

CONFORMED COPY

LOAN NUMBER 2984 AR

(Social Sector Management Technical Assistance Project)

between

THE ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated February 23, 1989

LOAN NUMBER 2984 AR

LOAN AGREEMENT

AGREEMENT, dated February 23, 1989, between THE ARGENTINE REPUBLIC (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

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) "MSAS" means Ministerio de Salud y Accion Social, the Borrower's Ministry of Health and Social Action;

(b) "MEJ" means Ministerio de Educacion y Justicia, the Borrower's Ministry of Education and Justice;

(c) "MEC" means Ministerio de Economia, the Borrower's Ministry of Economy;

(d) "MTS" means Ministerio de Trabajo y Seguridad Social, the Borrowers Ministry of Labor and Social Security;

(e) "SSC" means Secretaria de Coordinacion of MSAS, the Coordination Secretariat of MSAS;

(f) "SE" means Secretaria de Educacion, the Borrower's Secretariat of Education;

(g) "SEC" means Secretaria de Coordinacion Economica, MEC's Secretariat of Economic Coordination;

(h) "SCMEJ" means MEJ's Secretaria de Coordinacion Educacional, Cientifica y Cultural, MEJ's Coordination Secretariat;

(i) "SSS" means Secretaria de Seguridad Social, the Borrower's Social Security Secretariat;

(j) "ST" means Secretaria de Trabajo, the Borrower's Labor Secretariat;

(k) "SJ" means Secretaria de Justicia, the Borrower's Justice Secretariat;

(l) "SS" means Secretaria de Salud, the Borrower's Secretariat of Health, within MSAS;

(m) "SDHF" means Secretaria de Desarrollo Humano y Familia, the Borrower's Secretariat of Human Development and Family, within MSAS;

(n) "INDEC" means Instituto Nacional de Estadisticas y Censo, the Borrower's National Institute of Statistics and Census;

(o) "Executing Agencies" means, collectively, all the entities, listed in the Annex to Schedule 2 to this Agreement as participating in the carrying out of the Project, and "Executing Agency" means any one of them;

(p) "Project Coordinating Unit" means the Project coordinating unit referred to in Section 3.01 (b) of this Agreement;

(q) "Project Execution Unit" means each of the units to be established in each of the Executing Agencies other than SEC, pursuant to Section 3.07 (a) of this Agreement;

(r) "Management Service Contracts" means the agreements referred to in Section 3.02 (a) of this Agreements;

(s) "Annual Action Program" means the annual program of actions to be prepared and furnished to the Bank by the Borrower through the Project Coordinating Unit pursuant to Section 3.03 of this Agreement;

(t) "fiscal year" means the fiscal year of the Borrower which begins on January 1 and ends on December 31 of each year;

(u) "National Project Director" means the Project director referred to in Section 3.01 (c) of this Agreement;

(v) "Project Coordinator" means the Project coordinator referred to in Section 3.01 (c) of this Agreement;

(w) "Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to an exchange of letters dated November 20, 1987

and December 8, 1987 between the Borrower and the Bank;

(x) "INOS" means Instituto Nacional de Obras Sociales, MSAS' National Institute of Social Insurance Funds;

(y) "Project Execution Program" means the program set forth in the letter from the Borrower to the Bank dated July 1, 1988; and

(z) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount in various currencies equivalent to twenty eight million dollars (\$28,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in its Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be cancelled.

Section 2.03. The Closing Date shall be June 30, 1992 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ( $3/4$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at a rate per annum for each Interest Period equal to one-half of one percent per annum above the Cost of Qualified Borrowings for the last Semester ending prior to the commencement of such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings for such Semester.

(c) For purposes of this Section:

- (i) "Interest Period" means the six-month period commencing on each date specified in Section 2.06 of this Agreement, including the Interest Period in which this Agreement is signed.
- (ii) "Cost of Qualified Borrowings" means the cost of the outstanding borrowings of the Bank drawn down after June 30, 1982, expressed as a percentage per annum, as reasonably determined by the Bank.
- (iii) "Semester" means the first six months or the second six months of a calendar year.

