

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7833-AR

Loan Agreement

(Additional Financing for the Provincial Road Infrastructure Project)

between

ARGENTINE REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Public Disclosure Authorized

LOAN NUMBER No. 7833-AR

LOAN AGREEMENT

Agreement dated as of the Signature Date between ARGENTINE REPUBLIC (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement), and amending the Original Loan Agreement.

Whereas: (A) by an agreement dated April 18, 2006 between the Borrower and the Bank (the Original Loan Agreement), the Bank made a loan (Loan No. 7301-AR) to the Borrower in an amount equal to one hundred fifty million Dollars (\$150,000,000) (the Original Loan) to assist in the financing of the Provincial Road Infrastructure Project on terms and conditions set forth in the Original Loan Agreement; and

(B) the Borrower has requested the Bank to remove from the Original Project, Project activities in support of Participating Provinces II and Routine Maintenance Subprojects.

The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions, the Appendix to this Agreement or in the Original Loan Agreement (as the case may be).

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 one hundred seventy five million Dollars (\$175,000,000), 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 LIBOR for the Loan Currency plus the Fixed 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 (d) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of 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; 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, through the CEU, shall: (a) carry out Part C of the Project; and (b) cause each Participating Province I, through the corresponding DPV, to carry out the corresponding Subprojects pursuant to the provisions of the pertinent Amended Subsidiary Loan Agreement I, 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, through CEU, and the Bank shall otherwise agree, the Borrower, through CEU, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, provided, however, that if said event shall have occurred and be continuing in respect of any given Participating Province I, the suspension of the Borrower's right to make withdrawals from the Loan Account may be limited by the Bank, at the Bank's sole discretion, to withdrawals in respect of Eligible Expenditures in respect of any said Participating Province:
 - (a) As a result of events which have occurred after the Signature Date, an extraordinary situation shall have arisen which shall make it improbable that any Participating Province I will be able to perform any of its obligations under the corresponding Amended Subsidiary Loan Agreement I.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of, namely, that at least one Amended Subsidiary Loan Agreement I has been signed by the parties thereto.
- 5.02. The Additional Legal Matter consists of, namely, that the Amended Subsidiary Loan Agreement I entered into satisfaction of the condition set forth in Section 5.01 of this Agreement has been duly authorized or ratified by the Borrower and the corresponding Participating Province I and is legally binding upon the Borrower and said Participating Province I in accordance with its terms.
- 5.03. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the Signature Date, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on July 12, 2011.

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 Baires	121942-AR	(5411) 4349-8815

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 primary paved road sector assets of Participating Provinces I; and (b) to enhance the DPVs' capacity to manage and administer said road assets, so as to facilitate the transport of products within the Borrower's territory.

The Project consists of the following parts included in the Original Project, as amended solely for purposes of the Loan:

Part A: CREMA Subprojects and Road Subprojects

1. For purposes of achieving the revised target of approximately twelve (12) CREMA Contracts for a total length of approximately one thousand seven hundred seventy three (1773) kilometers:
 - (a) carrying out, under the terms of approximately six (6) selected CREMA Contracts, of rehabilitation works (such as base reconstruction, resurfacing, or asphalt concrete overlaying) and/or maintenance works for approximately seven hundred forty one (741) kilometers of roads (in the aggregate) under the jurisdiction of Participating Provinces I, as approved by the Bank, which CREMA Contracts: (i) were procured in accordance with the procurement provisions set forth in Schedule 4 to the Original Loan Agreement; (ii) are being partially financed with a portion of the proceeds of the Original Loan; and (iii) will be partially financed with a portion of the proceeds of the Loan;
 - (b) carrying out, under the terms of approximately two (2) selected CREMA Contracts, of rehabilitation works (such as base reconstruction, resurfacing, or asphalt concrete overlaying) and/or maintenance works for approximately three hundred sixty six (366) kilometers of roads (in the aggregate) under the jurisdiction of Participating Provinces I, as approved by the Bank, which CREMA Contracts: (i) were procured, or will be procured, in accordance with the procurement provisions set forth in Section III of Schedule 2 to this Agreement; (ii) are being, or will be, partially financed with a portion of the proceeds of the Original Loan; and (iii) will be partially financed with a portion of the proceeds of the Loan; and

