

LOAN NUMBER 9305-UY

Loan Agreement

(Uruguay Agro-ecological and Climate Resilient Systems Project)

between

ORIENTAL REPUBLIC OF URUGUAY

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between ORIENTAL REPUBLIC OF 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) 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 thirty-five million and five hundred thousand Dollars, (US\$35,500,000), 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 the Borrower’s 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 15th and August 15th of 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 shall carry out the Project through MGAP, with the assistance of the Departmental Governments for Part 1.1. of the Project and the Project Implementing Entities for Part 2.4. of the Project, all 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 adopted by the Borrower, through MGAP, in a manner acceptable to the Bank.
- 4.02 The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. Except as provided in Section 2.02 of this Agreement and in the ESCP, the Borrower's Representative are, individually, its Minister of Economy and Finance and the Undersecretary of the Ministry 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; and

(b) the Borrower's Electronic Address is:

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

Facsimile:
(598) 2 1712-2688

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:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	jschwartz3@worldbank.org

AGREED as of the Signature Date.

ORIENTAL REPUBLIC OF URUGUAY

By Ms. Azucena Arbeleche
Authorized Representative

Name: Ms. Azucena Arbeleche

Title: Minister

Date: 23-mar.-2022

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By Jordan Z. Schwartz
Authorized Representative

Name: Jordan Z. Schwartz

Title: Director

Date: 18-Mar-2022

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) strengthen agricultural public systems and rural producers to increase climate change adaptation and mitigation actions and promote Agro-ecological production; and (ii) respond effectively in case of an Eligible Crisis or Emergency.

The Project consists of the following parts:

Part 1. Strengthening Decision Support Systems for Climate Resilience

1.1. Strengthening and expanding agriculture traceability systems. Provision of support for: (a) the strengthening and integration of MGAP's existing digital traceability systems, including the design and establishment of a system to register and trace veterinary and phytosanitary product sales and control the disposal of product packaging; and (b) the development of a national-level system for tagging and registration of domestic companion animals (pets) in RENAC.

1.2. Management and monitoring of agricultural chemicals. Provision of support for scaling up MGAP's Phytosanitary Applications Management and Monitoring System for phytosanitary products.

1.3. Strengthening the Natural Resources Management System. Provision of support for the development of a National Resources Management System ("NRMS"), including the provision of financing for completing the soil mapping for the entire Borrower's cultivated territory at the same scale, and for enhancing remote sensing capacity to increase the Borrower's ability to remotely monitor the use of natural resources and adherence to the mandated soil use and management plans.

1.4. Enhancing agriculture risk management mechanisms and developing risk transfer solutions. Provision of support for: (a) strengthening OPYPA's capacity to generate and systematize information related to the impact of extreme climatic events on the agricultural sector; (b) carrying out of a pilot to collect, validate and disseminate agricultural actuarial data to improve the design of selected agriculture insurance products, new risk transfer instruments and excess of loss reinsurance protection; and (c) developing and implementing a governance mechanism among public sector institutions to improve their capacity for agricultural risk management through the financing of vulnerability and risk assessments, the elaboration of an integrated agricultural risk management plan and a communication strategy for public awareness and advocacy.

1.5. Generating environmental and agricultural indicators and tracking system. Provision of support for strengthening OPYPA's capacity to track the Borrower's contributions to the Paris Agreement through Environmental Accounting, generation of a National Green House Gas (GHG) Inventory and the tracking of indicators towards reporting requirements for contributions in both GHG mitigation and adaptation, including the carrying out of an economic analysis and impact evaluation of MGAP's programs.

1.6. Improving female farmers access to decision support systems. Provision of training and capacity building activities to improve digital literacy among female producers, including a pilot

for the provision of digital literacy support and accompanying devices, to increase their access to agricultural information.

Part 2: Supporting a Transition to Agroecological Production.

2.1. Development of a strategy to define the territorial transition to agroecology. Developing an agroecology strategy for the agriculture sector to guide farmers to adopt practices and technologies consistent with agroecological production, including the definition of the parameters of an agroecological transition on-farm and with emphasis on female producers.

