-477-6391
64145(MCI)

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

REPÚBLICA ORIENTAL DEL URUGUAY

By



Authorized Representative

Name: DANILO ASTORI

Title: MINISTRO DE ECONOMÍA
Y FINANZAS

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: JESUS BEN SOLTER

Title: DIRECTOR BANCO
MUNDIAL, L.C.F.

SCHEDULE 1

Project Description

The objectives of the Project are to improve the teaching practices and the learning environment in early and primary education, as well as the internal efficiency in primary education, all in Full-Time Schools, and to strengthen the evaluation capacity of the education system.

The Project consists of the following parts:

Part 1. Early Education

1. Provision of support to increase access to early education, through the construction and/or rehabilitation of approximately twenty (20) classrooms in selected Full-Time Schools for three-year old students, including the acquisition of equipment for said Full-Time Schools.
2. Provision of support for: (a) the setting up of libraries (including a mobile shelf space) and the acquisition of didactic games and toys in every selected Full-Time School with a classroom for three year old students; (b) the scaling-up of an early-childhood evaluation (EIT) to assess students across a number of key dimensions such as self-awareness, awareness of the environment, social abilities, language, communication, and motor skills; (c) the development of a local version of an EIT; and (d) the carrying out of activities aimed at using the information produced by the EIT referred to in (b) herein.
3. Provision of in-service training for early education teachers of Full-Time Schools, through, *inter alia*: (a) the design of an in-service training course on early education; and (b) the implementation of said training course.

Part 2. Primary Education

1. (a) Construction and/or rehabilitation of approximately twenty (20) selected primary Full-Time Schools, including the acquisition of equipment for said Full-Time Schools; and (b) (i) carrying out of preventive maintenance activities in selected Full-Time Schools; and (ii) provision of technical assistance to school management committees to manage and coordinate said preventive maintenance activities.
2. Provision of technical assistance to supervisors and school principals of Full-Time Schools, including, *inter alia*, the provision of training and the preparation of guidelines on classroom management, periodic evaluations of learning, learning planning and allocation of teacher's time.

3. Provision of in-service training for primary education teachers of Full-Time Schools, through, *inter alia*: (a) the adjustment of existing in-service training programs to foster modern pedagogies adapted to the special needs and bottlenecks of the Borrower's education system; (b) the acquisition of goods required therefor; (c) the provision of technical and operational support to CEIP's teacher training institute.

Part 3. Transition between Primary and Secondary Education

1. (a) Strengthening the second cycle of primary education through the provision of in-service training for sixth grade teachers of Full-Time Schools in providing remedial support to students most at-risk in the transition to secondary education; and (b) carrying out of a pilot remedial course for sixth grade at-risk students aimed at providing them with the tools needed to succeed in their transition to secondary education, including the carrying out of a study concerning the short-term impact of said pilot remedial course.
2. Provision of support for the setting up of pilot alliances between Full-Time Schools (providing primary education) and secondary schools, in order to support primary education graduates sustain their accomplishments in their trajectory to secondary education, through, *inter alia*: (a) the fostering of student exchanges to help primary students gather information, align expectations and provide academic preparation for the transition to secondary education; and (b) the carrying out of seminars between primary education teachers of Full-Time Schools and secondary education teachers.

Part 4. Monitoring and Evaluation System

1. Strengthening the evaluation capacity of the Borrower's education system, through, *inter alia*: (a) the carrying out of standardized learning evaluations to identify learning gaps and students at risk by evaluating the learning achievements of students at the end of the second grade; (b) the enhancement of the GURI's functioning through the provision of support for: (i) the incorporation of new data fields in the system; and (ii) the improvement of GURI's interactive platforms' design; (c) the design and maintenance of an early-warning system to target at risk students with specific programs; (d) the carrying out of at least two impact evaluations to understand the impact of key components of the Project and/or identify promising low-cost innovations that could be easily scaled-up; (e) the carrying out of a nationwide diagnosis on gender equality for the education sector; and (f) the provision of technical support for the carrying out of any other studies, evaluations and/or assessments on early and primary education activities to develop education policies acceptable to the Bank.
2. Provision of support for the implementation, monitoring and evaluation of the Project, including the provision of technical assistance to enhance the Project's communication strategy and disseminate the impact of the Project's activities.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Inter-Administrative Agreement

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity, under a subsidiary agreement between the Borrower and the Project Implementing Entity, under terms and conditions approved by the Bank (the "Inter-Administrative Agreement").
2. The Borrower shall exercise its rights and carry out its obligations under the Inter-Administrative 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, abrogate, waive, terminate or fail to enforce the Inter-Administrative Agreement or any of its provisions.

B. Anti-Corruption

The Borrower shall ensure, and shall cause the Project Implementing Entity to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards.