- (c) carrying out, under the terms of: (i) approximately three (3) selected CREMA Contracts under the Original Project; and (ii) approximately one (1) CREMA Contract to be selected in accordance with the criteria set forth in the Operational Manual, of rehabilitation works (such as base reconstruction, resurfacing, or asphalt concrete overlaying) and/or maintenance works for approximately six hundred sixty six (666) kilometers of roads (in the aggregate) under the jurisdiction of Participating Provinces I, as approved by the Bank, which CREMA Contracts will be: (A) procured in accordance with the procurement provisions set forth in Section III of Schedule 2 to this Agreement; and (B) partially financed with a portion of the proceeds of the Loan.
- 2. For purposes of achieving the revised target of approximately 286 kilometers:
 - (a) carrying out of rehabilitation and upgrading of works (such as base reconstruction, resurfacing, paving and/or asphalt concrete overlaying, as the case may be) for approximately two hundred thirty four (234) kilometers, all within the existing right-of-way of selected roads under the jurisdiction of Participating Provinces I (through conventional contractual modalities, such as ad-measurement contracts), including any other rehabilitation and upgrading works of the same type described herein within the jurisdiction of Participating Provinces I, as approved by the Bank, which works: (i) were procured, or will be procured, in accordance with the procurement provisions set forth in Section III of Schedule 2 to this Agreement; (ii) are being, or will be, partially financed with a portion of the proceeds of the Original Loan; and (iii) will be partially financed with a portion of the proceeds of the Loan; and
 - (b) carrying out of rehabilitation and upgrading of selected works (such as base reconstruction, resurfacing, paving and/or asphalt concrete overlaying, as the case may be) for approximately fifty two (52) kilometers, all within the existing right-of-way of selected roads under the jurisdiction of Participating Provinces I (through conventional contractual modalities, such as ad-measurement contracts), including any other rehabilitation and upgrading works of the same type described herein within the jurisdiction of Participating Provinces I, as approved by the Bank, which works will be: (i) procured in accordance with the procurement provisions set forth in Section III of Schedule 2 to this Agreement; and (ii) partially financed with a portion of the proceeds of the Loan.

Part B: Road Sector Management and Institutional Building

Design and implementation of an action plan in each Participating Province I, which plan may consist of, *inter alia*, activities to improve and/or strengthen the capacity of the corresponding DPV concerning: (a) strategic planning; (b) budget execution and supervision of road works; (c) performance-based management; (d) road safety (as approved by the Bank); (e) information technology and communications; and (f) environmental management.

Part C: Project Management

1. Strengthening of the CEU's capacity to carry out its functions and responsibilities, as referred to in Section I.F (a) of Schedule 2 to this Agreement.
2. Provision of technical assistance and training to Participating Provinces I in the preparation of potential CREMA Subprojects, Road Subprojects and/or Institutional Building Subprojects.
3. Design of baseline indicators to measure the impact of the Project on an ongoing basis, and provision of technical assistance to the Borrower to carry out Project impact assessments.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements and Other Arrangements

- A.** (a) The Borrower, through the CEU, shall ensure that Parts A.1 (b) and (c), A.2 and C.1 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.
- (b) With respect to Part A.1 (a) of the Project, the Borrower shall: (i) comply with the provisions of the Anti-Corruption Guidelines; and (ii) cause the pertinent Participating Province I to ensure that said Participating Province I will comply with the provisions of the Anti-Corruption Guidelines other than the provision under paragraph 10 (a) of said guidelines which provides for the inclusion of the general principles of said guidelines and the provisions set forth in paragraph 9 (d) of the Anti-Corruption Guidelines in respect of any of the 6 CREMA Contracts mentioned in said Part A.1 (a) of the Project.
- B.** (a) Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through the CEU, shall, and shall cause the Participating Provinces I to, carry out the Project in accordance with the provisions of the Operational Manual.
- (b) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.
- C.** (a) For purposes of carrying out any CREMA Subproject and/or Road Subproject under the jurisdiction of a Participating Province I, and financing the same with the proceeds of the Loan, the Borrower shall onlend a portion of the proceeds of the Loan allocated to Category (1) (the Additional Subsidiary Loan) to said Participating Province I, pursuant to an amendment to the Subsidiary Loan Agreement I (the Amended Subsidiary Loan Agreement I) to be entered into between the Borrower, through CEU, and said Participating Province I, all under terms and conditions which shall have been approved by the Bank which shall include, *inter alia*, those set forth in Schedule 4 to this Agreement.
- (b) (i) The Borrower, through CEU, shall exercise its rights and carry out its obligations under each Amended Subsidiary Loan Agreement I in such 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, the Borrower, through CEU, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Amended Subsidiary Loan Agreement I or any provision thereof.

