

**CONFORMED COPY**

**LOAN NUMBER 7993-AR**

# **Loan Agreement**

**(Essential Public Health Functions and Programs II Project)**

**between**

**ARGENTINE REPUBLIC**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**LOAN NUMBER 7993-AR**

**LOAN AGREEMENT**

Agreement as of the Signature Date between ARGENTINE REPUBLIC (“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 the Loan 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 four hundred and sixty one million Dollars (\$461,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 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 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, 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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.
- 2.05. The Payment Dates are March 15 and September 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (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 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 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 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.
- (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.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 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 MSN, with the assistance of MEFP and the Participating Provinces, all in accordance with the provisions of Article V of the General Conditions.
- 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 Events of Suspension consist of the following:

- (a) Any Participating Province shall have failed to perform any of its obligations under its Framework Agreement and/or any of its Annual Performance Agreements, and the Borrower shall have failed to exercise its remedies under such Agreements, in which case the Bank may only suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account for expenditures incurred for Part 2.A of the Project as payments to the relevant Participating Province(s).
- (b) Any Subproject Implementing Entity shall have failed to perform any of its obligations under its Subproject Agreement, and the Borrower shall have failed to exercise its remedies under such Subproject Agreement, in which case the Bank may suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account for Eligible Expenditures incurred in respect of the pertinent Subproject.
- (c) That PROFE Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the implementation, objectives and results of Part 2.B of the Project, in which case the Bank may only suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account for expenditures incurred for Part 2.B of the Project.

4.02. The Additional Events of Acceleration consist of the following:

- (a) The event specified in Section 4.01 (c) of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.
- (b) The events specified in Section 4.01 (a) and/or 4.01 (b) of this Agreement occur for all Participating Provinces and/or Subproject Implementing Entities and is continuing for a period of 60 days after notice of the event for the last of the affected Participating Provinces and/or Subproject Implementing Entities has been given by the Bank to the Borrower.

#### **ARTICLE V—EFFECTIVENESS**

5.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on June 20, 2012.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Borrower's Representative is its Minister of Economy and Public Finance.

6.02. The Borrower's Address is:

Ministerio de Economía y Finanzas Públicas  
Hipólito Yrigoyen 250  
C1086 AAB, Buenos Aires  
Argentina

Cable:

Telex:

Facsimile:

MINISTERIO DE ECONOMIA 121942-AR  
Baires

(5411) 43498815

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

Cable address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423(MCI) or  
64145(MCI)

1-202-477-6391

AGREED at Buenos Aires, Argentina, on behalf of the Bank on April 11, 2011, and on behalf of the Borrower on April 11, 2011.

**ARGENTINE REPUBLIC**

**By /s/ Amado Boudou**

**Authorized Representative**

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By /s/ Penelope J. Brook**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are: (a) to improve the stewardship role of the Borrower's federal public health system, through the strengthening of Essential Public Health Functions; and (b) increase the coverage and clinical governance of the Priority Public Health Programs.

The Project consists of the following parts:

#### **Part 1: Strengthening of MSN's and Provincial Ministries' Stewardship Capacities and Improve the Public Health Infrastructure of the Priority Public Health Programs**

- A. Strengthening stewardship in public health of the MSN and MSPs through, *inter alia*:
  - (i) reengineering the MSN to better address NCDs through: (a) the provision of technical assistance to MSN's national planning unit, NCD Directorates and COFESA support; and (b) the provision of management training for MSN officers working with one or more Priority Public Health Programs;
  - (ii) increasing the capacity of MSN and MSPs in the management of essential public health functions and programs through, *inter alia*: (a) the provision of technical assistance; (b) the carrying out of related research studies; (c) the design and development of social communication and health promotion materials aimed at reducing selected risk factors; (d) the development of management and information systems, and provision of technical equipment; and (e) the carrying out of training through workshops and development of technological platforms; and
  - (iii) promoting innovations in health promotion to reduce risk factors through: (a) provision of technical assistance for the implementation of two pilot programs in the Pilot Provinces to promote the integration of health promotion and NCD prevention activities, and better equip health care chains and networks to address NCDs; and (b) the carrying out of Subprojects related to health promotion, epidemiological research and the prevention of STDs and HIV/AIDS.

- B. Modernizing the infrastructure of the Borrower's public health infrastructure system through, *inter alia*: (i) provision of support for epidemiologic surveillance of chronic diseases at the national and provincial levels, through *inter alia*, the carrying out of national and provincial surveys, the development of chronic disease registers, and the carrying out of training and studies for epidemiological officers; (ii) the expansion of the federal public health laboratory system to better survey chronic and infectious diseases; (iii) the refurbishment of about six provincial or regional blood banks, and the support needed to reduce the number of existing blood banks from about 200 to 50 and improve efficiency; (iv) the rehabilitation of provincial cold chain chambers for the EPI Program; (v) the rehabilitation of ANMAT's food laboratory; and (vi) the modernization and installation of supply-monitoring systems at the national, provincial, and health facility levels, including the provision of strategic health supplies.

**Part 2: Improve Results at the Provincial Level in Priority Public Health Programs**

- A. Provision of PHA Eligible Operational Costs to support the implementation of PHAs consisting of, *inter alia*: (i) public health surveillance activities, and other epidemiological technical systems; (ii) disease control activities; (iii) monitoring of compliance with national and provincial norms and standards including training and supervisory activities to improve public health quality; (iv) health promotion, communication, education and social participation activities with an emphasis on healthy lifestyles; (v) local distribution of key medical supplies for public health programs; and (vi) regulatory activities carried out by the MSPs.
- B. Improving the efficiency and performance of PROFE through, *inter alia*: (i) the financing of actuarial costs in the form of Capita Payments for each Eligible Enrolled Beneficiary, for the provision of benefits to the most vulnerable populations for high-cost low-incidence conditions and disabilities; (ii) planning the budget of Capita Payments based on actuarial costs for each Enrolled Eligible Beneficiary; (iii) modernization of PROFE's beneficiary administration roster through its linkage with the health care information system; (iv) the design and implementation of optimization mechanisms to purchase health care services for diseases of high-cost and low-incidence and other disabilities; (v) the introduction of a clinical governance system in PROFE, including the evaluation of a new payment mechanism per patient of high-cost and low-incidence diseases; and (vi) the design and implementation of standardized health promotion and prevention services for PROFE's beneficiaries.



