

CONFORMED COPY

LOAN NUMBER 7843-AR

Loan Agreement

**(Emergency Project for the Prevention and Management of Influenza-type Illness and
Strengthening of Argentina's Epidemiological System)**

between

ARGENTINE REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

Agreement, as of the Signature Date (as defined in the Appendix to the Loan Agreement), between ARGENTINE REPUBLIC (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined and modified 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 two hundred and twenty nine million Dollars (\$229,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project through MSN, with the assistance of:
- (a) Eligible Provinces in respect of Parts 1 (a) (i), (ii), (iv) and (v), (d) and (e) and Part 2 (b) of the Project pursuant to the provisions of the pertinent Participation Agreement;
- (b) SENASA in respect of Part 1 (b) of the Project pursuant to the provisions of the SENASA Agreement; and
- (c) Research Agencies in respect of Part 1 (c) of the Project pursuant to the provisions of the pertinent Research Cooperation Agreements,
- 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 event mentioned in paragraph (a) below, provided, however, that if said event shall have occurred and be continuing in respect of any given Eligible Province, the suspension of the Borrower's right to make withdrawals from the Loan Account may be limited by the Bank, at the Bank's sole discretion, to withdrawals in respect of Eligible Expenditures in respect of any said Eligible Province:
- (a) any Eligible Province shall have failed to comply with any of its obligations under the pertinent Participation Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely any 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 —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 expires on August 23, 2011.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Economy and Public Finance
- 6.02. The Borrower's Address is:

Ministerio de Economía y Finanzas Públicas
Hipólito Yrigoyen 250
C1109ADA, Buenos Aires
Argentina

Cable:

Facsímile:

MINISTERIO DE ECONOMIA
Baires

(5411) 43498815

6.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Washington D.C., United States of America, on behalf of the Bank on March 17, 2010 and at Buenos Aires, Argentina on behalf of the Borrower on March 30, 2010.

ARGENTINE REPUBLIC

By /s/ Elizabeth Adu

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Amado Boudou

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the capacity of the Borrower's epidemiological health surveillance system: (a) to prevent, monitor and evaluate influenza activity; and (b) to control epidemic waves of the A/H1N1 influenza.

The Project consists of the following parts:

Part 1: Strengthening the capacity of the Borrower's epidemiological health system for surveillance and influenza case-finding

- (a) Expansion and improvement of the quality of the epidemiological surveillance system for the timely detection of reported cases of influenza-like illness through:
 - (i) improvements to provincial health situation rooms;
 - (ii) improvements for the provincial sentinel surveillance units;
 - (iii) improvements to MSN's Directorates of Epidemiology and EPI Program;
 - (iv) improvement of the Borrower's detection and notification system; and
 - (v) strengthening of the SIVILA Network.
- (b) Carrying out of activities aimed at coordinating human and animal health surveillance, through the preparation and execution of a national coordination plan with SENASA for surveillance of the A/H1N1 influenza pandemic in humans and animals.
- (c) Carrying out of joint research with agencies (the Research Agencies) to follow-up on: (i) mortality cases due to the A/H1N1 influenza pandemic, and (ii) complications and secondary effects of the A/H1N1 vaccine and treatment.
- (d) Carrying out of media campaigns at the provincial level for prevention and to increase population's responsiveness to vaccination through social communication modules specified in the Operational Manual and covering: (i) communications plans; (ii) campaigns directed to indigenous peoples; (iii) local campaigns for vaccination and information; and (iv) self-detection and self-care campaigns.
- (e) Provision of training to health care service providers on the management of: (i) the surveillance of the A/H1N1 influenza pandemic; (ii) hospital infections and control related to said pandemic; and (iii) promotion and prevention aspects related to said pandemic.