1. The Borrower shall cause the Project Implementing Entity to ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework and the Resettlement Policy Framework.
2. The Borrower shall cause the Project Implementing Entity to ensure that the terms of reference for any consultancies related to the technical assistance provided under the Project, shall be acceptable to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirement of the Bank's Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall cause the Project Implementing Entity to: (a) monitor and evaluate the progress of the Project and prepare Project Reports; and (b) furnish to

the Bank said Project Reports, all as provided in Section II.A.1 of the Schedule to the Project Agreement.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall cause the Project Implementing Entity to maintain 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 cause the Project Implementing Entity to prepare and furnish to the Bank as part of the Project Report, interim unaudited financial reports for the Project, as provided in Section II.B.2 of the Schedule to the Project Agreement.
3. The Borrower shall cause the Project Implementing Entity to have its financial statements audited as provided in Section II.B.3 of the Schedule to the Project Agreement.

Section III. Procurement

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of the Schedule to the Project Agreement.

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 shall 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 (inclusive of Taxes)
(1) Preventive Maintenance Expenditures	3,000,000	100% of the amount of the Loan allocated to each DLI, as set forth in Schedule 4 to this Agreement
(2) Goods, works, consulting services, non-consulting services, Training and Operating Costs under the Project (except under Part 2.1(b)(i) of the Project)	36,900,000	100%
(3) Front-end Fee	100,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	40,000,000	

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 up to an aggregate amount not to exceed eight million Dollars (\$ 8,000,000) may be made for payments made prior to this date but on or after March 1, 2016 (but in no case more than one (1) year prior to the date of this Agreement), for Eligible Expenditures, provided that the pertinent obligations/conditions set forth in this Agreement and in the Additional Instructions, as applicable to each Eligible Expenditure have been complied with in a manner acceptable to the Bank; and
 - (b) under Category (1), unless the Borrower has furnished to the Bank in respect of any DLI upon submission by the Borrower, supporting documentation acceptable to the Bank confirming the achievement of the respective DLI or DLIs, as further elaborated in the Additional Instructions.

2. Notwithstanding the provisions of paragraphs 1(a) and 1(b) of this Section, if the Bank is not satisfied that any DLI under Category (1) has been achieved by the date by which the respective DLI is set to be achieved, as set forth in Schedule 4 to this Agreement, the Bank may at any time, and by notice to the Borrower, decide, in its sole discretion to:
 - (a) withhold the unwithdrawn proceeds of the Loan then allocated to said DLI (other than DLI 3) until the Bank is satisfied that said DLI has been fully achieved; or
 - (b) (i) reallocate all or a portion of the proceeds of the Loan then allocated to said DLI to any other DLI; and/or (ii) cancel all or a portion of the proceeds of the Loan then allocated to said DLI.
3. If, at any time, the Bank determines that any portion of the amounts withdrawn by the Borrower under Category (1) was made: (i) for ineligible expenditures; or (ii) not in compliance with the provisions of paragraph 1(b) of this Section, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower. The Bank may cancel such refunded amount.
4. The Closing Date is May 31, 2022.

Section V. Other Undertakings

Without limitation to the provisions set forth in Section 5.02(b) of the General Conditions, the Borrower shall take all necessary actions to enable the Project Implementing Entity to comply with its obligations under the Project Agreement.

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 February 15 and August 15 Beginning February 15, 2022 through August 15, 2026	10%

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.

SCHEDULE 4

Disbursement-Linked Indicators, (by June 30 of each year or as otherwise indicated herein)				
	2018	2019	2020	2021
ECD teachers of FTS use mobile libraries at least once a week		<p>DLI 3: 60% of ECD teachers (from a baseline of 30 ECD teachers) of FTS which have installed a mobile library use mobile libraries at least once a week during 10 consecutive months prior to January 1, 2019 <i>(Amount: US\$400,000)</i></p>		
ECD assessment results inform first grade teachers	<p>DLI 1: ECD assessment results integrated into GURI's database <i>(Amount: US\$500,000)</i></p>		<p>DLI 5: 60% of first grade teachers of all FTS (operating as of January 1, 2020) have digital access to students' ECD assessment results <i>(Amount: US\$600,000)</i></p>	<p>DLI 6: Local ECD assessment is developed and approved by the Project Implementing Entity <i>(Amount US\$600,000)</i></p>

<p>ECD teachers of FTS apply protocols for at-risk students</p>		<p>DLI 4: 60% of ECD teachers of all FTS (operating as of January 1, 2019) apply protocols for at-risk students <i>(Amount: US\$400,000)</i></p>		
<p>ECD teachers of FTS accredit in-service training courses</p>	<p>DLI 2 Guidelines for ECD teaching practices are revised and published by the Project Implementing Entity <i>(Amount: US\$500,00)</i></p>			
	<p>US\$ 1,000,000</p>	<p>US\$ 800,000</p>	<p>US\$ 600,000</p>	<p>US\$600,000</p>

