

CONFORMED COPY

LOAN NUMBER 7599-AR

Loan Agreement

(Unleashing Productive Innovation Project)

between

ARGENTINE REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated August 6, 2009

LOAN NUMBER 7599-AR

LOAN AGREEMENT

Agreement dated August 6, 2009, 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 this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred fifty million Dollars (\$150,000,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 April 1 and October 1 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 objective of the Project. To this end, the Borrower: (a) (i) through ANPCyT, shall carry out Parts 1, 2 (b) and (c), 3, 4 and 5 (d) and (f) of the Project; (ii) through ANPCyT, shall carry out Part (2) (a) (i) of the Project, with the assistance of the private investors in the Venture Capital Fund pursuant to the Venture Capital Fund Bylaws, and any other corporate arrangement, acceptable to the Bank; and (iii) through MINCyT, shall carry out Part 5 (a), (b), (c) and (e) of the Project; (b) through ANPCyT, shall cause the Venture Capital Fund to carry out Part 2 (a) (ii) of the Project pursuant to the provisions of the pertinent Venture Capital Fund Contribution Agreement; and (c) through ANPCyT, shall cause the Venture Capital Fund to carry out Part 2 (a) (iii) of the Project, 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, through MINCyT/ANPCyT, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
- 3.03. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower, through MINCyT, shall provide the necessary assistance to ANPCyT to carry out the Project activities under its responsibility.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following, provided, however, that if any of the events specified in paragraphs (a) or (b) below shall have occurred and be continuing, 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 Category (3):
- (a) That any action has been taken for the dissolution, disestablishment or suspension of operations of the Venture Capital Fund.
 - (b) That the Venture Capital Fund Bylaws have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of the Venture Capital Fund to perform any of its functions in a manner acceptable to the Bank.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified in Section 4.01 (a) or (b) of this Agreement occurs, provided, however, that the Bank may, by notice to the Borrower, through MINCyT, only declare the Withdrawn Loan Balance in respect of Category (3), as at the date of such notice to be due and payable immediately together with any other Loan Payments, due under the Loan Agreement or this General Conditions.

ARTICLE V- TERMINATION

- 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 March 25, 2010.

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, as of the day and year first above written.

ARGENTINE REPUBLIC

By /s/ Amado Boudou

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Pedro Alba

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to expand the Borrower's capacity to generate productive innovation in knowledge-based areas by: (a) facilitating the creation of new knowledge-based companies; (b) developing specialized human capital; (c) supporting productive research innovation activities and their technology commercialization in the areas of biotechnology, nanotechnology and information and communication technology; (d) upgrading the research infrastructure in the areas of science, technology and productive innovation; and (e) strengthening the policy framework governing science, technology, and productive innovation.

The Project consists of the following parts:

Part 1: Developing Human Resources for Productive Innovation

- (a) Provision of Graduate Program Grants for the establishment or strengthening of graduate programs on technology brokering and management in Eligible Institutions in Argentina (including the facilitation of Fellowships, and the provision of Scholarships to graduate students: (i) to enroll in graduate programs on technology brokering and management; and (ii) to facilitate internships to carry out practical training on technology brokering and management, all in Eligible Institutions).
- (b) Carrying out of a scholarship program in accordance with the criteria set forth in the Operational Manual, which program consists of, *inter alia*, the provision of Scholarships to undergraduate students who are currently enrolled or will be enrolled in undergraduate information and communication technology programs, including the enrollment in any other program of similar nature acceptable to the Bank, all in Eligible Institutions.

Part 2: Support for Knowledge-Based Companies

- (a) (i) Creation of a Venture Capital Fund, in a manner and on terms acceptable to the Bank (which shall include the establishment of Venture Capital Fund Bylaws, and any other corporate arrangement needed for the operation of said fund); (ii) provision of Venture Capital Fund Contributions to carry out technology innovation investments in Eligible Companies; and (iii) hiring of a manager for the Venture Capital Fund under terms of reference, and in a manner, all acceptable to the Bank.
- (b) Provision of Knowledge-Based Grants to develop business plans, investment plans and/or technology prototypes (*prototipos*) of Eligible Entities, including any other type of knowledge-based activity, as approved by the Bank, to support the development of Eligible Entities.

- (c) Provision of support for the operation of Eligible Deal Flow Facilities, through the financing of a Basic Fee, and a Promoter Fee, if applicable, all in accordance with the criteria and procedures set forth in the Operational Manual.

Part 3: Sectoral Funds

Provision of Technology Grants to carry out productive research activities, 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 (which will generate new knowledge or adapt and/or transfer knowledge with high potential impact on Argentina's productive sector, and/or foster public-private and private-private collaborative research and technology commercialization, in the areas of: (a) biotechnology; (b) information and communications technology; and (c) nanotechnology), all in accordance with the criteria set forth in the Operational Manual.

Part 4: Upgrading of Research Infrastructure

Provision of Infrastructure Grants to refurbish the infrastructure of Eligible Institutions.

Part 5: Strengthening the Policy and Institutional Framework for Innovation and Project Management

- (a) Strengthening of the policy-making, and monitoring and evaluation capacity, of MINCyT, through, *inter alia*: (i) the expansion of the number and reliability of science, technology and innovation indicators; (ii) the development of a data base on Argentine researchers and critical research programs so as to permit the monitoring of the existing human capital and research capacity for innovation; (iii) the support of MINCyT's analytical work on regional and national innovation systems, and on selected sectoral issues; (iv) the carrying out of impact evaluations of MINCyT's policies concerning science, technology and innovation; (v) the establishment and implementation of management information systems; and (vi) the carrying out of analytical studies and technical assessments on selected areas as approved by the Bank.
- (b) Provision of support to technology transfer offices at selected universities, through, *inter alia*, the identification and implementation of international best practice models for the management and commercialization of intellectual property rights.
- (c) Carrying out of surveys to gather information with respect to the national and provincials innovation systems in Argentina.
- (d) Carrying out of an independent evaluation of the progress made in the carrying out of Technology Subprojects.
- (e) Carrying out of Project dissemination activities.
- (f) Strengthening of the operational capacity of ANPCyT (including the UFFA's capacity), through, *inter alia*: (i) the establishment and implementation of

management information systems; (ii) the strengthening of UGSA to further upgrade its capacity to carry out its socio-environmental functions; and (iii) the provision of technical assistance to carry out the evaluations of Subproject proposals and Scholarship proposals, and to monitor and supervise the implementation of the Project, including the provision of training required therefor.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements and Other Arrangements