2.2. Strengthening of the National Institute for Animal Welfare (INBA). Provision of support to INBA to, *inter alia*: (a) comply with the requirements of Law No. 18.471 and develop a National Animal Welfare Strategy to support the implementation and monitoring of Law No. 18.471; and (ii) undertake a diagnostic of animal welfare in animal species prioritized by INBA.

2.3. Development of a farm-level model for agro-ecological production. Provision of financing for: (a) carrying out Agroecological Subprojects and (b) developing a national certification model for agroecological production.

2.4. Supporting agroecological watershed management in Cuenca Santa Lucía. Provision of financing for carrying out Dairy Producer Subprojects on dairy farms in the Cuenca Santa Lucía to incorporate on-farm technologies for manure management and reduce effluent run-off to the watershed.

Part 3: Project Management

Provision of support for overall Project management, including for: (a) the execution of fiduciary management, procurement, planning, monitoring and evaluation, training, legal and environment and social standards related activities and the carrying out of Project audits; (b) carrying out of a baseline assessment, a mid-term evaluation and an end-line assessment to examine the impact of the Project; and (c) overall implementation and monitoring of gender-related activities.

Part 4: Contingent Emergency Response.

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

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 management, procurement and safeguards aspects).
2. For purposes of carrying out the Project, the PMU shall be assisted by technical teams within MGAP, by Departmental Governments for Part 1.1. of the Project, by INBA for Part 2.2. of the Project, and by the Project Implementing Entities for Part 2.4. of the Project.

B. Force Account Agreements.

1. To facilitate the carrying out of the Part 1.1. of the Project, the Borrower, through MGAP, shall enter into an agreement with each selected Departmental Government, under terms and conditions satisfactory to the Bank, which shall include, *inter alia*, the Departmental Government's obligation to coordinate the insertion of microchips in domestic companion animals (pets) and the uploading of information in RENAC system for full traceability in the respective territory, and to carry out its responsibilities under Part 1.1. of the Project in accordance with the terms of this Agreement, the ESCP and the Operational Manual ("Force Account Agreement").
2. The Borrower shall exercise its rights under the Force Account Agreements 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 or waive the Force Account Agreements or any of its provisions.

C. Agroecological Subprojects.

1. Agroecological Subproject Agreements

The Borrower, through MGAP, shall provide a Matching Grant to an Eligible Beneficiary to partially finance the preparation and carrying out of an Agroecological Subproject under Part 2.3. of the Project, in accordance with eligibility criteria and procedures, satisfactory to the Bank, as specified in the Operational Manual, which shall include the following:

- (a) A pre-screening by MGAP/PMU of the eligibility of the Eligible Beneficiary submitting Agroecological Subproject proposals, with regard to eligibility criteria satisfactory to the Bank, as further specified in this Agreement and in the Operational Manual.

- (b) A review and approval by MGAP's selection committee of the Agroecological Subproject proposal, 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 Matching Grant shall only finance the purchase of equipment, works, goods, consulting services, non-consulting services and/or Training;
 - (ii) no Matching Grant shall finance any activity included in the Negative List; and
 - (iii) the proposed Agroecological Subproject shall comply with the provisions of the ESCP.

2. Upon approval of an Agroecological Subproject proposal, the Borrower, through MGAP, shall enter into an agreement with the pertinent Eligible Beneficiary (Agroecological Subproject Agreement), 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) require the Eligible Beneficiary to: (i) carry out its Agroecological Subproject 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 and the ESCP; (ii) provide, promptly as needed, the resources required for the implementation of the Agroecological Subproject (in accordance with the formula set forth in the Operational Manual); (iii) procure the goods, works, consulting services and non-consulting services and/or Training to be financed out of the Matching 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 satisfactory to the Bank, the progress of the Agroecological Subproject and the achievement of its objectives; (v) enable the Borrower and the Bank to inspect the Agroecological Subproject, 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.
- (b) The Borrower shall exercise its rights and carry out its obligations under each Agroecological Subproject 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 Agroecological Subproject Agreement or any of its provisions.

