

CONFORMED COPY

LOAN NUMBER 7474-AR

Loan Agreement

(Lifelong Learning and Training Project)

between

ARGENTINE REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated November 26, 2007

LOAN NUMBER 7474-AR

LOAN AGREEMENT

Agreement dated November 26, 2007, 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 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 million Dollars (\$200,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent ($\frac{3}{4}$ of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.
- 2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions.
- 2.06. The Payment Dates are January 1 and July 1 in each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, shall, through the Ministry of Labor, carry out:
- (a) Parts A.1. (a) and (b), and A.3 of the Project with the assistance of Sector Organizations;
- (b) Part A.2. (a) of the Project with the assistance of the Sector Organizations and the IFPs as the case may be;
- (c) Part B.1. of the Project with the assistance of the Participating Provinces;
- (d) Part B.2 of the Project with the assistance of the Adult Education Public/Private Entities;
- (e) Parts C.1 and C.2 of the Project with the assistance of the Participating Municipalities; and
- (f) Part C.3 of the Project with the assistance of the Internship Employers and Participating Municipalities, all in accordance with the provisions of Article V of the General Conditions.

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

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following:

That any Executing Entity shall have failed to perform any of its obligations under its Framework Agreement and/or any of its Protocols or its Implementation Agreement, as the case may be, and the Borrower shall have failed to exercise its remedies under such Framework Agreements, Protocols or Implementation Agreements, in which case the Bank may only suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account for expenditures incurred as payments to or for the benefit of the relevant Executing Entity.

- 4.02. The Additional Event of Acceleration consists of the following:

The event specified in Section 4.01 of this Agreement occurs for all Executing Entities and is continuing for a period of 60 days after notice of the event for the last of the affected Executing Entities has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expires on December 29, 2008.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

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

Telex: 121942-AR Facsimile: (54 11) 4349-8815

6.03. The Bank's Address is:

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

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

AGREED at Buenos Aires, Argentina, as of the day and year first above written.

ARGENTINE REPUBLIC

By /s/ Miguel Peirano

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ PedroAlba

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to consolidate, strengthen, and increase the coverage of a lifelong learning and competency-based training system for adults 18 years or older with the objectives for those who participate of: (a) enhancing employability; and (b) strengthening career ladder opportunities.

The Project consists of the following parts:

Part A: Expansion and Strengthening of Competency-based Training and Certification

1. Establishment of Competency-based Certification Systems

- (a) Carrying out of Competency Normalization Activities consisting of:
 - (i) development of occupational competency-based standards of the CNA Key Sectors and registration of such standards in REGICE;
 - (ii) training and certification of evaluators; and
 - (iii) registration of Assessment Centers.
- (b) Carrying out of analysis and promotional activities on the CNAs, training of sector experts on the new competencies, and provision of equipment and supplies to Certification Organizations and Assessment Centers.
- (c) Registration and accreditation of Certification Organizations.

2. Alignment of Training with Competency-based Approach and Strengthening of IFPs

- (a) Carrying out of Curricular Alignment Activities consisting of development and publication of curricular designs and didactic materials needed to align training with the occupational standards registered under Part A.1 (a) of the Project.
- (b) Training of selected staff of IFPs in the competency-based approach referred to in Part A.1 (a) above, and provision of equipment and other technical assistance as required to implement the competency-based approach.
- (c) Certification of IFPs.

3. Training, Assessment and Certification of Workers

Training about 250,000 workers in selected competencies of their occupations through courses developed on standards competencies relevant to such occupations, assessment of the competencies of about 100,000 workers, and certification of about 70,000 workers of those assessed.

Part B: Basic Education Services and Certification for Adults

1. Development of Adult Education Policies and Programs, and Quality Improvement and Coverage Expansion of Adult Education Services in the Participating Provinces

- (a) Development of methodologies to make the supply of adult education more flexible with respect to scheduling and curricular content, modular and competency-based, and recognizing and crediting of previous knowledge independent of its source.
- (b) Publication of didactic materials as required for dissemination and application of the methodologies developed under Part B.1 (a) above.
- (c) Training of adult education instructors in innovative service deliveries methodologies (including those in Part B.1 (a) above).
- (d) Carrying out of Adult Education Activities consisting of delivery of basic or secondary education services to adults.
- (e) Carrying out of workshops with relevant stakeholders to define curricula of vocational training to supplement adult education.
- (f) Carrying out of outreach activities to promote adult education and facilitate access to such education.
- (g) Strengthening the capacity of adult education institutions in the management of their resources and the service delivery information.

