

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 8017-AR

Loan Agreement

(Additional Financing for the Basic Protection Project)

between

ARGENTINE REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Public Disclosure Authorized

LOAN AGREEMENT

Agreement 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).

Whereas by an agreement dated June 10, 2009 between the Borrower and the Bank (the Original Loan Agreement), the Bank made a loan (Loan No. 7703-AR) to the Borrower in an amount equal to four hundred and fifty million Dollars (\$450,000,000) to assist in the financing of the Original Project, on terms and conditions set forth in the Original Loan Agreement.

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 four hundred and eighty million Dollars (\$480,000,000), 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. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the National Director of DNPOIC.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are April 15 and October 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, or from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out, under the overall coordination of DNPOIC:
- (a) Part 1, Part 3.A and 3.B of the Project through the Ministry of Labor; and
 - (b) Part 2 and Part 3.C of the Project through ANSES,
- all in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, that any IPPF Entity shall have failed to perform any of its obligations under its IPP Agreement provided, however, that the Bank may only suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account with respect to the SCE Grants for SCE Beneficiaries, or with respect to the AF Grants for AF Beneficiaries, in the jurisdiction of the pertinent IPPF Entity.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. 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 September 10, 2012.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, 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
C1086AAB,
Buenos Aires, Argentina

Telex: 121942-AR Facsimile: (54 11) 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: INTBAFRAD Telex: 248423(MCI) or Facsimile: 1-202-477-6391
Washington, D.C. 64145(MCI)

AGREED at Buenos Aires, Argentina, on behalf of the Bank on July 26, 2011, and on behalf of the Borrower on August 4, 2011.

ARGENTINE REPUBLIC

By /s/ Amado Boudou

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Penelope Brook

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project (as included in the Original Project) is to increase the effectiveness of the Borrower's income transfer programs for the unemployed and families with children, by improving selected design features and the transparency and accountability of the AF Program and the SCE Program, and by transferring beneficiaries from other, less effective schemes and programs, to the AF Program and the SCE Program.

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

Part 1: SCE Grants

Provision of additional SCE Grants to SCE Beneficiaries.

Part 2: AF Grants

Provision of additional AF Grants to AF Beneficiaries.

Part 3: Technical Assistance

- A. Design, implementation and analysis of the Second National Social Security and Social Protection Survey, as well as carrying out of studies on social protection policies.
- B. Establishment of an alternative data center (including minor refurbishing works) to ensure an efficient and safe management of SCE Beneficiaries' information.
- C. Design and implementation of a registration process (including planning, dissemination and field work activities), aiming at identifying and enrolling potential beneficiaries into the AF Program.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements and Operational Manual

1. The Borrower shall:
 - (a) maintain during the execution of the Project, within the DNPOIC, the Technical Coordination Unit (TCU) to manage Project implementation with functions and responsibilities acceptable to the Bank and staffed with a coordinator, technical experts and other personnel in number and with qualifications and experience acceptable to the Bank; and
 - (b) allocate counterpart funds for the financing of the activities of such unit and for the implementation of the audit referred to in Section II.C.1 (a) of Schedule 2 to this Agreement.

2. The Borrower shall, prior to providing any SCE Grant in the jurisdiction of a given Municipality, either:
 - (a) have established an Employment Office of the Ministry of Labor in the jurisdiction of the respective Municipality, and through such Employment Office: (i) disseminate among potential beneficiaries the SCE Program and register SCE Beneficiaries; (ii) promote the formal education and training opportunities of the SCE Beneficiaries; (iii) provide the Employment and Training Services; and (iv) if applicable, comply with the provisions of the IPPF and IPPs; or
 - (b) enter into an agreement with each Participating Municipality and, as applicable, the related Province, setting forth their respective obligations with respect to the granting of SCE Grants including, *inter alia*:
 - (i) the Participating Municipality's obligation to: (A) disseminate among potential beneficiaries the SCE Program and to register SCE Beneficiaries; (B) operate the Employment Offices; and (C) promote the formal education and training opportunities of the SCE Beneficiaries; and
 - (ii) the Participating Municipality's and/or the Province's obligation to: (A) provide the Employment and Training Services; and (B) if applicable, comply with the provisions of the IPPF and IPPs; or

