

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

March 30, 2010

CONFORMED COPY FOR PUBLIC DISCLOSURE

Lic. Amado Boudou
Minister of Economy and Public Finance
Ministry of Economy and Public Finance
Hipólito Irigoyen 250
1310 Buenos Aires, Argentina

Re: **ARGENTINA** – Unleashing Productive Innovation Project
Loan No. 7599-AR

Second Amendment to the Loan Agreement

Dear Minister Boudou:

Please refer to the Loan Agreement (the Loan Agreement) dated August 6, 2009, entered into between the Argentine Republic (the Borrower) and the International Bank for Reconstruction and Development (the Bank).

In response to the Borrower's letter DNPOIC No. 187, CUDAP 15110 to the Bank, dated February 18, 2010, requesting the Bank to: (a) reallocate a portion of the Loan proceeds (US\$10 million) under the Sectoral Funds Component to support matching grants for innovation projects conducted by individual firms in the biotechnology, nanotechnology, and information and telecommunication sectors; and (b) to include commercial practices for goods under US\$1,000 for Technology Subprojects conducted by individual firms under Part 3 of the Project, the Bank hereby proposes to amend the Loan Agreement, as follows:

1. To expand the project description of Part 3, Schedule 1 to the Loan Agreement (Sectoral Funds), to read as follows:

“Part 3: Sectoral Funds

Provision of Technology Grants to carry out public-private and/or private-private collaborative research and technology commercialization, and innovation activities by individual firms in the areas of biotechnology, information and communications technology, and nanotechnology, through, *inter alia*, the carrying out of minor works (remodeling), the acquisition and utilization of equipment, the provision of Scholarships to graduate students and the facilitation of Fellowships, the provision of technical assistance (which will generate new knowledge, adapt or transfer knowledge, and/or result in the development of new products or production processes with high potential impact on Argentina's productive sector), all in accordance with the criteria set forth in the Operational Manual.”

2. To amend the table under Section III.B.2 of Schedule II to the Loan Agreement, as follows:

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting
(d) Established commercial practices acceptable to the Bank pursuant to paragraph 3.12 of the Procurement Guidelines, as set forth in the Procurement Plan and the Operational Manual in respect of Venture Capital Fund Subprojects, and Technology Subprojects carried out by individual firms

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

Please confirm your agreement to the foregoing amendments by signing and dating this Amendment Letter in the spaces provided below. This Amendment Letter will be executed in two counterparts, each of which shall be an original and one of which shall be returned to us. The provisions of this Amendment Letter will become effective upon receipt by the Bank of: (i) a revised Operational Manual for the Project, including the provisions necessary for an adequate implementation of Part 3 of the Project (as herein amended); and (ii) one fully executed original of this Amendment Letter. Once the precedent conditions have been satisfied, the date of effectiveness of this Amendment Letter shall be the date of your countersignature.

Sincerely,

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

/s/ Laura Frigenti
Acting Director
Argentina, Paraguay and Uruguay

AGREED AND CONFIRMED:

ARGENTINE REPUBLIC

By: /s/ Amado Boudou
Authorized Representative

Date: June 1, 2010