

CONFORMED COPY

LOAN NUMBER 7478-AR

Loan Agreement

(Additional Financing for the Small Farmer Development Project)

between

ARGENTINE REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated November 6, 2008

LOAN AGREEMENT

Agreement dated November 6, 2008, between ARGENTINE REPUBLIC (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purposes of providing additional financing for activities related to the Original Project (as defined in the Appendix to this 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 forty five million Dollars (\$45,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 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 Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent ($3/4$ of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.
- 2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time.
- 2.05. 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, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time; 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.
- 2.06. The Payment Dates are January 1 and July 1 in each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.08. (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 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 4.04 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall: (a) carry out: (i) Part 1 (b) and (c) of the Project, through SAGPyA (within the umbrella of the PSA); (ii) Part 2 (a), (c), (d) (i), (e) (i) and (f) of the Project, through SAGPyA with the assistance of DDA; and (iii) Part 3 of the Project, through SAGPyA with the assistance of the NCU, all in accordance with the provisions of Article V of the General Conditions; and (b) cause: (i) each Community Beneficiary to carry out the pertinent Community Subproject with the assistance of the SAGPyA (within the umbrella of the PSA), and in accordance with the provisions of the corresponding Community Subproject Agreement; (ii) each Participating Province to carry out the pertinent technical proposals under Part 2 (b) of the Project with the assistance of the SAGPyA, and in accordance with the provisions of the corresponding Provincial Agreement; (iii) each Research Beneficiary to carry out the pertinent Research Subproject with the assistance of the SAGPyA (including the participation of DDA), and in accordance with the provisions of the corresponding Research Subproject Agreement; and (iv) each Organization-Entity of Small Producer to carry out the pertinent Institutional Strengthening Subproject with the assistance of the SAGPyA (including the participation of DDA), and in accordance with the provisions of the corresponding Institutional Strengthening Subproject Agreement.

- 3.02. (a) Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower, through SAGPyA, and the Bank shall otherwise agree, the Borrower, through SAGPyA, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement and 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.

ARTICLE IV — TERMINATION

- 4.01 The Effectiveness Deadline is January 16, 2009.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Minister of Economy and Production.

- 5.02. The Borrower's Address is:
 Ministerio de Economía y Producción
 Hipólito Yrigoyen 250
 C1086AAB, Buenos Aires, Argentina

Cable:	Telex:	Facsimile:
MINISTERIO DE DE ECONOMIA Y PRODUCCION Baires	121942-AR	(54 11) 4349-8815

- 5.03. 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, Argentine Republic, as of the day and year first above written.

ARGENTINE REPUBLIC

By /s/ Carlos Fernández

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Pedro Alba

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to: (a) increase productive and organizational capacity in targeted poor rural communities; and (b) increase emphasis on rural poverty issues in sectoral policies, and improve coordination mechanisms at the national and provincial levels.

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

Part 1: Rural Investment

(a) Carrying out of demand-based, small-scale, self-help investments in targeted poor rural communities, which investments consist of, *inter alia*: (i) the diversification of production in household gardens and development of community organizational skills; (ii) the execution of commercially-oriented technology transfer and marketing projects for group-based small rural enterprises; (iii) the rehabilitation and construction of small community infrastructure, such as community marketing and storage facilities; and (iv) any other investment of similar nature, acceptable to the Bank.

(b) Promoting the participation of poor rural communities in, *inter alia*, the decision-making of PSA, and in the design, implementation, monitoring and evaluation of Community Subprojects, through, *inter alia*: (i) the provision of technical assistance and/or training (as the case may be) to poor rural communities (in particular to vulnerable groups, such as indigenous population, women and the youth) and PSA technical assistance providers; (ii) the carrying out of pre-investment and marketing studies; (iii) the development of a marketing information system; and (iv) the implementation of the Participation Action Plan and the Indigenous Peoples Strategy.