- (c) the Borrower shall: (i) exercise its rights and carry out its obligations under each Implementation Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, not amend, terminate, waive or fail to enforce any Implementation Agreements or any provision thereof.
3. Without limitation to the provisions of Article V of the General Conditions, the Borrower shall, through the Ministry of Labor (in respect of Parts 1, 3.A and 3.B of the Project) and ANSES (in respect of Parts 2 and 3.C of the Project), carry out the Project in accordance with an Operational Manual, satisfactory to the Bank, containing, *inter alia*:
- (a) the terms of reference, functions and responsibilities for the personnel of the TCU responsible for the coordination, monitoring and evaluation of the Project;
 - (b) the criteria for identification, registration and selection of SCE Beneficiaries and AF Beneficiaries; the requirements to be fulfilled by SCE Beneficiaries and AF Beneficiaries as conditions for the provision of SCE Grants and AF Grants respectively (which shall include those set forth in Schedule 4 to this Agreement); the mechanisms for verification of compliance with SCE Grants and AF Grants conditions; the detailed procedures for coordination and collaboration among the Participating Municipalities, Provinces, other cooperating institutions, and other stakeholders in the carrying out of the Project;
 - (c) the procedures for the procurement of goods, Non-Consultant Services and consultants' services under Part 3 of the Project, as well as for financial management and audits of the Project (including the audit provisions referred to in Sections II.B.3 and II.C.1 (a) of Schedule 2 to this Agreement);
 - (d) the indicators to be used in the monitoring and evaluation of the Project (including the Disbursement Indicators);
 - (e) the flow and disbursement arrangements of Loan Proceeds, including the reimbursement mechanisms and advances to a Designated Account for the SCE Grants and AF Grants;
 - (f) the Indigenous Peoples Planning Framework;
 - (g) the terms of reference for the contracting of the Surveyor Entities and the terms and conditions of the Survey Agreements; and

- (h) the terms and conditions of the Participating University Agreements.

In case of any conflict between the provisions of this Agreement and those of the Operational Manual, the provisions of this Agreement shall prevail.

- 4. (a) Prior to the carrying out of the Second National Social Security and Social Protection Survey under Part 3.A of the Project, the Borrower shall, through the Ministry of Labor, enter into an agreement with one or more Surveyor Entities (the Survey Agreements) under terms and conditions acceptable to the Bank (as these are detailed in the Operational Manual), for the purpose of assisting the Ministry of Labor in the carrying out said Part of the Project.
- (b) The Borrower shall: (i) exercise its rights and carry out its obligations under the Survey Agreements in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, not amend, terminate, waive or fail to enforce the Survey Agreements or any provision thereof.

In case of any conflict between the provisions of the Survey Agreements and those of the Operational Manual and/or this Agreement, the provisions of this Agreement shall prevail.

- 5. (a) For purposes of assisting the Borrower in the carrying out of Part 3.C of the Project, the Borrower, through ANSES, may enter into logistical assistance agreements (“Participating University Agreements”) with selected national universities (“Participating Universities”) under terms and conditions acceptable to the Bank (as these are further detailed in the Operational Manual).
- (b) The Borrower, through ANSES, shall: (i) exercise its rights and carry out its obligations under each Participating University Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, not amend, terminate, waive or fail to enforce the Participating University Agreement or any provision thereof.

In case of any conflict between the provisions of the Participating University Agreement and those of the Operational Manual and/or this Agreement, the provisions of this Agreement shall prevail.

B. Anti-Corruption

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

C. Safeguards

1. The Borrower shall:

- (a) carry out, and shall cause the IPPF Entities to carry out, the IPPF and prepare and carry out each IPP in accordance with such IPPF and IPP; and
- (b)
 - (i) prior to providing any SCE Grant and/or any AF Grant (under the Non-Contributory Scheme) in the jurisdiction of any Province or any Participating Municipality where the IPPF applies, enter into an agreement (the IPP Agreement) with the respective Province and/or Participating Municipality setting forth their respective obligations in the implementation of the IPPF and IPPs (any such IPP Agreement could be part of the pertinent Implementation Agreement); and
 - (ii) except as the Bank shall otherwise agree, not amend, waive or fail to enforce any such agreements or provisions thereof.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower 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 quarter, and shall be furnished to the Bank not later than forty five days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

- 1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
- 2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Reports, interim unaudited

financial reports for the Project covering the respective quarter, in form and substance satisfactory to the Bank.