Section 2.06. Interest and other charges shall be payable semiannually on March 1 and September 1 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

## ARTICLE III

### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project through the Executing Agencies as described in the Annex to Schedule 2 to this Agreement, with due diligence and efficiency and in conformity with appropriate administrative, financial and management practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall establish and maintain in MEC, until the Closing Date, a project coordinating unit with functions and responsibilities satisfactory to the Bank, including, inter alia, the following:

- (i) coordinate the execution of all parts of the Project;
- (ii) approve the procurement of goods and the selection of, and the terms of reference for, the consultants proposed by the Executing Agencies;
- (iii) review of all consultants' reports and provision of feedback to the National Project Director, the Executing Agencies and the Bank on their content and on the soundness of the consultants' recommendations;
- (iv) prepare annual reports on the progress of the Project; and
- (v) make all necessary administrative arrangements for the timely procurement of goods and hiring of consultants required for the Project.

(c) The Borrower shall ensure that the Project Coordinating Unit is at all times headed by the Borrower's Secretary of Economic Coordination as National Project Director, assisted by a full-time project coordinator with qualifications, experience and terms of reference satisfactory to the Bank, and by qualified staff in adequate numbers.

(d) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Project Execution Program.

Section 3.02. (a) The Borrower shall enter into contractual arrangements, satisfactory to the Bank, with an agent or agents acceptable to the Bank, for handling contracting of consultants, the procurement of goods and for arranging training activities under the Project.

(b) The Borrower shall exercise its rights under the contractual arrangements referred to in paragraph (a) of this Section in such a manner as to protect the interests of the parties to this Agreement and to accomplish the purposes of the Loan and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive such arrangements or any provision thereof.

Section 3.03. The Borrower shall prepare and furnish to the Bank through each Executing Agency not later than September 1 of each year, for its review and agreement, an Annual Action Program containing the objectives, activities, institutional arrangements and anticipated results of the execution of each part of the Project in the immediately following fiscal year.

Section 3.04. (a) The Borrower shall: (i) carry out all studies included in the Project under terms of reference satisfactory to the Bank which, unless the Borrower and the Bank shall otherwise agree, shall include specific programs or plans of action to meet the objectives of the Project; (ii) promptly after the completion of each such study, furnish to the Bank copy of its findings and recommendations including such programs or plans of action; (iii) afford the Bank a reasonable opportunity to comment on such findings, recommendations and programs or plans of action; and (iv) where appropriate, and taking into account the Bank's comments thereon, prepare programs or plans of action to carry out the recommendations of such studies.

(b) The Borrower undertakes to carry out such programs and plans of action as required to meet the objectives of the Project as set forth in Schedule 2 to this Agreement.

Section 3.05. (a) The Borrower shall retain independent experts, with qualifications and experience satisfactory to the Bank, to assist the Project Coordinating Unit in the review of the terms of reference, progress reports and findings and recommendations of the studies carried out under the Project.

(b) The Borrower shall, through the Project Coordinating Unit: (i) promptly furnish to the Bank a copy of the reports of such experts on each of such studies; and (ii) exchange views with the Bank on the contents and recommendations thereof.

Section 3.06. (a) The Borrower and the Bank shall annually, starting not later than March 31, 1989 and on each March 31, thereafter, and when requested by either party, exchange views on the progress achieved by each Executing Agency in carrying out their respective parts of the Project.

(b) Not later than 15 days prior to each such exchange of views, the Borrower shall, through the Project Coordinating Unit, furnish to the Bank for its review and comment a report on the progress achieved by each Executing Agency in carrying out their respective parts of the Project, in such detail as the Bank shall reasonably request.

Section 3.07. (a) Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower shall establish and maintain in each of the Executing Agencies, until the Closing Date, a Project Execution Unit with functions and responsibilities satisfactory to the Bank, each such Project Execution Unit to be under the direct responsibility of the Secretary in charge of the respective Executing Agency and of the Director of INDEC.