(c) Provision of technical support to SAGPyA to enable the same to carry out its Project responsibilities under Part 1 (a) and (b) of the Project, through, *inter alia*: (i) the provision of specialized technical assistance to PSA staff and the upgrading of the equipment in PSA's national and provincial offices; and (ii) the operation of PSA local units to further decentralize the same.

Part 2: Strengthening of Rural Development Policy Formulation

(a) Strengthening of national policy development through: (i) the carrying out of surveys and studies; (ii) the establishment of a data base of rural development programs, agricultural producers, and of the characteristics of poor rural communities and households; and (iii) the provision of technical support to the Rural Development Commission.

(b) Strengthening of provincial policy development through the carrying out of demand-driven technical proposals for the preparation of provincial rural development strategies and programs.

(c) Provision of technical assistance and/or training (as the case may be) to selected civil service staff (at the national, provincial, and municipal level), representatives of non-governmental organizations and other institutions which provide rural development services, in priority areas such as project and policy formulation, implementation, and monitoring and evaluation of said projects and policies.

(d) Development and dissemination of appropriate technologies for poor rural communities through, *inter alia*: (i) the carrying out of studies: (A) to identify and catalogue existing information on appropriate technology for poor rural communities; and (B) to identify the needs of rural communities; and (ii) the carrying out of competitive research activities to develop appropriate technology packages in priority areas.

(e) Carrying out of activities to strengthen the organizational and operational capacity of: (i) Organization of Small Producers; and (ii) Organization-Entities of Small Producers, all through, *inter alia*, the provision of technical assistance and/or training (as the case may be), and/or the acquisition and utilization of the goods required therefor.

(f) Provision of technical support to DDA to enable the same to assist SAGPyA in the carrying out of its Project responsibilities under this Part of the Project, through, *inter alia*, the provision of specialized technical assistance and/or training (as the case may be), and the acquisition and utilization of the goods required therefor.

Part 3: Project Administration, Monitoring and Evaluation

Provision of technical support to the NCU in order to assist the Borrower, through the SAGPyA, in the: (a) overall coordination of the Project; (b) monitoring and evaluation of all Project activities; (c) promotion of the Project, through dissemination and communication activities; and (d) administrative support of the Project, such as procurement, disbursements and financial management.

SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

A. Without limitation to the provisions of Section 3.02 of this Agreement, the Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

B. (a) For purposes of the carrying out any given Community Subproject, and as part of the approval of the same, the Borrower, through SAGPyA, shall:

- (i) carry out an environmental screening of the pertinent Community Subproject in accordance with the provisions of the Environmental Management Framework;
- (ii) if the environmental screening mentioned in (i) herein has identified potential negative environmental impacts (including the pertinent mitigatory measures and their implementation timing), cause the pertinent Community Beneficiary to carry out said mitigatory measures in a manner and on terms acceptable to the Bank pursuant to the terms of the corresponding Community Subproject Agreement; and
- (iii) upon completion of said environmental screening, and approval of the pertinent Community Subproject, the Borrower, through SAGPyA, shall transfer, on a grant basis, part of the proceeds of the Loan allocated to Category (1) (a) (the Community Grant) to the corresponding Community Beneficiary under a community subproject agreement (the Community Subproject Agreement) to be entered into between the Borrower, through SAGPyA, and said Community Beneficiary under terms and conditions acceptable to the Bank, which shall include, *inter alia*, those set forth in Schedule 4 to this Agreement.

(b) Without limitation to the provisions of paragraph (a) (iii) above, the Borrower, through SAGPyA, shall, and shall cause the pertinent Community Beneficiary to, prior to the carrying out of any activity under the pertinent Community Subproject, sign the corresponding Community Subproject Agreement.

(c) (i) The Borrower, through SAGPyA, shall exercise its rights under each Community Subproject Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through SAGPyA, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Community Subproject Agreement or any provision thereof.