**Part 3: Administration, Monitoring and Evaluation**

Support overall Project coordination and supervision and strengthen effectiveness and quality of Project operation through:

- A. the financing of incremental operating costs of the Coordination Unit, the UFI-S and Participating Provinces; and
- B. (i) the financing of the external technical verifications and audits referred to in Section I.E of Schedule 2 to this Agreement; and (ii) the development and implementation of Project monitoring and evaluation systems for the Project.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation and Other Arrangements**

##### **A. Institutional Arrangements**

1. The Borrower shall, through MSN:
  - (a) maintain during the execution of the Project, within MSN, a project coordination unit (CU) and an international health financing unit (UFI-S) to manage Project implementation on behalf of MSN, all with functions and responsibilities acceptable to the Bank and staffed with a coordinator, technical experts (including management-for-results specialized staff) and other personnel in number and with qualifications and experience acceptable to the Bank; and
  - (b) cause the Participating Provinces, through the Framework Agreements, to maintain during the execution of the Project, within the respective MSPs, technical staff in number and with qualifications and experience acceptable to both the Borrower and the Bank.

##### **B. Operational Manual and Operative Guidelines**

1. Without limitation to the provisions of Article V of the General Conditions, the Borrower shall, through MSN, carry out, and/or cause to be carried, the Project in accordance with an operational manual (the Operational Manual), satisfactory to the Bank, containing, *inter alia*:
  - (a) the terms of reference, functions and responsibilities for the personnel of the CU, the UFI-S and the MSPs responsible for the coordination, monitoring and evaluation of the Project;
  - (b) the criteria, detailed rules and procedures for PHA implementation, the PHA Eligible Operational Costs and the system to monitor compliance of the PHA Performance Indicators;
  - (c) further procedures to carry out the pilot activities under Part 1.A (iii) (a) of the Project;
  - (d) the procedures for the procurement of goods, works and services, as well as for financial management and audits of the Project, including positive lists, eligibility criteria, environmental and social safeguards procedures,

draft model Subproject Agreements and special procedures for the carrying out of Subprojects under Part 1.A (iii) (b) of the Project;

- (e) the indicators to be used in the monitoring and evaluation of the Project (including the PHA Performance Indicators);
  - (f) draft models for the Framework Agreements and Annual Performance Agreements, which shall include, *inter alia*, the provisions set forth in Schedule 4 to this Agreement;
  - (g) the flow and disbursement arrangements of Project funds, including the reimbursement mechanisms of the PHA Eligible Operational Costs;
  - (h) the indicators to measure, monitor, adjust and evaluate the Capita Payments, as well as the requirements and operating guidelines applicable to Part 2.B of the Project, including verification and disbursement procedures there under (including the PROFE Indicators);
  - (i) the eligibility criteria for any given Province to become a Pilot Province and/or a Participating Province under the Project;
  - (j) the Indigenous Peoples Planning Framework and Indigenous Peoples Plans, including criteria to ensure adequate and culturally appropriate access by indigenous peoples to the Project;
  - (k) the Environmental Action Plan; and
  - (l) the GAAP.
2. (a) The Borrower shall, through MSN, establish and thereafter maintain operative guidelines (the Provincial Operative Guidelines), satisfactory to the Bank, which shall contain those chapters of the Operational Manual of direct concern to the Participating Provinces and their role in the implementation of the Project. Said operative guidelines shall be an annex to the Framework Agreement to be entered into between the Borrower, through MSN, and each of the Participating Provinces.
- (b) Except as the Bank shall otherwise agree, the Borrower shall, through MSN or otherwise, not amend, waive or fail to enforce the Operational Manual or the Provincial Operative Guidelines, or any provision thereof. In case of any conflict between the provisions of this Agreement and those of the Operational Manual or the Provincial Operative Guidelines, the provisions of this Agreement shall prevail.

**C. Implementation Arrangements, Pilot Activities and Subprojects**

1. For the purposes of implementing Part 1.A (iii) (b) of the Project the Borrower shall, through MSN, enter into an agreement (the Subproject Agreement) with each of the Subproject Implementing Entities, setting forth the technical, financial, administrative, safeguard and fiduciary aspects of the Subprojects to be supported under Part 1.A (iii) (b) of the Project, under terms and conditions acceptable to the Bank, which shall include, *inter alia*, those set forth in Schedule 4 to this Agreement.
2. The Borrower, through MSN, shall: (a) exercise its rights and carry out its obligations under each Subproject 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 (b) except as the Bank shall otherwise agree, not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Subproject Agreement or any provision thereof. In case of any conflict between the provisions of this Agreement and those of the Subproject Agreements, the provisions of this Agreement shall prevail.
3. As part of the eligibility requirements to become a Pilot Province and/or a Participating Province, the Province, as determined by the Bank, shall: (a) have prepared and adopted an IPP (prepared and/or updated in accordance with the terms of the IPPF and the Operational Manual); and (b) undertake the obligation to thereafter implement and/or cause to be implemented said IPP in accordance with its terms.
4. With respect to the carrying out of any given Subproject under Part 1.A (iii) (b) of the Project, and when so determined by the Bank as set forth in the Operational Manual, the Subproject Implementing Entity shall: (a) adopt an IPP or similar acceptable instrument (prepared and/or updated in accordance with the terms of the IPPF and the Operational Manual) for the carrying out of its respective Subproject; and (b) undertake the obligation to thereafter implement and/or cause to be implemented said IPP or similar acceptable instrument in accordance with its terms.