APPENDIX

Section I. Definitions

1. “Additional Instructions” means the instructions referred to in Section IV.A.1 of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means 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 Safeguard Policies” means the Bank’s operational 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, 4.37, 7.50 and 7.60, as said manual is published under www.WorldBank.org/opmanual.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “ECD” means early childhood development.
6. “CEIP” means the Project Implementing Entity’s Primary Education Council (*Consejo de Educación Inicial y Primaria*).
7. “Disbursement-Linked Indicator” or “DLI” means any given indicator set forth in Schedule 4 of this Agreement, the achievement of which is a condition for disbursement of Loan proceeds under Category (1).
8. “EIT” means early-childhood evaluation.
9. “Environmental and Social Management Framework” means the Borrower’s framework, dated October 2016, acceptable to the Bank, published in the Project Implementing Entity’s website on October 7, 2016 and on the Bank’s website on October 7, 2016, and included in the Operational Manual, which sets forth, *inter alia*: (a) the applicable institutional and regulatory environmental framework governing the Project; (b) the guidelines for carrying out the environmental/social screenings/assessments and the preparation and implementation of environmental management plans when applicable; and (c) the procedures to mitigate, prevent and manage environmental and social impacts associated with the carrying out of Project activities, as said framework may be amended from time to time with the prior agreement of the Bank.
10. “Full-Time School” or “FTS” means a preschool/primary school in the territory of the Borrower and within the administrative jurisdiction of the Project

Implementing Entity that operates in seven and a half hour shifts on a daily basis; and “Full-Time Schools” means any Full-Time School.

11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
12. “GURI” means the Project Implementing Entity’s information and registries unified management system (*Sistema de Gerenciamiento Unificado de Registros e Información*).
13. “Inter-Administrative Agreement” means the agreement referred to in Section I.A.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank, and such term includes all schedules to said Inter-Administrative Agreement.
14. “Law No. 18.437” means Ley No. 18.437, General Law of Education (*Ley General de Educación*) of the Borrower, dated December 12, 2008, published in the official gazette (*Diario Oficial*) on January 16, 2009; as such law has been amended to the date of this Agreement.
15. “Operating Costs” means the reasonable expenditures (other than consulting services) incurred by the Project Implementing Entity, the PCU, the Verification Entity or any Full-Time School in connection with the implementation of the Project including, *inter alia*: rental and maintenance of equipment, vehicles and facilities, rental of office facilities, incremental salaries of the Verification Entity’s staff, office utilities, supplies and materials, and domestic travel, which expenditures would not have been incurred absent the Project.
16. “Operational Manual” means the Project Implementing Entity’s manual dated November 1, 2016 acceptable to the Bank and referred to in Section I.A.1 of the Schedule to the Project Agreement, as said manual may be amended from time to time with the prior written agreement of the Bank.
17. “PCU” means the Project coordination unit established in the Project Implementing Entity, pursuant to the Project Implementing Entity’s Resolution No. 57 (February 2, 1994), and ratified through Resolution No. 35 (October 27, 1998) and Resolution No. 40 (December 27, 2001); and referred to in Section 1.A.3(a) of the Schedule to the Project Agreement.
18. “Preventive Maintenance Expenditures” means expenditures for preventive maintenance of Full-Time School’s facilities, including minor civil works, goods and Operating Costs under Part 2.1(b)(i) of the Project, which schools meet the criteria set forth in the Operational Manual.

19. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated November 1, 2016 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.
20. “Procurement Regulations” means the “World Bank Procurement Regulations for Borrowers under Investment Project Financing”, dated July 1, 2016.
21. “Project Implementing Entity” means the Borrower’s national administration of public education (*Administración Nacional de Educación Pública*), a legal entity established pursuant to the Borrower’s Law No. 15.739 of March 28, 1985.
22. “Resettlement Policy Framework” means the Borrower’s framework, dated September 2016, acceptable to the Bank, published in the Project Implementing Entity’s website on October 7, 2016 and on the Bank’s website on October 7, 2016, 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.
23. “Training” means the reasonable expenditures incurred by the Project Implementing Entity or the PCU for the carrying out of training activities under the Project, including, *inter alia*, reasonable costs of travel, subsistence, rental of training facilities, *per diem* for trainers and trainees, registration fees and training materials.
24. “Verification Entity” means *Instituto Nacional de Evaluación Educativa* (INEED) or any other public or private entity selected and/or hired in accordance with procedures acceptable to the Bank.
25. “Verification Agreement” means the agreement referred to in Section I.A.4(a) of the Schedule to the Project Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of

a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.