C. (a) For purposes of carrying out Part 2 (b) of the Project, and upon approval of the pertinent technical proposal, the Borrower, through SAGPyA, shall make available (on a grant basis) part of the proceeds of the Loan allocated to Category (2) (a) to the corresponding Participating Province, but without transferring the same to said Participating Province, under an agreement (the Provincial Agreement) to be entered into between the Borrower, through SAGPyA, and said Participating Province under terms and conditions acceptable to the Bank, which shall include, *inter alia*, those set forth in Schedule 5 to this Agreement.

(b) Without limitation to the provisions of paragraph (a) above, the Borrower, through SAGPyA, shall, and shall cause the pertinent Participating Province to, prior to the carrying out of any activity under the pertinent technical proposal under Part 2 (b) of the Project, sign the corresponding Provincial Agreement.

(c) (i) The Borrower, through SAGPyA, shall exercise its rights under each Provincial Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through SAGPyA, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Provincial Agreement or any provision thereof.

D. (a) For purposes of carrying out any given Research Subproject, and as part of the approval of the same, the Borrower, through SAGPyA, shall transfer, on a grant basis, part of the proceeds of the Loan allocated to Category (2) (a) (the Research Grant) to the corresponding Research Beneficiary under a research subproject agreement (the Research Subproject Agreement) to be entered into between the Borrower, through SAGPyA, and said Research Beneficiary under terms and conditions acceptable to the Bank, which shall include, *inter alia*, those set forth in Schedule 6 to this Agreement.

(b) Without limitation to the provisions of paragraph (a) above, the Borrower, through SAGPyA, shall, and shall cause the pertinent Research Beneficiary to, prior to the carrying out of any activity under the pertinent Research Subproject, sign the corresponding Research Subproject Agreement.

(c) (i) The Borrower, through SAGPyA, shall exercise its rights under each Research Subproject Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through SAGPyA, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Research Subproject Agreement or any provision thereof.

E. (a) For purposes of carrying out any given Institutional Strengthening Subproject, and as part of the approval of the same, the Borrower, through SAGPyA, shall transfer, on a grant basis, part of the proceeds of the Loan allocated to Category (2) (a) (the Institutional Strengthening Grant) to the corresponding Organization-Entity of Small Producers under a institutional strengthening subproject agreement (the Institutional Strengthening Subproject Agreement) to be entered into between the Borrower, through SAGPyA, and said Organization-Entity of Small Producers under terms and conditions acceptable to the Bank, which shall include, *inter alia*, those set forth in Schedule 7 to this Agreement.

(b) Without limitation to the provisions of paragraph (a) above, the Borrower, through SAGPyA, shall, and shall cause the pertinent Organization-Entity of Small Producers to, prior to the carrying out of any activity under the pertinent Institutional Strengthening Subproject, sign the corresponding Institutional Strengthening Subproject Agreement.

(c) (i) The Borrower, through SAGPyA, shall exercise its rights under each Institutional Strengthening Subproject Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through SAGPyA, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Institutional Strengthening Subproject Agreement or any provision thereof.

F. (a) The Borrower, through SAGPyA, shall operate and maintain, at all times during Project implementation: (i) the NCU with a structure, functions and responsibilities acceptable to the Bank, including those referred to in Part 3 of the Project; and (ii) the Rural Development Commission, the UTCN, and the provincial offices of the PSA, all with a structure, functions and responsibilities set forth in the Operational Manual.

(b) The Borrower shall ensure that the NCU is, at all times during Project implementation, comprised of professional and administrative staff, all in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank.

G. The Borrower, through SAGPyA, shall operate and maintain, at all times during Project implementation, a management information system, acceptable to the Bank, in the NCU, UTCN, DDA, and in all provincial offices of the PSA.

H. Without limitation to the provisions of Sections 3.01 and 3.02 of this Agreement, the Borrower, through SAGPyA, shall: (a) not later than November 30 of each year of Project implementation (starting in the year 2007), prepare and furnish to the Bank, an annual work plan (acceptable to the Bank) which shall include, inter alia, the Project activities expected to be carried out during the calendar year following the date of presentation of said plan; and (b) thereafter implement the same in accordance with its terms, and in a manner acceptable to the Bank.