3. The Borrower 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.

C. Eligibility and Disbursement Indicators Compliance Reports

1. Without limitation to the provisions of paragraphs A and B above the Borrower shall:
 - (a) under terms of reference and with a minimum coverage satisfactory to the Bank, verify as part of the annual audits referred to in Section II.B.3 of this Schedule, that the SCE Beneficiaries and the AF Beneficiaries are eligible for receiving the SCE Grants and the AF Grants as per the eligibility criteria of the SCE Beneficiaries and the AF Beneficiaries set forth in Schedule 4 to this Agreement and the Operational Manual; and
 - (b) monthly furnish to the Bank the AF SUAF Reports, the AFIP Reports, the SCE Reports and reports on the progress with implementation of the Project indicators.

Section III. Procurement

A. General

1. **Goods, Works and Non-consultant Services.** All goods, works and Non-consultant Services required for Part 3 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. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this 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.

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 procedures.
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.

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

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.

Procurement Method
(a) Least Cost Selection
(b) Consultants Qualifications Selection
(c) Single Source Selection
(d) Individual Consultants
(e) Quality-based Selection

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.

E. Special Provisions

The following special procurement provisions shall apply to procurement under the Project:

General

1. All procurement shall be done using standard bidding documents, standard requests for proposals, model bid evaluation forms, model proposal evaluation forms and contract forms previously agreed with the Bank.
2. Bidding documents for National Competitive Bidding shall include anticorruption clauses as required by the Anti-Corruption Guidelines and acceptable to the Bank, including those that give the Bank audit rights over bidders, suppliers, contractors and consultants. These clauses shall be substantially identical to those pertaining to the Bank's standard bidding documents for International Competitive Bidding.
3. For consultant services contracts, only the types of contracts listed in Section IV of the Consultant Guidelines may be used, and "*Convenios*" will not be permitted.
4. Foreign and local contractors, service providers, consultants and suppliers shall not be required:
 - (a) to register;
 - (b) establish residence in Argentina; or
 - (c) enter into association with other national or international bidders as a condition for submitting bids or proposals.
5. The invitations to bid, bidding documents, minutes of bid opening, requests for expressions of interest and notifications of contract award of all processes aimed at the procurement of goods, works and services (including consultants' services), as the case may be, shall be published in the web page of *Oficina Nacional de Contrataciones* in a manner acceptable to the Bank.
6. The Borrower shall:
 - (a) feed the Bank publicly accessible Procurement Plans Execution System (SEPA) within 30 days after the Project has been approved by the Bank with the information contained in the

initial Procurement Plan, and maintain such information updated at any time along the Project implementation for monitoring purposes and reporting; and

(b) update the Procurement Plan at least twice a year or as needed to reflect the actual Project implementation needs and progress and will feed the SEPA with the information contained in the updated Procurement Plan immediately thereafter.

7. Bidders and consultants shall not be allowed to review or make copies of other bidders' bids or consultants' proposals, as the case may be.

Goods, Works and Non-consultant Services

1. A two-envelope system of procurement will not be used for the procurement of goods, works or Non-Consultant Services (other than consultants' services).

2. Contracts of goods, works and Non-consultant Services (other than consultants' services) shall not be awarded to the "most convenient" bid but to the one that has been determined to be substantially responsive and the lowest evaluated bid, provided that the bidder is determined to be qualified to perform the contract satisfactorily.

3. Inclusion of the bidder in lists published by specialized magazines will not be an acceptable criterion for determining the qualification of such bidder.

4. Compliance with the International Standards Office (ISO) standards shall not be required as a condition for contract award.