D. Dairy Producers Subprojects

1. Subsidiary Agreements.

- (a) To facilitate the carrying out of the Part 2.4. of the Project, the Borrower shall make part of the proceeds of the Loan available, on a non-reimbursable basis, to each Project Implementing Entity to partially finance Dairy Producers Subprojects, under an agreement between the Borrower, through MGAP, and said Project Implementing Entity, in terms and conditions satisfactory to the Bank, which shall include the Project Implementing Entity's obligation to carry out the Respective Part of the Project in accordance with the terms of this Agreement and the ESCP ("Subsidiary Agreement"), including, *inter alia*, the Project Implementing Entity obligation to: (i) procure the goods, works, consulting services and non-consulting services and/or Training and make necessary payments to contractors, suppliers and/or consultants as the case may be, for each Dairy Producers Subproject in accordance with the provisions of this Agreement; and (ii) prepare and furnish to the Borrower and the Bank all such information and documents as the Borrower or the Bank shall reasonably request relating to the financing of the Dairy Producers Subprojects.
- (b) The Borrower shall exercise its rights under the Subsidiary Agreements 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 or waive the Subsidiary Agreements or any of its provisions.

2. Dairy Producers Subproject Agreements.

Prior to the carrying out of any approved Dairy Producers Subproject by an Eligible Beneficiary, the Borrower shall cause the Project Implementing Entities to:

- (a) enter into an agreement with the pertinent Eligible Beneficiary (Dairy Producers Subproject Agreement), in terms and conditions satisfactory to the Bank, including the obligation of the pertinent Project Implementing Entity to provide the necessary funds for the Implementation of the Dairy Producer Subproject, up to an amount equivalent to US\$16,000 per producer/farm for any given Dairy Producer Subproject (as said amount may be revised from time to time by mutual agreement between the Borrower, through MGAP, and the Bank and reflected in the Operational Manual), and the obligation of each Eligible Beneficiary to: (i) carry out its Dairy Producers Subproject 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 and the ESCP; (ii) provide, promptly as needed, the resources required for the implementation of the Dairy Producers Subproject (in accordance with the formula set forth in the Operational Manual); (iii) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators satisfactory to the Bank, the progress of the Dairy Producers Subproject and the achievement of its objectives;

- (iv) enable the Borrower, the Project Implementing Entity and the Bank to inspect the Dairy Producer Subproject, its operation and any relevant records and documents; and (v) prepare and furnish to the Borrower, the Project Implementing Entity and the Bank all such information as the Borrower, the Project Implementing Entity or the Bank shall reasonably request relating to the foregoing;
- (b) exercise its rights and carry out its obligations under each Dairy Producers Subproject Agreement in such manner as to protect the interest of the Borrower and the Bank and to accomplish the objectives of the Project. Except as the Bank shall otherwise agree, the Borrower shall cause the Project Implementing Entity to not assign, amend, abrogate, terminate or waive or fail to enforce any Dairy Producers Subproject Agreement or any of its provisions.

E. Operational Manual.

1. The Borrower, through MGAP, shall adopt the Operational Manual (“Operational Manual”) containing detailed guidelines and procedures for the implementation of the Project, including with respect to: (a) administration and coordination; (b) monitoring and evaluation (including indicators); (c) financial management; (d) procurement; (e) accounting procedures; (f) environmental and social standards; (g) corruption and fraud mitigation measures; (h) a grievance redress mechanism; (i) personal data collection and processing in accordance with applicable national law and good international practice; (j) roles and responsibilities for Project implementation; (k) the eligibility criteria for the Eligible Beneficiaries; (l) the selection criteria for the Agroecological Subprojects and the Dairy Producer Subprojects; (m) models for the Agroecological Subproject Agreement and the Dairy Producers Subproject Agreement; and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.
2. The Borrower, through MGAP shall, and shall cause the Project Implementing Entities to, carry out the Project in accordance with the Operational Manual.
3. The Borrower, through MGAP, shall ensure that the Operational Manual is not amended, suspended, repealed or abrogated without the prior written approval of the Bank.
4. In the event of any conflict between the provisions of the Operational Manual and this Agreement, the provisions of this Agreement shall prevail.