**D. Implementation Arrangements under Part 2.A of the Project**

1. (a) The Borrower shall, through MSN, jointly with the Bank and not later than 24 months after the Effective Date, carry out a comprehensive evaluation of PHAs (considering, *inter alia*, the technical relevance of the list of PHAs, PHA Eligible Operational Costs and performance) and adjust them as necessary, in a manner satisfactory to the Bank.

- (b) Without limitation to the provisions of subparagraph (a) above, the Borrower may, through MSN, propose to the Bank additional reviews of the PHAs, the PHA Eligible Operational Costs earlier or later than as set forth in such subparagraph, and after such reviews adjust them as necessary, in a manner satisfactory to the Bank.
- 2. For the purposes of implementing the Project the Borrower shall, through MSN:
  - (a) enter into an agreement (the Framework Agreement) with each Participating Province, setting forth the technical, financial, administrative, safeguard and fiduciary aspects of the national and provincial participation in the implementation of the Project, under terms and conditions acceptable to the Bank, which shall include, *inter alia*, those set forth in Schedule 4 to this Agreement;
  - (b) every year, starting immediately after the Effective Date for the first year of the Project, and on March 31 thereafter, enter into a performance agreement (the Annual Performance Agreement) with each Participating Province, setting forth: (i) the PHAs; (ii) the maximum amount to be made available to the pertinent Participating Province under the Project; (iii) the PHA Eligible Operational Costs; (iv) the work programs and resource requirements for the implementation of the PHAs and IPPs when applicable; and (v) activities of the IPPs when applicable, all under terms and conditions acceptable to the Bank; and
  - (c) (i) exercise its rights and carry out its obligations under each Framework Agreement and each Annual Performance 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 (ii) except as the Bank shall otherwise agree, not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Framework Agreement and/or any Annual Performance Agreement or any provision thereof.
- 3. The Borrower shall, through MSN, make available the PHA Eligible Operational Costs to a Participating Province, only after said Participating Province has fulfilled the requirements set forth in this Agreement and the Operational Manual in order to become a Participating Province. The provision of such PHA Eligible Operational Costs shall be made, *inter alia*, under the following terms and conditions: (a) the maximum amount to be made available annually to each Participating Province shall be set forth in the respective Annual Performance Agreement and will be calculated in accordance with the criteria set forth in the Operational Manual; (b) the Participating Province shall comply with the PHA Performance Indicators set forth in the respective Framework Agreement and Annual Performance Agreement, and inform MSN of the compliance thereof; (c) no amounts of PHA Eligible Operating Costs shall be made available by MSN

after 24 months from the Effective Date to a Participating Province unless the MSN has verified, based on the report provided by the Technical Auditor (as referred to in Section I.E.1 (a) of this Schedule), that the PHA Performance Indicators set forth for the first 24 months of Project implementation have been met by such Participating Province.

4. (a) The Bank may finance PHA Eligible Operating Costs up to 50% of the cost of PHAs (as reflected in Category (5)) for the first 24 months counted from the Effective Date. In the event that the relevant Participating Province fails to comply with any of the agreed PHA Performance Indicators during the first 24 months counted from the Effective Date, said financing percentage will continue to apply throughout Project implementation or until full compliance with the PHA Performance Indicators is achieved; and (b) in the event of full compliance with the agreed set of PHA Performance Indicators after the second year of implementation, the Bank may, thereafter, finance PHA Eligible Operating Costs up to 80% of the cost of PHAs (as reflected in Category (5)).
5. For the purposes of implementing Part 2.A of the Project, the Borrower shall, through MSN, monitor the implementation of the PHAs and compliance with the PHA Performance Indicators, on a periodic basis, all under terms acceptable to the Bank.

**E. Other Arrangements and Audits under the Project**

1. For purposes of carrying out the Project, the Borrower shall, through MSN, appoint under terms of reference satisfactory to the Bank and thereafter maintain during the execution of the Project, an independent auditing firm with qualifications and terms of contracting satisfactory to the Bank (the Technical Auditor) responsible for:
  - (a) (i) auditing the verification procedure referred to in Section I.D.3 (c) of this Schedule, *inter alia*, on: (A) the PHA Performance Indicators; (B) the delivery of PHAs based on MSN's and Participating Provinces' registries; and (C) the continuous relevance of PHA Eligible Operational Costs (at least on an annual basis), all in a manner satisfactory to the Bank; and
  - (ii) performing an audit, not later than sixty (60) days: (A) after the end of each calendar quarter for paragraph (i) (B) herein; and (B) after the end of each calendar year of Project implementation for paragraphs (i) (A) and (i) (C) herein, and immediately thereafter issue an opinion and prepare a report (as defined in the Operational Manual) on the verifications carried out under paragraph (a) (i) herein, all in a manner acceptable to the Bank;

- (b) not later than sixty (60) days after the end of each calendar quarter during Project implementation (starting with the calendar quarter in which the Effective Date falls): (i) carry out the audit referred to in Section IV.A.5 of this Schedule; and (ii) issue an opinion and prepare a report (as defined in the Operational Manual and in the additional instructions referred to in Section IV.A.1 of this Schedule), acceptable to the Bank, on the veracity of enrollment of Eligible Beneficiaries under PROFE, the number of Enrolled Beneficiaries during the pertinent calendar quarter, as well as the status of compliance with the PROFE Indicators.
- 2. For purposes of implementing Part 2.B of the Project, the Borrower shall enact, through MSN, a ministerial resolution (the “PROFE Ministerial Resolution”) setting forth the technical, financial, administrative, safeguard and fiduciary roles, within MSN, with regard to the implementation of the Project, under terms and conditions acceptable to the Bank.