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 Dollars)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) SCE Grants and AF Grants	135,000,000	100% of the amount of the Grants (subject to paragraph B.1(b) below)
(2) SCE Grants and AF Grants	112,500,000	100% of the amount of the Grants (subject to paragraph B.1(c) below)
(3) SCE Grants and AF Grants	112,600,000	100% of the amount of the Grants (subject to paragraph B.1(d) below)
(4) SCE Grants and AF Grants	90,000,000	100% of the amount of the Grants (subject to paragraph B.1(e) below)
(5) Goods, works, Non-consultant Services, consultants’ services and Operating Costs for Part 3 of the Project	28,700,000	100%
(6) Front-end Fee	1,200,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount due under Section 2.07 (c) of this Agreement
TOTAL AMOUNT	480,000,000	

3. For purposes of this Schedule, the term “Operating Costs” means the reasonable cost of recurrent expenditures for the implementation of Part 3 of the Project (excluding salaries) such as lodging, *per diem*, transportation costs and data-collection costs, which would not have been incurred absent the Project.

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 \$96,000,000 equivalent may be made for payments made prior to the Signature Date (but in any case, within twelve months prior to the Signature Date) for Eligible Expenditures if the pertinent obligations/conditions set forth in this Agreement, as applicable to each Eligible Expenditure have been complied with;
 - (b) under Category (1) unless the Borrower shall have provided evidence, satisfactory to the Bank, that the First Set of Target Values has been met at least at the level specified in the table in paragraph B.2 below;
 - (c) under Category (2) after the amounts withdrawn from the Loan Account under Category (1) shall have reached the amount of \$135,000,000, unless:
 - (i) the Borrower shall have provided evidence, satisfactory to the Bank, that the Second Set of Target Values has been met at least at the level specified in the table in paragraph B.2 below;
 - (ii) the Borrower shows to the satisfaction of the Bank, in the event that all or any part of the Loan proceeds have been withdrawn from the Loan Account as Advances to a Designated Account, that all such Loan proceeds were used by the Borrower to make SCE Grants and AF Grants; and
 - (iii) at least six months have elapsed from the Effective Date.
 - (d) under Category (3) after the aggregate amounts withdrawn from the Loan Account under Categories (1) and (2) shall have reached the amount of \$247,500,000, unless:
 - (i) the Borrower shall have provided evidence, satisfactory to the Bank, that the Third Set of Target Values has been met at least at the level specified in the table in paragraph B.2 below;
 - (ii) the Borrower shows to the satisfaction of the Bank, in the event that all or any part of the Loan proceeds have been withdrawn from the Loan Account as Advances to a Designated Account,

that all such Loan proceeds were used by the Borrower to make SCE Grants and AF Grants; and

- (iii) at least twelve months have elapsed from the Effective Date.
- (e) under Category (4) after the aggregate amounts withdrawn from the Loan Account under Categories (1), (2) and (3) shall have reached the amount of \$360,100,000, unless:
- (i) the Borrower shall have provided evidence, satisfactory to the Bank, that the Fourth Set of Target Values has been met at least at the level specified in the table in paragraph B.2 below;
 - (ii) the Borrower shows to the satisfaction of the Bank, in the event that all or any part of the Loan proceeds have been withdrawn from the Loan Account as Advances to a Designated Account, that all such Loan proceeds were used by the Borrower to make SCE Grants and AF Grants; and
 - (iii) at least eighteen months have elapsed from the Effective Date.
- (f) For purposes of Section IV.B. of this Schedule, evidence satisfactory to the Bank means evidence as described in paragraph 3 below.