(b) The Borrower shall ensure that each Project Execution Unit is at all times headed by a project manager with qualifications and experience satisfactory to the Bank, assisted by qualified staff in adequate numbers.

Section 3.08. (a) In order to standardize the data, models and practices of the different social sector services, the Borrower shall establish not later than sixty days after the Effective Date, and thereafter maintain until the Closing Date, an inter-sectoral statistics systems committee, with functions satisfactory to the Bank, chaired by a representative of INDEC and composed by the Heads of the Statistics Units of the Executing Agencies and a representative from the Project Coordinating Unit and the Under Secretariat of Information Systems of the Borrower's Secretariat of the Public Function, (Secretaria de la Funcion Publica).

(b) In order to exchange information and to standardize the equipment and software acquired under the Project, the Borrower shall establish not later than sixty days after the Effective Date an informatics committee, with functions satisfactory to the Bank, headed by the Project Coordinator and composed by the technical managers of the Administrative and Operational Information Systems of each of the Executing Agencies.

(c) The Borrower, through the Executing Agencies, shall provide, promptly as needed, the staff, facilities and other resources required in the carrying out of their functions by the committees referred to in paragraphs (a) and (b) of this Section.

(d) The Borrower shall, through the Project Coordinating Unit, exchange views with the Bank on the activities and recommendations of the committees referred to in paragraph (a) and (b) of this Section.

Section 3.09. (a) Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

(b) Public servants employed by the Borrower under any kind of administrative arrangements (including leave without pay) shall not be eligible for providing consulting services to be financed out of the proceeds of the Loan.

(c) The Borrower shall maintain in the Executing Agencies qualified staff in adequate number as counterparts of the consultants employed under the Project.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower (including the Executing Agencies) responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than four months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

## ARTICLE V

### Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified, namely, that the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment or the suspension of the operations of any Executing Agency, provided, however, that if any event referred to in this paragraph shall affect the execution of only part or parts of the Projects and be continuing, the suspension of the Borrower's rights to make withdrawals from the Loan Account may be limited by the Bank to the amounts utilized or to be utilized to finance the execution of the Part or Parts of the Project affected by such event.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely, that the event specified in Section 5.01 of this Agreement shall occur.

## ARTICLE VI

### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the

effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the Borrower shall have entered into the Management Service Contracts;

(b) that the Project Coordinating Unit shall have been established and staffed in a manner satisfactory to the Bank;

(c) that all action has been taken by the Borrower in order to permit the procurement of goods and services to be financed out of the proceeds of the Loan in accordance with the provisions set forth or referred to in this Agreement;

(d) that a Project Execution Unit shall have been established and staffed in a manner satisfactory to the Bank by each of the following Executing Agencies: SE, SS, SDHF, SSS, SJ and SCMEJ; and

(e) that the Borrower has formally established arrangements satisfactory to the Bank for the role and coordination among the Project Coordinating Unit and the Executing Agencies in the carrying out of the Project.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the Management Service Contracts have been duly executed and authorized or ratified by, and are legally binding upon, the parties thereto; and

(b) that the action referred to in paragraph (c) of Section 6.01 of this Agreement has been taken and no other action on behalf of the Borrower is required for the procurement of goods, works and services in accordance with the provisions of this Agreement.

Section 6.03. The date May 23, 1989 is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Ministro de Economia of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministerio de Economia  
Hipolito Yrigoyen 250  
Buenos Aires  
Argentina

Cable address:

MINISTERIO ECONOMIA  
Baires

Telex:

121952 AR

For the Bank:

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

Cable address:

INTBAFRAD  
Washington, D.C.

Telex:

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

THE ARGENTINE REPUBLIC

By /s/ Daniel Marx

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Shahid Husain

Regional Vice President  
Latin America and the Caribbean

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) Goods	5,000,000	100% of foreign expenditures,
(2) Training and fellowships	3,000,000	100% of foreign expenditures and 80% of local expenditures
(3) Consultants' services	16,000,000	100%
(4) Refunding of Project Prepara- tion Advance	750,000	Amount due pur- suant to Section 2.02 (b) of this Agreement
(5) Unallocated	3,250,000	
TOTAL	28,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures: (a) prior to the date of this Agreement except that withdrawals, in an aggregate amount not exceeding the equivalent of \$750,000, may be made in respect of Categories (1), (2) and (3) on account of payments



made for expenditures before that date but after May 1, 1988, and (b) by SSC, ST or INDEC until a Project Execution Unit shall have been established by the respective Executing Dependency as set forth in Section 6.01 (d) of this Agreement.