**F. Other Undertakings**

- 1. The Borrower shall, through MSN:
  - (a) not later than March 31 of each year during Project implementation, starting on the year 2011, furnish to the Bank for its approval, an annual implementation plan, each said plan to include, *inter alia*: (i) the Project activities to be carried out by the Borrower, through MSN, during the calendar year following the presentation of each said plan; and (ii) the procurement plan for each said calendar year; and
  - (b) thereafter implement each said annual implementation plan, approved by the Bank, in accordance with its terms.
- 2. At all times throughout Project implementation, and without limitation to the provisions of Section 5.03 of the General Conditions, the Borrower shall maintain in its annual national budget an amount of financing for PROFE which is at least equivalent in real terms to the amount assigned thereto in the Borrower’s national budget for fiscal year 2010.

**G. Anti-Corruption**

The Borrower, through MSN, shall ensure that the Project is carried out in accordance with the provisions of the GAAP and the Anti-Corruption Guidelines.

**Section II. Project Monitoring, Reporting, Evaluation**

**A. Project Reports**

1. The Borrower shall, through MSN, monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester (starting with the calendar semester in which the Effective Date falls), and shall be furnished to the Bank not later than two months after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower, through MSN (and through MEFP for Part 2.B of the Project) shall maintain or cause to be maintained 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, through MSN, prepare and furnish to the Bank not later than sixty days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall, through MSN, have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.
4. The Borrower shall, through MSN, not later than January 31, 2011, create and thereafter maintain throughout Project implementation, a specific national budget line entry in its annual budget in order to record all expenditures of the Project.

**Section III. Procurement**

**A. General**

1. **Goods, Non-Consultant Services and Works.** All goods, Non-Consultant Services and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.



2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Non-Consultant Services and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, Non-Consultant Services and works shall be procured under contracts awarded on the basis of International Competitive Bidding which may, at the Borrower's option be subject to Domestic Preference (which would be applicable to the procurement of goods only under International Competitive Bidding), as per paragraphs 2.55 and 2.56 of the Procurement Guidelines.
2. **Other Methods of Procurement of Goods, Non-Consultant Services and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, Non-Consultant Services and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

| <b><u>Procurement Method</u></b>  |
|---|
| (a) National Competitive Bidding  |
| (b) Shopping  |
| (c) Direct Contracting  |
| (d) Community Participation under paragraph 3.17 of the Procurement Guidelines to be utilized for Subprojects |

3. The following provisions shall apply to the procurement of goods, works and services (including consulting services):
  - (a) Foreign and local service providers, consultants and suppliers shall not be required: (i) to register; or (ii) to establish residence in Argentina or in a Province; or (iii) enter into association with other national or international bidders as a condition for submitting bids or proposals.
  - (b) In works, the price adjustment mechanism agreed upon between the Bank and the Borrower for National Competitive Bidding will apply.

- (c) Invitations to bid, bidding documents, minutes of bid opening, requests for expressions of interest, and contract award reports of all goods, works and services, including consultants, shall be published in the web page of ONC, in a manner acceptable to the Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the bidding documents, whichever is later, to the date of bid opening.
- (d) Witness prices shall not be used as a parameter for a bid evaluation or contract award.
- (e) Bidders and consultants shall not be allowed to review or make copies of others bidders' bids or consultants' proposals, as the case may be.
- (f) The Borrower shall: (i) supply the Bank's publicly accessible Procurement Plans Execution System with the information contained in the initial Procurement Plan within 30 days after such plan has been approved by the Bank; and (ii) update the Procurement Plan at least biannually or as required to reflect the actual Project implementation needs and progress and supply the Bank's Procurement Plans Execution System with the information contained in the updated Procurement Plan immediately thereafter.
- (g) A two-envelope system for procurement will not be used for procurement of goods, Non-Consultant Services and works.
- (h) For contracts for goods, works and services, other than consulting services, "the most convenient" bid shall be the one that has been determined to be substantially responsive and has been determined to be the lowest evaluated bid, provided that further the bidder is determined to be qualified to perform the contract satisfactorily.
- (i) The lowest evaluated bidder shall not be required to reduce its bid as a condition of contract award.
- (j) National Competitive Bidding procedures would be modified in order to make them identical to International Competitive Bidding procedures, exception made of the following features: (i) advertisement may be limited to the national press or official gazette, and the ONC website; (ii) the Borrower's currency may be used for the purposes of bidding and payment; (iii) the bidding period (from the date of publication of the invitation to bid or the date that the documents are available, whichever is later, to the date of bid opening) may be reduced to 30 days; and (iv) the INCOTERM clause Delivery Duty Paid (DDP) may be used for the procurement of goods.