2. The Disbursement Indicators shall be as follows:

Disbursement Indicators	Baseline	Target Values			
		First Set	Second Set	Third Set	Fourth Set
a. Average of the monthly percentages of beneficiaries of the SCE Program receiving Employment and Training Services of the total number of beneficiaries of the SCE Program, during the 12-month period preceding the date in which the Disbursement Indicator is measured.	26%	26%	27%	30%	32%
b. Number of beneficiaries registered in the SCE Program.	121,000	131,000	141,000	151,000	161,000
c. Number of Employment Offices authorized for delivery of Employment and Training Services through Implementation Agreements signed between the Borrower, through the Ministry of Labor, and the respective Participating Municipality or Province.	296	300	310	330	350
d. Average of the monthly percentages of payments made through SUAF of the total payments made under the AF Program to salaried workers in the private sector during the 12-month period preceding the date in which the Disbursement Indicator is measured.	82.2%	90%	95%	98%	98%
e. Number of AUH Reports (cumulative) published and publicly accessible.	0	1	2	4	5
f. Number of children (in thousands) under 18 years old that have been registered in ANSES ADP database and are receiving a family allowance benefit from ANSES or are excluded due to reasons indicated in the Borrower's applicable legislation.	9700	9866	9950	10101	10157

3. For purposes of demonstrating compliance with the Disbursement Indicators, the Borrower shall submit:

- (a) with respect of the Disbursement Indicators set forth in items (a), (b) and (c) of the table in paragraph 2 above, the information published in the SCE Reports;

- (b) with respect to the Disbursement Indicator set forth in item (d) of the table in paragraph 2 above, the information published in the AF SUAF Reports and the AFIP Reports;
 - (c) with respect to the Disbursement Indicator set forth in item (e) of the table in paragraph 2 above, the number of AUH Reports published and publicly accessible; and
 - (d) with respect to the Disbursement Indicator set forth in item (f) of the table in paragraph 2 above, the AUH Report for the respective 4-month period in which the Disbursement Indicators are measured.
4. 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 15 and October 15 Beginning October 15, 2017 through April 15, 2037	2.44%
On October 15, 2037	2.40%

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

Requirements for Provision of SCE Grants and AF Grants

1. The amount of the SCE Grant shall be as applicable below for an SCE Beneficiary:
 - (a) for *Per Diem*: Arg\$ 225 per person per month for activities already carried out by the SCE Beneficiary;
 - (b) for SCE Payment: Arg\$ 225 per person per month; and
 - (c) for Incentives, if and when the incentives are approved by the Bank: the amount and under conditions as then approved by the Bank.

2. The amount of the AF Grant shall be:
 - (a) For those AF Beneficiaries under the Contributory Scheme:
 - (i) for AF Beneficiaries with monthly salaries between Arg\$ 100 and Arg\$ 2,400: Arg\$ 220 per child per month;
 - (ii) for AF Beneficiaries with monthly salaries between Arg\$ 2,400 and Arg\$ 3,600: Arg\$ 166 per child per month; and
 - (iii) for AF Beneficiaries with monthly salaries between Arg\$ 3,600 and Arg\$ 4,800: Arg\$ 111 per child per month.

The amount of an AF Grant for AF Beneficiaries living in less advantaged regions will be increased in the proportion set forth in the Operational Manual.

 - (b) For those AF Beneficiaries under the Non-Contributory Scheme (up to a maximum of five children per family) the amount of the AF Grant shall be Arg\$ 220 per child per month.

3. The eligibility criteria for SCE Grants shall be:
 - (a) To receive a SCE Grant, the SCE Beneficiary must comply with the following conditions, as shall be relevant for each such beneficiary:
 - (i) must be unemployed;
 - (ii) cannot be a beneficiary of other income transfer programs, including national or subnational workfare, retirement, or other non-contributory schemes;

- (iii) must be registered in the database of the Ministry of Labor; and
- (iv) must sign an agreement to join the program with: (A) the Ministry of Labor (when the enrollment of the SCE Beneficiary was made directly through an Employment Office established by the Ministry of Labor); or (B) a Participating Municipality (or related Province), whereby the SCE Beneficiary agrees to:
 - (a) accept job offers received through the Employment Office;
 - (b) participate in interviews and job placement workshops organized by the Employment Office; and
 - (c) join training activities (both basic and professional) offered to them by the Employment Office.
- (b) A SCE Beneficiary is excluded from the SCE Program when:
 - (i) he or she finds a formal job;
 - (ii) he or she receives the benefit for a period of, unless otherwise agreed by the Bank, two years;
 - (iii) he or she rejects job offers without justification; and/or
 - (iv) he or she fails to comply with the conditions set in the agreement referred to in paragraph 3 (a) (iv) above.
- (c) With respect to SCE Grants for SCE Beneficiaries residing in a Province or Participating Municipality for which the IPPF applies, the SCE Grants shall not be deemed eligible for Loan financing unless:
 - (i) the IPP Agreement has been signed with the IPPF Entity or Entities, as the case may be; and
 - (ii) the IPP has been approved by the Bank.