I. The Borrower, through SAGPyA, shall, prior to the commencement of each calendar year during Project implementation, create, and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the relevant annual budget in order to keep track of the corresponding expenditures incurred during Project implementation.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through SAGPyA, 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, and shall be furnished to the Bank not later than three months 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 in respect of the information to be contained in each Progress Report, each such Progress Report shall also include the pertinent annual work plan referred to in Section I.H (a) of this Schedule.

3. For purposes of Section 5.08 (b) of the General Conditions, the Borrower, through SAGPyA, shall, not later than June 30 of each year of Project implementation (starting in the year 2008), exchange views with the Bank (the annual reviews).

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. (a) Without limitation on the provisions of Part A of this Section, the Borrower, through SAGPyA, shall prepare and furnish to the Bank not later than one month after the end of each calendar semester during Project implementation (starting with the second calendar semester of the year 2007), interim unaudited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Bank.

(b) Without limitation to the provisions of paragraph (a) above, the Borrower, through SAGPyA, shall, starting with the interim unaudited financial report covering the first calendar semester of the year 2008, and thereafter during Project implementation, also include in each of said reports the list of signed contracts for works, goods and consultants' services under the Project as reflected in the Borrower's financial management system (UEPEX) during the period covered by each of said reports.

3. The Borrower, through SAGPyA, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

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

4. **Special Provisions.** Without limitation to the provisions in Section III A.1 and 2 of this Schedule, the following additional provisions shall also govern the procurement of goods, works and consultants' services under the Project (as the case may be):

(a) procurement of goods, works and consultants' services (in respect of firms) shall be carried out using standard bidding documents (which bidding documents in respect of works shall include, if applicable, a provision whereby the pertinent contractor must comply with the pertinent provisions of the Environmental Management Framework) and standard requests for quotations/proposals, all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision;

(b) all contracts for works to be procured on the basis of International Competitive Bidding, National Competitive Bidding or Direct Contracting under the Project 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 and works;

(d) after the public opening of bids for goods and works, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;

(e) 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 and consultants' services, as the case may be, shall be published in the web page of the Borrower's Office of National Procurement (*Oficina Nacional de Contrataciones*), and 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 and works 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 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 SAGPyA, shall: (i) supply the Bank's publicly accessible Procurement Plans Execution System (SEPA) with the information contained in the initial Procurement Plan within 30 days after such plan has been approved by the Bank; and (ii) update the Procurement Plan at least biannually, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply the Bank's Procurement Plans Execution System with the information contained in the updated Procurement Plan immediately thereafter;

(l) consultants shall not be required to submit bid or performance securities; and

(m) 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 SAGPyA, the Participating Provinces, the Research Beneficiaries and the Organization-Entities of Small Producers 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 and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used

for goods and works. 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

For purposes of paragraph 2 (a) herein, and without limitation to the provisions of paragraphs 3.3 and 3.4 of the Procurement Guidelines, the term National Competitive Bidding means the pertinent competitive procedures used by the Borrower for public federal procurement, and by the Participating Provinces for public provincial procurement in respect of the carrying out of the technical proposals under Part 2 (b) of the Project.

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) Quality-Based Selection.
(b) Selection under a Fixed Budget
(c) Least-Cost Selection
(d) Selection Based on the Consultants' Qualifications
(e) Single-Source Selection
(f) Procedures set forth in paragraphs 5.2 through 5.4 of the Consultant Guidelines for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Borrower, through SAGPyA, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for goods or works procured on the basis of International Competitive Bidding; (b) each contract for goods and works procured on the basis of Direct Contracting; and (c) each contract for consultants' services provided by a firm: (i) estimated to cost the equivalent of \$100,000 or more; or (ii) on the basis of Single-Source Selection. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
(1) Rural Investment Component – Part 1 of the Project		
(a) Works and/or goods under Community Subprojects	28,000,000	100%
(b) Consultants’ services under Part 1 (b) (i), (ii) and (iii) of the Project	7,750,000	100%
(c) Goods and/or consultants’ services under Part 1 (b) (iv) and (c) of the Project	2,730,000	100%
(2) Rural Development Component – Part 2 of the Project		
(a) Goods, consultants’ services and/or Training under Research Subprojects, Institutional Strengthening Subprojects, and Part 2 (a), (b), (c), (d) (i), (e) (i) and (f) of the Project (as the case may be)	3,580,000	100%

