

**CONFORMED COPY**

**LOAN NUMBER 7572-AR**

# **Loan Agreement**

**(Social and Fiscal National Identification System Project –Phase II)**

**between**

**ARGENTINE REPUBLIC**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated January 13, 2009**

## **LOAN NUMBER 7572-AR**

### **LOAN AGREEMENT**

Agreement dated January 13, 2009, 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 twenty million Dollars (\$20,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.

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prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.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

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objective of the Project and the Program. To this end, the Borrower, through CNCPS, shall carry out the Project, with the assistance of the Participating Provinces, Participating Municipalities and Participating Public Agencies pursuant to the corresponding Operational Agreements, all in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower, through CNCPS, and the Bank shall otherwise agree, the Borrower, through CNCPS, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — TERMINATION**

- 4.01. 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 expire on January 8, 2010.



## ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is its Minister of Economy and Public Finance.

5.02. The Borrower's Address is:  
Ministerio de Economía y Finanzas Públicas

Hipólito Yrigoyen 250

C1086AAB, Buenos Aires

Argentina

Cable address:                      Telex:              Facsimile:

MINISTERIO DE ECONOMIA      121942-AR      (5411) 4349-8815

Baires

5.03. The Bank's Address is:

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

Cable address:              Telex:              Facsimile:

INTBAFRAD              248423(MCI) or              1-202-477-6391  
Washington, D.C.              64145(MCI)

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

ARGENTINE REPUBLIC

By /s/ Carlos Rafael Fernández  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Pedro Alba

Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to identify social and/or fiscal attributes of physical persons and legal entities in Argentina, through a sustainable information exchange system aimed at improving the efficiency, effectiveness and impact of social services and fiscal programs at the federal, provincial and municipal levels.

The Project constitutes the consolidation of the second part of the second phase, and the third phase, of the Program, and consists of the following parts:

#### Part 1: Institutional and Legal Framework

- (a) (i) Strengthening of SINTyS' institutional framework, through, *inter alia*: (A) the definition of its organizational, operational, human resources and budgetary needs, and the design of the necessary legal norms to meet said needs; (B) the design and implementation of mechanisms that will permit SINTyS to coordinate initiatives with other Borrower agencies which have functions and responsibilities complementary to SINTyS, so as to clarify responsibilities, eliminate duplication, promote task-sharing, and achieve other positive synergies amongst the same; (C) the establishment of advisory bodies with a structure, functions and responsibilities acceptable to the Bank (which structure shall include representatives at the federal, provincial and/or municipal levels), and consultation mechanisms to support the dialogue and exchange of ideas among Participating Public Agencies in areas that are critical to SINTyS' sustainability, such as data quality and exchange of information, technological framework, information security, priority plans, and monitoring and evaluation; (D) the design of institutional arrangements that will set forth the responsibilities and prerogatives of Participating Public Agencies as providers and/or users of social/fiscal information; (E) the design and implementation of monitoring and evaluation mechanisms and management tools to ensure the proper operation of SINTyS; (F) the design and implementation of alternative financial mechanisms (such as, for example, the design of cost-sharing and/or cost recovery mechanisms) to enable SINTyS to carry out its operations; and (G) the design of internal control mechanisms (including the hiring of specialists on internal auditing, acceptable to the Bank) to audit SINTyS' operations; (ii) if requested by the Borrower, and as approved by the Bank, strengthening of the technical and institutional capacity of the Borrower's national control entities to carry out non-financial audits of SINTyS' operations; and (iii) design of a framework to monitor and evaluate the activities associated with the exchange of social/fiscal information, and to measure the impact of the services resulting from said exchange of information.
- (b) Strengthening of SINTyS' legal framework, through, *inter alia*: (i) the design of norms to supplement the current legislation which governs protection of personal information; (ii) the preparation of national legislation, which, once enacted, will oblige all Participating Public Agencies (at the federal level): (A) to exchange