All above conditions shall be verified by the Ministry of Labor.

4. To receive an AF Grant, the AF Beneficiary must comply with the following conditions, as shall be relevant for each such beneficiary:
- (a) For those AF Beneficiaries under the Contributory Scheme:
 - (i) must be a worker, formally employed as salaried by a private firm registered in SUAF;
 - (ii) must provide family information, including date of birth and tax number identification for all children, as registered in ANSES' data system;
 - (iii) must have children younger than 18 years old who live in Argentina who are single and under the AF Beneficiary's care; and
 - (iv) must have a gross monthly salary of up to Arg\$ 4,800.
 - (b) For those AF Beneficiaries under the Non-Contributory Scheme:
 - (i) must be unemployed or informally employed, with a monthly income below the Legal Minimum Wage;
 - (ii) may not receive benefits from any other social program at the national, provincial or municipal level, including those from social insurance and social assistance systems;
 - (iii) must have children younger than 18 years old living in Argentina and single, under their care, including natural, adopted, and/or foster children;
 - (iv) his or her family information, including date of birth and tax number identification for all his or her children, is registered in ANSES' data system;
 - (v) his or her children must be Argentine citizens, or foreigners with at least three years of legal residence in Argentina; and
 - (vi) his or her children must receive regular health check-ups and vaccinations, and attend public schools if older than five years old.

5. With respect to AF Grants (under the Non-Contributory Scheme) for AF Beneficiaries residing in a Province or Participating Municipality for which the IPPF applies, the AF Grants (under the Non-Contributory Scheme) shall not be deemed eligible for Loan financing unless:
 - (i) the IPP Agreement has been signed with the IPPF Entity or Entities, as the case may be; and
 - (ii) the IPP has been approved by the Bank.

The conditions expressed in paragraphs 4 and 5 herein shall be verified by ANSES.

6. Notwithstanding the provisions of the paragraphs 1 to 4 above, the amounts and eligibility criteria specified therein may be modified as proposed by the Borrower and agreed by the Bank.

APPENDIX

Section I. Definitions

- (1) “Advances to a Designated Account” means advances of the proceeds of the Loan to the account indicated in the additional instructions referred to in Section IV.A.1 of Schedule 2 to this Agreement and made in accordance with the terms of such instructions.
- (2) “AF Beneficiary” means an individual who meets the criteria set forth in Schedule 4 to this Agreement and in the Operational Manual to benefit from an AF Grant.
- (3) “AF Grant” means a grant made out of the proceeds of the Loan by the Borrower, through ANSES, to the bank account of the AF Beneficiary.
- (4) “AF Program” means *Asignaciones Familiares*, the Borrower’s system established pursuant to the Borrower’s Law No. 24,714 published in the Borrower’s Official Gazette on October 18, 1996, as amended by the Borrower’s executive decree No. 1602/09 dated October 29, 2009, and published in the Borrower’s Official Gazette on October 30, 2009.
- (5) “AF SUAF Report” means any of the monthly resolutions signed by ANSES’ finance manager and containing the payment order to AF Beneficiaries through the SUAF.
- (6) “AFIP Report” means the monthly information generated by *Administración Federal de Ingresos Públicos*, the Borrower’s Public Income Federal Administration, on the payments made to AF Beneficiaries through the compensatory system, in its publication entitled *Informe Gerencial*.
- (7) “ANSES” means *Administración Nacional de la Seguridad Social*, the Borrower’s social security administration, established pursuant to the Borrower’s Decree No. 2741/ 1991, as a decentralized agency of the Ministry of Labor without legal personality separate from that of the Borrower.
- (8) “ANSES ADP database” means *Administración de Personas*, ANSES’ main database for individuals.
- (9) “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 and revised in January 2011.
- (10) “Arg\$” means Peso, the lawful currency of the Borrower.