4. No withdrawal shall be made and no commitment shall be entered into to pay amounts to or on the order of the Borrower in respect of expenditures to be financed out of the proceeds of the Loan after the aggregate of the proceeds of the Loan withdrawn from the Loan Account and the total amount of such commitments shall have reached the equivalent of \$14,000,000, unless the Bank shall be satisfied, after an exchange of views as described in Section 3.06 of this Agreement based on evidence satisfactory to the Bank with the progress achieved by the Borrower in the carrying out of the Project and the attainment of its objectives as set forth in Schedule 2 to this Agreement.

5. If, after the exchange of views described in paragraph 4 above, the Bank shall have given notice to the Borrower that the progress achieved is not satisfactory and, within 90 days after such notice, the Borrower shall not have achieved progress satisfactory to the Bank, then the Bank may, by notice to the Borrower, cancel the unwithdrawn amount of the Loan or any part thereof.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are: (a) to restructure the Borrower's administrative apparatus and improve policy-making through the improvement of legal information systems and the development of better analysis and evaluation capabilities; (b) to improve the delivery of services through streamlined processes, better trained managers and modern information technology; (c) to study the feasibility of introducing user charges in order to improve the quality of social services and increase the access of the needy to these services and mobilize additional resources through the reorganization of collection agencies; (d) to target social services better through systematic identification of the needy; and (e) to strengthen project preparation, monitoring and evaluation capacities of the Executing Agencies.

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 objectives:

#### Part A: Health Services

1. A program to strengthen the management and delivery of public health services through improving institutional arrangements, health manpower, hospital efficiency and access to basic quality services, including: (i) the execution of studies and pilot projects aimed at the establishment of health information systems; (ii) execution of studies and surveys and development of management systems at selected national hospitals; (iii) execution of studies and programs to improve the utilization and education of health personnel; and (iv) a program to strengthen the managerial capabilities, information systems, procedures, administration, and services of the INOS.

2. A program to strengthen the management of social welfare services, including: (i) the establishment of a welfare information system to provide for a permanent and dynamic data base on the demand and supply of social welfare services; (ii) execution of studies to strengthen the organization and management capabilities of SDHF; and establishment of a mechanism to integrate information and coordinate activities of other agencies providing social services; and (iii) execution of pilot projects on the delivery of social services with low-cost improved technologies and establishment of monitoring and evaluation mechanisms to analyze and replicate such pilot projects.

3. A program to develop a management information system to enable SSC to review, coordinate and evaluate the programs and projects of MSAS.

#### Part B: Education Services

A program to improve the education sector's decision-making and the management, effectiveness and quality of educational services, including:

1. Establishment of a policy analysis unit in MEJ for analyzing education sector strategy and policies and strengthening federal educational management, planning, budgeting and service delivery through technical assistance, training, introduction

and improvement of management information systems and the execution of studies and surveys on the education sector, and rehabilitation of an existing building adjacent to MEJ's headquarters facilities to consolidate its activities.

2. Establishment of an assessment mechanism to measure the learning outcomes of education services, and of other institutions to improve the quality and effectiveness of the education system.

#### Part C: Social Security Services

A program of studies and provision of technical assistance aimed at:

1. Carrying out a review of the social security system and preparing proposals for alternative systems.

2. The program of studies would consist of: (i) development of legal, economic and administrative proposals needed to improve the efficiency of revenue recording, reporting, collection and enforcement procedures; (ii) completion of the master list of employers, records of salaried and self-employed workers and the elimination of open records without specific employers; and (iii) development of a follow-up system for payments in arrears and payments in default.