social/fiscal information through SINTyS; (B) to provide SINTyS all relevant social/fiscal information; and (C) to prevent requesting social/fiscal information from citizens/legal entities if such information is already being collected and provided by the pertinent Participating Public Agency through SINTyS; (iii) the preparation of provincial legislation, which, once enacted, will oblige all Participating Public Agencies (at the provincial level): (A) to exchange social/fiscal information through SINTyS; (B) to provide SINTyS all relevant social/fiscal information; and (C) to prevent requesting social/fiscal information from citizens/legal entities if such information is already being collected and provided by the pertinent Participating Public Agency through SINTyS; and (iv) the preparation of supplementary legislation, which, once enacted, will strengthen the current national legal framework governing the use, dissemination and disclosure of information.

- (c) (i) Continuation of the establishment of SINTyS provincial field offices in all Participating Provinces for purposes of replicating the SINTyS' social/fiscal information exchange model in said Participating Provinces (to adapt the same to the pertinent provincial needs), and the on-line interconnection of said model among the same, so as to facilitate the exchange of social/fiscal information among Participating Public Agencies; and (ii) expansion, on a pilot basis, of the SINTyS model mentioned in (i) herein in Participating Municipalities operating within the jurisdiction of any given Participating Province (in which a SINTyS provincial field office has been established, and said SINTyS model has been replicated to adapt the same to the pertinent provincial needs) so as to facilitate the exchange of social/fiscal information among Participating Public Agencies.

## Part 2: Information Management and Data Quality Framework

- (a) Design of common data standards and formats to be adopted by Participating Public Agencies which exchange social/fiscal information through SINTyS.
- (b) Enhancement of the data quality of Participating Public Agencies, through, *inter alia*: (i) the carrying out of a diagnostic of the data quality exchanged through SINTyS; (ii) the adoption of web services and other relevant tools which will reduce the number of errors in data entry; (iii) the adoption of data quality management tools to improve the quality of said agencies' data stock; and (iv) the increase of awareness on the importance of data quality, and the dissemination of best practices in data quality management.
- (c) (i) Design and establishment of a strategy development unit within SINTyS for purposes of defining the information management and quality enhancement frameworks; and (ii) design of the operational framework (such as the development of protocols, norms and mechanisms) to implement the frameworks mentioned in (i) herein, including the establishment of an information management and data-quality advisory board (with a structure acceptable to the Bank) to provide advice to SINTyS on the adoption of data-quality standards, and on the application of the corresponding compliance and enforcement of mechanisms.



- (d) Digitalization of the information, and development of the pertinent data bases, in selected Participating Public Agencies responsible for generating key social and fiscal data, such as civil registries (*Registros Civiles*), registries of legal entities (*Registros de Personas Jurídicas*), registries of students (*Legajos de Alumnos*) and real estate registries (*Registros de la Propiedad*).

