

LOAN NUMBER 9125-UY

Loan Agreement

(Uruguay COVID-19 Emergency Response 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”). 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 twenty million Dollars (US\$20,000,000), 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.
- 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, provided that the Commitment Charge for the period beginning on the date of accrual of the Commitment Charge and ending on the date of the first anniversary of such date of accrual shall be zero percent (0%).
- 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 and the MPA Program. To this end, the Borrower shall carry out the Project through MEF and MSP 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 Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. Except as provided in the ESCP, the Borrower's Representatives 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

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:
248423(MCI) or
64145(MCI)

Facsimile:
1-202-477-6391

E-mail:
jschwartz3@worldbank.org

AGREED as of the Signature Date.

REPÚBLICA ORIENTAL DEL URUGUAY

By *Azucena Arbeleche*

Authorized Representative

Name: Azucena Arbeleche

Title: Ministra de Economía y Finanzas

Date: 05-Aug-2020

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By *Jordan Schwartz*

Authorized Representative

Name: Jordan Schwartz

Title: Director

Date: 29-Jul-2020

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the detection and response capacity of the Borrower's NHIS to the threat posed by COVID-19.

The Project constitutes a phase of the MPA Program, and consists of the following parts:

Part 1: Emergency Response to COVID-19

- 1.1. ***Case Detection, Case Confirmation, Contact Tracing, Case Recording, and Case Reporting.*** Assisting the MSP to develop its disease surveillance strategy for early detection and confirmation of COVID-19 cases among NHI Beneficiaries by expanding the number of those tested, through the financing of Unit Costs of Testing Outputs paid by the PCU to HSPs.
- 1.2. ***Health System Strengthening.*** Assisting the NHIS to provide optimal medical care, and minimize patients and health personnel risk, including for front-line workers by:
 - (a) supporting NHI Beneficiary hospitalization services in specialized units of selected health providers, under approved treatment guidelines, with trained health workers and applying hospital infection control guidelines, through the financing of Unit Costs of Hospitalization Outputs paid by the PCU to HSPs; and
 - (b) strengthening the capacity of HSPs by equipping public health care facilities and hospitals for critical medical service delivery and to cope with the increased service demand posed by the COVID-19 outbreak, through the provision of, *inter alia*: protective medical supplies, especially PPE, masks, gloves, and medical equipment.

Part 2: Project Implementation Management, Monitoring, and Evaluation

Supporting Project implementation management, monitoring and evaluation through, *inter alia*: (a) the recruitment of additional personnel in MEF and MSP to carry out overall Project administration, including fiduciary, social and environmental aspects; (b) the financing of Operating Costs associated with Project coordination and implementation; and (c) the financing of the relevant monitoring and evaluation activities for the Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Emergency Preparedness and Response Plan

Without limiting any other provision of this Agreement, the Borrower shall: (a) ensure that the Project is carried out in accordance with the COVID-19 PRP; and (b) maintain, at all times during the implementation of the Project, adequate public health emergency coordination and management arrangements, all in a manner acceptable to the Bank.

2. Project Implementation and Management

(a) The Borrower, through MEF, shall operate and maintain, throughout Project implementation, the Project Coordination Unit (the "PCU") with functions, staffing and responsibilities satisfactory to the Bank, including, *inter alia*: (a) a Project coordinator; (b) a monitoring and evaluation specialist; (c) a procurement specialist; (d) a financial management specialist; and (e) technical and administrative support personnel.

(b) The Borrower shall ensure that the PCU coordinates with the following agencies for the implementation of the Project: (i) JUNASA, for all technical aspects; (ii) the UCA for the procurement aspects; (iii) the Environmental and Occupational Health Division under DIGESA for the environmental aspects; and (iv) the Department of Sectorial, Social and Welfare Analysis under JUNASA for the social aspects.

3. HSP Agreements, Outputs and Unit Costs

For purposes of carrying out Parts 1.1 and 1.2 (a) of the Project:

(a) The Borrower, through JUNASA, shall: (i) enter into an agreement with each HSP (the "HSP Agreements") under terms and conditions acceptable to the Bank, including, *inter alia*, the obligation of each HSP to provide the services included in each Output in accordance with the provisions of this Agreement, the Operational Manual, and the Anti-Corruption Guidelines; (ii) exercise its rights and carry out its obligations under each HSP Agreement in such a manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan; and (iii) except as the Bank shall otherwise agree, not amend, terminate, waive or fail to enforce any HSP Agreement or any provision thereof.

(b) No later than three months after the Effective Date, and every quarter thereafter (or other period agreed with the Bank) during Project implementation, the Borrower shall prepare a report, of such scope and in such detail as the Bank shall

reasonably request, which shall cover, *inter alia*, the validation of the quantity of Outputs achieved during the calendar quarter preceding the date of presentation of each said report, and promptly furnish the Bank a copy of said report.

- (c) The Borrower shall ensure that any withdrawal request submitted to the Bank documenting expenditures related to Outputs includes: (i) evidence, satisfactory to the Bank, of the achievement of the respective Outputs; and (ii) the quarterly report referred to in paragraph 3(b) above with the validation carried out by JUNASA.
- (d) The Unit Costs shall be revised every quarter by the Borrower and the Bank, in accordance with the procedures set forth in the Operational Manual. In addition, the Borrower may request, at any time, a review of the Unit Costs by the Bank, providing supporting documentation. If agreed by the Bank, the Unit Cost shall be updated in the Operational Manual, and thereafter apply to payments made by the PCU for Outputs financed with Loan proceeds, all in a manner acceptable to the Bank.

B. Operational Manual.

1. The Borrower, through MEF and MSP, shall, no later than one (1) month after the Effective Date, update and 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, validation, and reimbursement mechanisms for Outputs, including the calculation of the Unit Costs; 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 MEF and MSP shall carry out the Project in accordance with the Operational Manual.
3. The Borrower, through MEF and MSP, 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.