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed
(3) Project Administration Component – Part 3 of the Project (a) Goods and consultants' services	1,140,000	100%
(4) Front-end Fee	0	Amounts payable pursuant to Section 2.04 of this Agreement in accordance with Section 2.07 (b) of the General Conditions.
(5) Premia for Interest Rate Caps and Interest Collars	0	Amounts payable pursuant to Section 2.08 (c) of this Agreement
(6) Unallocated	1,800,000	
TOTAL AMOUNT	45,000,000	

For purposes of this table, the term “Training” means expenditures (other than those for consultants’ services) incurred by the Borrower, through SAGPyA, the Participating Provinces and the Organization-Entities of Small Producers, all as approved by the Bank on the basis of an annual budget acceptable to the Bank, 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.

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 \$4,500,000 equivalent may be made for payments made prior to this date but on or after January 1, 2007 (but in no case more than one year prior to the date of this Agreement) for Eligible Expenditures for Categories (1) through (3), if the pertinent obligations/conditions set forth in this Agreement, as applicable to each Eligible Expenditure have been complied with and/or met, as the case may be; and

(b) under Category (1) (b), unless the Operational Manual has been updated in a manner and on terms acceptable to the Bank so as to include the necessary information to permit the Borrower, through SAGPyA, to carry out Part 1 (b) (i), (ii) and (iii) of the Project.

2. The Closing Date is June 30, 2011.

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 January 1 and July 1 Beginning January 1, 2013 through July 1, 2022	5%

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 Community Subproject Agreements.

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

- (a) the obligation of the Borrower, through SAGPyA:
 - (i) to promptly disburse to each Community Beneficiary the proceeds of the corresponding Community Grant in a manner acceptable to the Bank; and
 - (ii) to ensure that the pertinent Community Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
- (b) the right of the Borrower, through SAGPyA, to take remedial actions against the pertinent Community Beneficiary in case said Community Beneficiary shall have failed to comply with any of its obligations under the pertinent Community Subproject Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the Community Grant (as the case may be), all as previously agreed with the Bank); and
- (c) the obligation of each Community Beneficiary:
 - (i) to carry out the pertinent Community Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, social and cultural property practices, including in accordance with the provisions of the Anti-Corruption Guidelines (applicable to recipients of Loan proceeds other than the Borrower) and the Operational Manual;
 - (ii) to use the Community Grant for purposes of partially financing the carrying out of the pertinent Community Subproject;
 - (iii) to provide the counterpart funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Community Subproject;
 - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Community Subproject Agreement or any provision thereof unless previously agreed by the Borrower, through SAGPyA, and Bank;
 - (v) if applicable, comply, or caused to be complied, with the obligations referred to in Sections 5.05, 5.06 (a), 5.07 and 5.10 of the General Conditions (relating to land acquisition, use of goods, works and

services, plans, documents and records, cooperation and consultation and visits, respectively) in respect of said Community Subproject; and

- (vi) to take or permit to be taken all action to enable the Borrower, through SAGPyA, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of Community Subprojects.