- D.** (a) Without limitation to the provisions of Section 3.01 (b) of this Agreement, and if determined by the Bank, the Borrower, through the CEU, shall cause the corresponding Participating Province I, through the pertinent DPV (as applicable) to: (i) prior to the carrying out of the works under the pertinent CREMA Subproject (with the exception of the CREMA Subproject under Part A.1 (c) (ii) of the Project) and/or Road Subproject, update/adjust or cause to be updated/adjusted (as the case may be) the existing pertinent environmental assessment for the corresponding CREMA Subproject (with the exception of the CREMA Subproject under Part A.1 (c) (ii) of the Project) and/or Road Subproject under terms of reference acceptable to the Bank; (ii) based on said updated/adjusted environmental assessment, and if determined by the Bank, update/adjust or cause to be updated/adjusted (as the case may be) the pertinent existing environmental mitigation measures set forth in the Operational Manual for that particular subproject; and (iii) thereafter, implement and/or cause to be implemented, the existing pertinent environmental mitigation measures or the updated/adjusted environmental mitigation measures in a manner acceptable to the Bank.
- (b) Without limitation to the provisions of Section 3.01 (b) of this Agreement, and upon selection of the CREMA Subproject under Part A.1 (c) (ii) of the Project, , and prior to the carrying out of the pertinent works under said CREMA Subproject, the Borrower, through the CEU, shall cause the pertinent Participating Province I, through the corresponding DPV (as applicable) to: (i) carry out and/or cause to be carried out an environmental assessment of said CREMA Subproject, and based on the results of said assessment and if determined by the Bank, approve and/or cause to be approved an environmental management plan or similar environmental instrument, acceptable to the Bank, for said works (which plan or similar environmental instrument shall be based on the results of the environmental assessment mentioned herein, and the Bank's comments on the results of said assessment, if any), all in accordance with the provisions of the Operational Manual; and (ii) immediately after said approval, implement and/or cause to be implemented (as the case may be) the corresponding environmental management plan (or similar environmental instrument) in accordance with its terms, and in a manner acceptable to the Bank.
- E.** (a) The Borrower shall operate and maintain, at all times during Project implementation, the CEU with a structure, functions and responsibilities acceptable to the Bank, including, *inter alia*, the responsibility to assist the Borrower in: (i) the carrying out of Part C of the Project; and (ii) the monitoring, coordination and supervision of the Project.

- (b) The Borrower shall ensure that the CEU is, at all times during Project implementation, headed by a Project coordinator and assisted by professional staff (including, highway engineers, a transport economist specialist, an institutional strengthening specialist, a financial management specialist, a social specialist and a procurement specialist) and administrative staff, all in numbers and with qualifications and experience acceptable to the Bank.

- F.**
 - (a) The Borrower, through CEU, shall immediately after it has prepared and approved the baseline indicators referred to in Section 3.11 (a) of the Original Loan Agreement, assess, on an ongoing basis, the Project impact in accordance with said baseline indicators.

 - (b) Without limitation to the provisions of paragraph (a) herein, the Borrower shall: (i) not later than December 31, 2012: (A) carry out a mid-term impact assessment of the Project in accordance with the baseline indicators referred to in paragraph (a) above, which assessment shall take into account the enhanced roads condition, the transport costs, production opportunities, job generation and road safety; and (B) prepare and furnish to the Bank, a report, acceptable to the Bank, reflecting the results of said mid-term assessment; and (ii) not later than December 31, 2014: (A) carry out a final impact assessment of the Project in accordance with the baseline indicators referred to in (a) above, which final assessment shall also take into account the same variables mentioned in (i) (A) herein; and (B) prepare and furnish to the Bank, a report, acceptable to the Bank, reflecting the results of said final impact assessment.

- G.** The Borrower, through CEU, shall ensure, and cause each Participating Province I (through its corresponding DPV) to ensure, that any works to be carried out under any CREMA Subproject and/or Road Subproject do not involve any Resettlement.

- H.**
 - (a) The Borrower, through CEU, shall cause each Participating Province I to: (i) not later than December 31 of each calendar year of Project implementation, prepare and furnish to the Bank the corresponding annual road investment program to be carried out during the calendar year following the date of presentation of said program (which program shall include, *inter alia*, the CREMA Subprojects and/or the Road Subprojects, as well as the routine maintenance activities on the paved non-concessioned provincial road network (including their contract modalities) to be carried out during said given year and a proposed budget to finance the same); and (ii) not later than sixty calendar days after the end of each calendar year of Project implementation, prepare and furnish to the Bank, a report of such scope and in such detail as the

Bank shall reasonably request concerning the list of the CREMA Subprojects, Road Subprojects and the routine maintenance activities on the paved non-concessed provincial road network (including the source of financing and the amount allocated for the financing of said CREMA Subprojects, Road Subprojects and routine maintenance activities;) carried out during the calendar year immediately preceding the date of presentation of each said report.

- (b) The Borrower, through CEU, shall cause each Participating Province I to, immediately after the presentation to the Bank of each annual road investment program referred to in paragraph (a) of this Section, disclose the same to the public in a manner acceptable to the Bank.
 - (c) As part of the annual report to be furnished to the Bank pursuant to paragraph (a) (ii) of this Section, the Borrower, through the CEU, shall cause each Participating Province I to include in each said annual report information with respect to the percentage of the paved provincial road network: (i) without potholes; (ii) without edge drops between the pavement and the shoulder; and (iii) with horizontal marking/vertical signs.
- I. The Borrower, through CEU, shall operate and maintain, at all times during Project implementation, the procurement information system referred to in Section 3.16 of the Original Loan Agreement.
 - J. The Borrower, through CEU, shall, prior to the commencement of each calendar year during Project implementation, create, and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the relevant annual budget in order to keep track of the corresponding expenditures incurred during Project implementation.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

- 1. The Borrower, through CEU, shall 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 forty five calendar days after the end of the period covered by such Project Report.