2. Adult Education Subprojects

Carrying out of selected activities of those set forth in Part B.1 (a) through (g) of the Project (the Adult Education Subprojects).

3. Monitoring

Monitoring of the activities carried out under Parts B.1 and B.2 above.

Part C: Promotion of Youth Employment

1. Employment and Career Orientation for Youth

- (a) Strengthening the capacity of Participating Municipalities' employment offices to: (i) provide orientation and counseling services to Youth who have not completed secondary education on education and training possibilities under the Project; (ii) inform employers about the Youth Internship Subprojects to be carried out under the Project; and (iii) assist Internship employers in the preparation of Youth Internship Subprojects, including the provision of consultants' services, training (including interviewing skills, counseling and relations with employers), office refurbishing, and equipment.

- (b) Carrying out of outreach programs to disseminate: (i) at the national; and (ii) at the municipal level, the activities under Part C.1 (a) above.

2. Facilitating Training and/or Education Opportunities for Youth

- (a) Development of: (i) competency-based training and standards for basic skills for Youth as well as; (ii) courses and manuals and materials related to Part 2 (a) (i) above;
- (b) training of teachers teaching Youth; and
- (c) training and assessment of Youth on basic skills and other relevant competencies.

3. Internships for Youth

- (a) Carrying out of activities related to the placement of Youth, including internships, on the job and classroom training, and assessment and certification of competencies (the Youth Internship Subprojects).
- (b) Training of tutors involved in Youth Internships Subprojects and monitoring of the implementation of the Youth Internship Subprojects.

Part D: Management and Information System, Project Management and Studies

1. Integrated Management Systems

Installation of an integrated management and information system in the Ministry of Labor, including office refurbishing, and training required therefor.

2. Project Management

- (a) Operation of the TCU.
- (b) Carrying out of households surveys, impact evaluations, and studies proposed by the Borrower and agreed to by the Bank, including one related to the development of a long-term strategy for a lifelong learning system in Argentina and the financing requirements and sources therefor.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

1. The Borrower shall not later than two months after the Effective Date establish, and thereafter maintain, during the execution of the Project, within the Secretariat of Employment of the Ministry of Labor, a technical coordination unit (TCU) to manage Project implementation on behalf of the Ministry of Labor with functions and responsibilities acceptable to the Bank and staffed with a coordinator, technical experts and other personnel in number and with qualifications and experience acceptable to the Bank.
2. The Borrower shall, through the Ministry of Labor, monitor the implementation of the CNAs, the CAAs, and the AEAs, on a periodic basis, all under terms acceptable to the Bank.
3.
 - (a) The Borrower shall: (i) review, through the Ministry of Labor, jointly with the Bank and not later than: (I) 12 months after the Effective Date and yearly thereafter, the amounts to be paid for the fees referred to in Section IV. A.2 (c) of Schedule 2 to this Agreement; and (II) 24 months after the Effective Date the CNA Eligible Costs, the CAA Eligible Costs, the AEA Eligible Costs, and the Unit Costs; and (ii) adjust them as necessary, in a manner satisfactory to the Bank.
 - (b) Without limitation to the provisions of subparagraph (a) the Borrower may, through the Ministry of Labor, propose to the Bank additional reviews of the CNA Eligible Costs, the CAA Eligible Costs, the AEA Eligible Costs and the Unit Costs earlier or later than as set forth in such subparagraph and, after such reviews, adjust them as necessary, in a manner satisfactory to the Bank.
4. Without limitation to the provisions of Article V of the General Conditions, the Borrower shall, through the Ministry of Labor, carry out the Project in accordance with an Operational Manual, satisfactory to the Bank, containing, *inter alia*:
 - (a) the terms of reference, functions and responsibilities for the personnel of the TCU responsible for the coordination, monitoring and evaluation of the Project;
 - (b) the criteria, detailed rules and procedures for CNA, CAA and AEA implementation, the CNA Eligible Costs, the CAA Eligible Costs, the AEA Eligible Costs, and the Unit Costs;
 - (c) procedures for procurement of goods, works and services, as well as for financial management and audits of the Project (including the special audits referred to in Section IV of Schedule 2 to this Agreement);
 - (d) the indicators to be used in the monitoring and evaluation of the Project;