- (k) Consultants shall not be required to submit bid or performance securities.
- (l) In information technology procurement, the Borrower's criterion for determining the eligibility of computer manufacturers established in ETAP will not apply.
- (m) Compliance by bidders with the norms issued by ISO with respect to any given good procured under the Project shall not be used as parameter for contract award.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

| <b><u>Procurement Method</u></b>   |
|--|
| (a) Consultant's Qualifications  |
| (b) Least-Cost Selection   |
| (c) Single Source  |
| (d) Fixed-Budget Selection   |
| (e) Procedures set forth in Paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants  |
| (f) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines for the Selection of Individual Consultants |

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of: (a) Article II of the General Conditions; (b) this Section; and (c) such additional instructions as the Bank may 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.

| <b><u>Category</u></b>   | <b><u>Amount of the Loan<br/>Allocated<br/>(expressed in USD)</u></b> | <b><u>Percentage of<br/>Expenditures<br/>to be financed</u></b>   |
|--|---|---|
| (1) Works, goods and consultants’ services under Part 1. B (ii), (iii), (iv) and (v) of the Project                                      | 48,000,000  | 80%   |
| (2) Eligible Medical Supplies  | 50,000,000  | 100% until disbursements under this Category have reached an aggregate amount of \$10,000,000; 70% until disbursements under this Category have reached an aggregate amount of \$30,000,000; and 50% thereafter |
| (3) Subprojects  | 2,000,000   | 100%  |
| (4) Goods, consultants’ services, Non-Consultant Services and Training under the Project, excluding for Categories (2), (3), (5) and (6) | 35,887,000  | 75%   |
| (5) Public Health Activities   | 42,010,500  | 100% of PHA Eligible Operational Costs paid by MSN to a Participating Province as per the terms of the respective Framework Agreement   |

| <b><u>Category</u></b>  | <b><u>Amount of the Loan<br/>Allocated<br/>(expressed in USD)</u></b> | <b><u>Percentage of<br/>Expenditures<br/>to be financed</u></b>   |
|---|---|---|
| (6) Capita Payments under<br>Part 2.B (i) of the Project          | 280,000,000   | 100%, as further specified<br>in Section IV.A.3 of this<br>Schedule   |
| (7) Project Operating Costs                                       | 1,950,000   | 75%   |
| (8) Front-end Fee   | 1,152,500   | Amount payable pursuant<br>to Section 2.03 of this<br>Agreement in accordance<br>with Section 2.07 (b) of the<br>General Conditions |
| (9) Premia for Interest Rate<br>Caps and Interest Rate<br>Collars | 0   | Amount due under Section<br>2.07 (c) of this Agreement  |
| <b>TOTAL AMOUNT</b>   | <b>461,000,000</b>  |   |

- (a) the term “Project Operating Costs” means the reasonable cost of recurrent expenditures of MSN and MSPs (including the CU) in Project implementation (excluding PHAs) such as consumable items, utilities and supplies, travel costs for supervision in the field, which would not have been incurred absent the Project; and
  - (b) the term “Training” means expenditures (other than those for consultants’ services and for PHAs) incurred by MSN to finance reasonable transportation costs and *per diem* of trainees and trainers (if applicable), course registration fees, and rental of training facilities, materials and equipment under the Project.
- 3. The Capita Payment shall be managed pursuant to agreed guidelines, as set forth below and further detailed in the Operational Manual and, as applicable, linked to satisfactory completion of the PROFE Indicators:
  - (a) during the first ten months after the Effective Date, Loan proceeds under Category (6) shall finance 100% of the Capita Payment and disburse said amount for each Eligible Enrolled Beneficiary as certified by the Bank, up to a ceiling of \$140,000,000;
  - (b) for the following fourteen months after the period referred to in paragraph (a) above, Loan proceeds under Category (6) shall finance 100% of the Capita Payment, and disburse said amount, as follows: (i)

50% for each Eligible Enrolled Beneficiary as certified by the Technical Auditor (as referred to in Section I.E.1 (b) of this Schedule); and (ii) the remaining 50% upon the verification of the Borrower's compliance with the Set #1 of PROFE Indicators, as set forth in Schedule 5 to this Agreement and the Operational Manual, all up to a cumulative ceiling of \$196,000,000 under Category (6);

- (c) for the following twelve months after the period referred to in paragraph (b) above, Loan proceeds under Category (6) shall finance 100% of the Capita Payment, and disburse said amount as follows: (i) 50% for each Eligible Enrolled Beneficiary as certified by the Technical Auditor (as referred to in Section I.E.1 (b) of this Schedule); and (ii) the remaining 50% upon the verification of the Borrower's compliance with Set #2 of PROFE Indicators, as set forth in Schedule 5 to this Agreement and the Operational Manual, all up to a cumulative ceiling of \$250,600,000 under Category (6);
  - (d) for the following twelve months after the period referred to in paragraph (c) above, Loan proceeds under Category (6) shall finance 100% of the Capita Payment and disburse said amount as follows: (i) 20% for each Eligible Enrolled Beneficiary as certified by the Technical Auditor (as referred to in Section I.E.1 (b) of this Schedule); and (ii) the remaining 80% upon the verification of the Borrower's compliance with the Set #3 of PROFE Indicators, as set forth in Schedule 5 to this Agreement and the Operational Manual; and
  - (e) in case of partial compliance with the PROFE Indicators, Schedule 5 to this Agreement and the Operational Manual shall set forth in detail the procedural rules, and the respective deductions, if applicable, to the percentages established in paragraphs (b), (c) and (d) above.
- 4. The first Loan withdrawal application under Category (6) shall be presented to the Bank by the Borrower as an advance and on the basis of a report prepared by MSN including a forecast of the number of Enrolled Eligible Beneficiaries for the next eight months. No disbursement under Category (6) shall take place until the Bank has validated the relevant PROFE beneficiaries' database.
  - 5. For the purposes of the certification procedure referred to in paragraph 3 of this Section, the Borrower, through MSN, shall: (a) have the report referred to in said paragraph technically audited as referred to in Section I.E.1 (b) of this Schedule; and (b) use as support documentation said audited reports, all in a manner satisfactory to the Bank.

6. The Borrower, through MSN, shall calculate and establish the Capita Payment in accordance with the methodologies and provisions included in the original calculation defined under terms of reference approved by the Bank. Each such calculation of the Capita Payment shall cover the period of one fiscal year of the Borrower and shall be furnished to the Bank for each such period not later than one month after the end of such period.