2. Without limitation to the provisions of Section 5.08 (b) of the General Conditions, and as part of the Project Reports to be presented to the Bank as stipulated in Section II.A.1 of this Schedule, the Borrower, through CEU, shall include: (a) a summary of the Eligible Expenditures incurred during the calendar semester covered by the pertinent Project Report and their corresponding payment (including those expenditures incurred by the Borrower, through CEU, and the Participating Provinces I during said period of time which are financed by the same with their counterpart funds) in form and substance satisfactory to the Bank; (b) the list of signed contracts for goods, works and consultants' services under the Project as reflected in the Borrower's financial management system during the period covered by each said Project Report; and (c) an action plan, acceptable to the Bank, which plan shall include, *inter alia*, the recommended measures (including the Bank's views, if any, and a timetable to implement the same) reflected in the pertinent Project Report.
3. For purposes of Section 5.08 (b) of the General Conditions, the Borrower, through the CEU, shall, and shall cause the Participating Provinces I, to, not later than March 31, 2013, exchange views with the Bank (the mid-term review) with respect to the pertinent Project Reports covering the last two calendar semesters preceding the date of said mid-term review.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through CEU, 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, through the CEU, shall prepare and furnish to the Bank as part of the Project Reports mentioned in Section II.A.1 of this Schedule, interim unaudited financial reports for the Project covering the pertinent calendar semester, in form and substance satisfactory to the Bank.
3. The Borrower, through CEU, shall 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.

Section III. Procurement

A. General

1. **Works.** (a) All works required under Part A.1(a) of the Project and to be partially financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to the Original Loan Agreement; and (b) all works under Parts A.1 (b) and (c) and A.2 of 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 Section.
2. **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.
3. **Special Provisions.** Without limitation to the other provisions in Section III.A.1 (b) of this Schedule, the following additional provisions shall also govern the procurement of works under Parts A.1 (b) and (c) and A.2 of the Project (as the case may be):
 - (a) procurement of works shall be carried out using: (i) standard bidding documents (which bidding documents in respect of works shall include, if applicable, a provision whereby the pertinent contractor must comply with the pertinent provisions set forth in the Operational Manual related to the environmental mitigation measures in respect of any given CREMA Subproject and/or Road Subproject) and/or standard requests for quotations (as the case may be), all acceptable to the Bank, which shall all also include, *inter alia*, a settlement of dispute provision and the pertinent provisions of the Anti-Corruption Guidelines; (ii) model bid/quotation evaluation forms (as the case may be); and (iii) model contract forms, all acceptable to the Bank;
 - (b) all contracts for works to be procured in respect of any CREMA Contract and/or Road Subproject shall contain a methodology, acceptable to the Bank, whereby the price of each said contracts shall be adjusted through the use of price adjustment formulas, in a manner acceptable to the Bank;
 - (c) a two-envelope bidding procedure shall not be allowed in the procurement of works;

- (d) after the public opening of bids for works, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;
- (e) foreign bidders shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina (except as provided in the standard bidding documents referred to in paragraph 3 (a) (i) above); (ii) be required to have a representative in Argentina; and (iii) be required to be associated or subcontract with Argentine suppliers, contractors or consultants;
- (f) the invitations to bid, bidding documents, minutes of bid openings and the pertinent summary of the evaluation reports of bids of all works procured by the Participating Provinces I, shall be published in the web page of the Borrower's Office of National Procurement (*Oficina Nacional de Contrataciones*), all 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 date of the availability of the bidding documents, whichever is later, to the date of bid opening;
- (g) the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for works to be procured under National Competitive Bidding procedures;
- (h) the Borrower, through CEU, shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Bank; and (ii) update the Procurement Plan at least every three months, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter; and
- (i) contracts for works shall not be awarded to the "most convenient" bid, but rather to the bidder whose bid has been determined: (i) to be substantially responsive; and (ii) to offer the lowest evaluated bid, provided that said bidder has demonstrated to the Participating Provinces I to be qualified to perform the contract satisfactorily.

B. Particular Methods of Procurement of Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, works under Parts A.1 (b) and (c) and A.2 of the Project shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Shopping

C. 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 Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Works: (a) under CREMA Subprojects (b) under Road Subprojects	136,000,000 30,100,000	85% of each Eligible Expenditure incurred by each Participating Province I until disbursements under this Category have reached an aggregate amount of \$83,050,000; and 65% of each Eligible Expenditure incurred by each Participating Province I thereafter
(2) Premia for Interest Rate Caps and Interest Collars	0	Amounts payable pursuant to Section 2.07 (c) of this Agreement
(3) Front-end Fee	437,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Unallocated	8,462,500	
TOTAL AMOUNT	175,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$17,500,000 equivalent may be made for payments made prior to the Signature Date but on or after March 1, 2009 (but in no case more than one year prior to the Signature Date) for Eligible Expenditures for Category (1) provided that the pertinent obligations and/or conditions set forth in this Agreement, as applicable to each CREMA Subproject and/or Road Subproject, have been complied with or met; and
 - (b) payments made to finance any CREMA Subproject and/or any Road Subproject under the jurisdiction of a given Participating Province I under Category (1), unless:
 - (i) the corresponding Amended Subsidiary Loan Agreement I has been signed by the respective parties thereto; and
 - (ii) counsel for the Borrower and the corresponding Participating Province I, acceptable to the Bank, has each furnished to the Bank an opinion or opinions, acceptable to the Bank, providing that the pertinent Amended Subsidiary Loan Agreement I has been duly authorized or ratified by the Borrower and the corresponding Participating Province I and is legally binding upon the Borrower and said Participating Province I in accordance with its terms.
2. The Closing Date is June 30, 2015.