Part 2: Strengthening the Borrower's health system response capacity to reduce the communicability of the influenza virus and improve medical care of those affected by influenza

- (a) Provision of inputs required for the activities listed in paragraph (b) below including: A/H1N1 and pneumococcal vaccines, antiviral treatments, laboratory reactive supplies, thermos for laboratory sample transportation, containers for disposing of flu vaccines; and other emergency supplies, respirators for intensive care units, ambulances, and pulse oximeters for primary and secondary health care.
- (b) Carrying out of the following activities at national and/or provincial health care facilities (as the case may be); (i) application of doses of A/H1N1 vaccines to help reduce the communicability of the A/H1N1 virus and mortality in the population; (ii) application of doses of pneumococcal vaccines to help reduce lethality of the A/H1N1 virus in the population; (iii) provision of outpatient treatment to symptomatic populations with respiratory conditions; (iv) treatment of patients with a respiratory condition in hospitals; (v) treatment of patients with a respiratory condition in intensive care units; and (vi) carrying out of diagnostic laboratory tests for influenza.

Part 3: Project Management and Monitoring and Technical Audits

Support for Project management and monitoring activities, including consolidation of the information necessary to process Loan disbursements for Outputs and carrying out of quarterly independent technical audits for measuring the Project Outputs and its final coverage.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall:
 - (a) operate and maintain in MSN throughout Project implementation a coordination unit (PCU) with the functions and responsibilities set forth in the Operational Manual, including the role of the various departments and /or units of MSN in Project execution and coordination;
 - (b) ensure that the PCU is, at all times during Project implementation, headed by a Project coordinator, and assisted by professional (including, *inter alia*, a technical specialist, a safeguards specialist, a procurement specialist, a financial management specialist, and an epidemiologist specialist) and administrative staff, all in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank; and
 - (c) without limitation to the provisions of paragraph (b) above, and no later than three months after the Effective Date, hire the technical, safeguards and epidemiologist specialists mentioned in said paragraph.
2. For purposes of carrying out the quarterly independent technical audits referred to in Part 3 of the Project, the Borrower shall, no later than three months after the Effective Date, hire, and thereafter maintain during the execution of the Outputs, an independent technical auditor (ITA), under terms of contracting satisfactory to the Bank, which shall include, *inter alia*, ITA's obligation to, not later than thirty calendar days after the end of each calendar quarter during Project implementation (starting with the calendar quarter in which the Effective Date falls), issue an opinion, acceptable to the Bank, on the number of Outputs delivered during the pertinent calendar quarter for purposes of recognizing the reported Outputs as Eligible Expenditures, except that the opinion to be issued on the fourth calendar quarter shall also address the reasonableness of the Unit Costs for the Outputs delivered during the pertinent calendar year).
3. The Borrower shall not later than March 30, 2010, create, and thereafter maintain throughout the Project implementation period, specific budget line entries in its annual budget in order to keep track of expenditures incurred during Project implementation.
4. The Borrower shall: (a) not later than twelve months after the Effective Date and yearly thereafter, review with the Bank, the Unit Costs; and (b) immediately thereafter adjust said Unit Costs if required by the results of said reviews, all in a manner satisfactory to the Bank.

5. Without limitation to the provisions of Section I.A.4 of this Schedule, the Bank may propose to the Borrower (or *vice versa*) additional reviews of the Unit Costs earlier or later than as set forth in said section, and if required by the results of any of said reviews, the Borrower shall adjust the Unit Costs, all in a manner satisfactory to the Bank.

B. Agreements

1. The Borrower shall, prior to the carrying out of the Project activities under Parts 1 (a) (i), (ii), (iv) and (v), (d) and (e) and 2 (b) of the Project within the territorial jurisdiction of any given Eligible Province, enter into an agreement (the Participation Agreement) with the corresponding Eligible Province, under terms and conditions satisfactory to the Bank, to set forth, *inter alia*:

(a) the Eligible Provinces' obligation:

- (i) to assist the Borrower in the carrying out of Parts 1 (a)(i), (ii), (iv) and (v), (d), (e) and 2 (b) of the Project, and deliver the Outputs set forth in the pertinent Participation Agreement in accordance with the requirements and schedule included therein;
- (ii) to meet the sanitary intermediate outcomes set forth in the pertinent Participation Agreement for delivery of the Outputs and their final coverage;
- (iii) to comply with the fiduciary and technical requirements applicable to their respective Parts of the Project;
- (iv) if applicable as determined by the Bank, to comply with the provisions of the Existing IPP, as well as with the provisions derived from the IPPF (by updating and complying with the terms of its Existing IPP as so updated as referred to in Section I.E.1 (b) (ii) of this Schedule);
- (v) to comply with the provisions of the Environmental Management Framework as referred to in Section I.E. 1 (b) (i) of this Schedule (including the provisions of said framework as so updated pursuant to the provisions of Section I.E.2);
- (vi) to enable the required financial and/or technical audits to be carried out by the Borrower and/or the ITA, as well as the verifications of compliance of delivery of Outputs;
- (vii) to comply with the reporting requirements applicable to their respective Parts of the Project, and enable the Borrower and the Bank to review the documents related to said Parts of the Project;

- (viii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the corresponding Participation Agreement or any provision thereof unless previously agreed by the Bank;
 - (ix) to take or permit to be taken all action to enable the Borrower to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the Parts of the Project mentioned in (a) (i) (A) herein; and
 - (x) to comply with the Anti-Corruption Guidelines (by, for example, allowing Bank inspection and audit rights under paragraph 9 (d) of the Anti-Corruption Guidelines); and
- (b) the Borrower's obligation:
- (i) to pay for the Unit Costs of Outputs, as verified by the ITA and the Borrower;
 - (ii) to ensure compliance with the Anti-Corruption Guidelines in respect of the Parts of the Project mentioned in (B) (1) (a) (i) herein;
 - (iii) if applicable as determined by the Bank, to comply with the provisions of the Existing IPP, as well as with the provisions of the updated version of said Existing IPP pursuant to Section I.E.1 (b) (ii) of this Schedule; and
 - (iv) to ensure that the Eligible Province complies with the provisions in the Loan Agreement and in the General Conditions, as applicable to the Parts of the Project mentioned in (a) (i) (A) herein.

2. Upon selection of any given Research Agency, and prior to the carrying out of any Project activity under Part 1 (c) of the Project in which said Research Agency will provide technical assistance, the Borrower shall enter into an agreement (the Research Cooperation Agreement) with said selected Research Agency, under terms and conditions satisfactory to the Bank, to set forth, *inter alia*, their respective obligations in the carrying out of research under said Part of the Project, including:

- (a) the Research Agency's obligations to abide by the Anti-Corruption Guidelines (by, for example, allowing Bank inspection and audit rights under paragraph 9 (d) of the Anti-Corruption Guidelines); and
- (b) the Borrower's obligation to:
 - (i) ensure compliance with the Anti-Corruption Guidelines; and

- (ii) if research activities are carried out in any given Eligible Province in which indigenous population is present, comply and/or cause to be complied with the Existing IPP as applicable to said Eligible Province, as well as with the provisions of the updated version of said Existing IPP pursuant to Section I.E.1 (b) (ii) of this Schedule.
- 3. (a) The Borrower shall exercise its rights and carry out its obligations under each Participation Agreement, each Research Cooperation Agreement, and the SENASA Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and
- (b) except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any Participation Agreement, any Research Cooperation Agreement and/or the SENASA Agreement or any provision thereof.

C. Anti-Corruption

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

D. Operational Manual

Without limitation to the provisions of Article V of the General Conditions, the Borrower shall carry out the Project in accordance with an operational manual, satisfactory to the Bank (the Operational Manual), containing, *inter alia*:

- (a) the functions, responsibilities and training requirements for the personnel responsible for the coordination, monitoring and evaluation of the Project, including the PCU;
- (b) the criteria for selecting Research Agencies;
- (c) procedures for procurement of goods and services, as well as for financial management, disbursement and audits of the Project and the respective forms, reports and guidelines;
- (d) the indicators to measure, monitor and evaluate the coverage of the Outputs and other Project activities;
- (e) the requirements and operating guidelines applicable to the Outputs including the verification procedures, and the Unit Cost of such Outputs as per the agreed typologies;
- (f) a model Participation Agreement; and
- (g) the Environmental Management Framework and the IPPF.

