

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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October 16, 2002

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

Re: **ARGENTINA** – Higher Education Reform Project (Loan No. 3921-AR);  
Provincial Roads Project (Loan No. 4093-AR); Flood Protection Project (Loan  
No. 4117-AR); Provincial Agricultural Development Project (Loan No. 4150-  
AR); and Buenos Aires Urban Transport Project (Loan No. 4163-AR)

**Amendment to Loan Agreements**

Dear Minister Lavagna:

Please refer to: (a) the Loan Agreement dated December 5, 1995 (Loan No. 3921-AR) entered into between the Argentine Republic (the Borrower) and the International Bank for Reconstruction and Development Bank (the Bank), as amended; (b) the Loan Agreement dated April 17, 1997 (Loan No. 4093-AR) entered into between the Borrower and the Bank, as amended; (c) the Loan Agreement dated April 17, 1997 (Loan No. 4117-AR) entered into between the Borrower and the Bank, as amended; (d) the Loan Agreement dated January 20, 1998 (Loan No. 4150-AR) entered into between the Borrower and the Bank; and (e) the Loan Agreement dated December 10, 1997 (Loan No. 4163-AR) entered into between the Borrower and the Bank.

In response to the Borrower's request of September 20, 2002 to, *inter alia*, reallocate part of the proceeds of the Loans mentioned in the above paragraph to assist in the financing of public health activities within its social emergency program, the Bank hereby agrees to amend the Loan Agreements mentioned above and their related documentation, as follows:

**I. Loan Agreement (Loan No. 3921-AR)**

1. Section 1.02 is hereby amended to read in its entirety as set forth in Attachment I to this Amendment Letter.
2. Paragraph (b) of Section 2.02 is hereby amended to read in its entirety as follows:

“(b) The Borrower may, for the purposes of: (i) Parts A and B of the Project, open and maintain in Dollars a special deposit account (the Special Account A); and (ii) Part C of the Project, open and maintain in Dollars a special deposit account (the Special Account B), both in *Banco de la Nación Argentina* on terms and conditions satisfactory to the Bank, including

appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedules 5 and 6 to this Agreement.”.

3. All references throughout the Loan Agreement to the term “MNCE” are hereby replaced by the term “MECT”.

4. Section 3.01 is hereby amended to read in its entirety as follows:

“Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end:

(a) shall: (i) carry out Parts A and B of the Project through MECT; and (ii) carry out Part C of the Project through MS, all with due diligence and efficiency and in conformity with appropriate administrative, health, financial and educational practices, as the case may be, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project, of which an amount equivalent to approximately \$2,000,000 shall be made available, each year during the execution of Parts A and B of the Project, to cover the operating costs of CONEAU, FOMECE and PIU and the incremental recurrent costs of SUP; and

(b) without limitation upon the provisions of paragraph (a) of this Section, shall make available not less than \$67,700,000 equivalent as counterpart funds over the period of the execution of Parts A and B of the Project.”.

5. Sections 3.02, 3.04, 3.07, 3.08 are hereby amended to read in their entirety as follows:

“Section 3.02. Except as the Bank shall otherwise agree: (a) procurement of the goods, works and consultants' services required for Parts A and B of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement; and (b) procurement of the goods required for Part C of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 7 to this Agreement.

Section 3.04. The Borrower, through MECT, shall, during the execution of Parts A and B of the Project:

(a) establish and thereafter maintain a unit within MECT in charge of the coordination of the overall execution of said Parts of the Project (the PIU), with staff, responsibilities and functions satisfactory to the Bank;

(b) (i) maintain FOMECE within MECT for the execution of Part B of the Project with staff, responsibilities and functions satisfactory to the Bank; and (ii) have a permanent executive director for FOMECE with qualifications and experience acceptable to the Bank, such director to be appointed not later than twelve months after the Effective Date;

(c) (i) establish and thereafter maintain CONEAU, as a decentralized entity of the Borrower responsible for carrying out institutional evaluations and accreditations of undergraduate programs, for the execution of Part A.2 of the Project in accordance with terms of reference acceptable to the Bank; and (ii) have a permanent executive director for CONEAU, to be selected through a public process and on the basis of qualifications and experience acceptable to the Bank. The President of CONEAU, assisted by its executive director, shall be responsible

for the coordination between CONEAU and PIU on a matter related to the disbursement of the proceeds of the loan; and

(d) provide, promptly as needed, the funds, facilities, services and other resources required by the PIU, FOMECE and CONEAU to carry out their functions and responsibilities in a timely manner.