SCHEDULE 5

Terms and Conditions of Provincial Agreements

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

- (a) the obligation of the Borrower, through, SAGPyA:
 - (i) upon receipt from the pertinent Participating Province of an application of withdrawal from the Loan Account to finance Eligible Expenditures in respect of a given technical proposal under Part 2 (b) of the Project, to pay the amount from the Loan Account on the order of the Participating Province; and
 - (ii) to ensure that the pertinent technical proposal mentioned in (i) above is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

- (b) the right of the Borrower, through SAGPyA, to take remedial actions against the pertinent Participating Province in case said Participating Province shall have failed to comply with any of its obligations under the pertinent Provincial Agreement (which actions may include, *inter alia*, the termination of said Provincial Agreement, all as previously agreed with the Bank); and

- (c) the obligation of each Participating Province:
 - (i) to carry out the pertinent technical proposal mentioned in (a) (i) above with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social practices, including in accordance with the provisions of the Anti-Corruption Guidelines (applicable to recipients of Loan proceeds other than the Borrower) and the Operational Manual;
 - (ii) to provide the funds, facilities, services and other resources, necessary or appropriate to carry out said technical proposal;
 - (iii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Provincial Agreement or any provision thereof unless previously agreed by the Borrower, through SAGPyA, and the Bank;
 - (iv) if applicable, to comply with, or caused to be complied, the obligations referred to in Sections 5.04, 5.05, 5.06, 5.07, 5.10 and 5.11 of the General Conditions (relating to insurance, land acquisition, use of goods, works and services-maintenance of facilities, plans, documents and

records, cooperation and consultation and visits, respectively) in respect of said Provincial Subproject; and

- (v) to take or permit to be taken all action to enable the Borrower, through SAGPyA, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of said technical proposal.

SCHEDULE 6

Terms and Conditions of Research Subproject Agreements

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

- (a) the obligation of the Borrower, through SAGPyA:
 - (i) to promptly disburse to each Research Beneficiary the proceeds of the corresponding Research Grant in a manner acceptable to the Bank; and
 - (ii) to ensure that the pertinent Research Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
- (b) the right of the Borrower, through SAGPyA, to take remedial actions against the pertinent Research Beneficiary in case said Research Beneficiary shall have failed to comply with any of its obligations under the pertinent Research Subproject Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the Research Grant (as the case may be), all as previously agreed with the Bank); and
- (c) the obligation of each Research Beneficiary:
 - (i) to carry out the pertinent Research Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, social and cultural property practices, including in accordance with the provisions of the Anti-Corruption Guidelines (applicable to recipients of Loan proceeds other than the Borrower) and the Operational Manual;
 - (ii) to use the Research Grant for purposes of partially financing the carrying out of the pertinent Research Subproject;
 - (iii) to provide the funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Research Subproject;
 - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Research Subproject Agreement or any provision thereof unless previously agreed by the Borrower, through SAGPyA, and the Bank;
 - (v) if applicable, comply, or caused to be complied, with the obligations referred to in Sections 5.05, 5.06 (a), 5.07 and 5.10 of the General Conditions (relating to land acquisition, use of goods, works and services, plans, documents and records, cooperation and consultation and visits, respectively) in respect of said Research Subproject; and

- (vi) to take or permit to be taken all action to enable the Borrower, through SAGPyA, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of Research Subprojects.

SCHEDULE 7

Terms and Conditions of Institutional Strengthening Subproject Agreements.

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

- (a) the obligation of the Borrower, through SAGPyA:
 - (i) to promptly disburse to each Organization-Entity of Small Producers the proceeds of the corresponding Institutional Strengthening Grant in a manner acceptable to the Bank; and
 - (ii) to ensure that the pertinent Institutional Strengthening Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

(b) the right of the Borrower, through SAGPyA, to take remedial actions against the pertinent Organization-Entity of Small Producers in case said Organization-Entity of Small Producers shall have failed to comply with any of its obligations under the pertinent Institutional Strengthening Subproject Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the Institutional Strengthening Grant (as the case may be), all as previously agreed with the Bank); and

- (c) the obligation of each Organization-Entity of Small Producers:
 - (i) to carry out the pertinent Institutional Strengthening Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, social and cultural property practices, including in accordance with the provisions of the Anti-Corruption Guidelines (applicable to recipients of Loan proceeds other than the Borrower) and the Operational Manual;
 - (ii) to use the Institutional Strengthening Grant for purposes of partially financing the carrying out of the pertinent Institutional Strengthening Subproject;
 - (iii) to provide the funds, facilities, services and other resources, necessary or appropriate to carry out the corresponding Institutional Strengthening Subproject;
 - (iv) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Institutional Strengthening Subproject Agreement or any provision thereof unless previously agreed by the Borrower, through SAGPyA, and the Bank;

