

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
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Cable Address: INTBAFRAD
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October 22, 2002

Mr. Roberto Lavagna
Minister of Economy
Ministry of Economy
Hipólito Irigoyen 250
1310 Buenos Aires, Argentina

Re: **ARGENTINA** – Decentralization and Improvement of Secondary
Education and Polymodal Education Development Project
(Loan No. 3971-AR)

4th Amendment to Loan Agreement

Dear Minister Lavagna:

Please refer to the Loan Agreement dated August 7, 1996 (Loan No. 3971-AR) entered into between the Argentine Republic (the Borrower) and the International Bank for Reconstruction and Development (the Bank), as amended.

In response to Borrower's request of September 23, 2002 to, *inter alia*: (a) reallocate part of the Loan proceeds to permit the financing of basic school supplies for the benefit of students attending preschool education and the first six years of mandatory education (*Educación General Básica*); and (b) extend the Closing Date to June 30, 2003, the Bank hereby agrees to amend the Loan Agreement, as follows:

I. **Loan Agreement:**

1. Section 1.02 is hereby amended to read as follows in its entirety:

“Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “EGB I” means the first three years of mandatory education (*Educación General Básica*) (grades 1 through 3);

(b) “EGB II” means the second three years of mandatory education (*Educación General Básica*) (grades 4 through 6);

(c) "EGB III" means the last three years of mandatory education (*Educación General Básica*) (grades 7 through 9);

(d) "MECT" means *Ministerio de Educación, Ciencia y Tecnología*, the Borrower's Ministry of Education, Science and Technology;

(e) "Operational Manual" means the manual for the operation of the Project approved by the Bank and which contains, *inter alia*, a detailed description of the objectives and content of the Project, the eligibility criteria and procedures for access by the Participating Schools (as defined hereinafter) to grant financing under the Project, the operational support to be provided by the Provinces, the procedures for implementation and monitoring of the Project, and the detailed procurement procedures, as such manual may be amended from time to time by agreement between the Borrower and the Bank;

(f) "Participating Schools" means the schools selected for inclusion in the Project on the basis of the eligibility criteria and procedures set forth in the Operational Manual;

(g) "Polymodal Education" means the last three years of high school education (grades 10 through 12);

(h) "Preschool Education" means the mandatory education (*Educación General Básica*) provided to five year old children prior to entering into grade 1 under EGB I;

(i) "Project Impact Indicators" means the impact indicators set forth in the Operational Manual;

(j) "Project Implementation Targets" means the targets set forth in the Operational Manual;

(k) "Provinces" means the 23 provinces of the Borrower and the City of Buenos Aires;

(l) "Special Account" means the account referred to in Section 2.02 (b) of the Loan Agreement;

(m) "Supplemental Letter" means the letter of September 19, 2000 from the Borrower to the Bank, as the contents of said letter may be amended from time to time with the agreement of the Bank"; and

(n) "UCP" means *Unidad de Coordinación del Proyecto*, the Project Coordination Unit within MECT established by Ministerial Resolution (*Resolución Ministerial*) No. 567 of July 31, 2002."

2. All references throughout the Loan Agreement to the terms "NMCE" and "NCUEFP" are hereby replaced by the terms "MECT" and "UCP", respectively.

3. Sections 2.03 and 2.08 are hereby amended to read as follows in their entirety:

"Section 2.03. The Closing Date shall be June 30, 2003 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.08. The Secretary for Economic Policy of the Borrower's Ministry of Economy and any person designated by such Secretary are designated as representatives of the Borrower for the purpose of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions."

4. The term "MNCE" in Section 3.03 is hereby replaced by the term "MECT.
5. The table in paragraph 1 of Schedule 1 is hereby amended to read in its entirety as set forth in Attachment I to this Amendment Letter.
6. Schedule 2 is hereby amended to read in its entirety as set forth in Attachment II to this Amendment Letter.
7. The amount of "\$14,000,000 equivalent" referred to in Part C.3 of Section I of Schedule 4 is hereby replaced by the amount of "\$24,000,000 equivalent".

