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June 8, 2016

His Excellency
 Danilo Astori
 Minister of Economy and Finance
 Ministry of Economy and Finance
 Montevideo, Uruguay

*Re: Loan No. 8205-UY
 (Uruguay Road Rehabilitation and Maintenance Program)
 First Amendment to the Loan Agreement*

Excellency:

We refer to the Loan Agreement between the *República Oriental del Uruguay* (the Borrower) and the International Bank for Reconstruction and Development (the Bank) for the above-captioned Project, dated December 11, 2012 (the Loan Agreement). Please note that capitalized terms used in this letter (Amendment Letter) and not defined herein have the meaning ascribed to them in the Loan Agreement.

We also refer to your letter dated May 23, 2016, wherein a request is made to amend the Loan Agreement. I am pleased to inform you that the Bank proposes to amend the Loan Agreement as follows:

1. The Program's duration specified under the second paragraph of Schedule 1 to the Loan Agreement is amended to read as follows:

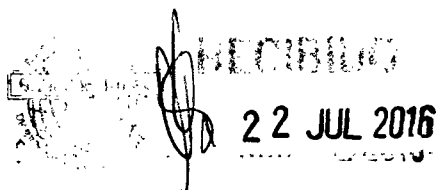
"The Program consists of the following activities to be carried out within the National Road Network from January 1, 2013 until December 31, 2016:"

2. Section IV.B.4 of Schedule 2 to the Loan Agreement is amended to read as follows:

"The Closing Date is March 31, 2017."

3. The Program Action Plan under Schedule 4 of the Loan Agreement is amended to read as set forth under Attachment I to this Amendment Letter.

4. The following definition is added, in its corresponding alphabetical order, to the Appendix to the Loan Agreement and the remaining paragraphs are renumbered as applicable:


 22 JUL 2016

“IRAP’s Methodology” means a standard methodology developed by the International Road Assessment Program (iRAP) to evaluate road infrastructure safety and propose countermeasures.

All other provisions of the Loan Agreement, except as amended herein, shall remain in full force and effect.

Please confirm your agreement to the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. This Amendment Letter will be executed in two counterparts, each of which shall be deemed an original and one of which shall be returned to us. The provisions of this Amendment Letter will become effective as of the date above-mentioned, upon receipt by the Bank of one fully executed original of this Amendment Letter.

Please also note that the restructuring paper dated June 1, 2016, will be disclosed on the Bank’s external website.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By 
Jesko S. Hentschel
Director

Argentina, Paraguay and Uruguay
Latin America and the Caribbean Region

AGREED:

REPÚBLICA ORIENTAL DEL URUGUAY

By: 
Authorized Representative

Name: Danilo Astori

Title: Ministro de Economía y Finanzas

Date: 30/6/16

SCHEDULE 4

Program Action Plan

1. Categorize the National Road Network

Define a new categorization of the National Road Network that matches the Borrower's current needs in terms of transport. Said categorization should factor in maintenance resources and define the basic characteristics of the different road categories.

Due Date: December 31, 2016

2. Strengthen Analytical Capacity Transport Modeling

Design and implement a national freight transport model to evaluate the Borrower's long-term requirements in terms of core infrastructure needs.

Due Date: December 31, 2016

3. Improve Road safety

Carry out a road safety assessment of at least 3,000 km of key national highway corridors using the IRAP's Methodology.

Due Date: December 31, 2016

4. Consolidate Processes for Works Supervision

Finalize the road works supervision manual, including a section on maintenance contracts and result-based contracts.

Due Date: December 31, 2016

5. Improve MTOP's Internal Audit Unit Capacity

Develop MTOP's internal audit unit capacity on risk-based auditing.

Due Date: December 31, 2016

6. Reduce Bidding Processes Duration

Carry out a detailed diagnostic of intermediate instances between bid evaluation and contract award, to identify bottlenecks and opportunities to improve efficiency and performance.

Due Date: December 31, 2016

7. Environmental Audits for Works

Carry out an environmental audit every six months in selected contracts of the Program.

Due Date: December 31, 2016

8. Improve Complaints and Grievance Handling Mechanism

Establish and implement a citizen attention center, within MTOP, to handle complaints, grievances, questions and suggestions related to Program implementation and MTOP duties.

Due Date: December 31, 2016

9. Strengthen Communications with Civil Society

Update MTOP internet portal to include information on road rehabilitation activities under the Program.

Due Date: December 31, 2016