- (e) draft models for the Framework Agreements, (including their Protocols) and Implementation Agreements;
- (f) flow and disbursement arrangements of Project funds, including the reimbursement mechanisms of the CNA Eligible Costs, CAA Eligible Costs, and AEA Eligible Costs based on Unit Costs;
- (g) the Indigenous Peoples Planning Framework; and
- (h) the criteria for the selection, implementation, monitoring and evaluation of Adult Education Subprojects and Youth Internship Subprojects (including the financing of Stipends).

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

5. The Borrower shall, through the Ministry of Labor, enter into:

- (a) a one year term agreement or agreements, under terms substantially in accordance with the terms of the respective Model Framework Agreement, in respect of Parts A.1, A.2 (a) and A.3 of the Project with each Sector Organizations to set forth the respective responsibilities of the Ministry of Labor and the Sector Organization in the implementation of Parts A.1, A.2 (a) and A.3 of the Project as the case maybe, including, *inter alia*:
 - (i) the Sector Organization's obligation to: (I) identify and select the Certification Organizations and Assessment Centers, and pay to the Certification Organizations and Assessment Centers the fees charged for certifications and assessments; (II) carry out the CNAs and CAAs; (III) establish Technical Units and contract the analysis and other activities referred to in Part A.1 (b) of the Project; (IV) follow the financial management requirements of the Project; (V) enter into, by not later than three months from the date of the Framework Agreement, a protocol setting forth the specific activities to be carried out during the term of the Protocol; (VI) comply with a time-bound action plan and other obligations specified in the Protocol; and (VII) in respect of Part A.2 (a) of the Project engage its training institutes or training staff to assist in the implementation of the CAA; and
 - (ii) the Ministry of Labor's obligation to make the proceeds of the Loan available for the financing of the CNAs and CAAs;
- (b) a one year term agreement or agreements, under terms substantially in accordance with the terms of the respective Model Implementation Agreement, in respect of Part A.2 (a) of the Project with each IFP to set forth the respective responsibilities of the Ministry of Labor and the IFP in the implementation of Parts A.2 (a) of the Project, including, *inter alia*, the IFP's obligation to: (i) carry out the CNAs; and (ii) comply *mutatis mutandi* with the requirements set forth in Section I. 5 (a) (i) (IV) and (VI) of this Schedule.

- (c) a two year term agreement or agreements, under terms substantially in accordance with the terms of the respective Model Framework Agreement, in respect of Part B.1 of the Project with each Participating Province to set forth the respective responsibilities of the Ministry of Labor and the Participating Province in the implementation of Part B.1 of the Project, including, *inter alia*:
 - (i) the Participating Province's obligation to: (I) carry out Part B of the Project; (II) enter into, by not later than nine months from the date of the Framework Agreement, a protocol, and subsequent ones if needed, setting forth the specific activities to be carried out during the term of the Protocol; (III) comply with a time-bound action plan and meet the indicators and other obligations specified in the Protocol; (IV) in the case of IPPF Entities comply with the requirements of the IPPF and carry out the IPPs when applicable; and (V) finance out of its own resources in whole or in part the portion of the Unit Costs of the AEAs not financed by the Loan as AEA Eligible Costs, as set forth in the Operational Manual; and
 - (ii) the Ministry of Labor's obligation to: (I) make available the proceeds of the Loan to finance the AEAs and consultants' services for Part B.1 (a) of the Project; and (II) contract and finance the publications and monitoring under Parts B.1 (b) and (e) of the Project, and the teacher training under Part B.1 (c) of the Project;
- (d) a two-year term agreement or agreements, under terms substantially in accordance with the terms of the respective Model Implementation Agreement, in respect of Part B.2 of the Project with each Adult Education Public/Private Entity to set forth the respective responsibilities of the Ministry of Labor and the Adult Education Public/Private Entity in the implementation of Part B.2 of the Project, including, *inter alia*:
 - (i) the Adult Education Public/Private Entity's obligation to: (I) carry out the Adult Education Subprojects; (II) comply with a time-bound action plan and meet the indicators and other obligations specified in the Implementation Agreement; (III) in the case of IPPF Entities comply with the requirements of the IPPF and carry out the IPPs when applicable; and (IV) finance out of its own resources in whole or in part the portion of the Unit Costs of the AEAs not financed by the Loan as AEA Eligible Costs, as set forth in the Operational Manual; and
 - (ii) The Ministry of Labor's obligations to pay out of Loan proceeds the eligible costs of the Adult Education Subprojects;
- (e) a two-year term agreement or agreements, under terms substantially in accordance with the terms of the respective Model Framework Agreement, in respect of Part C.1 and, as the case may be, Part C.2 of the Project with each Participating Municipality to set forth the respective responsibilities of the