- (11) “AUH” means *Asignación Universal por Hijo para la Protección Social*, the Borrower’s non-contributory component of the AF Program, created through the Borrower’s Executive decree No. 1602/09 (which amended the AF Program), dated October 29, 2009, and published in the Borrower’s Official Gazette on October 30, 2009.
- (12) “AUH Report” means the statistical report on AUH, prepared and published every four months by ANSES, in the form and substance specified to that effect in the Operational Manual.
- (13) “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
- (14) “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
- (15) “Contributory Scheme” means the contributory component of the AF Program as defined by Article 1, Section A, of the Borrower’s Law 24,714.
- (16) “Disbursement Indicators” means the indicators set forth in the table in Section IV.B. 2. of Schedule 2 to this Agreement.
- (17) “DNPOIC” means *Dirección Nacional de Proyectos con Organismos Internacionales de Crédito*, the Borrower’s National Directorate of Projects with International Credit Organizations of its Ministry of Economy and Public Finance.
- (18) “Employment and Training Services” means: (i) formal education; (ii) training; (iii) job placement; (iv) self-employment services; (v) micro-enterprises; (vi) training in workfare projects; and (vii) labor orientation and job search workshops.
- (19) “Employment Office” means an office established by the Ministry of Labor, a Participating Municipality (or related Province) and incorporated to the network of Employment and Training Services of the Ministry of Labor.
- (20) “First Set of Target Values” means the target indicators set forth in the second column in the table in Section IV.B.2 of Schedule 2 to this Agreement.
- (21) “Fourth Set of Target Values” means the target indicators set forth in the fifth column in the table in Section IV.B.2 of Schedule 2 to this Agreement.

- (22) “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
- (23) “Grants” means SCE Grants and AF Grants.
- (24) “Implementation Agreement” means any of the agreements referred to in Section I.A.2 (b) of Schedule 2 to this Agreement.
- (25) “Incentives” means payments (through bank debit cards) for SCE Beneficiaries to be proposed by the Borrower and approved by the Bank as a new eligible expenditure of the SCE Grant to promote participation of beneficiaries in the Employment and Training Services provided to them.
- (26) “Indigenous Peoples Plan” or “IPP” means any of the plans prepared and/or updated (as the case may be) pursuant to the IPPF, and carried out following the requirements of said IPPF and the Operational Manual.
- (27) “Indigenous Peoples Planning Framework” or “IPPF” means the framework for preparation of Indigenous Peoples Plans by the relevant IPPF Entities as set forth in the Operational Manual.
- (28) “IPP Agreement” means any of the agreements referred to in Section I.C.1 (b) of Schedule 2 to this Agreement.
- (29) “IPPF Entity” means any Province or any Participating Municipality that meets the requirements of the IPPF to be deemed an IPPF Entity.
- (30) “ISO” means International Organization for Standardization, an international standard-setting body composed of representatives from various national standards organizations which issues world-wide proprietary industrial and commercial standards for products.
- (31) “Legal Minimum Wage” means *Salario, Mínimo, Vital y Móvil*, the Borrower’s minimum legal wage as this is set forth in the Borrower’s Law 24,013, and adjusted from time to time in accordance with the Borrower’s legislation.
- (32) “Ministry of Labor” means the Borrower’s *Ministerio de Trabajo, Empleo y Seguridad Social*.
- (33) “Municipality” means a political sub-division within any of the Provinces.
- (34) “Non-consultant Services” means services which will be bid and contracted on the basis of performance of measurable physical outputs, and which are not otherwise covered by any other category of Eligible Expenditures.