F. Environmental and Social Standards.

1. The Borrower, through MGAP, shall, and shall cause the Project Implementing Entities to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through MGAP, shall, and shall cause the Project Implementing Entities to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower, through MGAP, shall ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower, through MGAP, shall ensure that:
- (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower, through MGAP, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank, as set out in the ESCP.

G. Contingent Emergency Response.

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Part”), the Borrower shall ensure that:
- (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements

- for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
 - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to the Bank.
3. The Recipient shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring Reporting and Evaluation

The Borrower, through MGAP, shall furnish to the Bank each Project Report not later than forty-five (45) 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: (a) 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, non-consulting services, consulting services, Training and Operating Costs for the Project (other than categories 2, 3, 4 and 5)	26,620,000	100%
(2) Matching Grants for Agroecological Subprojects under Part 2.3 of the Project	2,800,000	100% of the amount set forth in an Agroecological Subproject Agreement
(3) Goods, works, consulting services, and non-consulting services for Dairy Producers Subprojects under Part 2.4 of the Project	3,200,000	100%
(4) Non-consulting services provided by the Departmental Governments under Subcomponent 1.1 of the Project	2,880,000	100%
(5) Emergency Expenditures under Part 4 of the Project	0	100%
TOTAL AMOUNT	35,500,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed US\$7,100,000 may be made for payments made prior to this date but on or after April 1, 2021, for Eligible Expenditures under Category (1).

- (b) for Category (3) unless the pertinent Subsidiary Agreement has been entered into with the respective Project Implementing Entity.
 - (c) for Emergency Expenditures under Category (5), unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (5); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
 - (ii) the Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.
2. The Closing Date is November 30th, 2026.

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 th and August 15 th Beginning February 15 th , 2027 Through February 15 th , 2035	5.56%
On August 15 th , 2035	5.48%

APPENDIX

Definitions

1. “Agroecological Subprojects” means a specific set of activities in the beef and dairy livestock, fruit and horticulture, and agriculture sectors to be carried out under Part 2.3 of the Project, including *inter alia*: pest management technologies, weed management technologies, technologies for carbon storage in soil, soil management tools and technical assistance to improve commercial and production practices; and which shall be supported under Matching Grants as further detailed in Section I.C of Schedule 2 to this Agreement and in the Operational Manual.
2. “Agro-ecological Subproject Agreement” means any of the agreements referred to in Section I.C.2. of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 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.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “CERC Manual” means the manual referred to in Section I.G of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the Operational Manual.
6. “CONAPROLE” means the Borrower’s National Dairy Farmer Cooperative (*Cooperativa Nacional de Productores de Leche*), created by No. Law 9.526 of December 14, 1935, which provides dairy products for the national and international markets.
7. “Contingent Emergency Response Part” means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.
8. “*Cuenca Santa Lucía*” means the Santa Lucía watershed, located in Southern part of the Borrower’s territory.
9. “Dairy Producer Subprojects” means a specific set of activities to be carried out under Part 2.4 of the Project aiming at improving the water quality in *Cuenca Santa Lucía*, including *inter alia*: investments in manure management technologies, including waste management pools, waste separators, and filters and biodigesters, as further detailed in Section I.D of Schedule 2 to this Agreement and in the Operational Manual.
10. “Departmental Governments” means *Intendencias Departamentales*, any of the political subdivisions of the Borrower as established in Article 262 of the Borrower’s Constitution.
11. “Eligible Beneficiary” means: (a) for Agroecological Sub-projects: any small or medium size producers, groups of producers or rural associations (vested with legal personality);

- and (b) for Dairy Producer Subprojects: small producers (which own less than 300 cows) in *Cuenca Santa Lucía*, all of which meet the eligibility criteria set forth in the Operational Manual.
12. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
 13. “Emergency Action Plan” means the plan referred to in Section I.G of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
 14. “Environmental Accounting” means an accounting system that requires a modification of the System of National Accounts to incorporate the use or depletion of natural resources.
 15. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 26, 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
 16. “Environmental and Social Management Framework” or “ESMF” means the Borrower’s framework to be prepared or updated, disclosed, consulted upon, and adopted for the Project, and thereafter implemented, as set out in the ESCP, in accordance with the Environmental and Social Standards.
 17. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
 18. “Force Account Agreements” means the agreements referred to in Section I.B. of Schedule 2 to this Agreement.
 19. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December