Section 3.07. The Borrower, through MECE, shall establish the CIS on the basis of terms of reference acceptable to the Bank, and shall, during the implementation of Parts A and B of the Project, cause it:

(a) to carry out an annual evaluation of: (i) the results of FOMECE's operations and their impact on quality and efficiency improvements of universities carrying out Subprojects; and (ii) the transparency and objectivity of FOMECE's selection procedures; and

(b) to formulate appropriate recommendations in light of the results of said evaluations.

Section 3.08. Without limitation upon the provisions of Section 9.07 of the General Conditions, the Borrower, through the PIU, shall:

(a) not later than May 31 of each year during Project execution of Parts A and B of the Project furnish to the Bank a consolidated annual progress report of such scope and in such detail as the Bank shall reasonably request, including:

- (i) a summary of Project activities during the past year, including a report on the performance of said Parts of the Project as measured by the Monitoring Indicators and including the investment and recurrent cost requirements of the Project for the following year;
- (ii) a summary of financial and physical commitments for each Project component as compared with the original plan;
- (iii) a summary of the implementation issues; and
- (iv) an updated Project implementation schedule and action plans for the implementation of each of the activities under said Parts of the Project during the current year;

(b) not later than June 30 and December 31 of each year of Project execution in respect of Parts A and B of the Project submit to the Bank, for approval, the proposed scholarships to be carried out in the Following months; and

(c) during the thirtieth month after the Effective Date, undertake a review with the Bank of the progress in the execution of Parts A and B of the Project and the attainment of its objectives, with special emphasis on:

- (i) performance of said Parts of the Project as measured by the Monitoring Indicators;

- (ii) compliance with the provisions of this Agreement and adequacy and timeliness of the Borrower's financial contribution to the cost of said Parts of the Project;
- (iii) an assessment of FOMEC and its procedures, including an evaluation of a sample of Subprojects; and
- (iv) compliance with the provisions on procurement and disbursement of this Agreement, particularly with respect to the execution of the Subprojects; and

(d) promptly take all such action, satisfactory to the Bank, as shall be necessary for the efficient execution of Parts A and B of the Project or the achievement of its objectives if, as a result of the reviews referred to in paragraphs (a) and (c) above, progress in the execution of said Parts of the Project or in the achievement of its objectives is not satisfactory to the Bank, including execution of action plans acceptable to the Bank.”.

6. Four new Sections are hereby added, after Section 3.09, which will read as follows:

“Section 3.10. (a) Without limitation to the provisions of Section 3.01 (a) (ii) of this Agreement, the Borrower shall carry out Part C of the Project, in accordance with a manual (the VIGIA Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (i) a plan for the distribution of, *inter alia*, medical drugs and supplies, pesticides and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); (ii) a negative list of pesticides which shall indicate the no use under Part C.1 of the Project of pesticides that are formulations of products within classes IA and IB of the World Health Organization's Recommended Classification of Pesticides by Hazard and Guidelines to Classification (Geneva: WHO, 1994-95; hereinafter WHO Guidelines) or are formulations of products in Class II of the WHO Guidelines; (iii) guidelines for handling and disposing of medical waste under Part C.1 of the Project; and (iv) the Project financial management, disbursement and procurement procedures for Part C of the Project.