Part 3: Technological Framework for Information Exchange

- (a) Strengthening of SINTyS' information exchange technological infrastructure for purposes of coordinating, on a real-time basis (*tiempo real*), the information exchange among Participating Public Agencies, through, *inter alia*: (i) the adoption of a service-oriented architecture; (ii) the improvement in the telecommunications network; (iii) the identification of the needs and methodologies for international certification of information technology, telecommunications, and processes; (iv) the implementation of the Project activity under Part 4 (a) (iv) of the Project; (v) the design and implementation of technological processes needed to maintain the confidentiality, integrity and quality of data exchanged in said system; (vi) the implementation of the Project activity under Part 1 (a) (iii) of the Project; and (vii) the provision of technical assistance to Participating Public Agencies required therefor.
- (b) Expansion and consolidation of SINTyS' information exchange network in Participating Provinces, Participating Public Agencies and Participating Municipalities, through, *inter alia*: (i) the installation of operational nodes in the provincial field offices mentioned in Part 1 (c) (i) of the Project, and in selected Participating Public Agencies (at the national level); (ii) the acquisition and utilization of hardware and software equipment to connect Participating Municipalities with said SINTyS information exchange network; (iii) the acquisition and utilization of hardware and software equipment to improve data quality of Participating Public Agencies, including the provision of maintenance and/or reengineering required therefor; (iv) (A) the design of a data warehouse facility (*sala cofre*); and (B) the establishment of the facility mentioned in (iv) (A) herein within SINTyS (which establishment consists of minor specialized rehabilitation activities/works in SINTyS' national office), and its operation and maintenance thereafter in a manner acceptable to the Bank; (v) (A) the design of a control center, with a structure, functions and responsibilities acceptable to the Bank, including, *inter alia*, the responsibility to effectively monitor and evaluate SINTyS' information exchange network and its operational nodes; and (B) the establishment of the center mentioned in (v) (A) herein within SINTyS, and its operation and maintenance thereafter in a manner acceptable to the Bank; and (vi) the design of an intranet system within SINTyS' information exchange network, for improving internal communication and business productivity.
- (c) (i) Design of SINTyS' web services tools which would be tailored to users' needs; and (ii) preparation of proposals for the creation of web sites which would permit citizens to view their own data registered in the relevant Participating Public Agencies.

#### Part 4: Information Security

- (a) Establishment of an organizational structure for the long term sustainability of SINTyS' information security network, through, *inter alia*: (i) (A) the enhancement of the existing information security practice, which enhancement consists of, *inter alia*, the establishment of a separate unit (with a structure, functions and responsibilities acceptable to the Bank) to handle information security, and to coordinate its activities with other operational areas within SINTyS; and (B) the provision of technical assistance to operate said information security unit; (ii) the design and implementation of a multi-layered security support model for said information security network to meet the various information security requirements at the federal, provincial and municipal levels; (iii) the design and establishment of a process to integrate information security controls; and (iv) the design of information security, risk and business continuity plans in respect of the security aspects of SINTyS' information exchange system mentioned herein.
- (b) Development of a risk-based information security management plan, and an information security infrastructure, through, *inter alia*: (i) the provision of technical support to SINTyS' current information security architecture and framework; and (ii) the identification of all potential risks that may have an adverse impact on SINTyS operations, and thereafter, the design and implementation of a plan (acceptable to the Bank) to address and/or mitigate all such risks.
- (c) Carrying out of biannual external security audits under terms of reference, and in a manner acceptable to the Bank.

#### Part 5: Project Management

- (a) Strengthening of CNCPS' operational capacity to assist the Borrower in the implementation, monitoring and supervision of the Project, through the provision of technical assistance/training on administrative, financial and budget management, accounting, audit and procurement activities.
- (b) Strengthening of the operational capacity of: (i) Participating Provinces to implement SINTyS in the pertinent provincial jurisdiction; and (ii) Participating Municipalities to implement SINTyS in the pertinent municipal jurisdiction.
- (c) Provision of technical assistance to Participating Public Agencies in respect of SINTyS operations.
- (d) Carrying out of a program at the federal, provincial and municipal levels to disseminate the main benefits resulting from the routine exchange of social/fiscal information among said levels of government, and SINTyS' role in facilitating such exchange of information.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation and Other Arrangements