- A. The Borrower, through MINCyT/ANPCyT, shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
- B. (a) Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through MINCyT/ANPCyT, shall carry out the Project activities under their responsibility, and cause the rest of the Project to be carried out, all 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) Upon the approval of a Scholarship under Part 1 of the Project, the Borrower, through ANPCyT, shall enter into an agreement (the Scholarship Agreement I) with the pertinent Eligible Institution, on terms and conditions which shall have been approved by the Bank and which shall include, *inter alia*, those set forth in Schedule 4 to this Agreement.
- (b) (i) The Borrower, through ANPCyT, shall exercise its rights and carry out its obligations under each Scholarship Agreement I in such manner as to protect the interests of the Borrower, through ANPCyT, and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through ANPCyT, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Scholarship Agreement I, or any provision thereof.
- D. (a) Upon approval of any given Graduate Program Subproject, and for purposes of carrying out any said Graduate Program Subproject, the Borrower, through ANPCyT, shall assign or transfer, on a grant basis, a portion of the proceeds of the Loan allocated to Category (2) (the Graduate Program Grant) to the pertinent Eligible Institution under a grant agreement (the Graduate Program Grant Agreement) to be entered into between the Borrower, through ANPCyT, and said Eligible Institution under terms and conditions which shall have been approved by the Bank and which shall include, *inter alia*, those set forth in Schedule 6 to this Agreement.
- (b) (i) The Borrower, through ANPCyT, shall exercise its rights and carry out its obligations under each Graduate Program Grant Agreement in such manner as to protect the interests of the Borrower, through ANPCyT, and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through ANPCyT, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Graduate Program Grant Agreement or any provision thereof.
- E. Upon approval of any given Venture Capital Fund Subproject, and for purposes of carrying out any said Venture Capital Fund Subproject, the Borrower, through

ANPCyT, shall cause the Venture Capital Fund to make a contribution (the Venture Capital Fund Contribution) to an Eligible Company pursuant to the terms of the Venture Capital Bylaws, and the terms of the relevant agreement (the Venture Capital Fund Contribution Agreement) to be entered into between the Venture Capital Fund and the pertinent Eligible Company on terms and conditions which shall have been approved by the Bank and which shall include, *inter alia*, those set forth in Schedule 7 to this Agreement.

- F. (a) Upon approval of any given Knowledge-Based Subproject, and for purposes of carrying out any said Knowledge-Based Subproject, the Borrower, through ANPCyT, shall assign or transfer, on a grant basis, a portion of the proceeds of the Loan allocated to Category (4) (the Knowledge-Based Grant) to the pertinent Eligible Entity under a grant agreement (the Knowledge-Based Grant Agreement) to be entered into between the Borrower, through ANPCyT, and said Eligible Entity under terms and conditions which shall have been approved by the Bank and which shall include, *inter alia*, those set forth in Schedule 8 to this Agreement.
- (b) (i) The Borrower, through ANPCyT, shall exercise its rights and carry out its obligations under each Knowledge-Based Grant Agreement in such manner as to protect the interests of the Borrower, through ANPCyT, and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through ANPCyT, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Knowledge-Based Grant Agreement or any provision thereof.
- (c) Without limitation to the provisions of paragraph (a) above, the Borrower, through ANPCyT, shall, on and subsequent to the second anniversary of the Effective Date, refrain from approving new Knowledge-Based Subprojects, and therefore refrain from presenting to the Bank Loan withdrawal applications and/or from withdrawing Loan proceeds from the First Designated Account (all under Category 4) to finance any said type of new Knowledge-Based Subprojects, unless said Knowledge-Based Subproject, shall have been presented for approval by an Eligible Deal-Flow Facility.
- G. (a) Upon the selection of any Eligible Deal Flow Facility, and for purposes of carrying out Part 2 (b) of the Project, the Borrower, through ANPCyT, shall enter into an agreement with each said Eligible Deal Flow Facility (the Deal Flow Facility Agreement) on terms and conditions which shall have been approved by the Bank and which shall include, *inter alia*, those set forth in Schedule 9 to this Agreement.
- (b) (i) The Borrower, through ANPCyT, shall exercise its rights and carry out its obligations under each Deal Flow Facility Agreement in such manner as to protect the interests of the Borrower, through ANPCyT, and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through ANPCyT, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Deal Flow Facility Agreement or any provision thereof.

- H. (a) Upon approval of any given Technology Subproject and/or a Scholarship, and for purposes of carrying out any said Technology Subproject, the Borrower, through ANPCyT, shall assign or transfer, on a grant basis, a portion of the proceeds of the Loan allocated to Category (7) (the Technology Grant and/or the Scholarship, as the case may be) to the pertinent Beneficiary under a grant agreement (the Technology Grant Agreement) to be entered into between the Borrower, through ANPCyT, and said Beneficiary under terms and conditions which shall have been approved by the Bank and which shall include, *inter alia*, those set forth in Schedule 10 to this Agreement.
- (b) (i) The Borrower, through ANPCyT, shall exercise its rights and carry out its obligations under each Technology Grant Agreement in such manner as to protect the interests of the Borrower, through ANPCyT, and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through ANPCyT, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Technology Grant Agreement or any provision thereof.
- I. (a) Upon approval of any Infrastructure Subproject, and for purposes of carrying out any said Infrastructure Subproject, the Borrower, through ANPCyT, shall assign or transfer, on a grant basis, a portion of the proceeds of the Loan allocated to Category (8) (the Infrastructure Grant) to the pertinent Eligible Institution under a grant agreement (the Infrastructure Grant Agreement) to be entered into between the Borrower, through ANPCyT, and said Eligible Institution under terms and conditions which shall have been approved by the Bank and which shall include, *inter alia*, those set forth in Schedule 11 to this Agreement.
- (b) (i) The Borrower, through ANPCyT, shall exercise its rights and carry out its obligations under each Infrastructure Grant Agreement in such manner as to protect the interests of the Borrower, through ANPCyT, and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through ANPCyT, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Infrastructure Grant Agreement or any provision thereof.
- J. Prior to the approval of any given Subproject, the Borrower, through ANPCyT, shall: (a) carry out, or cause to be carried out, an environmental/social screening of the relevant Subproject proposal, and based on said initial environmental/social screening, if applicable, carry out or cause to be carried out an environmental/social assessment of any said Subproject proposal; (b) thereafter, and if determined by the same, approve an environmental/social management plan or similar environmental/social instrument, acceptable to the Bank, for each said Subproject proposal (which plan or similar environmental/social instrument shall be based on the results of the environmental/social screening and/or environmental/social assessment mentioned herein), all in accordance with the provisions of the Environmental Management Manual; and (c) immediately after the approval of any given Subproject, implement and/or cause to be implemented (as the case may be) the corresponding environmental/social management plan (or similar environmental/social instrument) in accordance with its terms.