- (35) “Non-Contributory Scheme” means the non-contributory component of the AF Program as defined by Article 1, Section C, of the Borrower’s Law 24,714.
- (36) “Operational Manual” means the manual dated March 20, 2009 and updated on February 3, 2011, approved by the Bank on the same date, as the same may be amended from time to time by agreement between the Borrower and the Bank.
- (37) “Original Loan Agreement” means the agreement dated June 10, 2009 between the Borrower and the Bank (Loan No. 7703-AR), as amended.
- (38) “Original Project” means the Basic Protection Project whose objective and activities are set forth in Schedule 1 to the Original Loan Agreement (as said term is defined herein).
- (39) “Participating Municipality” means any Municipality which meets the criteria to participate in the SCE Program.
- (40) “Participating University” means a national public university as defined by Article 48 of the Borrower’s Law No. 24.521.
- (41) “Participating University Agreement” means any of the agreements referred to in Section I.A.5 (a) of Schedule 2 to this Agreement.
- (42) “*Per Diem*” means a payment (through bank debit cards) to a SCE Beneficiary designed to cover expenses incurred by the SCE Beneficiary in connection with his or her participation in formal education, training and training in workforce projects of the SCE Program (such as transportation and child care services expenses).
- (43) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
- (44) “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 3, 2011 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.
- (45) “Province” means any political subdivision of the Borrower as per Title Two of the Borrower’s Constitution, and the Autonomous City of Buenos Aires, and the term “Provinces” means all said political subdivisions.

- (46) “SCE Beneficiary” means an individual who meets the criteria set forth in Schedule 4 to this Agreement and in the Operational Manual to benefit from a SCE Grant and is eligible to receive Employment and Training Services.
- (47) “SCE Grant” means a grant made out of the proceeds of the Loan by the Borrower, through its Ministry of Labor, to a SCE Beneficiary.
- (48) “SCE Payment” means an income transfer payment (through bank debit card) to a SCE Beneficiary as set forth in Schedule 4 to this Agreement and the Operational Manual.
- (49) “SCE Program” means *Seguro de Capacitación y Empleo*, the Borrower’s Training and Employment Insurance System established pursuant to the Borrower’s Presidential Decree No. 336, dated March 23, 2006.
- (50) “SCE Reports” means the Ministry of Labor’s publications entitled: *Informe Mensual de Ejecución y Perfil de los Adherentes*, a monthly report on SCE implementation and participants profiles, and *Informe Mensual de Altas y Bajas*, a monthly report on SCE new participants and ex-participants.
- (51) “Second National Social Security and Social Protection Survey” means the second round of the social protection survey through which the Borrower will continue to assess, *inter alia*: (a) the insertion of additional workers in the labor market; and (b) the access to, and impact of, the social programs carried out in the Borrower’s territory, including such programs’: (i) income transfers; (ii) health and education services provided; and (iii) in-kind transfers.
- (52) “Second Set of Target Values” means the target indicators set forth in the third column in the table in Section IV.B.2 of Schedule 2 to this Agreement.
- (53) “SEPA” means the Bank’s publicly accessible Procurement Plans Execution System.
- (54) “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.
- (55) “SUAF” means *Sistema Único de Asignaciones Familiares*, the Borrower’s system established pursuant to ANSES Resolution 641/2003, and consisting of a system for the payment of family allowances to the salaried workers in the private sector beneficiaries of the AF Program directly to such workers.
- (56) “Survey Agreements” means any of the agreements referred to in Section I.A.4 (a) of Schedule 2 to this Agreement.

- (57) “Surveyor Entity” means any private or public entity (or entities), acceptable to the Bank, that may assist the Borrower in the carrying out of Part 3.A of the Project, and that complies with the technical eligibility criteria set forth to that effect in the Operational Manual.
- (58) “TCU” means *Unidad de Coordinación de Programas y Proyectos con Préstamos Sectoriales Amplios*, the unit established and operating pursuant to the Ministry of Economy and Public Finance’s Resolution No. 664-08.
- (59) “Third Set of Target Values” means the target indicators set forth in the fourth column in the table in Section IV.B.2 of Schedule 2 to this Agreement

Section II. Modifications to the General Conditions

The modification to the General Conditions is as follows:

1. Paragraph (a) of Section 2.05 is modified to read as follows:

“Section 2.05. *Eligible Expenditures*

- ...
- (a) the payment is for the financing of the reasonable cost of goods, works, services or grants required for the Project, to be financed out of the proceeds of the Loan and procured, in the case of goods, works and services, all in accordance with the provisions of the Legal Agreements;”