- (v) if applicable, comply, or caused to be complied, with the obligations referred to in Sections 5.05, 5.06 (a), 5.07 and 5.10 of the General Conditions (relating to land acquisition, use of goods, works and services, plans, documents and records, cooperation and consultation and visits, respectively) in respect of said Institutional Strengthening Subproject; and
- (vi) to take or permit to be taken all action to enable the Borrower, through SAGPyA, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of Institutional Strengthening Subprojects.

APPENDIX**Definitions**

1. “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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Community Beneficiary” means an individual or a group of individuals who have met the eligibility criteria set forth in the Operational Manual (as defined below) to carry out a Community Subproject (as defined below).
4. “Community Grant” means any of the grants to be provided under the pertinent Community Subproject Agreement (as defined below).
5. “Community Subproject” means any of the investments referred to in Part 1 (a) of the Project.
6. “Community Subproject Agreement” means any of the agreements referred to in Section I.B (a) (iii) of Schedule 2 to this Agreement.
7. “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.
8. “DDA” means *Dirección de Desarrollo Agropecuario*, the Directorate of Agricultural Development established within SAGPyA (as defined below), or any successor thereto.
9. “Environmental Management Framework” means the Borrower’s framework set forth in the Operational Manual (as defined below), which includes, *inter alia*: (a) the environmental screening process of Project activities to be followed during Project implementation; (b) the actions and procedures to be followed during Project implementation in connection with the finding of cultural property under the Project; and (c) the measures and procedures to mitigate, prevent and manage environmental and social impacts associated with the carrying out of the Project (including natural habitats and pest management).
10. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through October 15, 2006).

11. “Indigenous Peoples Strategy” means Borrower’s strategy set forth in the Operational Manual (as defined below), which includes, *inter alia*: (a) special dissemination mechanisms to ensure that indigenous peoples would be adequately informed of the Project; (b) culturally appropriate mechanisms to provide technical assistance and training to indigenous peoples so as to ensure that the Community Subprojects are prepared with the full participation of the same; (c) specific criteria for Community Subproject appraisal, to promote Community Subproject proposals from indigenous groups; (d) specific targeting criteria in the Borrower’s Provinces of Formosa and Salta to ensure that the areas within said provinces with high concentration of indigenous population would be attended; (e) mechanisms to ensure participation of indigenous representatives in provincial oversight units in the provinces mentioned herein; (f) special allocation of resources for supporting Community Subprojects from indigenous population in the provinces mentioned herein; and (g) coordination mechanisms with other programs and public agencies working with, or that have jurisdiction with respect to, indigenous population.
12. “Institutional Strengthening Grant” means any of the grants to be provided under the pertinent Institutional Strengthening Subproject Agreement (as defined below).
13. “Institutional Strengthening Subproject” means any of the activities referred to in Part 2 (e) (ii) of the Project.
14. “Institutional Strengthening Subproject Agreement” means any of the agreements referred to in Section I.E (a) of Schedule 2 to this Agreement.
15. “NCU” means *Unidad Nacional de Coordinación*, the Borrower’s National Coordination Unit, established within the administrative jurisdiction of SAGPyA (as defined below), or any successor thereto, acceptable to the Bank.
16. “Operational Manual” means the Borrower’s manual, acceptable to the Bank, dated April 20, 2007 which sets forth, *inter alia*: (a) the institutional and administrative structure of the NCU, the PSA, the Rural Development Commission, and the UTCN (all as defined in this Appendix), including their functions and responsibilities; (b) the Environmental Management Framework (as defined above); (c) the Indigenous Peoples Strategy (as defined above); (d) the Participation Action Plan (as defined below); (e) the eligibility criteria for selecting Community Beneficiaries, Research Beneficiaries, Participating Provinces, Organization of Small Producers, Organization-Entities of Small Producers, and approving Community Subprojects, Research Subprojects, Institutional Strengthening Subprojects and technical assistance proposals under Part 2 (b) of the Project, respectively (all as defined in this Appendix); (f) the Project’s chart of accounts, internal controls, and budgeting, accounting and financial reporting systems; (g) the format of: (i) the Progress Reports referred to in Section II.A.1 of Schedule 2 to this Agreement; (ii) the interim unaudited financial reports referred to in Section II. B. 2 of Schedule 2 to this Agreement; and (iii) the Financial Statements; (h) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (i) the Project’s flow of funds structure; (j) the Anti-Corruption Guidelines (as defined above); (k) the Project indicators; and (l) the Project’s administrative and