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

E. Safeguards

1. The Borrower, through MSN, shall: (a) carry out the Project in accordance with the provisions set forth in the Environmental Management Framework (including the provisions of said framework as so updated pursuant to the provisions of paragraph 2 below), the applicable Existing IPP (including the provisions of said Existing IPP as so updated pursuant to the provisions of (b) (ii) herein) and the IPPF; and (b) cause the Participating Provinces to: (i) comply with the pertinent provisions of the environmental/social safeguards instruments mentioned in (a) herein as applicable to the Parts of the Project referred to in Section 3.01 (a) of this Agreement; and (ii) not later than six months after the Bank's approval of the Loan, update the pertinent Existing IPP based on the provisions of the IPPF (which updated Existing IPP therefore replaces the pertinent prior Existing IPP).
2. Without limitation to the provisions of paragraph 1 above, the Borrower shall, prior to the application of the doses of vaccines under Part 2 (b) (i) and (ii) of the Project: (a) disclose the contents of the Environmental Management Framework (in a manner acceptable to the Bank); (b) after the disclosure mentioned in (i) herein has taken place, carry out consultations of the Environmental Management Framework under terms of reference, and in a manner acceptable to the Bank; (c) based on the results of the consultations referred to in (b) herein, and as determined by the Bank, update the Environmental Management Framework in a manner acceptable to the Bank; and (d) immediately thereafter, implement and/or cause to be implemented the Environmental Framework in a manner acceptable to the Bank.

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 semester (starting with the calendar semester in which the Effective Date falls), and shall be furnished to the Bank not later than 45 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 not later than 45 days after the end of each calendar quarter (starting with the calendar quarter in which the Effective Date falls), interim unaudited financial reports for the Project (under terms of reference acceptable to the Bank, and

shall include a copy of the opinion mentioned in Section I.A.2 of this Schedule) covering the pertinent 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.

Section III. Procurement

A. General

1. **Goods and Non-Consultant Services.** All goods and Non-Consultant 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 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 other provisions in Section III of this Schedule, the following additional provisions shall also govern the procurement of goods, Non-Consultant Services and consultants' services under the Project (as the case may be):
 - (a) procurement of goods, Non-Consultant Services and consultants' services (in respect of firms) shall be carried out using: (i) standard bidding documents and standard requests for quotations/proposals (as the case may be), all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision and the pertinent provisions of the Anti-Corruption Guidelines; (ii) model bid evaluation forms, and model quotations/proposals evaluation forms (as the case may be); and (iii) model contract forms, all acceptable to the Bank;
 - (b) without limitation to the provisions of paragraph (a) above: (i) standard bidding documents for the procurement of goods and Non-Consultant Services under International Competitive Bidding procedures shall stipulate that the period for submitting bids shall be at least 21 calendar days from the date of notification and advertising of the Specific Procurement Notice as referred to in paragraph 2.8 of the Procurement Guidelines; and (ii) standard bidding documents for the procurement of goods and Non-Consultant Services under National Competitive Bidding procedures shall stipulate that the period for submitting bids shall be at

least 10 calendar days from the date of notification and advertising of the specific procurement notice;

- (c) a two-envelope bidding procedure shall not be allowed in the procurement of goods and Non-Consultant Services;
- (d) after the public opening of bids for goods and Non-Consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;
- (e) after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants' proposals;
- (f) foreign bidders or foreign consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina (except as provided in the standard bidding documents referred to in paragraph 4 (a) (i) above); (ii) be required to have a representative in Argentina; and (iii) be required to be associated or subcontract with Argentine suppliers 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, Non-Consultant Services and consultants' services procured by the Borrower 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 Non-Consultant Services to be procured under National Competitive Bidding procedures;
- (i) references to bidders in one or more specialized magazines shall not be used by the Borrower 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 shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Bank; and (ii) update the Procurement Plan at least every three months, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter;
- (l) the provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines providing for domestic preference in the evaluation of bids shall apply to goods manufactured in the territory of the Borrower in respect of contracts for goods to be procured under International Competitive Bidding procedures;
- (m) compliance by bidders with the norms issued by ISO with respect to any given good procured under the Project shall not be used as parameter for contract award;
- (n) consultants shall not be required to submit bid or performance securities;
- (o) contracts of goods and Non-Consultant Services shall not be awarded to the “most convenient” bid, but rather to the bidder whose bid has been determined: (i) to be substantially responsive; and (ii) to offer the lowest evaluated bid, provided that said bidder has demonstrated to the Borrower to be qualified to perform the contract satisfactorily; and
- (p) 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 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 Non-Consultant Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods 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 and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods 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) Direct Contracting
(c) Shopping
(d) Procurement from specialized agencies (analogous to as set forth in Paragraph 3.9 of the Procurement Guidelines)