II. **Effectiveness:**

Please confirm your agreement to the foregoing amendments by signing and dating this letter in the spaces provided below. This Amendment Letter will be executed in two counterparts, each of which shall be an original. Upon your confirmation, please return one fully executed original to us. The provisions of this Amendment Letter will become effective as of the date first above written upon receipt by the Bank of:

- (a) one fully executed original of this Amendment Letter;
- (b) evidence that:
 - (i) the Operational Manual has been amended by the Borrower on terms and conditions acceptable to the Bank, to reflect, *inter alia*, the new Project objectives and financing of basic school supplies; and
 - (ii) the execution and delivery of this Amendment Letter on behalf of the Borrower has been duly authorized or ratified by all necessary governmental and corporate action; and

(c) a copy of a legal opinion issued on behalf of the Borrower, satisfactory to the Bank and by counsel acceptable to the Bank, indicating that this Amendment Letter has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding on the Borrower in accordance with its terms.

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

By /s/ Axel van Trotsenburg
Axel van Trotsenburg
Director
Country Management Unit
Argentina, Chile, Paraguay and Uruguay
Latin America and the Caribbean Region

AGREED AND CONFIRMED:

ARGENTINE REPUBLIC

By: /s/ Roberto Lavagna
Authorized Representative

Date: January 7, 2003

ATTACHMENT I

<u>“Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil works	55,000,000	82%
(2) Goods	43,000,000	100% of foreign expenditures; and 82% of local expenditures
(3) Consultants’ Services	11,500,000	90%
(4) Grants for school-based institutional innovations under Part A.3(b) of the Project	1,500,000	100%
(5) Project implementation costs	4,000,000	90%
(6) Unallocated	<u>500,000</u>	
TOTAL	<u>115,500,000”.</u> =====	

“SCHEDULE 2

Project Description

The objective of the Project is to assist in the transformation of the education system within the framework of the Borrower's *Ley Federal de Educación* by assisting Participating Schools in the development and implementation of Preschool Education, EGB I, EGB II, EGB III and Polymodal Education.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

Part A: Activities at the Level of the Participating Schools

1. Improvement of Educational Resources

Improvement of the educational resources of Participating Schools by the provision and utilization of:

(a) Multimedia Centers: construction or rehabilitation of school libraries so that students and teachers under EGB III and Polymodal Education will have access to various sources of information (books, documents, information networks, educational CD-ROM programs and videos, maps, etc.).

(b) Educational Equipment: provision and use of computer equipment for teaching various disciplines of the curriculum of EGB III and Polymodal Education and provision and use of computers for teachers' offices for research, planning and design of teaching activities under said levels of education.

(c) Natural Science and Technology Laboratories: provision of natural science and technology laboratories for carrying out experiments, simulations, analyses, and design and development of projects related to the defined curriculum of EGB III and Polymodal Education.

(d) Basic School Supplies: Provision and distribution of basic school supplies (which supplies may consist of durable learning supplies, such as maps, rulers, sets for geometry, basic pocket calculators and pencil sharpeners) for the benefit of students at the Preschool Education, EGB I, EGBII, EGBIII and Polymodal Education levels.

2. Improvement of School Infrastructure

Improvement of school infrastructure through the execution at the Participating Schools of civil works for:

(a) Rehabilitation: renovation of appropriate classrooms and physical spaces for the use of new learning resources and implementation of EGB III and Polymodal Education.

(b) Construction: building of appropriate classrooms and physical spaces for the use of new learning resources and implementation of EGB III and Polymodal Education.

3. Strengthening of Institutional and Teaching Capacity

Strengthening of institutional and teaching capacity at the Participating Schools of EGB III and Polymodal Education through:

(a) Training of teachers, directors and supervisors to take full advantage of the new educational resources received under the Project.

(b) Design and implementation of institutional projects that will promote the use of educational resources and innovative teaching practices.

Part B: Project Coordination and Execution

1. Strengthening of the capacity of UCP to coordinate, execute and supervise the implementation of the Project and to provide technical assistance to the Provinces.

2. Strengthening of the capacity of the Provinces to monitor and supervise execution of projects in the Participating Schools.

* * *

The Project is expected to be completed by December 31, 2002.”.

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March 6, 2003 11:27 AM