- K. (a) The Borrower, through ANPCyT, shall: (i) operate and maintain, at all times during Project implementation, the UFFA; and (ii) within the structure of the UFFA, operate and maintain, at all times during Project implementation, the UGSA, all with a structure, functions and responsibilities, acceptable to the Bank, as set forth in the Operational Manual.
- (b) The Borrower, through ANPCyT, shall ensure that:
- (i) the UFFA is, at all times during Project implementation, headed by a Project coordinator and assisted by professional and administrative staff; and
- (ii) the UGSA is, at all times during Project implementation, headed by a coordinator and assisted by professional staff (including, *inter alia*, a social management specialist, and an environmental specialist) and administrative staff,
- all in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank.
- L. The Borrower, through ANCPyT, 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.
- M. The Borrower, through ANPCyT, shall, not later than six months after the Effective Date, establish, and thereafter operate and maintain, at all times during Project implementation, a procurement information system, and a web page for purposes of disseminating Project information (as determined by the Bank), all acceptable to the Bank.
- N. The Borrower, through ANPCyT, shall: (a) not later than December 31, 2011, carry out the independent evaluation mentioned in Part 5 (d) of the Project (the mid-term evaluation) in a manner and on terms acceptable to the Bank; (b) not later than 45 days after the carrying out of said evaluation, and without limitation to the provisions of Section II.A.1 of this Schedule, prepare and furnish to the Bank, a report acceptable to the Bank (which report shall reflect the outcome of said evaluation, the recommendations resulting from the same, including the Bank's comments, if any, and a time bound action plan, acceptable to the Bank, implement said recommendations, and, if applicable, the Bank's comments); and (c) immediately thereafter, implement said action plan in accordance with its terms.
- O. The Borrower, through ANPCyT, shall: (a) prepare and furnish to the Bank a medium-term strategy, acceptable to the Bank, in respect of the areas referred to in Part 3 of the Project; and (b) immediately thereafter, implement said strategy in accordance with its terms, and in a manner acceptable to the Bank.
- P. Without limitation to the provisions of Section I.O of this Schedule, the Borrower, through ANPCyT, shall: (a) not later than June 30 of each year of Project implementation (commencing in the first June 30 after the Effective Date), prepare and furnish to the

Bank an annual plan, acceptable to the Bank (which plan shall be based on the strategy referred to in Section I.O (a) of this Schedule, and indicate the areas referred to in Part 3 of the Project which ANPCyT intends to prioritize/develop during the next twelve months following the date of presentation of said plan); and (b) immediately after, carry out each said plan in accordance with its terms, and in a manner acceptable to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through ANPCyT, 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 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 Part A.1 of this Section, the Borrower, through ANPCyT, 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 ANPCyT, the Beneficiaries, Eligible Entities, Eligible Companies, Eligible Deal-Flow Facilities and/or Eligible Institutions (as the case may be) 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, Non-Consultant Services 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 ANPCyT, shall, not later than September 30, 2012, exchange views with the Bank (the mid-term review) with respect to the pertinent Project Reports, and the report mentioned in Section I.N of this Schedule.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through ANPCyT, 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 ANPCyT, 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 each calendar semester, in form and substance satisfactory to the Bank.

3. The Borrower, through ANPCyT, 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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. Without limitation to the provisions of Section II.B.3 of this Schedule, the Borrower, through ANPCyT, shall, one year after the first deposit into the Venture Capital Fund commercial account mentioned in Section IV.A.2 of this Schedule is made either by the Venture Capital Fund or the private investors, and every year thereafter, cause the Venture Capital Fund to carry out an annual independent external audit in accordance with consistently applied auditing standards acceptable to the Bank, and under terms of reference acceptable to the Bank, with respect to the Venture Capital Fund financial statements, and the financial statements of the Eligible Companies in order to ensure the proper use of Loan proceeds.

Section III. Procurement

A. General

1. **Goods, Works and Non-Consultant Services.** All goods, works and Non-Consultant Services required for the Project and to be financed out of the proceeds of the Loan shall be procured, and/or caused to 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. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured, and/or caused to 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 Section.
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.
4. **Special Provisions.** Without limitation to the other provisions in Section III.A of this Schedule, the following additional provisions shall also govern the procurement of goods, works, Non-Consultant Services and consultants' services under the Project (as the case may be):
 - (a) procurement of goods, works, Non-Consultant Services and consultants' services (in respect of firms) shall be carried out using: (i) standard bidding documents and standard requests for quotations/proposals (as the case may be), all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision; (ii) model bid evaluation forms, and model quotations/proposals

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 Subprojects 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 goods, works and Non-Consultant Services;
- (d) after the public opening of bids for goods, works and Non-Consultant Services, 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) after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants' proposals;
- (f) bidders or consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina; (ii) have a representative in Argentina; and (iii) be associated or subcontract with Argentine suppliers, contractors or consultants;
- (g) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, Non-Consultant Services and consultants' services procured by: (A) the Borrower, through ANPCyT, shall be published in the web page of the Borrower's Office of National Procurement (*Oficina Nacional de Contrataciones*); and (B) the Eligible Institutions, the Eligible Entities, the Eligible Companies, the Eligible Deal-Flow Facilities, and the Beneficiaries, shall be published by the Borrower, through ANPCyT, in the web page referred to in Section I.M of this Schedule, 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;

- (h) 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 goods, works and Non-Consultant Services to be procured under National Competitive Bidding procedures;
- (i) references to bidders in one or more specialized magazines shall not be used by the Borrower, through ANPCyT, the Eligible Institutions, the Eligible Entities, the Eligible Companies, the Eligible Deal-Flow Facilities, and the Beneficiaries in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;
- (j) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;
- (k) the Borrower, through ANPCyT, 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 six 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;
- (l) the provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines providing for domestic preference in the evaluation of bids shall apply to goods manufactured in the territory of the Borrower in respect of contracts for goods to be procured under International Competitive Bidding procedures;
- (m) consultants shall not be required to submit bid or performance securities;
- (n) contracts of goods, works and Non-Consultant Services 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 Borrower, through ANPCyT, the Eligible Institutions, the Eligible Entities, the Eligible Companies, the Eligible Deal-Flow Facilities, and/or the Beneficiaries (as the case may be), to be qualified to perform the contract satisfactorily; and
- (o) the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Borrower, through ANPCyT, the Eligible Institutions, the Eligible Entities, the Eligible Companies, the Eligible Deal-Flow Facilities, and the Beneficiaries, in connection with the contracting of

consultants' services provided by a firm and to be financed with the proceeds of the Loan.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-Consultant Services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-Consultant Services. 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) 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

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.