Ministry of Labor and the Participating Municipality in the implementation of Part C of the Project, including, *inter alia*:

- (i) the Municipality's obligation to: (I) carry out Parts C.1 and C.2 of the Project and provide Youth with training and employment services and meet the indicated results; (II) follow the financial management requirements of the Project; (III) enter into, by not later than nine months from the date of the Framework Agreement, a protocol, and subsequent ones if needed setting forth the specific activities to be carried out during the term of the Protocol; (IV) comply with a time-bound action plan and other obligations specified in the Protocol; and (V) in the case of IPPF Entities comply with the requirements of the IPPF and carry out the IPPs when applicable; and
 - (ii) the Ministry of Labor's obligation to make the proceeds of the Loan available for the financing of Part C.1 and as the case maybe C.2 of the Project to the Participating Municipalities; and
- (f) a two-year term agreement or agreements, under terms substantially in accordance with the terms of the respective Model Framework Agreement, in respect of Part C.3 of the Project, with each Participating Municipality and each Internship Employer to set forth the respective responsibilities of the Ministry of Labor, the Participating Municipality and the Internship Employer in the implementation of the Youth Internship Subprojects under Part C.3 of the Project, including *inter alia*:
- (i) the Internship Employer's obligation to: (I) carry out at least one Youth Internship Subproject per year; (II) finance part of the cost of training and the remuneration of the interns participating in the Youth Internship Subproject; (III) follow the financial management requirements of the Project; (IV) enter into, by not later than three months from the date of the Framework Agreement and 12 months thereafter, protocols setting forth the specific activities to be carried out during the term of the Protocol; and (V) assign a tutor to monitor the implementation of the Youth Internship Subproject;
 - (ii) the Participating Municipality's obligation to: (I) promote activities for Youth in education and training; and (II) assist the Youth with employment possibilities as needed after implementation of the Youth Internship Subproject; and
 - (iii) the Ministry of Labor's obligation to finance the Stipends and part of the training costs as identified in the Operational Manual.

6. The Borrower shall:
 - (a) exercise its rights and carry out its obligations under each Framework Agreement, Protocol, and Implementation Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and
 - (b) except as the Bank shall otherwise agree, not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Framework Agreement or Protocol or Implementation Agreement or any provision thereof.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section the Borrower shall prepare and furnish to the Bank as part of the Project Report not later than one month after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3.
 - (a) 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.
 - (b) Without limitation to the requirements of paragraph (a) above, the audit of the Financial Statements shall include an opinion as to the compliance with relevant regulations of the validation of certifications by the Borrower's National Directorate of Orientation and Professional Training.

Section III. Procurement

A. General

1. Goods, Non-Consultants' Services and Works. All goods, non-consultants' services and works required for the Project and to be financed out of the proceeds of the Loan shall be

procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Non-Consultants' Services and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, Non-Consultants Services and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. Other Methods of Procurement of Goods, Non-Consultants' Services and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, non-consultants' services and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. Other Methods of Procurement of Consultants' Services. The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Least Cost Selection
(b) Quality-based Selection
(c) Single Source Selection