- 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
20. “GHG” means Green House Gas.
 21. “INALE” means the Borrower’s National Milk Institute (*Instituto Nacional de la Leche*), a legal entity established under Law No. 18.242 of December 27, 2007, with the objective of seeking to be the axis of articulation of the public-private network, oriented to the development of the dairy sector, advising the government on dairy policy and planning the development of dairy sector.
 22. “INBA” means *Instituto Nacional de Bienestar Animal*, the Borrower’s Institute of Animal Welfare, created by Article 14 of the Borrower’s Law No. 18.471, as amended by Law 19.889, dated July 9, 2020, and published in the Borrower’s Official Gazette on July 14, 2020, and by Law No. 19.924, dated December 18, 2020, and published in the Borrower’s Official Gazette on December 30, 2020.
 23. “Law 18.471” means the Borrower’s law dated March 25, 2009, and published in the Borrower’s Official Gazette on April 21, 2009, as amended to date.
 24. “Matching Grant” means a grant made, or to be made, to an Eligible Beneficiary out of the proceeds of the Loan for the carry out of an Agroecological Subproject, of up to: (i) an amount equivalent to US\$16,000 for individual small or medium size producers, and an amount equivalent to US\$80,000 per group of producers or rural associations, for any given Agroecological Subproject (as said amounts may be revised from time to time by mutual agreement between the Borrower, through MGAP, and the Bank and reflected in the Operational Manual), to partially finance works, goods, consulting services, non-consulting services and/or Training under any given Agroecological Subproject, as specified in the respective Agroecological Subproject Agreement.
 25. “MEF” means *Ministerio de Economía y Finanzas*, the Borrower’s Ministry of Economy and Finance.
 26. “MGAP” means *Ministerio de Ganadería, Agricultura y Pesca*, the Borrower’s Ministry of Livestock, Agriculture and Fisheries.
 27. “National Animal Welfare Strategy” means a strategy to be developed by INBA to support its functioning under the terms of Article 16 of Law No. 18.471 (as amended by Article 377 of Law No. 19.889).
 28. “National GHG Inventory” means the national tracking of GHG emissions by sector and source.
 29. “National Resources Management System” or “NRMS” means a digital module to monitor natural resource management included in the National System for Agricultural Information (*Sistema Nacional de Información Agropecuaria-SNIA*.)

30. “Negative List” means the list, satisfactory to the Bank and included in the ESMF, specifying the activities which are not eligible for financing under the Agroecological Subprojects and Dairy Producer Subprojects.
31. “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) operation, leasing and maintenance of: (i) office equipment, laboratory equipment, vehicles (including fuel, repairs and spare parts); and (ii) office facilities under the Project; (b) insurance for equipment and vehicles procured under the Project; (c) office utilities associated with the functioning of the PMU; (d) communications expenses required for the implementation of the Project; (e) travel and *per diem* for PMU’s staff; and (f) non-durable goods.
32. “Operational Manual” means the Borrower’s manual referred to in Section I.E 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.
33. “OPYPA” means the Borrower’s Office of Agricultural Programming and Policy established within MGAP, or any successor satisfactory to the Bank.
34. “Phytosanitary Applications Management and Monitoring System” means the Borrower’s digital tool for management and monitoring of phytosanitary products.
35. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
36. “Project Implementing Entities” means CONAPROLE/PROLESA and INALE.
37. “PROLESA” means *Productores de Leche S.A.* a company within CONAPROLE group, dedicated to providing a wide variety of inputs and services for the production of dairy establishments remitting to CONAPROLE.
38. “RENAC” means *Registro Nacional de Animales de Compañía*, the Borrower’s National Registry for Domestic Animals.
39. “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.
40. “Subsidiary Agreements” means any of the two agreements referred to in Section I.D 1. of this Agreement to be entered into between: (i) the Borrower, through MGAP, CONAPROLE and PROLESA; and (ii) the Borrower, through MGAP, and INALE.