<u>Procurement Method</u>
(a) Least Cost Selection
(b) Quality-Based Selection
(c) Selection Based on the Consultants' Qualifications
(d) Single Source Selection
(e) Procedures set forth in paragraphs 5.2 through 5.4 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
(g) Established commercial practices acceptable to the Bank pursuant to paragraph 3.14 of the Consultant Guidelines, as set forth in the Procurement Plan and the Operational Manual in respect of Venture Capital Fund Subprojects

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 Article II of the General Conditions, this Section, and such additional instructions (the Disbursement Letter) 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 4 below.
2. Without limitation to the provisions of paragraph 1 of this Section, Section IV.B.1 (d) of this Schedule, and Section 2.04 of the General Conditions, and pursuant to the provisions of the Disbursement Letter:
 - (a) the Bank may, upon the Borrower's request, and presentation to the Bank of evidence acceptable to the Bank showing that: (i) the Venture Capital Fund has been created as provided in Part 2 (a) of the Project; (ii) a financial management assessment of the Venture Capital Fund has been carried out in a manner acceptable to the Bank; and (iii) the manager for the Venture Capital Fund has been selected in a manner acceptable to the Bank, deposit into the Second Designated Account, an advance of the proceeds of the Loan up to an amount not to exceed \$2,000,000 (the Authorized Advance) to finance Eligible Expenditures under Category (3);
 - (b) subsequent withdrawals of Authorized Advances to replenish the Second Designated Account, may be authorized by the Bank, provided that the Borrower, through ANPCyT, shall have furnished to the Bank: (i) a request or requests for deposit into the Second Designated Account of an amount or amounts which do not exceed the Authorized Advance or the total aggregate amount mentioned herein; and (ii) evidence, acceptable to the Bank, showing that the private investors have made contributions to the Venture Capital Fund in an amount equal to 200% of each Authorized Advance immediately preceding said replenishment, and that said amount has been deposited into a commercial account to be opened and maintained by the Venture Capital Fund in a financial institution acceptable to the Bank, and on terms and conditions acceptable to the Bank, for the exclusive use of financing Venture Capital Fund Subprojects and the Venture Capital Fund's Operating Costs. The total amount of Authorized Advances shall not exceed \$10,000,000 in the aggregate; and
 - (c) the Borrower, through ANPCyT, may withdraw, from time to time, from the Second Designated Account an amount equal to each Authorized Advance, and deposit the same into the commercial account mentioned in (b) (ii) above for the

exclusive use of financing Venture Capital Fund Subprojects and the Venture Capital Fund's Operating Costs.

3. Notwithstanding the provisions of paragraphs 1 and 2 above, the Borrower, through ANPCyT, shall refund to the Bank, in a manner and on terms acceptable to the Bank, any amount of the Authorized Advances (mentioned in paragraph 2 above) not used to finance Eligible Expenditures under said Category (3), or the use of which is not accounted for or reported, by the Closing Date.
4. 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Scholarships under Part 1 (b) of the Project	16,000,000	100%
(2) Goods, minor works, Non-Consultant Services, consultants' services, Training and/or Operating Costs under Graduate Program Subprojects, and Scholarships under Part 1 (a) of the Project	6,000,000	100% of the amounts disbursed under the relevant Graduate Program Grant; and 100% in respect of Scholarships
(3) (a) Goods, consultants' services, Training and/or Operating Costs under Venture Capital Fund Subprojects	9,500,000	100% of the amounts disbursed under the relevant Venture Capital Fund Contribution
(b) Operating Costs for the Venture Capital Fund	500,000	33%
(4) Goods, consultants' services, Training and/or Operating Costs under Knowledge-Based Subprojects	16,000,000	100% of the amounts disbursed under the relevant Knowledge-Based Grant
(5) Basic Fee	1,000,000	100%
(6) Promoter Fee	3,000,000	100%

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(7) Goods, minor works, Non-Consultant Services, consultants' services, Training and/or, Operating Costs under Technology Subprojects, and Scholarships under Part 3 of the Project	60,000,000	100% of the amounts disbursed under the relevant Technology Grant; and 100% in respect of Scholarships
(8) Goods, minor works, and consultants' services and/or Operating Costs under Infrastructure Subprojects	25,000,000	100% of the amounts disbursed under the relevant Infrastructure Grant
(9) Goods, Non-Consultant Services, consultants' services, Training and/or Operating Costs under Part 5 of the Project	12,124,000	60%
(10) Refund of the Preparation Advance	501,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
(11) Front-end Fee	375,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(12) Premia for Interest Rate Caps and Interest Collars	0	Amounts payable pursuant to Section 2.07 (c) of this Agreement
TOTAL AMOUNT	150,000,000	

For purposes of this Section:

- (a) the term "Training" means expenditures (other than those for consultants' services) to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), training registration fees, and rental of training facilities and equipment under the Project; and
- (b) the term "Operating Costs" means recurrent expenditures that would not have been incurred absent the Project, for: (i) transportation and per-diem costs of the staff of the ANPCyT and MINCyT who have been assigned to assist the Borrower in the carrying out of the Project, and the staff of Eligible Companies, Eligible Entities, Eligible Institutions and/or Beneficiaries who have been

assigned to assist the same in the carrying out of Project activities under their responsibility; (ii) Project administration costs (including office rent), operation and maintenance of office equipment for the ANPCyT; (iii) administration costs of the Venture Capital Fund, including, office rent, operation and maintenance of office equipment, and if applicable, the fee of said fund's manager hired under Part 2 (a) (iii) of the Project; and (iv) non-durable goods under the Project, but excluding salaries.