D. Review by the Bank of Procurement Decisions

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

E. Special Provisions

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

- (a) procurement of goods, works and non-consultant services shall be carried out using standard bidding documents acceptable to the Bank;
- (b) a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and non-consultant services;
- (c) after the public opening of bids, information relating to the examination, clarification and evaluation of bids and proposals and recommendations concerning awards shall not be disclosed to bidders or 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);
- (d) bidders or consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina; (ii) have a representative in Argentina; and (iii) be associated or subcontract with Argentine suppliers, contractors or consultants;
- (e) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the evaluation reports of bids and proposals of all goods, works, non-consultant services and consultants' services, as the case may be, shall be published in the web page of the Borrower's Office of National Procurement (*Oficina Nacional de Contrataciones*);
- (f) the provisions set forth in paragraphs 2.49 through 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;
- (g) the publication of bidders in one or more specialized magazines shall not be used by the Borrower in determining if the bidder 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 provisions 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 and non-consultant services to be procured under National Competitive Bidding procedures;

- (h) the types of contracts described in Section IV of the Consultant Guidelines shall be the only type 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;
- (i) the Borrower shall: (i) feed the Bank's publicly accessible Procurement Plans Execution System (SEPA) within 30 days of negotiations with the information contained in the initial Procurement Plan; and (ii) update the Procurement Plan at least biannually or as required to reflect the actual project implementation needs and progress, and feed the SEPA with the information contained in the updated Procurement Plan immediately thereafter; and
- (j) the Borrower shall include in the reports referred to in paragraph B.2 of Section II of this Schedule, the list of signed contracts for works, goods, non-consultant services and consultants' services under the Project as reflected in the Borrower's financial management system (UEPEX) during the period covered by each of said reports.

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) Consultants' services, non-consultants' services, works and goods (other than for CNAs, CAAs, AEAs, Adult Education Subprojects and Youth Internship Subprojects)	69,100,000	100%
(2) CNAs, CAAs and AEAs	14,800,000	100% of the Unit Costs of the CNA Eligible Costs, the CAA Eligible Costs and the AEA Eligible Costs paid to the respective Executing Entity as per the terms of the Framework Agreements or the Implementation Agreements as the case may be
(3) Operating Costs	4,500,000	100%
(4) Training	4,200,000	100%
(5) Adult Education Subprojects:		
(a) AEAs	2,400,000	100% of the Unit Costs of the AEA Eligible Costs paid to the respective Adult Education Public Private Entity as per the terms of the Implementation Agreements
(b) didactic and consumable materials and consultants' services	4,000,000	100%
(6) Fees	58,000,000	100%
(7) Stipends under Youth Internship Subprojects	43,000,000	100%
(8) Front-end Fee	0	Amount payable pursuant to Section 2.04 of this Agreement in accordance with Section 2.07 (b) of the General Conditions.
(9) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount due under Section 2.08 (c) of this Agreement
TOTAL AMOUNT	<u>200,000,000</u>	

- (a) the term “Operating Costs” means the reasonable cost of recurrent expenditures of the Ministry of Labor and the Technical Units in Project implementation (excluding salaries) such as consumable items, utilities and supplies, and travel costs for supervision in the field, which would not have been incurred absent the Project;
- (b) the term “Training” means expenditures incurred by Ministry of Labor and the Participating Provinces to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), rental of training facilities, materials and equipment under the Project; and
- (c) the term “Fees” means the fees paid: (i) in the fixed amounts specified in the Operational Manual for training, assessments and certifications under Part A.3 of the Project; (ii) for certification of IFPs under Part A.2 (c) of the Project and accreditation of Certification Organizations under Part A.1 (c) of the Project, in the amounts regularly charged by the agencies providing such certifications and accreditations; and (iii) in the fixed amounts specified in the Operational Manual for on the job and classroom training under Youth Employment Subprojects (Part C.3 (a) of the Project), and under Part C.2 (c) of the Project.

B. Withdrawal Conditions; Withdrawal Period

- 1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$40,000,000 equivalent may be made for payments made within twelve months prior to the date of this Agreement but on or after February 1, 2007, for Eligible Expenditures; or
 - (b) under Category (7) for Stipends unless the Borrower shall have issued, and the Bank shall have approved, the specific requirements for implementation of the Youth Internship Subprojects.
- 2. The Closing Date is December 31, 2013.