3. The following activities: (i) preparation of a proposal to restructure levels and distribution of benefits; with specific reference to their income redistribution effects; (ii) streamlining of procedures for defining benefit eligibility and amounts, and the mechanization of payment mechanisms; and (iii) development of a proposal for administrative reform of the Social Security System.

#### Part D: Labor Market Services

A program to improve the Borrower's employment assistance services, including:

1. Development of an employment data bank, including sector- and area- specific information;

2. Preparation of policy proposals to improve labor mobility and to introduce unemployment assistance programs; and

3. Preparation of a proposal to restructure the labor inspection, employment and informal sector units of ST.

#### Part E: Statistical Services for Social Sectors

1. A program to improve the technical and administrative capabilities of INDEC and the statistical units of the Executing Agencies through technical assistance, acquisition and utilization of equipment and training.

2. A program to improve the gathering, processing and coordination of socio-demographic data for planning and policy-making and to strengthen sectoral statistic units in health, labor, human development and family and education at national and provincial levels.

#### Part F: Public Social Expenditure

A program of studies consisting of:

1. An analysis of the effects of public social expenditure on the target population and the costs and impact of the most important social programs;

2. An evaluation and proposal of a planning and budgeting mechanism to improve the cost effectiveness of public social expenditures; and

3. Preparation of recommendations on the ways to improve social service delivery, in particular on those targeted to low income groups.

#### Part G: Legal Information System

A program to increase the number of users of the Borrower's legal information system (SAIJ) and to improve its capabilities and services through the provision of technical assistance and acquisitions and utilization of equipment to: (i) complete an assessment of information and training needs of public and private users and the

definition of technical specifications of hardware and software needed; (ii) develop integrated software that would enable a certain group of users such as the Central Bank, the courts and the Attorney General's office to feed the system with up to date information on rules and regulations, cases and legal opinions as soon as they are issued, as part of these institutions' management information systems; (iii) improve the updating expediency of the existing data base and to establish a user-friendly access system, including the development of a thesaurus and automatic codification of information; and (iv) training activities for SAIJ's staff and the system's other users.

\* \* \*

The Project is expected to be completed by December 31, 1991.

#### ANNEX TO SCHEDULE 2

#### Arrangements for the Execution of the different Parts of the Project

##### Executing Agency

##### Part A:

1. SS
2. SDHF
3. SSC

##### Part B:

1. SCMEJ
2. SE

Part C: SSS

Part D: ST

Part E: INDEC

Part F: SEC

Part G: SJ

#### SCHEDULE 3

#### Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)
On each March 1 and September 1	
beginning March 1, 1994	
through September 1, 2003	1,400,000

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\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

The following premiums are specified for the purposes of Section 3.04 (b) of the General Conditions:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the balance outstanding on the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.20
More than three years but not more than six years before maturity	0.40
More than six years but not more than 11 years before maturity	0.73
More than 11 years but not more than 13 years before maturity	0.87
More than 13 years before maturity	1.00

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part C hereof goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in Argentina may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Goods estimated to cost the equivalent of less than \$200,000 but more than \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$3,700,000, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers, from at least 3 different countries, eligible under the Guidelines, in accordance with procedures satisfactory to the Bank.

2. Goods estimated to cost the equivalent of \$20,000 or less, up to an aggregate

amount not to exceed the equivalent of \$200,000, may be procured by direct purchase from established and reliable suppliers.

Part D: Review by the Bank of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Bank has authorized withdrawals from the Loan Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 4.01 (c)(ii) of this Agreement.

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in the carrying out of the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$2,500,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Bank shall otherwise agree, payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account may be made as follows:

(a) On the basis of a request or request by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Bank requests for replenishment of the Special Account at such intervals as the Bank shall specify. On the basis of such requests, the Bank shall withdraw from the Loan Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Bank, prior to or at the time of such request, such documents and other evidence as the Bank shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Bank when either of the following situations first arises:

- (i) the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or
- (ii) the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the amount of any outstanding special commitment entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank, deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Bank into the Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount for crediting to the Loan Account.