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 date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$30,000,000 equivalent may be made for payments made prior to this date but on or after September 1, 2008 (but in no case more than one year prior to the date of this Agreement) for Eligible Expenditures for Categories (1) through (9) provided that the pertinent obligations and/or conditions set forth in this Agreement, in respect of the relevant Eligible Expenditure, have been complied with or met;
 - (b) for payments made to finance any Scholarship under Category (1) unless the relevant Eligible Institution has met the criteria set forth in the Operational Manual, which criteria shall include, *inter alia*, that the corresponding Scholarship Agreement I and Student Agreement I have been signed by the respective parties thereto;
 - (c) for payments made to finance any Graduate Program Subproject and/or any Scholarship under Category (2), unless the relevant Eligible Institution has met the criteria set forth in the Operational Manual, which criteria shall include, *inter alia*, that: (i) the corresponding Graduate Program Grant Agreement has been signed by the respective parties thereto; and/or (ii) if applicable, the condition mentioned in paragraph (b) above has been met in respect of the pertinent Scholarship;
 - (d) for payments made to finance any Venture Capital Fund Subproject under Category (3) (a), unless: (i) the conditions/obligations referred to in Section IV.A 2 of this Schedule have been met, or complied with, in a manner acceptable to the Bank; and (ii) the Eligible Company has met the criteria set forth in the Operational Manual, which criteria shall include, *inter alia*, that the corresponding Venture Capital Fund Contribution Agreement has been signed by the respective parties thereto;
 - (e) for payments made to finance any Knowledge-Based Subproject under Category (4), unless the relevant Eligible Entity has met the criteria set forth in the Operational Manual, which criteria shall include, *inter alia*, that the corresponding Knowledge-Based Grant Agreement has been signed by the respective parties thereto;

- (f) for payments made to finance a Basic Fee under Category (5), unless the relevant Eligible Deal-Flow Facility has met the criteria set forth in the Operational Manual, which criteria shall include, *inter alia*: (i) that the corresponding Deal-Flow Facility Agreement has been signed by the respective parties thereto; and (ii) the presentation to the Borrower, through ANCyPT, of a business plan, in the form provided in the Operational Manual, for developing a technological idea with commercial potential identified by the relevant Eligible Deal-Flow Facility (which business plan shall be in line with the provisions of the Environmental Management Manual);
- (g) for payments made to finance the Promoter Fee under Category (6), unless the relevant Eligible Deal-Flow Facility has presented to the Borrower, through ANCyPT, evidence, acceptable to the Bank, that it has obtained the relevant financing for potential investments resulting from developing the technological idea with commercial potential mentioned in sub-paragraph (f) above;
- (h) for payments made to finance any Technology Subproject and/or any Scholarship (as the case may be) under Category (7), unless: (i) if applicable, the relevant Beneficiary has met the criteria set forth in the Operational Manual, which criteria shall include, *inter alia* that the corresponding Technology Grant Agreement, the pertinent Scholarship Agreement II, and the pertinent Student Agreement II have been signed by the respective parties thereto; and (ii) the Borrower, through ANPCyT, has complied with the obligation set forth in Section I.O (a) of this Schedule; and
- (i) for payments made to finance any Infrastructure Subproject under Category (8), unless the relevant Eligible Institution has met the criteria set forth in the Operational Manual, which criteria shall include, *inter alia*, that the corresponding Infrastructure Grant Agreement has been signed by the respective parties thereto.

2. The Closing Date is September 30, 2014.

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 April 1 and October 1 Beginning October 1, 2013 through April 1, 2038	2%

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 Scholarship Agreements I

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

- (a) the obligation of the Borrower, through ANPCyT, to, upon the approval of a Scholarship, promptly inform the relevant Eligible Institution of said approval in a manner acceptable to the Bank;
- (b) the right of the Borrower, through ANPCyT, to take remedial actions against the pertinent Eligible Institution in case said Eligible Institution shall have failed to comply with any of its obligations under the pertinent Scholarship Agreement (which actions must be previously agreed with the Bank); and
- (c) the obligation of each relevant Eligible Institution:
 - (i) to periodically inform the Borrower, through ANCyPT, concerning the performance of the Eligible Student (including, but not limited to attendance and grades) in a manner acceptable to the Bank;
 - (ii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Scholarship Agreement or any provision thereof unless previously agreed by the Bank;
 - (iii) to, upon approval of a Scholarship, enter into an agreement (the Student Agreement I) with the pertinent Eligible Student under terms and conditions acceptable to the Bank which shall include, *inter alia*, those set forth in Schedule 5 to this Agreement;
 - (iv) to exercise its rights and carry out its obligations under each Student Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan in respect of said Scholarship;
 - (v) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Student Agreement or any provision thereof unless previously agreed by the Bank; and
 - (vi) to take or permit to be taken all action to enable the Borrower, through ANPCyT, to comply with its obligations referred to in this Agreement, as applicable to the pertinent Scholarship.

SCHEDULE 5

Terms and Conditions of Students Agreements I

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

- (a) the obligation of the Eligible Institution to permit the Eligible Student to enroll in the pertinent program, and take all necessary actions so as to permit said Eligible Student to attend classes in its facilities and/or campus for purposes of carrying out Parts 1 and/or 3 of the Project in respect of said Eligible Student, all in a manner acceptable to the Bank;
- (b) the right of the Eligible Institution to take remedial actions against the pertinent Eligible Student in case said Eligible Student shall have failed to comply with any of his/her obligations under the pertinent Student Agreement, which actions shall be previously agreed with the Bank; and
- (c) the obligation of each relevant Eligible Student:
 - (i) to use the proceeds of the Scholarship exclusively for the intended purposes;
 - (ii) to comply with the pertinent provisions of the Anti-Corruption Guidelines in respect of said Scholarship;
 - (iii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Student Agreement or any provision thereof unless previously agreed by the Bank; and
 - (iv) to take or permit to be taken all action to enable the Borrower, through ANPCyT, to comply with its obligations referred to in this Agreement, as applicable to the pertinent Scholarship.

SCHEDULE 6

Terms and Conditions of Graduate Program Grant Agreements

Each Graduate Program Grant Agreement shall contain, *inter alia*, the following provisions:

- (a) the obligation of the Borrower, through ANPCyT:
 - (i) to promptly assign to each relevant Eligible Institution the proceeds of the Graduate Program Grant, and if applicable, to transfer the proceeds of said Graduate Program Grant to each said Eligible Institution, as provided in the Operational Manual, all in a manner acceptable to the Bank;
 - (ii) to, upon request of the relevant Eligible Institution, make direct payments to contractors, suppliers and/or consultants with the proceeds of the pertinent Graduate Program Grant; and
 - (iii) to ensure that the relevant Graduate Program Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
- (b) the right of the Borrower, through ANPCyT, to take remedial actions against the pertinent Eligible Institution in case said Eligible Institution shall have failed to comply with any of its obligations under the pertinent Graduate Program Grant Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the corresponding Graduate Program Grant (as the case may be), all as previously agreed with the Bank); and
- (c) the obligation of each relevant Eligible Institution:
 - (i) to use the proceeds of the Graduate Program Grant exclusively for the financing of the corresponding Graduate Program Subproject;
 - (ii) to provide the funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Graduate Program Subproject;
 - (iii) to ensure that the pertinent Graduate Program Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines in respect of said Graduate Program Subproject;
 - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Graduate Program Grant Agreement or any provision thereof unless previously agreed by the Bank;

- (v) if applicable, to comply, or cause to be complied, with the obligations referred to in Sections 5.04, 5.05, 5.06, 5.07 and 5.10 of the General Conditions (relating to insurance, land acquisition, use of goods, works and services, and maintenance of facilities, plans, documents and records, cooperation and consultation and visits, respectively) in respect of the pertinent Graduate Program Subproject; and

- (vi) to take or permit to be taken all action to enable the Borrower, through ANPCyT, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Graduate Program Subproject.