**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 Signature Date, except that withdrawals up to an aggregate amount not to exceed \$92,200,000 equivalent may be made for payments made prior to the Signature Date but on or after January 1, 2010 (but in no case more than one year prior to the Signature Date) for Eligible Expenditures for Category (6), if the pertinent obligations set forth in this Agreement, as applicable to each Eligible Expenditure have been complied with; and
  - (b) under Category (5) unless the Technical Auditor has been employed in a manner acceptable to the Bank.
2. The Closing Date is June 30, 2016.

### **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.

| <b>Principal Payment Date</b>   | <b>Installment Share<br/>(Expressed as a Percentage)</b> |
|---|--|
| On each March 15 and September 15<br>Beginning March 15, 2018<br>through September 15, 2036 | 2.56%  |
| On March 15, 2037   | 2.72%  |

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**

##### **I. Terms and conditions of Framework Agreements**

Each Framework Agreement shall contain, *inter alia*, the following provisions:

- A. The right of the Borrower, through MSN, to take remedial actions against the Participating Province in case the Participating Province shall have failed to comply with any of its obligations under the Framework Agreement and/or under any Annual Performance Agreement (which actions shall previously be agreed with the Bank).
- B. The obligation of the Participating Province:
  - (i) to assist the Borrower in the implementation of the Project in accordance with the pertinent provisions of this Agreement;
  - (ii) to ensure that the Project is carried out in accordance with the provisions of the GAAP (as applicable) and the Anti-Corruption Guidelines (by for example, allowing Bank inspection and audit rights under paragraph 9 (d) of the Anti-Corruption Guidelines);
  - (iii) if applicable as determined by the Bank, to comply with the provisions of the Environmental Action Plan and the IPPF and prepare, adopt and undertake the obligation of carrying out the pertinent IPPs, as applicable, in accordance with their terms;
  - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Framework Agreement and/or any Annual Performance Agreement, or any provision thereof unless previously agreed by the Bank; and
  - (v) to take or permit to be taken all actions to enable the Borrower, through MSN, to comply with its obligations referred to in this Agreement, as applicable.
- C. The Provincial Operative Guidelines shall be observed by the Participating Provinces and as such shall be incorporated by reference to the Framework Agreements (and attached as an annex thereto).

- D. For Pilot Provinces, the Framework Agreements shall include, in addition to the obligations for Participating Provinces set forth in Sections B and C of this Schedule, the obligation of the Pilot Province:
- (a) to assist the Borrower in the carrying out of the activities under Part 1.A (iii) (a) of the Project in accordance with the pertinent provisions of this Agreement, including technical, financial, administrative, environmental, social and fiduciary standards acceptable to the Bank; and
  - (b) to comply with the reporting requirements applicable to its respective pilot activity, and enable the Borrower and the Bank to review the documents related to said activity under the Project.

## **II. Terms and Conditions of Subproject Agreements**

Each Subproject Agreement shall contain, *inter alia*, the following provisions:

- A. The right of the Borrower, through MSN, to take remedial actions against the Subproject Implementing Entity (as the case may be) in case the Subproject Implementing Entity shall have failed to comply with any of its obligations under the Subproject Agreement (which actions shall previously be agreed with the Bank).
- B. If applicable as determined by the Bank, to comply, and ensure that the Subproject Implementing Entity complies with the provisions of the Environmental Action Plan, the IPPF and the pertinent IPPs or similar acceptable instrument, as well as with the provisions of the GAAP and the Anti-Corruption Guidelines.
- C. The obligation of the Subproject Implementing Entity:
  - (a) to assist the Borrower in the carrying out of the pertinent Subproject in accordance with the pertinent provisions of this Agreement, including technical, financial, administrative, environmental and fiduciary standards acceptable to the Bank;
  - (b) if applicable as determined by the Bank, to comply with the provisions of the Environmental Action Plan, the IPPF and adopt and undertake the obligation of carrying out the pertinent IPPs or similar acceptable instruments, as applicable, in accordance with their terms;

- (c) to ensure that the pertinent Subproject is carried out in accordance with the provisions of the GAAP (as applicable to the Subproject) and the Anti-Corruption Guidelines (by for example, allowing Bank inspection and audit rights under paragraph 9 (d) of the Anti-Corruption Guidelines);
- (d) to comply with the reporting requirements applicable to its respective Subproject, and enable the Borrower and the Bank to review the documents related to said Subproject under the Project;
- (e) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subproject Agreement or any provision thereof unless previously agreed by the Bank; and
- (f) to take or permit to be taken all action to enable the Borrower, through MSN, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Subproject.

## SCHEDULE 5

### PROFE Indicators

The following table sets forth the PROFE Indicators under Part 2.B of the Project:

| SET | PROFE Indicators   | Value  |
|-----|--|--|
| # 1 | (i) PROFE clinical governance program put in place, and certified by the technical audit.<br>(ii) Regulation center for PROFE's patients put in place.<br>(iii) Actuarial study for capitas completed.<br>(iv) Letter of rights of explicit guarantees in health prevention and health promotion for mothers with more than seven children approved by COFESA.<br>(v) New payment mechanisms from PROFE to the Provinces are being agreed in COFESA.   | Each PROFE Indicator within this Set has a value of twenty percent (20%) of the amount set forth in Section IV. A. 3 (b) (ii) of Schedule 2 to this Agreement              |
| # 2 | (i) New capita and sub-capitas governing PROFE, and respective amounts discussed with the MEFP.<br>(ii) At least 8,000 women with more than seven children have signed a PROFE's letter of rights.<br>(iii) 30 percent of PROFE beneficiaries with chronic renal failure enrolled in the waiting list for renal transplant.<br>(iv) 40 percent of PROFE beneficiaries with hemophilia registered and evaluated by the National Academy of Medicine.<br>(v) New payment mechanisms from PROFE to the Provinces (for example, sub-capitas, diagnosis risk groups, output-based payments) are being used in at least two out of 23 Provinces.   | Each PROFE Indicator within this Set has a value of twenty percent (20%) of the amount set forth in Section IV. A. 3 (c) (ii) of Schedule 2 to this Agreement              |
| # 3 | (i) PROFE clinical governance program evaluated as satisfactory by an external specialized auditor approved by the Bank.<br>(ii) 10,000 PROFE female enrollees undertaken at least one cytology test, one breast cancer control, two reproductive health consultations, and two risk factor controls.<br>(iii) At least two technical audits on the clinical effectiveness of treatment of diseases of low incidence and higher cost undertaken, with at least one year in between.<br>(iv) 60 percent of PROFE beneficiaries with chronic renal failure enrolled in the waiting list for renal transplant.<br>(v) 90 percent of PROFE beneficiaries with hemophilia registered and evaluated by the National Academy of Medicine. | Each PROFE Indicator within this Set has a value of twelve point five percent (12.5%) of the amount set forth in Section IV. A. 3 (d) (ii) of Schedule 2 to this Agreement |

| SET | PROFE Indicators   | Value |
|-----|--|-------|
|     | (vi) New payment mechanisms from PROFE to the Provinces (for example, sub-capitas, diagnosis risk groups, output-based payments) are being used in at least four out of 23 Provinces.<br>(vii) Regulation center for PROFE's patients regulates at least five pathologies with a satisfactory external specialized auditor (certification system agreed with the Bank).<br>(viii) MEFP has increased the base-line amount allocated to PROFE (amount calculated in USD) during at least one of the four years. |       |

## APPENDIX

### **Section I. Definitions**

1. “AIDS” means Acquired Immune Deficiency Syndrome.
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 with the modifications set forth in Section II of this Appendix.
3. “ANMAT” means *Administración Nacional de Medicamentos, Alimentos y Tecnología Médica* the Borrower’s National Food, Drug, and Medical Technology Administration, responsible for the registration, control, pricing, and surveillance of medicines, cosmetics, medical products, dietary supplements, additives, disinfectants, and household insecticides to ensure the quality, safety and efficacy of such marketed products.
4. “Annual Performance Agreement” means any of the agreements referred to in Section I.D.2 (b) of Schedule 2 to this Agreement.
5. “Capita Payment” means the insurance premium annual financial transfers made by the Borrower, through MEFP, to PROFE, for eligible health coverage of each Enrolled Eligible Beneficiary under Part 2.B of the Project, which transfers are calculated based on the cost of the average number of health care services provided to an Enrolled Eligible Beneficiary, as further detailed in this Agreement and in the Operational Manual.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “COFESA” means *Consejo Federal de Salud*, the Borrower’s Federal Health Council, which acts as a corporate governance body composed of the National and all Provincial Ministers of Health with the purpose of stewarding the health sector and its main strategies and policies.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
9. “Coordination Unit” or “CU” means MSN’s unit referred to in Section I.A.1 (a) of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.
10. “DOT” means Directly Observed Therapy for the treatment of tuberculosis.

11. “Eligible Beneficiary” means any of the following: (i) a woman with seven children or more; (ii) a disabled person; or (iii) a person over 70 years of age, or any of their dependents, which receives a non-contributory pension.
12. “Eligible Medical Supplies” means any medical supply listed in the Operational Manual as acceptable, which excludes pesticides and anti-retrovirals.
13. “Enrolled Eligible Beneficiary” means an Eligible Beneficiary that is currently enrolled in PROFE.
14. “Environmental Action Plan” means the Borrower’s plan dated August 2010, acceptable to the Bank, as published and available to the public on September 2010, for health care waste management, pest management procedures, and screening and carrying out of works set forth in the Operational Manual.
15. “EPI Program” means the Borrower’s Expanded Immunization Program detailed in article 3 of the Borrower’s Presidential Decree No. 828/2006, dated July 10, 2006, which program’s objective is to decrease the morbi-mortality of the preventable diseases through sustained vaccination.
16. “Essential Public Health Functions” means any of the following eleven functions to be carried out under the Project: monitoring and evaluation, surveillance and disease control, health promotion, social participation, regulation, policy-making, equity promotion, human resource development, quality assurance and public health research and disaster prevention.
17. “Essential Public Health Functions and Programs Project” means the project financed in part by the Bank Loan No. 7412-AR in accordance with terms and conditions set forth in the Loan Agreement entered into between the Borrower and the Bank dated July 12, 2007.
18. “ETAP” means the set of technical standards applicable to public sector procurement of information technology, which is updated from time to time by the Borrower’s Information Technology Office.
19. “GAAP” means Governance and Accountability Action Plan, the Borrower’s plan dated November 10, 2010, as agreed with the Bank, and included in the Operational Manual, setting forth measures and actions to be taken during implementation of the Project with respect to mitigation of corruption, including collusion, forgery and fraud, handling of complaints, sanctions and remedies.
20. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.