Section V. Other Undertakings and Amendment to the Original Loan Agreement

- (a) The Borrower, through CEU, shall cause each Participating Province to:
 - (i) not later than forty five calendar days after the end of each calendar year during Project implementation (starting with the calendar year in which the Effective Date falls), prepare and furnish to the Bank a report, acceptable to the Bank, which report shall include information with respect to: (A) locally generated provincial revenues; (B) total provincial revenues; (C) interest payments; (D) provincial primary surplus; and (E) provincial public debt; and
 - (ii) not later than thirty calendar days after the presentation of each of said reports, review with the Borrower and the Bank the pertinent report.

- (b) For purposes of paragraph (a) of this Section, the term: (i) “locally generated provincial revenues” means the revenues generated by a Participating Province from all provincial sources during the calendar year prior to the date of presentation of the pertinent report mentioned in (a) (i) herein, but excluding the revenues resulting from the transfers of monetary resources from the Borrower, such as grants and/or co-participation funds; (ii) “total provincial revenues” means the revenues generated by a Participating Province from all provincial sources, including the monetary transfers from the Borrower (such as, grants and/or co-participation funds) during the calendar year prior to the date of presentation of the pertinent report mentioned in (a) (i) herein; (iii) “interest payments” means the payments made by a Participating Province during the calendar year prior to the date of presentation of the pertinent report mentioned in (a) (i) herein on interest of provincial public debt (as the term “provincial public debt” is defined in (v) herein); (iv) “provincial primary surplus” means the difference resulting from the total provincial revenues (as said terms is defined in (ii) herein) and non-interest provincial expenditures (which term is defined as the total spending incurred by the Participating Province during the calendar year prior to the presentation of the pertinent report, but excluding interest payments on provincial public debt (as the term “provincial public debt” is defined in (v) herein)); and (v) “provincial public debt” means the total stock of debt of a Participating Province as of the last day of the calendar year prior to the date of presentation of the pertinent report mentioned in (a) (i) herein.
- (c) The Borrower shall amend the Original Loan Agreement as reflected in Schedule 5 to this Agreement.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each May 15 and November 15 Beginning May 15, 2016 through November 15, 2037	2.22%
On May 15, 2038	2.32%

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

Terms and Conditions of the Amended Subsidiary Loan Agreements I

Each Amended Subsidiary Loan Agreement I shall incorporate the provisions of the pertinent Subsidiary Loan Agreement I, and contain, *inter alia*, the following provisions:

- (a) the obligation of the Borrower, through CEU:
 - (i) to promptly disburse to each Participating Province I the proceeds of the corresponding Additional Subsidiary Loan in a manner acceptable to the Bank;
 - (ii) to allocate the Front-end Fee applicable to the Loan proportionately among each Participating Province I; and
 - (iii) to: (A) ensure that Parts A.1 (b) and (c), A.2 and C.1 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines as referred to in Section I.A (a) of Schedule 2 to this Agreement; and (B) comply with the provisions set forth in Section I.A (b) of Schedule 2 to this Agreement as applicable to the pertinent Participating Province I;
- (b) the right of the Borrower, through CEU, to take remedial actions against the pertinent Participating Province I in case said Participating Province I shall have failed to comply with any of its obligations under the pertinent Amended Subsidiary Loan Agreement I in respect of any Subproject; and
- (c) the obligation of each Participating Province I:
 - (i) to use the Additional Subsidiary Loan for the financing of CREMA Subprojects and/or Road Subprojects;
 - (ii) to provide the counterpart funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Subproject as provided in this Agreement;
 - (iii) to repay the proceeds of the Additional Subsidiary Loan (which Additional Subsidiary Loan shall be denominated in Dollars equivalent and carry the same interest rate applicable to the Loan pursuant to Section 2.04 of this Agreement) withdrawn by the Participating Province I (together with interest and other charges thereon, as applicable): (A) in the same currency in which the corresponding principal amount of the Loan and interest and

other charges thereon are to be repaid by the Borrower to the Bank pursuant to Article III of the General Conditions; and (B) under repayment terms (including payment of interest and other charges thereon) that shall coincide with those repayment terms set forth in Schedule 3 to this Agreement;