SCHEDULE 7

Terms and Conditions of Venture Capital Fund Contribution Agreements

Each Venture Capital Fund Contribution Agreement shall contain, *inter alia*, the following provisions:

- (a) the obligation of the Venture Capital Fund:
 - (i) to promptly provide the Venture Capital Fund Contribution in a manner acceptable to the Bank; and
 - (ii) to ensure that Part 2 (a) (ii) of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
- (b) the right of the Venture Capital Fund to take remedial actions against the pertinent Eligible Company in case said Eligible Company shall have failed to comply with any of its obligations under the corresponding Venture Capital Fund Contribution Agreement (all as previously agreed with the Bank); and
- (c) the obligation of the Eligible Company:
 - (i) to use the proceeds of the Venture Capital Fund Contribution exclusively for the financing of the relevant Venture Capital Fund Subproject;
 - (ii) to provide the funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Venture Capital Fund Subproject;
 - (iii) to ensure that the pertinent Venture Capital Fund Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines in respect of said Venture Capital Fund Subproject;
 - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Venture Capital Fund Contribution Agreement or any provision thereof unless previously agreed by the Bank;
 - (v) if applicable, to comply, or cause to be complied, with the obligations referred to in Sections 5.04, 5.05, 5.06, 5.07 and 5.10 of the General Conditions (relating to insurance, land acquisition, use of goods, works and services, and maintenance of facilities, plans, documents and records, cooperation and consultation and visits, respectively) in respect of the pertinent Venture Capital Fund Subproject; and

- (vi) to take or permit to be taken all action to enable the Borrower, through ANPCyT, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Venture Capital Fund Subproject.

SCHEDULE 8

Terms and Conditions of Knowledge-Based Grant Agreements

Each Knowledge-Based Grant Agreement shall contain, *inter alia*, the following provisions:

- (a) the obligation of the Borrower, through ANPCyT:
 - (i) to promptly assign to each relevant Eligible Entity the proceeds of the Knowledge-Based Grant, and if applicable, to transfer the proceeds of said Knowledge-Based Grant to each said Eligible Entity, as provided in the Operational Manual, all in a manner acceptable to the Bank;
 - (ii) to, upon request of the relevant Eligible Entity, make direct payments to contractors, suppliers and/or consultants with the proceeds of the pertinent Knowledge-Based Grant; and
 - (iii) to ensure that the relevant Knowledge-Based Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
- (b) the right of the Borrower, through ANPCyT, to take remedial actions against the pertinent Eligible Entity in case said Eligible Entity shall have failed to comply with any of its obligations under the pertinent Knowledge-Based Grant Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the corresponding Knowledge-Based Grant (as the case may be), all as previously agreed with the Bank); and
- (c) the obligation of each relevant Eligible Entity:
 - (i) to use the proceeds of the Knowledge-Based Grant exclusively for the financing of the corresponding Knowledge-Based Subproject;
 - (ii) to provide the funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Knowledge-Based Subproject;
 - (iii) to ensure that the pertinent Knowledge-Based Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines in respect of said Knowledge-Based Subproject;
 - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Knowledge-Based Grant Agreement or any provision thereof unless previously agreed by the Bank;

- (v) if applicable, to comply, or cause to be complied, with the obligations referred to in Sections 5.04, 5.05, 5.06, 5.07 and 5.10 of the General Conditions (relating to insurance, land acquisition, use of goods, works and services, and maintenance of facilities, plans, documents and records, cooperation and consultation and visits, respectively) in respect of the pertinent Knowledge-Based Subproject; and
- (vi) to take or permit to be taken all action to enable the Borrower, through ANPCyT, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Knowledge-Based Subproject.

SCHEDULE 9

Terms and Conditions of Deal-Flow Facility Agreements

Each Deal Flow-Facility Agreement shall contain, *inter alia*, the following provisions:

- (a) the obligation of the Borrower, through ANPCyT:
 - (i) to promptly disburse to each relevant Eligible Deal-Flow Facility the proceeds of the Loan allocated to finance the Basic Fee, and if applicable, the Promoter Fee, all in a manner acceptable to the Bank;
 - (ii) to ensure that Part 2 (c) of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines; and
 - (iii) the right of the Borrower, through ANPCyT, to take remedial actions against the pertinent Eligible Deal-Flow Facility in case said Eligible Deal-Flow Facility shall have failed to comply with any of its obligations under the pertinent Deal-Flow Facility Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the corresponding Scholarship (as the case may be), all as previously agreed with the Bank); and
- (b) the obligation of each relevant Eligible Deal-Flow Facility:
 - (i) to use the proceeds of the Loan exclusively for the intended purposes under Part 2 (c) of the Project;
 - (ii) to comply with the pertinent provisions of the Anti-Corruption Guidelines;
 - (iii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Deal-Flow Facility Agreement or any provision thereof unless previously agreed by the Bank; and
 - (iv) to take or permit to be taken all action to enable the Borrower, through ANPCyT, to comply with its obligations referred to in this Agreement, as applicable to the pertinent Eligible Deal-Flow Facility.