(b) In case of any conflict between the terms of the VIGIA Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.11. During the execution of Part C of the Project, the Borrower shall:

- (a) maintain and operate:
  - (i) a technical unit (the PCU-VIGIA) within MS with the responsibility of assisting the Borrower in the carrying out of Part C of the Project, including the monitoring and evaluation of said Part of the Project; and
  - (ii) an administrative unit (UFI) responsible for: (A) assisting the Borrower on administrative matters, including financial management and procurement; and (B) the coordination of programs and/or projects financed by multilateral and/or bilateral agencies; and

(b) ensure that the PCU-VIGIA and the UFI are, at all times during the execution of said Parts of the Project, staffed with adequate professionals with qualifications and experience acceptable to the Bank; and

(c) provide promptly as needed the funds, facilities, services and other resources required by the PCU and UFI to carry out its functions and to discharge its responsibilities in a timely and efficient manner.

Section 3.12. The Borrower shall:

(a) maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators set forth in the VIGIA Operational Manual, the carrying out of Part C of the Project and the achievement of the objective thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, each July and January during the implementation of said Parts of the Project, starting with the report due not later than July 31, 2003, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of said Part of the Project during the calendar semester preceding the date of presentation of the pertinent report and setting out the measures recommended to ensure the efficient carrying out of said Part of the Project and the achievement of the objective thereof during the following calendar semester; and

(c) review with the Bank by January, 31 2004, or such later date as the Bank shall request, the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take, and/or cause to be taken, all measures required to ensure the efficient completion of said Part of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said reports and the Bank's views on the matter.

Section 3.13. The Borrower shall: (a) prior to the procurement of any pesticide under Part C.1 of the Project, prepare and furnish to the Bank, a pest management plan acceptable to the Bank, said plan to include, *inter alia*, guidelines for proper selection, application, storage, handling, transport, and disposal of pesticides; and (b) thereafter carry out said plan in accordance with its terms, and in a manner acceptable to the Bank.”.

7. References to the terms Minister of Economy and Public Works and Services and *Ministerio de Economía y Obras y Servicios Públicos* in Sections 6.01 and 6.02 are hereby replaced by the terms Minister of Economy and *Ministerio de Economía*, respectively.

8. The table in paragraph 1 of Schedule 1 is hereby amended to read in its entirety as set forth in Attachment II to this Amendment Letter.

9. Paragraph 2 of Schedule 1 is hereby amended to read in its entirety as follows:

“2. For the purposes of this Schedule:

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

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

(c) the term "Goods" referred to in Category (1) set forth in the table in paragraph 1 of this Schedule means office equipment (including computers and software and communications equipment), furniture, library items, laboratory and pedagogic equipment and materials; and

(d) the term "Consultants' Services" referred to in Category (2) set forth in the table in paragraph 1 of this Schedule means consultants' services, services of visiting professors, and studies.”.

10. A new paragraph 5 is hereby added after paragraph 4 in Schedule 1 which will read as follows:

“The 83% of local expenditures figure under ‘expenditures to be financed’ for Category (7) set forth in the table in paragraph 1 of this Schedule is set so as to preclude Loan financing of the applicable Argentine value added tax (currently set at 21%). However, in those cases where the goods procured under said Category are exempt from the value added tax either through the issuance of legislation or when procured through a tax-exempt procurement agent, Loan financing for said goods may be 100% (net of taxes).”.

11. Schedule 2 is hereby amended to read in its entirety as set forth in Attachment III to this Amendment Letter.

12. The title of Schedule 4 is hereby replaced to read “Procurement and Consultants’ Services for Parts A and B of the Project”.

13. Schedule 5 is hereby amended to read in its entirety as set forth in Attachment IV to this Amendment Letter.

14. Schedules 6 and 7 are hereby added after Schedule 5 which will read as set forth in Attachments V and VI to this Amendment Letter, respectively.

## **II. Loan Agreement (Loan No. 4093-AR)**

1. Section 1.02 is hereby amended to read in its entirety as set forth in Attachment VII to this Amendment Letter.

2. Paragraph (b) of Section 2.02 is hereby amended to read in its entirety as follows:

“(b) The Borrower may, for the purposes of: (i) Parts A and B of the Project, open and maintain in Dollars a special deposit account (the Special Account ‘A’); and (ii) Parts C and D of the Project, open and maintain in Dollars a special deposit account (the Special Account ‘B’), both in *Banco de la Nacion Argentina*. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedules 5 and 6 to this Agreement.”.