- (iv) if applicable, to cause the corresponding DPV to carry out the pertinent Subprojects in accordance with the pertinent provisions of this Agreement;
- (v) to comply with, or caused to be complied with, the obligations referred to in Sections 5.04, 5.06 and 5.07 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, respectively) in respect of said Subprojects;
- (vi) to ensure that CREMA Subprojects (under Parts A.1 (b) and (c) of the Project) and/or Road Subprojects referred to in (c) (i) above, and Part C.1 of the Project, are carried out in accordance with the provisions of the Anti-Corruption Guidelines (by for example, allowing Bank inspection and audit rights under paragraph 9 (d) of the Anti-Corruption Guidelines);
- (vii) to take or permit to be taken all action to enable the Borrower, through CEU, to comply with its obligations under this Agreement (including the obligation referred to in Section I.A (b) of Schedule 2 to this Agreement), as applicable to the pertinent Participating Province I;
- (viii) to prepare and furnish to the Bank the pertinent reports referred to in Section V (a) and (b) of Schedule 2 to this Agreement in accordance with the terms provided in said section;
- (ix) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the relevant Amended Subsidiary Loan Agreement I or any provision thereof; and
- (x) (A) to operate and maintain (or cause to be operated and maintained) at all times during Project implementation, a provincial management unit (the PMU), with a structure, functions and responsibilities acceptable to the Bank; and (B) to ensure that the PMU is, at all times during Project implementation, headed by a Project coordinator and assisted by professional staff (including a procurement specialist) and administrative staff, all in numbers and with qualifications and experience acceptable to the Bank.

SCHEDULE 5

Amendments to the Original Loan Agreement

- A. The Borrower and the Bank hereby agree to amend the Original Loan Agreement as follows:
1. Any reference to the terms “Fiscal Responsibility Law”, “Participating Provinces II”, “Routine Maintenance Subprojects”, “SOP” and “Subsidiary Loan Agreement II” are hereby deleted.
 2. Section 3.01 is hereby amended to read in its entirety as follows:

“Section 3.01. The Borrower declares its commitment to the objectives of the Project, and, to this end, shall:
 - (a) carry out Part D of the Project, through the CEU, with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, social, engineering and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for said Part of the Project; and
 - (b) cause each Participating Province I through the corresponding DPV (pursuant to the terms of the corresponding Subsidiary Loan Agreement I, as said term is defined in Section 1.02 of this Agreement) to carry out the corresponding Subproject (as said term is defined in Section 1.02 of this Agreement) with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, social, engineering, ecological and environmental practices, shall take and/or cause to be taken (as the case may be) all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable each Participating Province I to carry out the corresponding Subproject, and shall not take or permit to be taken any action which would prevent or interfere with the carrying out of said Subproject.”.
 3. Sections 3.05 and 3.08 are hereby deleted.
 4. Sections 3.10, 3.11, 3.12 and 3.14 are hereby amended to read in their entirety as follows:

“Section 3.10. The Borrower shall:
 - (a) maintain, and cause each Participating Province I to maintain, policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the

Operational Manual, the carrying out of the Project and the achievement of the objectives thereof;

- (b) prepare, under terms of reference satisfactory to the Bank, and to furnish to the Bank, not later than thirty days after the end of each calendar semester during Project implementation (starting with the report due in January 2006), a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the calendar semester preceding the date of presentation of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the following calendar semester; and
- (c) review with the Bank and the Participating Provinces I not later than March 31 of each year of Project implementation (starting in the year 2006), the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take and/or cause to be taken, as the case may be, all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said reports and the Bank's views on the matter. As part of the annual review to be carried out in the year 2006, the Borrower shall assess with the Bank the provincial demand of Project participation, and thereafter, if appropriate, shall take corrective actions (acceptable to the Bank) so as to increase said provincial demand.

Section 3.11. (a) The Borrower shall: (i) not later than six calendar months after the Effective Date, prepare (under terms of reference acceptable to the Bank) and approve the baseline indicators referred to in Part D.3 of the Project; and (ii) immediately thereafter, assess, on an ongoing basis, the Project impact in accordance with said baseline indicators.

- (b) Without limitation to the provisions of paragraph (a) herein, the Borrower shall: (i) not later than December 31, 2012: (A) carry out a mid-term impact assessment of the Project in accordance with the baseline indicators referred to in paragraph (a) above, which assessment shall take into account the enhanced roads condition, the transport costs, production opportunities, job generation and road safety; and (B) prepare and furnish to the Bank, a report, acceptable to the Bank, reflecting the results of said mid-term assessment; and (ii) not later than December 31, 2014: (A) carry out a final impact assessment of the Project in accordance with the baseline indicators referred to in (a) above, which final assessment shall also take into account the same variables mentioned in (i) (A) herein; and (B) prepare and furnish to the Bank, a

report, acceptable to the Bank, reflecting the results of said final impact assessment.

Section 3.12. The Borrower shall ensure, and cause each Participating Province (through its corresponding DPV) to ensure, that any works to be carried out under any CREMA Subproject and/or Road Subproject do not involve any Resettlement.

Section 3.14. (a) The Borrower, through CEU, shall cause each Participating Province I to: (i) not later than December 31 of each calendar year of Project implementation, prepare and furnish to the Bank the corresponding annual road investment program to be carried out during the calendar year following the date of presentation of said program (which program shall include, *inter alia*, the CREMA Subprojects and/or the Road Subprojects, as well as the routine maintenance activities on the paved non-concessioned provincial road network (including their contract modalities) to be carried out during said given year, and a proposed budget to finance the same); and (ii) not later than sixty calendar days after the end of each calendar year of Project implementation, prepare and furnish to the Bank, a report of such scope and in such detail as the Bank shall reasonably request concerning the list of the CREMA Subprojects, Road Subprojects and the routine maintenance activities on the paved non-concessioned provincial road network (including the source of financing and the amount allocated for the financing of said CREMA Subprojects, Road Subprojects and routine maintenance activities), carried out during the calendar year immediately preceding the date of presentation of each said report.