- A. The Borrower, through CNCPS, shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
- B. (a) Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through CNCPS, shall carry out the Project in accordance with the provisions of the Operational Manual.
- (b) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.
- C. (a) Without limitation to the provisions of Section 3.01 of this Agreement, and prior to the carrying out of any given Project activity in which the assistance of a Participating Province, Participating Municipality and/or Participating Public Agency is required to implement said Project activity in the administrative jurisdiction of the corresponding Participating Province, Participating Municipality and/or Participating Public Agency, the Borrower, through CNCPS, shall: (i) enter into an Operational Agreement with the pertinent Participating Province, Participating Municipality and/or Participating Public Agency (as the case may be), on terms and conditions acceptable to the Bank, which shall include those set forth in the pertinent model Operational Agreement as set forth in the Operational Manual, and the obligation of the pertinent Participating Province, Participating Municipality and/or Participating Public Agency to undertake all necessary actions to enable the Borrower, through CNCPS, to comply with the pertinent obligations under this Agreement; or (ii) amend the Operational Agreement with the relevant Participating Province, Participating Municipality and/or Participating Public Agency (as the case may be) on the same terms mentioned in (i) herein.
- (b) The Borrower, through CNCPS, shall exercise its rights under each Operational Agreement in such manner as to protect the interests of the Borrower, through CNCPS, and the Bank and to accomplish the purposes of the Loan.
- D. (a) The Borrower, through CNCPS, shall operate and maintain, at all times during Project implementation, a Project implementation unit (the PIU) with a structure, functions and responsibilities, acceptable to the Bank, as set forth in the Operational Manual.
- (b) The Borrower, through CNCPS, shall ensure that the PIU is, at all times during Project implementation, headed by a Project coordinator and assisted by professional staff (including, *inter alia*, a procurement specialist, and a financial management specialist) and administrative staff, in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank.

- E. The Borrower, through CNCPS, shall carry out the Consultants' Program in accordance with its terms, and in a manner acceptable to the Bank.
- F. The Borrower, through CNCPS, shall prior to the carrying out of the minor specialized rehabilitation activities/works under Part 3 (b) (iv) (B) of the Project: (a) carry out an environmental screening of the pertinent activities/works, and if determined by the Bank, approve or cause to be approved, an environmental management plan or similar environmental instrument, acceptable to the Bank, for said activities/works (which plan or similar environmental instrument shall be based on the results of the pertinent screening mentioned herein, and the Bank's comments on the results of said screening, if any); and (b) immediately after said approval, implement and/or cause to be implemented, the corresponding plan (or similar environmental instrument) in accordance with its terms.
- G. The Borrower, through CNCPS, shall, prior to the commencement of each calendar year during Project implementation, create, and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the relevant annual budget in order to keep track of the corresponding expenditures incurred during Project implementation.
- H. (a) The Borrower, through CNCPS, may enter into an agreement (the Procurement Agency Agreement) with a procurement agent (with qualifications and experience acceptable to the Bank) under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the obligation of the procurement agent to assist the Borrower, through CNCPS, in the procurement of the first two contracts for goods and/or Non-Consultant Services to be awarded on the basis of International Competitive Bidding and/or National Competitive Bidding (as such bidding mechanisms are defined in the Procurement Guidelines).  
  
(b) (i) The Borrower, through CNCPS, shall exercise its rights under the Procurement Agency Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower, through CNCPS, shall not assign, amend, abrogate, terminate, waive or fail to enforce the Procurement Agency Agreement or any provision thereof.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

- 1. The Borrower, through CNCPS, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester (starting with the semester in which the Effective Date falls), and shall be furnished to the Bank not later than two calendar months after the end of the period covered by such report.

2. Without limitation to the provisions of Section II.A.1 above, the Borrower, through CNCPS, shall, not later than twenty four months (24) after the Effective Date, prepare and furnish to the Bank, a consolidated mid-term Project Report, which report shall include, *inter alia*, the progress achieved by the Borrower, through CNCPS, in the carrying out of the Project as of the date of said report.
3. For purposes of Section 5.08 (b) of the General Conditions, the Borrower, through, CNCPS shall, not later than forty five calendar days after the presentation to the Bank of the report referred to in Section II.A.2 above, exchange views with the Bank (the mid-term review) with respect to the consolidated mid-term report referred to in said Section.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower, through CNCPS, 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, through CNCPS, shall prepare and furnish to the Bank as part of each Project Report, interim unaudited financial reports for the Project covering each calendar semester, in form and substance satisfactory to the Bank.
3. The Borrower, through CNCPS, 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, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