3. Section 2.08 is hereby amended to read in its entirety as follows:

“Section 2.08. The Subsecretary of SAP (or such other person or persons as such Subsecretary shall appoint in writing) is designated as representative of the Borrower for

purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions in respect of Parts A and B of the Project.

4. Paragraph (a) of Section 3.01 is hereby amended to read in its entirety as follows:

“Section 3.01 (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall:

- (i) carry out: (A) Part B of the Project through the CEU in accordance with the Operational Manual; and (B) Parts C and D of the Project, through MS, all with due diligence and efficiency and in conformity with appropriate engineering, health, technical, financial, administrative, ecological and environmental practices, as the case may be, and shall provide, promptly as needed, the funds, facilities, services and other resources required for said Parts of the Project; and
- (ii) cause each Eligible Province, through the corresponding DPV and under the respective SLA (as described in paragraph (b) below), to carry out a Subproject (whether or not a CREMA Contract is used) with due diligence and efficiency in accordance with the Operational Manual, and in conformity with appropriate engineering, technical, administrative, financial, ecological and environmental practices (including the environmental, resettlement and indigenous peoples' standards and guidelines referred to in Part A.1 (c) of the Project); shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable each Eligible Province to carry out the corresponding Subproject; and shall not take or permit to be taken any action which would prevent or interfere with the carrying out of such Subproject.”.

5. Sections 3.02, 3.05, 3.06 and 3.11 are hereby amended to read in their entirety as follows:

“Section 3.02. Except as the Bank shall otherwise agree: (a) procurement of the goods, works and consultants' services required for Parts A and B of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement; and (b) procurement of the goods required for Parts C and D of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 7 to this Agreement.

Section 3.05. (a) For purposes of carrying out Parts A and B of the Project, the Borrower shall continue to operate and maintain the CEU during Project implementation with staffing, functions and responsibilities satisfactory to the Bank, including, *inter alia*, those responsibilities mentioned in Part B of the Project.

(b) In monitoring the execution of Parts A and B of the Project, the Borrower, through the CEU, shall utilize the computerized Project monitoring system referred to in Section 6.01 (d) of this Agreement.

Section 3.06. (a) For purposes of carrying out Parts A and B of the Project, the Borrower shall operate and maintain within the CEU, a road subunit (the RSU) with functions and

responsibilities satisfactory to the Bank, including, *inter alia*, the responsibility of assisting the CEU in the overall coordination and monitoring of the execution of said Parts of the Project.

(b) The Borrower shall ensure that the RSU is at all times headed by a coordinator assisted by staff in adequate numbers, all with qualifications satisfactory to the Bank.

Section 3.11. (a) Without limitation to the provisions of Section 9.01 of the General Conditions, the Borrower shall review jointly with the Bank not later than December 31, 1998 the progress made by the Borrower and each Eligible Province in: (i) carrying out each Part of the Project under their responsibility; and (ii) achieving the objectives of Parts A and B of the Project.

(b) As part of the review referred to in (a) above, the Bank may require that the Borrower prepare an action plan, satisfactory to the Bank, to make adjustments in Project implementation. If so, the Borrower shall prepare and furnish such action plan to the Bank not later than thirty days after the conclusion of such review and shall thereafter carry out, or cause to be carried out, such action plan in accordance with its terms.”.