(b) The Borrower, through CEU, shall cause each Participating Province I to, immediately after the presentation to the Bank of each annual road investment program referred to in paragraph (a) of this Section disclose the same to the public in a manner acceptable to the Bank.

(c) As part of the annual report to be furnished to the Bank pursuant to paragraph (a) (ii) of this Section, the Borrower, through the CEU, shall cause each Participating Province I to include in each said annual report information with respect to the percentage of the paved provincial road network: (i) without potholes; (ii) without edge drops between the pavement and the shoulder; and (iii) with horizontal marking/vertical signs.”.

5. Section 4.03 is hereby amended to read in its entirety as follows:

“Section 4.03. (a) The Borrower, through CEU, shall cause each Participating Province to: (i) not later than forty five calendar days after the end of each calendar year during Project implementation, prepare and furnish to the Bank a report, acceptable to the Bank, which report shall include information with

respect to: (A) locally generated provincial revenues; (B) total provincial revenues; (C) interest payments; (D) provincial primary surplus; and (E) provincial public debt; and (ii) not later than thirty calendar days after the presentation of each of said reports, review with the Borrower and the Bank the pertinent report.

- (b) For purposes of paragraph (a) of this Section, the term: (i) “locally generated provincial revenues” means the revenues generated by a Participating Province from all provincial sources during the calendar year prior to the date of presentation of the pertinent report mentioned in (a) (i) herein, but excluding the revenues resulting from the transfers of monetary resources from the Borrower, such as grants and/or co-participation funds; (ii) “total provincial revenues” means the revenues generated by a Participating Province from all provincial sources, including the monetary transfers from the Borrower (such as, grants and/or co-participation funds) during the calendar year prior to the date of presentation of the pertinent report mentioned in (a) (i) herein; (iii) “interest payments” means the payments made by a Participating Province during the calendar year prior to the date of presentation of the pertinent report mentioned in (a) (i) herein on interest of provincial public debt (as the term “provincial public debt” is defined in (v) herein); (iv) “provincial primary surplus” means the difference resulting from the total provincial revenues (as said terms is defined in (ii) herein) and non-interest provincial expenditures (which term is defined as the total spending incurred by the Participating Province during the calendar year prior to the presentation of the pertinent report, but excluding interest payments on provincial public debt (as the term “provincial public debt” is defined in (v) herein); and (v) “provincial public debt” means the total stock of debt of a Participating Province as of the last day of the calendar year prior to the date of presentation of the pertinent report mentioned in (a) (i) herein.”.

6. Part A of Schedule 2 is hereby amended to read in its entirety as follows:

“Part A: CREMA Subprojects and Road Subprojects

1. Carrying out, under the terms of approximately twelve (12) CREMA Contracts, of rehabilitation works (such as base reconstruction, resurfacing, or asphalt concrete overlaying) and/or maintenance works for approximately one thousand seven hundred seventy three (1773) kilometers of roads (in the aggregate) under the jurisdiction of Participating Provinces I, including any other CREMA Contracts within the jurisdiction of Participating Provinces I, as approved by the Bank.

2. Carrying out of rehabilitation and upgrading works (such as base reconstruction, resurfacing, paving and/or asphalt concrete overlaying, as the case may be) for approximately two hundred eighty six (286) kilometers within the existing right-of-way of selected roads under the jurisdiction of Participating Provinces I (through conventional contractual modalities, such as ad-measurement contracts), including any other rehabilitation and upgrading works of the same type described herein within the jurisdiction of Participating Provinces I, as approved by the Bank.”
7. Parts B and C.2 of Schedule 2 are hereby deleted, and left deliberately blank in Schedule 2.
8. Part D.2 of Schedule 2 is hereby amended to read in its entirety as follows:

“2. Provision of technical assistance and training to Participating Provinces I in the preparation of potential CREMA Subprojects, Road Subprojects and/or Institutional Building Subprojects.”.
9. Paragraphs (c) (vii) and (viii) of Schedule 5 are hereby amended to read in their entirety as follows:

“(vii) to take or permit to be taken all action to enable the Borrower, through CEU, to comply with its obligations under this Agreement, as applicable to the pertinent Participating Province I;

(viii) to prepare and furnish to the Bank the pertinent reports referred to in Section 4.03 of this Agreement in accordance with the terms provided in said section;”.
10. Schedule 6 is hereby deleted.