SCHEDULE 10

Terms and Conditions of Technology Grant Agreements

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

- (a) the obligation of the Borrower, through ANPCyT:
 - (i) to promptly assign to each relevant Beneficiary the proceeds of the Technology Grant, and if applicable, to transfer the proceeds of said Technology Grant to each said Beneficiary, or to transfer the proceeds of the Scholarship to the Eligible Student, all as provided in the Operational Manual, all in a manner acceptable to the Bank;
 - (ii) to, upon request of the relevant Beneficiary, make direct payments to contractors, suppliers and/or consultants with the proceeds of the pertinent Technology Grant; and
 - (iii) to ensure that the relevant Technology Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
- (b) the right of the Borrower, through ANPCyT, to take remedial actions against the pertinent Beneficiary in case said Beneficiary shall have failed to comply with any of its obligations under the pertinent Technology Grant Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the corresponding Technology Grant (as the case may be), all as previously agreed with the Bank); and
- (c) the obligation of each relevant Beneficiary:
 - (i) to use the proceeds of the Technology Grant exclusively for the financing of the corresponding Technology Subproject;
 - (ii) to provide the funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Technology Subproject;
 - (iii) to ensure that the pertinent Technology Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines in respect of said Technology Subproject;
 - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Technology Grant Agreement or any provision thereof unless previously agreed by the Bank;

- (v) if applicable, to comply, or cause to be complied, with the obligations referred to in Sections 5.04, 5.05, 5.06, 5.07 and 5.10 of the General Conditions (relating to insurance, land acquisition, use of goods, works and services, and maintenance of facilities, plans, documents and records, cooperation and consultation and visits, respectively) in respect of the pertinent Technology Subproject;
- (vi) to, upon approval of a Scholarship under Part 3 of the Project, enter into an agreement (the Scholarship Agreement II) with the relevant Eligible Institution under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the obligation of the Eligible Institution to enter into an agreement (the Student Agreement II) with the relevant Eligible Student under similar terms and conditions of the Student Agreements I; and
- (vii) to take or permit to be taken all action to enable the Borrower, through ANPCyT, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Technology Subproject.

SCHEDULE 11

Terms and Conditions of Infrastructure Grant Agreements

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

- (a) the obligation of the Borrower, through ANPCyT:
 - (i) to promptly assign to each relevant Eligible Institution the proceeds of the Infrastructure Grant, and if applicable, to transfer the proceeds of said Infrastructure Grant to each said Eligible Institution, as provided in the Operational Manual, all in a manner acceptable to the Bank;
 - (ii) to, upon request of the relevant Eligible Institution, make direct payments to contractors, suppliers and/or consultants with the proceeds of the pertinent Infrastructure Grant; and
 - (iii) to ensure that the relevant Infrastructure Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
- (b) the right of the Borrower, through ANPCyT, to take remedial actions against the pertinent Eligible Institution in case said Eligible Institution shall have failed to comply with any of its obligations under the pertinent Infrastructure Grant Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the corresponding Infrastructure Grant (as the case may be), all as previously agreed with the Bank); and
- (c) the obligation of each relevant Eligible Institution:
 - (i) to use the proceeds of the Infrastructure Grant exclusively for the financing of the corresponding Infrastructure Subproject;
 - (ii) to provide the funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Infrastructure Subproject;
 - (iii) to ensure that the pertinent Infrastructure Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines in respect of said Infrastructure Subproject;
 - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Infrastructure Grant Agreement or any provision thereof unless previously agreed by the Bank;

- (v) if applicable, to comply, or cause to be complied, with the obligations referred to in Sections 5.04, 5.05, 5.06, 5.07 and 5.10 of the General Conditions (relating to insurance, land acquisition, use of goods, works and services, and maintenance of facilities, plans, documents and records, cooperation and consultation and visits, respectively) in respect of the pertinent Infrastructure Subproject; and
- (vi) to take or permit to be taken all action to enable the Borrower, through ANPCyT, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Infrastructure Subproject.

APPENDIX

Section I. Definitions

1. “ANPCyT” means *Agencia Nacional de Promoción Científica, Tecnológica y de Innovación Productiva*, the Borrower’s National Agency for the Promotion of Science, Technology and Productive Innovation established under the administrative jurisdiction of MINCYT (as defined below).
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.
3. “Basic Fee” means the fee to be paid out of the proceeds of the Loan (as said fee is determined in accordance with a formula set forth in the Operational Manual) to an Eligible Deal-Flow Facility to develop a technological idea with commercial potential.
4. “Beneficiary” means an individual or an entity vested with legal personality who/which has met the criteria set forth in the Operational Manual to carry out a Technology Subproject (as said term is defined below).
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “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.
7. “Deal-Flow Facility Agreement” means any of the agreements referred to in Section I.G (a) of Schedule 2 to this Agreement.
8. “Disbursement Letter” means the letter from the Bank to the Borrower of even date herewith concerning the additional instructions that the Bank may issue concerning the withdrawal of the proceeds of the Loan, and referred to in Section IV.A of Schedule 2 to this Agreement, as said letter may be revised by the Bank from time to time.
9. “Eligible Company” means an entity vested with legal personality which has met the criteria set forth in the Operational Manual for receiving a Venture Capital Fund Contribution (as said term is defined herein).
10. “Eligible Deal-Flow Facility” means a public/private entity and/or a group of public/private entities duly established as a consortium (or under similar arrangement acceptable to the Bank) for purposes of identifying technological ideas with commercial potential, technically assessing the same, and thereafter, if applicable, converting said ideas into potential private investments, and obtaining financing of the same, which entity and/or group of entities has been selected to participate under Part 2 (b) of the Project in accordance with the criteria and competitive procedures set forth in the Operational Manual (as said term is defined herein).

11. “Eligible Entity” means an individual or an entity vested with legal personality which has met the criteria set forth in the Operational Manual for receiving a Knowledge-Based Grant (as said term is defined herein).
12. “Eligible Institution” means a university, a technology center and/or a technology training institute, and/or any other type of legal entity which meets the criteria set forth in the Operational Manual to participate under Parts 1 and 3 of the Project, and/or for receiving an Infrastructure Grant (as said terms are defined herein).
13. “Eligible Student” means any of the students referred to in Parts 1 and 3 of the Project who meet the eligibility criteria set forth in the Operational Manual for receiving a Scholarship (as said terms are defined herein).
14. “Environmental Management Manual” means the Borrower’s manual, acceptable to the Bank (included in the Operational Manual) which sets forth, *inter alia*: (a) the guidelines for carrying out the environmental/social screenings/assessments referred to in Section I.J of Schedule 2 to this Agreement; (b) the list of excluded investments under the Project; (c) the guidelines to be followed in connection with the finding of cultural property; (d) the actions to mitigate any environmental negative impact as a result of the carrying out of the Project; (e) the pest management practices to be followed in case any Subproject involves the use of pesticides; and (f) the guidelines and procedures to be followed in connection with the carrying out of works under the Project (as said terms are defined herein).
15. “Fellowship” means an exchange of professors and/or researchers and, in connection with the exchange of said professors or researchers, a sabbatical or the visit of a professor and/or researcher to deliver services in universities located within the Borrower’s territory or abroad, all under Parts 1 (a) and 3 of the Project.
16. “First Designated Account” means the Borrower’s account referred to in Section II (iv) (a) of the Disbursement Letter into which the Bank may, at the Borrower’s request, deposit the proceeds of the Loan assigned to finance Parts 1, 2 (b) and (c), 3, 4 and 5 of the Project.
17. “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.
18. “Graduate Program Grant” means any grant provided under the pertinent Graduate Program Grant Agreement to finance up to 50% of the cost of a given Graduate Program Subproject (as said terms are defined herein).
19. “Graduate Program Grant Agreement” means any of the agreements referred to in Section I.D (a) of Schedule 2 to this Agreement.
20. “Graduate Program Subproject” means any of the activities to be carried out under Part 1 (a) of the Project, including Fellowships, but excluding Scholarships, under said Part of the Project (as said term is defined above).