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

4. **Special Provisions.** Without limitation to other provisions in Section III.A of this Schedule, the following additional provisions shall also govern the procurement of goods, works, Non-Consultant Services and consultants' services under the Project (as the case may be):
- (a) procurement of goods, works, Non-Consultant Services and consultants' services (in respect of firms) shall be carried out using: (i) standard bidding documents and standard requests for quotations/proposals (as the case may be), all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision; (ii) model bid evaluation forms, and model quotations/proposals evaluation forms (as the case may be); and (iii) model contract forms, all acceptable to the Bank;
  - (b) 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 for goods, works and Non-Consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;
  - (d) after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants' proposals;
  - (e) 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;
  - (f) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, 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*) in a manner acceptable to the Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening;

- (g) the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods, works and Non-Consultant Services to be procured under National Competitive Bidding procedures;
- (h) references to bidders in one or more specialized magazines shall not be used by the Borrower, through CNCPS, in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;
- (i) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;
- (j) the Borrower, through CNCPS, shall: (i) supply the Bank's publicly accessible Procurement Plans Execution System (SEPA) with the information contained in the initial Procurement Plan within 30 days after such Project has been approved by the Bank; and (ii) update the Procurement Plan at least every six months, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter;
- (k) the provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines providing for domestic preference in the evaluation of bids shall apply to goods manufactured in the territory of the Borrower in respect of contracts for goods to be procured under International Competitive Bidding procedures;
- (l) consultants shall not be required to submit bid or performance securities;
- (m) contracts of goods, works and Non-Consultant Services shall not be awarded to the "most convenient" bid, but rather to the bidder whose bid has been determined: (i) to be substantially responsive; and (ii) to offer the lowest evaluated bid, provided that said bidder has demonstrated to the Borrower, through CNCPS, to be qualified to perform the contract satisfactorily; and
- (n) the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Borrower in connection with the contracting of consultants' services provided by a firm and to be financed with the proceeds of the Loan.

**B. Particular Methods of Procurement of Goods, Works and Non-Consultant Services**

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

<b><u>Procurement Method</u></b>
(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.

<b><u>Procurement Method</u></b>
(a) Selection Based on the Consultants' Qualifications
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Single Source Selection
(e) Procedures set forth in paragraphs 5.2 through 5.4 of the Consultant Guidelines for the Selection of Individual Consultants
(f) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines for the Selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**

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

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as



the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Goods	11,329,700	100%
(2) Works under Part 3 (b) (iv) (B) of the Project	200,000	100%
(3) Consultants’ services under the Project:		
(a) provided by a firm	1,190,000	100%
(b) provided by individual consultants	3,772,000	
(4) Non-Consultant Services, Training and Operating Costs under the Project	1,969,000	100%
(5) Refund of the Project Preparation Advance	1,489,300	Amount payable pursuant to Section 2.07 (a) of the General Conditions
(6) Front-end Fee	50,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Premia for Interest Rate Caps and Interest Collars	0	Amounts payable pursuant to Section 2.07 (c) of this Agreement
<b>TOTAL AMOUNT</b>	<b>20,000,000</b>	

For purposes of this table:

- (a) the term “Training” means expenditures (other than those for consultants’ services) incurred by the Borrower, through CNCPS, as approved by the Bank on the basis of an annual budget acceptable to the Bank, to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), training registration fees, and rental of training facilities and equipment, all under the Project; and
- (b) the term “Operating Costs” means reasonable recurrent expenditures, based on an annual budget previously approved by the Bank, that would not have been incurred by the PIU absent the Project, for transportation and per-diem costs of the PIU’s staff, Project administration costs (excluding office rent), operation and maintenance of office equipment, including non-durable goods, but excluding salaries.