APPENDIX

Section I. Definitions

1. “Additional Subsidiary Loan” means a loan to be provided under an Amended Subsidiary Loan Agreement I.
2. “Amended Subsidiary Loan Agreement I” means any of the amended agreements referred to in Section I.C (a) of Schedule 2 to this Agreement.
3. “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.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CEU” means the central executing unit established within the coordinating unit of programs and projects with external financing (*Unidad Coordinadora de Programas y Proyectos con Financiamiento Externo*) under the jurisdiction of the Borrower’s Ministry of Federal Planning, Public Investment and Services, or any successor thereto acceptable to the Bank.
6. “CREMA Contract” means a multi-year contract under Part A.1 of the Project, entered into by the corresponding Participating Province I or DPV (as the case may be) with a private sector contractor, which contract obligates the private sector contractor to undertake all phases of road rehabilitation and maintenance work as a single package, from design and programming of the works, through the execution of such works, with respect to an identified portion of the corresponding provincial road network.
7. “CREMA Subproject” means any of the works under each CREMA Contract (as said term is defined herein).
8. “DPV” means *Dirección Provincial de Vialidad*, the Provincial Road Department, which may or may not be vested with legal personality, or any other entity (which may or may not be vested with legal personality) with similar functions and responsibilities, all within the administrative jurisdiction of a Participating Province I.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.

10. “Institutional Building Subproject” means any of the activities referred to in Part B of the Project.
11. “Operational Manual” means the Borrower’s manual, dated October 14, 2009, acceptable to the Bank, referred to in Section 1.02 of the Original Loan Agreement (as defined herein) which manual has been amended for purposes of this Project to include, *inter alia*: (a) the environmental mitigation measures identified by the pertinent environmental assessment carried out in respect of any given CREMA Subproject and/or Road Subproject pursuant to Section 3.07 of the Original Loan Agreement (with the exception of the CREMA Subproject under Part A.1 (c) (ii) of the Project), and the guidelines to be followed by the Participating Provinces I in case it is determined that the environmental assessments carried out pursuant to Section 3.07 of the Original Loan Agreement need to be updated/adjusted; (b) the environmental guidelines to be followed by the pertinent Participating Provinces I in carrying out the environmental assessment in respect of CREMA Subproject under Part A.1 (c) (ii) of the Project; (c) the Project’s standard bidding documents for CREMA Subprojects and Road Subprojects referred to in Section III.A.3 of Schedule 2 to this Agreement; (d) the Project’s chart of accounts and internal controls; (e) the format of: (i) the unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (ii) the Financial Statements; (f) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (g) the Project indicators (including the results framework); and (h) the Project disbursement and procurement procedures, as said manual may be updated and/or amended from time to time with the agreement of the Bank (as said terms are defined herein).
12. “Original Loan” means loan amount referred to in the Whereas clause (A) of this Agreement.
13. “Original Loan Agreement” means the loan agreement referred to in the Whereas clause (A) of this Agreement, as amended.
14. “Original Project” means the project set forth in Schedule 2 to the Original Loan Agreement (as said term is defined herein).
15. “Participating Province I” means any of the following political subdivisions of the Borrower (as per title Two of the Borrower’s 1994 Constitution): Córdoba, Corrientes, Chubut, Entre Rios, Neuquen and Santa Fe, all of which have met the eligibility criteria set forth in the Operational Manual to carry out any Subproject (as said terms are defined herein).
16. “Participating Province II” means any of the Borrower’s political subdivisions (as per title Two of the Borrower’s 1994 Constitution), which meets the

eligibility criteria set forth in the Operational Manual to carry out any Project activity under Part C.2 of the Original Project.

17. “PMU” means any of the provincial management units (or any other unit with similar functions and responsibilities) referred to in paragraph (c) (x) (A) of Schedule 4 to this Agreement, or any successor thereto acceptable to the Bank.
18. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
19. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated October 13, 2009 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.
20. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
21. “Road Subproject” means any of the works referred to in Part A.2 of the Project.
22. “Routine Maintenance Subproject” means any of the annual routine maintenance programs referred to in Part B of the Original Project.
23. “SEPA” means the Bank’s publicly accessible Procurement Plans Execution System.
24. “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.
25. “SOP” means *Secretaría de Obras Públicas*, the Secretariat of Public Works established within the Borrower’s Ministry of Federal Planning, Public Investment and Services, or any successor thereto acceptable to the Bank.
26. “Subproject” means a CREMA Subproject, an Institutional Building Subproject, and/or a Road Subproject (as the case may be) (as said terms are defined herein).

27. “Subsidiary Loan Agreement I” means any of the agreements referred to in Section 3.04 (a) of the Original Loan Agreement which were signed on or before April 28, 2009, as the same may be amended from time to time with the agreement of the Bank.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance; Capitalizing Front-end Fee and Interest*

(a) If the Loan Agreement provides for the repayment out of the proceeds of the Loan of an advance made by the Bank or the Association (“Preparation Advance”), the Bank shall, on behalf of such Loan Party, withdraw from the Loan Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Loan Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Bank shall pay the amount so withdrawn to itself or the Association, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (1) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

... (1) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity or any Participating Province I ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of a determination by the Bank or the Association that the Borrower or the Project Implementing Entity or any Participating Province I has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

- (b) The definition of the term “Conversion Date” is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”