21. “Infrastructure Grant” means any grant provided under the pertinent Infrastructure Grant Agreement to finance up to 70% of the cost of a given Infrastructure Subproject (as said terms are defined herein).
22. “Infrastructure Grant Agreement” means any of the agreements referred to in Section I.I (a) of Schedule 2 to this Agreement.
23. “Infrastructure Subproject” means any of the investments referred to in Part 4 of the Project.
24. “Knowledge-Based Grants” means any grant provided under the pertinent Knowledge-Based Grant Agreement to finance up to 75% of the cost of a given Knowledge-Based Subproject (as said terms are defined herein).
25. “Knowledge-Based Subproject” means any of the activities referred to in Part 2 (b) of the Project.
26. “MINCyT” means *Ministerio de Ciencia, Tecnología e Innovación Productiva*, the Borrower’s Ministry of Science, Technology and Productive Innovation.
27. “Non-Consultant Services” means services which will be bid and contracted on the basis of performance of measurable physical outputs.
28. “Operational Manual” means the Borrower’s manual dated August 21, 2008, acceptable to the Bank, which sets forth, *inter alia*: (a) the criteria for selecting the Beneficiaries under the Project; (b) the criteria for providing Scholarships; (c) the criteria for evaluating, selecting and approving Subprojects (which criteria shall include, *inter alia*, the list of excluded investments/activities under the Project); (d) the criteria and competitive procedures for selecting Eligible Deal Flow Facilities and for making payment of the Basic Fee and Promoter Fee; (e) the Environmental Management Manual; (f) the structures, functions and responsibilities of the UFFA and UGSA; (g) the Project’s chart of accounts and internal controls; (h) the format of: (A) the unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (B) the Financial Statements; (i) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (j) the Project indicators (including the results framework); and (k) 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).
29. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement signed on behalf of the Bank on May 28, 2008 and on behalf of the Borrower on June 3, 2008.
30. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
31. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated August 21, 2008 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.
32. “Promoter Fee” means the success fee to be paid out of the proceeds of the Loan (as said fee is determined in accordance with a formula set forth in the Operational Manual) to an Eligible Deal-Flow Facility for obtaining the relevant financing for potential investments resulting from developing a technological idea with commercial potential.
 33. “Scholarship” means a grant made out of the proceeds of the Loan to finance reasonable expenditures, acceptable to the Bank (as the same are determined in accordance with a formula set forth in the Operational Manual), in respect of the cost of living allowance, books and learning materials, and/or transportation costs and per-diem (as the case may be), all under Parts 1 and 3 of the Project.
 34. “Scholarship Agreement I” means any of the agreements referred to in Section I.C (a) of Schedule 2 to this Agreement.
 35. “Scholarship Agreement II” means any of the agreements referred to in paragraph (c) (vi) of Schedule 10 to this Agreement.
 36. “Second Designated Account” means the Borrower’s account referred to in Section II (iv) (b) of the Disbursement Letter (as said term is defined above) into which the Bank may, at the Borrower’s request, deposit the total amount of the Authorized Advances referred to in Section IV.A.2 of Schedule 2 to this Agreement on the terms provided in said Section IV.A.2.
 37. “SEPA” means the Bank’s publicly accessible Procurement Plans Execution System.
 38. “Student Agreement I” means any of the agreements referred to in paragraph (c) (iii) of Schedule 4 to this Agreement.
 39. “Student Agreement II” means any of the agreements referred to in paragraph (c) (vi) of Schedule 10 to this Agreement.
 40. “Subproject” means a Graduate Program Subproject, a Venture Capital Fund Subproject, a Knowledge-Based Subproject, a Technology Subproject and/or an Infrastructure Subproject (as the case may be).
 41. “Technology Grant” means any grant provided under the pertinent Technology Grant Agreement to finance up to 80% of the cost of a given Technology Subproject (as said terms are defined herein).
 42. “Technology Grant Agreement” means any of the agreements referred to in Section I.H (a) of Schedule 2 to this Agreement.
 43. “Technology Subproject” means any of the activities referred to in Part 3 of the Project, but excluding Scholarships under said Part of the Project.

44. “UFFA” means *Unidad Financiero-Administrativa*, ANPCyT’s Unit for Financial Management and Administration, or any successor thereto acceptable to the Bank.
45. “UGSA” means *Unidad de Gestión Socio-Ambiental*, ANPCyT’s Unit for Social and Environmental Management, or any successor thereto acceptable to the Bank.
46. “Venture Capital Fund” means *Fondo de Inversión en Capitales de Riesgo*, which fund will be operated through a joint stock public-private company (*Sociedad Anónima*) to be created in accordance with Argentina’s corporations law, and governed by Law No. 25.467 (as said term is defined herein).
47. “Venture Capital Fund Bylaws” means the bylaws, acceptable to the Bank, that will govern the daily operation of the Venture Capital Fund (as said term is defined herein).
48. “Venture Capital Fund Contribution” means a contribution by the Venture Capital Fund, out of the proceeds of the Loan, in the form of an equity or quasi-equity investment to an Eligible Company for the exclusive purpose of financing one third of the cost of a Venture Capital Fund Subproject (as said terms are defined herein).
49. “Venture Capital Fund Contribution Agreement” means any of the agreements referred to in Section I.E of Schedule 2 to this Agreement.
50. “Venture Capital Fund Subproject” means the type of activity to be carried under Part 2 (a) of the Project.

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 (l) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

... (l) *Ineligibility*. The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity 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 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 term and definition set forth in the Appendix is modified as follows:

(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 Loan Agreement and repayable in accordance with Section 2.07 (a).”