Section V. Other Undertakings

Without limitation to the provisions of Section II of Schedule 2 to this Agreement, the Borrower shall contract, under terms of reference acceptable to the Bank:

- (a) not later than twelve months from the Effective Date, and in the event that results of such first special audit show that the systems applications pose, in the Bank’s opinion, substantial risk to the implementation of the Project, within twelve months thereafter, a second special audit of the Ministry of Labor’s management information systems, including, *inter alia*:
 - (i) a professional opinion on the reliability of the information processes and the level of control of the system and the risks associated with the

information technology processes of the Ministry of Labor associated to the internal control of the monitoring of Project activities; and

- (ii) recommendations on any measures which would be required to ensure an acceptable level of reliability of such information system; and
- (b) not later than June 30 and December 31 of each fiscal year of the Borrower a special audit on:
- (i) the requests for payments and the financial reporting sent by Sector Organizations, Participating Provinces and Participating Municipalities and covering all activities to be executed by such Executing Entities according to the Protocols;
 - (ii) the reliability of the quantity of outputs delivered; and
 - (iii) the reliability of the internal control framework and reporting information.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each January 1 and July 1	
Beginning July 1, 2012 through January 1, 2022	5%

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

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “A\$” means Argentine pesos, the Borrower’s currency.
2. “Accreditation Institution” means IRAM, CECAM or any other accreditation institution eligible to participate in the Project in accordance with the Operational Manual.
3. “Adult Education Activity” or “AEA” means any activity referred to in Part B.1 (d) of the Project which is eligible for financing out of the proceeds of the Loan under Categories (2) or (5) (a) of the table in Section IV of Schedule 2 to this Agreement in accordance with the provisions of the Operational Manual.
4. “Adult Education Public/Private Entity” means an association, trade union, civil society organizations, or other private entity that meets the requirements of the Operational Manual to participate in Part B.2 of the Project.
5. “Adult Education Subproject” means a Subproject to be carried out under Part B.2 of the Project which is eligible for financing out of the proceeds of the Loan in accordance with the provisions of the Operational Manual.
6. “AEA Eligible Cost” means operating costs (teachers’ salaries) and materials and supplies of an AEA eligible for financing out of the proceeds of the Loan on a Unit Cost basis in accordance with the provisions of the Operational Manual.
7. “Assessment Center” means an individual or public or private organization, authorized by the Certification Organization of the relevant sector to carry out, in its name and as designated by it, activities for the design of instruments, collection of evidence and evaluation of competencies according to competency-based occupational standards.
8. “CAA Eligible Cost” means consultants’ services and operating costs (per diem and materials related to attendance of workshops) of a CAA eligible for financing out of the proceeds of the Loan on a Unit Cost basis in accordance with the provisions of the Operational Manual.
9. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
10. “CECAM” means the Quality and Modernization Center of the Argentine Federation of Municipalities.
11. “Certification Organization” means an organization legally established in the Borrower’s territory with powers to provide certificates of competencies to individuals and/or to accredit assessment centers which measure the skill levels attained by individuals in a competency.

12. “CNA” or “Competency Normalization Activity” means any activity referred to in Part A.1 (a) of the Project which is eligible for financing out of the proceeds of the Loan in accordance with the provisions of the Operational Manual.
13. “CNA Eligible Cost” means consultants’ services and operating costs (per diem and materials related to attendance of workshops) of a CNA eligible for financing out of the proceeds of the Loan on a Unit Cost basis in accordance with the provisions of the Operational Manual.
14. “CNA Key Sector” means a sector of the Borrower’s economy relevant to growth and the generation of formal employment selected by the Ministry of Labor.
15. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
16. “Curricular Alignment Activity” or “CAA” means any activity referred to in Part A.2 of the Project that is eligible for financing out of the proceeds of the Loan on a Unit Cost basis in accordance with the provisions of the Operational Manual.
17. “Executing Entity” means collectively a Participating Province, a Participating Municipality, a Sector Organization, an IFP, an IPPF Entity, a Public/Private Adult Education Entity, and an Internship Employer.
18. “Framework Agreement” means any of the agreements, other than Protocols, referred to in Section I.5 (a), (c), (e) and (f) of Schedule 2 to this Agreement.
19. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005.
20. “IFP” means any training institute established and operating in the Borrower’s territory and eligible for participation in Part A.2 (a) of the Project.
21. “Implementation Agreement” means any of the agreements referred to in Section I.5(b) and (d) of Schedule 2 to this Agreement.
22. “Indigenous Peoples Plan” or “IPP” means any of the plans prepared and carried out following the requirements of the Indigenous Peoples Planning Framework.
23. “Indigenous Peoples Planning Framework” or “IPPF” means the framework for preparation of Indigenous Peoples Plans by the relevant IPPF Entities as set forth in the Operational Manual.
24. “Internship Employer” means an employer which has proposed one or more Youth Internship Subprojects which have been approved by the Ministry of Labor, through its Secretary of Employment, according to the specific requirements for their implementation to be issued by the Borrower and referred to in paragraph B.1(b) of Section IV of Schedule 2 to this Agreement.