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 Based on the Consultants' Qualifications
(c) Single Source Selection
(d) Procedures set forth in paragraphs 5.1 through 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(e) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines for the Selection of Individual Consultants
(f) Procedures set forth in paragraph 3.21 of the Consultant Guidelines

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions 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 (inclusive of Taxes)
(1) Non-Consultant Services, consultants' services (including the contracting of ITA) under Parts 1 (a) (ii) through (v), (b), (c) and (e), and 3 of the Project	1,800,000	100%
(2) Goods (including vaccines) under Parts 1 and 2 (a) of the Project	181,800,000	100%
(3) Outputs under Part 1(a) (i) and (d) of the Project	4,900,000	100% of the applicable Unit Costs of the Output as set forth in the Operational Manual
(4) Outputs under Part 2(b) of the Project	37,500,000	100% of the applicable Unit Costs of the Output as set forth in the Operational Manual
(5) Operating Costs under Part 3 of the Project	800,000	80%
(6) Unallocated	1,627,500	
(7) Front-end Fee	572,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(8) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount due under Section 2.07 (c) of this Agreement
TOTAL AMOUNT	229,000,000	

3. The Outputs eligible for financing for each Project activity under Parts 1 (a) (i) and (d) and 2 (b) (i) through (vi) of the Project are as follows:

Part of the Project	Output
Part 1 (a) (i)	Health situation room certified
Part 1 (d)	Operational module of social communication implemented (excluding indigenous peoples)
Part 1 (d) (II)	Operational module of social communication for indigenous peoples implemented
Part 2 (b) (i)	Dose of A\H1N1 vaccine applied
Part 2 (b) (ii)	Dose of pneumococcal vaccine applied
Part 2 (b) (iii)	Outpatient treatment provided
Part 2 (b) (iv)	Inpatient treatment provided in hospitalization
Part 2 (b) (v)	Inpatient treatment provided in ICU
Part 2 (b) (vi)	Influenza diagnostic laboratory test carried out

4. For purposes of this Schedule, the term “Operating Costs” means the reasonable cost of recurrent expenditures, based on an annual budget previously approved by the Bank, that would not have been incurred by the Borrower, through MSN (in connection with the carrying out of Part 3 of the Project) absent the Project, for Project administration and supervision costs (including office rent), operation and maintenance of office equipment, non-durable goods and salaries for civil servants assigned to carry out administrative (e.g. secretarial) responsibilities under said Part of the Project (but excluding any other type of civil servant salaries).

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$91,600,000 equivalent may be made for payments made prior to this date but on or after April 30, 2009 (but in no case more than one year prior to the Signature Date) for Eligible Expenditures for Category (2) if the pertinent obligations set forth in this Agreement, as applicable to said Eligible Expenditure have been complied with.
2. The Closing Date is March 31, 2012.

SCHEDULE 3

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 March 15 and September 15 Beginning March 15, 2015 through September 15, 2039	2%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3.
 - (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
 - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-

paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. 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. “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.
4. “Eligible Province” means any of the Borrower’s political subdivisions, as per title Two of the Borrower’s 1994 Constitution, which has met the criteria for participating in the Project.
5. “Environmental Management Framework” means the Borrower’s framework dated December 10, 2009 (included in the Operational Manual) which sets forth, *inter alia*, the actions to manage/mitigate and/or address the environmental aspects of the Project, including the procedures and disposal of medical waste, as said framework may be amended from time to time with the agreement of the Bank.
6. “EPI Program” means the Borrower’s Expanded Immunization Program detailed in article 3 of the Borrower’s Presidential Decree No. 828/2006 dated July 10, 2006, which program’s objective is to decrease the morbi-mortality of the preventable diseases through sustain vaccination.
7. “Existing IPP” means any of the indigenous peoples plans (acceptable to the Bank) adopted by the pertinent Eligible Province under the Essential Public Health Functions and Programs Project (which Project was financed in part by Bank Loan No.7412-AR in accordance with terms and conditions set forth in the Loan Agreement entered into between the Borrower and the Bank dated July 12, 2007).
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
9. “ICU” means a hospital’s intensive care unit.
10. “IPPF” means the Borrower’s updated indigenous peoples planning framework dated November 10, 2009 (included in the Operational Manual), which framework includes, *inter alia*, the principles, objectives, methodology and the contents to be included in each updated Existing IPP.

11. “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.
12. “ITA” means the independent technical auditor referred to in Section I.A.2 of Schedule 2 to this Agreement.
13. “MSN” means *Ministerio de Salud de la Nación*, the Borrower’s Ministry of Health.
14. “Non-Consultant Services” means services under the Project which will be bid and contracted on the basis of performance of measurable physical outputs.
15. “Operational Manual” means the manual referred to in Section I.D of Schedule 2 to this Agreement and approved by the Bank on December 21, 2009, as the same may be amended from time to time in agreement with the Bank.
16. “Output” means any of the outputs eligible for financing out of the proceeds of the Loan as set forth in Section IV. A.3 of Schedule 2 to the Loan Agreement for each Part of the Project in the typology included in the respective Participation Agreement.
17. “Participation Agreement” means any of the agreements referred to in Section I. B. 1(a) of Schedule 2 to this Agreement.
18. “PCU” means the unit referred to in Section I. A. 1 (a) of Schedule 2 to this Agreement and established pursuant to the Borrower’s Resolution No. 98/2000, dated January 20, 2000 (as said Resolution has been amended to the Signature Date), or any successor thereto acceptable to the Bank.
19. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
20. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 18, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
21. “Research Agency” means any agency which has been selected by the Borrower in accordance with criteria set forth in the Operational Manual for implementation of research activities under Part 1 (c) of the Project.
22. “Research Cooperation Agreement” means any of the agreements referred to in Section I.B.2 of Schedule 2 to this Agreement.
23. “SENASA” means *Servicio Nacional de Sanidad y Calidad Agroalimentario-SENASA*, the Borrower’s National Service for Sanitation and Agriculture and Food Quality, an entity vested with legal personality pursuant to the Borrower’s Presidential Decree No. 1585/1996 of December 19, 1996 (as the same has been amended to the Signature Date),

which is responsible for, *inter alia*, the execution of sanitary and phyto sanitary national policies.

24. “SENASA Agreement” means the cooperation agreement (*Convenio Marco de Cooperación*) dated May 27, 2009 entered into between the Borrower, through MSN and SENASA to, *inter alia*, implement the necessary means and actions to achieve technical cooperation between the parties thereto, and carry out programs of mutual interest, in particular, programs related to existing zoonotic diseases, as well as exotics, re-emerging and re-emerging diseases.
25. “Signature Date” means the latest of the two dates on which the Borrower and the Bank signed the Loan Agreement and such definition applied to all references to “the date of the Loan Agreement” in the General Conditions.
26. “SIVILA Network” means the Borrower’ laboratory surveillance system network.
27. “Unit Costs” means the unit cost of the selected operating costs financed by the Loan and required for implementation of each of the Outputs in the typology specified in the pertinent Participation Agreement and the Operational Manual, which unit cost of said operating costs is specified in the additional instructions referred to in Section IV.A.1 of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are 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 goods, works, services, Non-Consultant Services or Outputs (as said terms are defined in the Loan Agreement) required for the Project, to be financed out of the proceeds of the Loan and procured, all in accordance with the provisions of the Legal Agreements;”.

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

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

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

pay the amount so withdrawn to itself or the Association, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance”.

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

“Section 7.02. *Suspension by the Bank*

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

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

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

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

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

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