**B. Withdrawal Conditions; Withdrawal Period**

- 1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$3,000,000 equivalent may be made for payments made prior to this date but on or after March 1, 2008 (but in no case more than one year prior to the date of this Agreement) for Eligible Expenditures for Categories (1) through (4) provided that the pertinent obligations and/or conditions set forth in this Agreement, as applicable to the relevant Eligible Expenditure, have been complied with or met.
- 2. The Closing Date is December 31, 2013.

### 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.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each March 15 and September 15 Beginning September 15, 2013 through March 15, 2038	2%

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

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

## APPENDIX

### Definitions.

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “CNCPS” means *Consejo Nacional de Coordinación de Políticas Sociales*, the Borrower’s National Council of Coordination of Social Policies established pursuant to the Borrower’s Decree 357/02 of February 21, 2002 (duly published in the Borrower’s official gazette (*Boletín Oficial*) on February 22, 2002, as such Decree has been amended to the date of this Agreement), or any successor thereto acceptable to the Bank.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
5. “Consultants’ Program” means CNCPS’ program dated May 16, 2008 set forth in the Operational Manual, which describes the number of consultants to be hired under the Project, and the source of financing of the same (including the percentage of financing by said source) during Project implementation.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).
7. “Non-Consultant Services” means services under the Project, which services shall be bid and contracted on the basis of performance of measurable physical outputs.
8. “Operational Agreement” means: (a) each agreement signed prior to the date of this Agreement by the Borrower, through CNCPS with a Participating Province, a Participating Municipality or a Participating Public Agency for purposes of, *inter alia*, establishing an on-line interconnection with SINTyS; or (b) each agreement to be signed by said parties after the date of this Agreement for that same purpose, as the case may be.
9. “Operational Manual” means the Borrower’s manual dated May 16, 2008, acceptable to the Bank, which sets forth, *inter alia*: (a) the structures, functions and responsibilities of the PIU; (b) the terms of the model Operational Agreements; (c) the Consultants’ Program (as defined above); (d) the Project’s chart of accounts and internal controls; (e) the format of: (A) the unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (B) the Financial Statements; (f) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (g) the Project indicators (including the results framework); and (h) the Project disbursement and procurement procedures, as said manual may be updated and/or amended from time to time with the agreement of the Bank.

10. “Participating Municipality” means any political subdivision of any of the Borrower’s political subdivisions, as per title Two of the Borrower’s 1994 Constitution, which has adhered to SINTyS (as defined below).
11. “Participating Province” means any political subdivision of the Borrower, as per title Two of the Borrower’s 1994 Constitution, which has adhered to SINTyS (as defined below).
12. “Participating Public Agencies” means any federal, provincial and/or municipal public administrative agency or administrative legal entity (as the case may be) which generates social/fiscal information, and has adhered to SINTyS (as defined below).
13. “PIU” means the unit referred to in Section I.D (a) of this Agreement, or any successor thereto acceptable to the Bank.
14. “Procurement Agency Agreement” means the agreement referred to in Section I.H (a) of this Agreement.
15. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
16. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 16, 2008 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.
17. “Program” means the program designed to develop a social and fiscal national identification system, and set forth or referred to in the letter dated March 18, 1999 from the Borrower to the Bank, as such Program has been updated for purposes of the Project, through the letter dated June 11, 2008 from the Borrower to the Bank.
18. “Project Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Bank to the Borrower pursuant to the letter agreement signed, on behalf of the Bank, on January 2, 2008, and, on behalf of the Borrower, on April 23, 2008.
19. “SEPA” means the Bank’s publicly accessible Procurement Plans Execution System.
20. “SINTyS” means the *Sistema de Identificación Nacional Tributario y Social* , the Borrower’ Social and Fiscal National Identification System, created pursuant to the Borrower’s Presidential Decree No. 812/1998 of July 13, 1998 (duly published in the Borrower’s official gazette (*Boletín Oficial*) on July 16, 1998), and ratified by Article 32 of the Borrower’s Law No. 25345 of October 19, 2000 (duly published in the official gazette on November 14, 2000).