21. “Framework Agreement” means any of the agreements referred to in Section I.D.2 (a) of Schedule 2 to this Agreement.
22. “HIV” means Human Immunodeficiency Virus.
23. “INCOTERMS” means the universally recognized set of definitions of international commercial terms developed by the International Chamber of Commerce (ICC) in Paris, France.
24. “Indigenous Peoples Plan” or “IPP” means: (a) any of the plans, acceptable to the Bank, adopted by the pertinent Pilot Province and/or Participating Province and/or a Subproject Implementing Entity when applicable as set forth in the Operational Manual; and/or (b) any of the IPPs, acceptable to the Bank, adopted by any of the Participating Provinces which did not participate under the Essential Public Health and Functions Programs Project, all prepared and to be carried out following the requirements of the Indigenous Peoples Planning Framework.
25. “Indigenous Peoples Planning Framework” or “IPPF” means the Borrower’s framework dated July 2010, acceptable to the Bank, as published and available to the public on September 2010, defining the guidelines and procedures for managing the impacts of the Project on indigenous peoples, as well as for the preparation and/or updating any Indigenous Peoples Plan (as the case may be).
26. “ISO” means International Organization for Standardization, an international-standard-setting body composed of representatives from various national standards organizations which issues world-wide proprietary industrial and commercial standards for products.
27. “MEFP” means *Ministerio de Economía y Finanzas Públicas*, the Borrower’s Ministry of Economy and Public Finance.
28. “MSN” means *Ministerio de Salud de la Nación*, the Borrower’s Ministry of Health.
29. “MSP” means *Ministerio de Salud Provincial* (or its equivalent in each Participating Province), each of the Borrower’s Participating Provinces’ Ministries of Health.
30. “NCD” means Non-Communicable Diseases which are not infectious, but rather linked to certain risk factors such as a person’s lifestyle, genetics, or environment, all of which are known to increase the likelihood of these types of diseases.

31. “NCD Directorate” means any of MSN’s directorates, organized within the Secretariat of Health Promotion and Programs, functionally in charge of dealing with NCDs and risk factors.
32. “Non-Consultant Services” means printing services and other services of non-intellectual and non-advisory nature that can be procured on the basis of performance of measurable physical outputs.
33. “ONC” means *Oficina Nacional de Contrataciones*, the Borrower’s National Contracting Office operating under the *Jefatura de Gabinete de Ministros*, the Borrower’s Chief of Cabinet of Ministers Office.
34. “Operational Manual” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement and approved by the Bank on October 25, 2010.
35. “Participating Province” means any Province (including the Pilot Provinces) or the Autonomous City of Buenos Aires (*Ciudad Autónoma de Buenos Aires*) that has fulfilled the requirements of this Agreement and the Operational Manual to be eligible to participate and receive funds from the Project.
36. “PHA” or “Public Health Activity” means any public health activity aimed at improving and expanding the delivery of the Priority Public Health Programs and Essential Public Health Functions, which is eligible for financing out of the proceeds of the Loan in accordance with the provisions of the Operational Manual.
37. “PHA Eligible Operational Cost” means an operating cost of a PHA eligible for financing out of the proceeds of the Loan aggregated on a unit cost basis in accordance with the provisions of the Operational Manual, as such operating cost may be modified from time to time with the agreement with the Bank.
38. “PHA Performance Indicators” means any of the following four indicators set forth in a Framework Agreement: immunization coverage, disease control as per established norms, tuberculosis cases receiving DOTs, and incremental membership.
39. “Pilot Provinces” means the Borrower’s Provinces of Tucumán and Misiones, and/or any other Provinces that the Borrower and the Bank may agree upon from time to time.
40. “Priority Public Health Program” means any of the following seven public health programs to be carried out under Part 2.A of the Project: Non-communicable diseases or NCDs, vaccine-preventable diseases, vector-borne diseases, HIV/AIDS/STI, safe blood supply, PROFE and tuberculosis, and risk factors

obesity/malnutrition, sedentary lifestyle, and tobacco and alcohol consumption, and any other program as the Bank may agree.

41. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006 and May 2010.
42. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 25, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
43. "Procurement Plans Execution System" or "SEPA" means the Bank's information system for dissemination and monitoring of the procurement processes of Bank-financed projects in Argentina (<http://wbqa.latinvia.com>).
44. "PROFE" means *Programa Federal de Salud*, the Borrower's Federal Health Program, created by the Borrower's Decree No. 1455/96 of December 12, 1996, with the objective of guaranteeing health coverage to non-contributory pension beneficiaries and residents throughout the Borrower's territory.
45. "PROFE Indicators" means the set of indicators agreed between the Borrower and the Bank, with the objective of measuring PROFE's performance and achievements, as set forth in Schedule 5 to this Agreement.
46. "PROFE's Legislation" means: (a) the Presidential Decree 1606/2002 dated August 29, 2002, that transferred the Program to the management of the MSN; and (b) the PROFE Ministerial Resolution (as hereinafter defined).
47. "PROFE Ministerial Resolution" means MSN's ministerial resolution referred to in Section I.E.2 of Schedule 2 to this Agreement.
48. "Province" means a political subdivision of the Borrower as per Title Two of the Borrower's Constitution, and the term "Provinces" means all of said political subdivisions.
49. "Provincial Operative Guidelines" means the operative guidelines referred to in Section I.B.2 (a) of Schedule 2 to this Agreement.
50. "Signature Date" means the latest of the two dates on which the Borrower and the Bank signed the Loan Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
51. "STI" means Sexually Transmitted Infections.

52. “Subproject” means any public health promotion activity under Part 1.A (iii) (b) of the Project, within the criteria set forth to that effect in the Operational Manual, to be carried out by a Subproject Implementing Entity.
53. “Subproject Agreement” means any of the agreements referred to in Section I.C.1 of Schedule 2 to this Agreement.
54. “Subproject Implementing Entity” means any of the following legally constituted entities in charge of carrying out a given Subproject: (a) a Borrower’s municipality; (b) an academic institution; or (c) a non-governmental organization or other legally constituted civil society organization, all in accordance with the provisions set forth to this effect in the Operational Manual.
55. “Technical Auditor” means the independent technical auditor referred to in Section I.E.1 of Schedule 2 to this Agreement.
56. “UFI-S” means MSN’s unit referred to in Section I.A.1 (a) of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.

## **Section II. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the

Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”