C. Environmental and Social Standards.

1. The Borrower shall 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 shall 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 shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and 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 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.

The Borrower 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.

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 year, covering the calendar year. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report, or document related to the activities described in Schedule 1 of this Agreement, the Borrower shall ensure that such information, report, or document does not include Personal Data.

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; and (b) pay each Interest Rate Cap or Interest Rate Collar premium; 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) Outputs, Goods, and Operating Costs	20,000,000	100% of the Unit Costs for Outputs; and 100% for Goods and Operating Costs
(2) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	20,000,000	

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, except that withdrawals up to an aggregate amount not to exceed \$8,000,000 may be made for payments made prior to this date but on or after December 1, 2019 (but in no case more than one year prior to the Signature Date), for Eligible Expenditures.
2. Without limitation to the provisions set forth in the DFIL and in the General Conditions, if at any time, the Bank determines that any portion of the amounts disbursed to the Borrower for Outputs was made: (a) for expenditures which are not eligible under the Project; or (b) not in compliance with the provisions of this Agreement, the DFIL, or the Operational Manual, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower.
3. The Closing Date is May 31, 2022.

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 Repayments¹

Principal Payment Date	Installment Share
On each February 15 and August 15 Beginning August 15, 2024 through August 15, 2030	7.14%
On February 15, 2031	7.18%

¹ The determination of the principal amounts of the Loan repayable on each Principal Payment Date is made in accordance with Section 3.03 of the General Conditions.

APPENDIX

Definitions

1. “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.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
4. “COVID-19 PRP” means the Borrower’s Preparedness and Response Plan for COVID-19, dated March 13, 2020 and acceptable to the Bank, as said document may be modified from time to time during the COVID-19 outbreak, and such term includes all schedules and annexes to said document.
5. “DFIL” means the Disbursement and Financial Information Letter referred to in the General Conditions.
6. “DIGESA” means *Dirección Nacional de la Salud*, the Borrower’s General Health Directorate under MSP, or any successor thereto acceptable to the Bank.
7. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated May 14, 2020, 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.
8. “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.

9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.
10. “Hospitalization Outputs” means inpatient hospitalization days for COVID-19 patients in moderate, intermediate, or intensive care under Part 1.2 (a) of the Project, which are eligible for financing out of the proceeds of the Loan in accordance with the Operational Manual, and include all of the administrative, assistance, and professional services, medical supplies, drugs, and use of equipment required to provide inpatient care services per day for COVID-19, according to available and approved technologies.
11. “HSP” means the health service providers integrated to NHIS pursuant to Article 11 of the Borrower’s Law No. 18,211 of December 5, 2007, and other specialized health service providers selected by the Borrower that meet the requirements set forth in the Operational Manual.
12. “HSP Agreement” means any of the agreements between JUNASA and each HSP referred to in Section I.A.3 (a) of Schedule 2 to this Agreement.
13. “JUNASA” means *Junta Nacional de Salud*, the Borrower’s National Health Board, a deconcentrated body under the MSP created pursuant to Article 23 of the Borrower’s Law No. 18,211 of December 5, 2007, or any successor thereto acceptable to the Bank.
14. “MEF” means *Ministerio de Economía y Finanzas*, the Borrower’s Ministry of Economy and Finance, or any successor thereto acceptable to the Bank.
15. “MPA Program” means the multiphase programmatic approach program designed to prevent, detect, and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.
16. “MSP” means *Ministerio de Salud Pública*, the Borrower’s Ministry of Public Health or any successor thereto acceptable to the Bank.
17. “NHIS” means *Sistema Nacional Integrado de Salud*, the Borrower’s National Health Integrated System created pursuant to Law No. 17,930 of December 19, 2005 and Law 18,211 of December 5, 2007.
18. “NHI” means *Seguro Nacional de Salud*, the Borrower’s National Health Insurance created pursuant to Article 57 of the Borrower’s Law No. 18,211 of December 5, 2007.
19. “NHI Beneficiaries” means the population enrolled in NHI.
20. “Operating Costs” means the reasonable costs of incremental recurrent expenditures of MEF and MSP related to Project implementation such as, *inter alia*, consumable items, banking fees (excluding any taxes levied for financial transactions), utilities and supplies, and incremental salaries of MEF and MSP staff assigned to the Project, which would not have been incurred absent the Project.

21. “Operational Manual” means the Borrower’s manual, acceptable to the Bank, referred to in Section I.B.1 of Schedule 2 to this Agreement, as said manual may be amended from time to time with the prior approval of the Bank.
22. “Outputs” means, collectively, Testing Outputs and Hospitalization Outputs.
23. “PCU” means the Project Coordination Unit referred to in paragraph 1 of Section I.A.2 (a) of Schedule 2 to this Agreement.
24. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification, number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.
25. “PPE” means personal protective equipment.
26. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
27. “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.
28. “Testing Outputs” means COVID-19 tests by the HSPs for NHI Beneficiaries under Part 1.1 of the Project, which are eligible for financing out of the proceeds of the Loan in accordance with the Operational Manual, and include all of the administrative, assistance, and professional services, medical supplies, and equipment required to test an individual for COVID-19, according to available and approved technologies.
29. “UCA” means *Unidad Centralizada de Adquisiciones*, the Borrower’s Centralized Procurement Unit within MEF, or any successor thereto acceptable to the Bank.
30. “Unit Costs” means the standardized unit cost on which Hospitalization Outputs and Testing Outputs are based, which is set forth in the Operational Manual and established according to a methodology specified in the Operational Manual, as such Unit Cost may be modified in agreement with the Bank.