25. “IPPF Entity” means: (a) the Province of Tucumán, Mendoza and any other that is proposed as a Participating Province in the future, and meets the requirements of the IPPF to be deemed an IPPF Entity; (b) a Participating Municipality that meets the requirements of the IPPF to be deemed an IPPF Entity; and (c) an Adult Education Public/Private Entity which participates in Part B.2 of the Project and meets the requirements of the IPPF to be deemed an IPPF Entity.
26. “IRAM” means *Instituto Argentino de Normalización y Certificación*, the Borrower institute for standardization and certification, established pursuant to the Borrower’s Decree No. 121.430/1937.
27. “Ministry of Labor” means *Ministerio del Trabajo, Empleo y Seguridad Social*, the Borrower’s Ministry of Labor, Employment and Social Security.
28. “Model Framework Agreement” means any of the agreements referred to in section I.4(e) of Schedule 2 to this Agreement.
29. “Model Implementation Agreement” means any of the agreements referred to in Section I.4(e) of Schedule 2 to this Agreement.
30. “Municipality” means any of the Borrower’s political subdivisions established and recognized as such by the respective Province.
31. “Operational Manual” means the manual approved by the Bank on May 2, 2007, as the same may be amended from time to time by agreement between the Borrower and the Bank.
32. “Participating Municipality” means a Municipality eligible for participating in Part C of the Project in accordance with the provisions of the Operational Manual.
33. “Participating Province” means any Province that has fulfilled the requirements of the Loan Agreement and the Operational Manual to be eligible to participate in Part B.1 of the Project.
34. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
35. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 2, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
36. “Protocol” means any of the agreements to be entered into pursuant to the provisions of Section I.5(a)(i)(V), (c)(i)(II), (e)(i)(III) and (f)(i)(IV) of Schedule 2 to this Agreement.
37. “Province” means a political subdivision of the Borrower as per Title Two of the Borrower’s Constitution, and the Autonomous City of Buenos Aires, and the term “Provinces” means all of said political subdivisions.

38. “REGICE” means *Registro de Instituciones de Capacitación y Empleo*, the Borrower’s register for training and employment institutions established pursuant to the Borrower’s Resolution No. MTSS 578/96, published in the Borrower’s *Official Gazette* on July 26, 1996.
39. “Sector Organization” means a trade union, business association or other association with juridical personality representing business and/or workers, that has fulfilled the requirements of this Agreement and the Operational Manual to be eligible to participate in Part A of the Project, including the Bank’s approval of the financial management capacity of such Sector organization.
40. “Stipend” means a stipend paid by the Ministry of Labor through a debit card under Part C.3 of the Project and not exceeding, unless otherwise agreed by the Bank, A\$200 per Youth.
41. “TCU” means the technical coordination unit to be established by the Borrower pursuant to Section I.1 of Schedule 2 to this Agreement.
42. “Technical Unit” means the unit to be established by Sector Organizations for purposes of assisting in the implementation of CNAs and CAAs.
43. “Unit Cost” means the unit cost on which a CNA Eligible Cost, a CAA Eligible Cost and an AEA Eligible Cost is based, set forth in the Operational Manual, as such Unit Cost may be modified in agreement with the Bank.
44. “Youth” means any individual between 18 and 24 years of age.
45. “Youth Internship Subproject” means an internship for Youth, identified by an Internship Employer following the requirements of the Operational Manual, which is selected and eligible for financing in accordance with the provisions of the Operational Manual.