- procurement procedures, as said manual may be amended from time to time with the agreement of the Bank.
17. “Organization-Entity of Small Producers” means an organization of small producers which has been vested with legal personality or adopted any other form of association supported and/or acknowledged by the Borrower’s legislation, and which has met the eligibility criteria set forth in the Operational Manual (as defined above) to carry out an Institutional Strengthening Subproject.
 18. “Organization of Small Producers” means an organization of small producers which has not been vested with legal personality nor adopted any other form of association supported and/or acknowledged by the Borrower’s legislation, which has met the eligibility criteria set forth in the Operational Manual (as defined above) to benefit under Part 2 (e) (i) of the Project.
 19. “Original Project” means the Project described in Schedule 2 to the Loan Agreement entered into between the Borrower and the Bank, dated May 6, 1998 (Loan No. 4212-AR), as amended to the date of this Agreement.
 20. “Participation Action Plan” means the Borrower’s plan set forth in the Operational Manual (as defined above), which includes, *inter alia*: the actions to ensure and facilitate the participation of the Project’s stakeholders (in particular vulnerable groups, such indigenous population, women and the youth within the Borrower’s territory) during the entire Community Subproject cycle (which includes design, approval, implementation, monitoring and evaluation).
 21. “Participating Province” means any of the Borrower’s political subdivisions (as per title Two of the Borrower’s 1994 Constitution), which meet the eligibility criteria set forth in the Operational Manual (as defined above) to carry out the pertinent technical proposals under Part 2 (b) of the Project.
 22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
 23. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated April 25, 2007 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.
 24. “Provincial Agreement” means any of the agreements referred to in Section I.C (a) of Schedule 2 to this Agreement.
 25. “PSA” means the Borrower’s Social Program for Agriculture (*Programa Social Agropecuario*) established pursuant to Resolution No. 158/93 dated April 7, 1993 issued by the predecessor of SAGPyA (as said resolution has been amended to the date of this Agreement), for purposes of, *inter alia*, alleviating poverty.

26. “Research Beneficiary” means an entity which has met the eligibility criteria set forth in the Operational Manual (as defined below) to carry out a Research Subproject (as defined below).
27. “Research Grant” means any of the grants to be provided under the pertinent Research Subproject Agreement (as defined below).
28. “Research Subproject” means any of the investments referred to in Part 2 (d) (ii) of the Project.
29. “Research Subproject Agreement” means any of the agreements referred to in Section I.D (a) of Schedule 2 to this Agreement.
30. “Rural Development Commission” means the commission established within SAGPyA for purposes of, *inter alia*, ensuring proper coordination of all rural development activities under the administrative jurisdiction of SAGPyA, and advice to DDA in connection with the carrying out of its responsibilities under the Project, or any successor thereto.
31. “SAGPyA” means *Secretaría de Agricultura, Ganadería, Pesca y Alimentos*, the Borrower’s Secretariat of Agriculture, Livestock, Fisheries and Food, or any successor thereto.
32. “UTCN” means the *Unidad Técnica de Coordinación Nacional*, the technical unit for national coordination established within SAGPyA (as defined above) which administers the PSA (as defined above), or any successor thereto.