6. Four new Sections are hereby added, after Section 3.11, which will read as follows:

“Section 3.12. (a) Without limitation to the provisions of Section 3.01 (a) (ii) of this Agreement, the Borrower shall carry out:

- (i) Part C of the Project, in accordance with a manual (the PROMIN Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (A) a plan for the distribution of, *inter alia*, medical drugs and supplies, and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); and (B) the Project financial management, disbursement and procurement procedures for Part C of the Project; and
- (ii) Part D of the Project, in accordance with a manual (the VIGIA Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (A) a plan for the distribution of, *inter alia*, medical drugs and supplies, pesticides and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); (B) a negative list of pesticides which shall indicate the no use under Part D.1 of the Project of pesticides that are formulations of products within classes IA and IB of the World Health Organization’s Recommended Classification of Pesticides by Hazard and Guidelines to Classification (Geneva: WHO, 1994-95; hereinafter WHO Guidelines) or are formulations of products in Class II of the WHO Guidelines; (C) guidelines for handling and disposing of medical waste under Part D.1 of the Project; and (D) the Project financial management, disbursement and procurement procedures for Part D of the Project; and



(b) In case of any conflict among the terms of the PROMIN Operational Manual, the VIGIA Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.13. During the execution of Parts C and D of the Project, the Borrower shall:

- (a) maintain and operate:
  - (i) (A) a technical unit (the PCU - PROMIN) within MS with the responsibility of assisting the Borrower in the carrying out of Part C of the Project, including the monitoring and evaluation of said Part of the Project; and (B) a technical unit (the PCU - VIGIA) within MS with the responsibility of assisting the Borrower in the carrying out of Part D of the Project, including the monitoring and evaluation of said Part of the Project; and
  - (ii) an administrative unit (UFI) responsible for: (A) assisting the Borrower on administrative matters, including financial management and procurement; and (B) the coordination of programs and/or projects financed by multilateral and/or bilateral agencies; and

(b) ensure that the PCU-PROMIN, the PCU-VIGIA and the UFI are, at all times during the execution of said Parts of the Project, staffed with adequate professionals with qualifications and experience acceptable to the Bank; and

(c) provide promptly as needed the funds, facilities, services and other resources required by the PCU- PROMIN, the PCU-VIGIA and UFI to carry out its functions and to discharge its responsibilities in a timely and efficient manner.

Section 3.14. The Borrower shall:

(a) maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators set forth in the PROMIN Operational Manual in respect of Part C of the Project and in the VIGIA Operational Manual in respect of Part D of the Project, the carrying out of said Parts of the Project and the achievement of the objective thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, each July and January during the implementation of said Parts of the Project, starting with the report due not later than July 31, 2003, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of said Parts of the Project during the calendar semester preceding the date of presentation of the pertinent report and setting out the measures recommended to ensure the efficient carrying out of said Parts of the Project and the achievement of the objective thereof during the following calendar semester; and

(c) review with the Bank by January 31, 2004, or such later date as the Bank shall request, the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take, and/or cause to be taken, all measures required to ensure the efficient completion of said Parts of

the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said reports and the Bank's views on the matter.

Section 3.15. The Borrower shall: (a) prior to the procurement of any pesticide under Part D.1 of the Project, prepare and furnish to the Bank, a pest management plan acceptable to the Bank, said plan to include, *inter alia*, guidelines for proper selection, application, storage, handling, transport, and disposal of pesticides; and (b) thereafter carry out said plan in accordance with its terms, and in a manner acceptable to the Bank.”.

7. Paragraph (a) of Section 4.01 is hereby amended to read in its entirety as follows:

“Section 4.01 (a) The Borrower shall maintain or cause to be maintained records and separate accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the Eligible Provinces and the departments or agencies of the Borrower (including the CEU, the PCU-PROMIN, the PCU-VIGIA and the UFI) responsible for carrying out the Project or any part thereof.”.

8. The table in paragraph 1 of Schedule 1 is hereby amended to read in its entirety as set forth in Attachment VIII to this Amendment Letter.

9. A new paragraph 5 is hereby added after paragraph 4 in Schedule 1 which will read as follows:

“The 83% of local expenditures figure under ‘expenditures to be financed’ for Categories (6) and (7) set forth in the table in paragraph 1 of this Schedule is set so as to preclude Loan financing of the applicable Argentine value added tax (currently set at 21%). However, in those cases where the goods procured under said Categories are exempt from the value added tax either through the issuance of legislation or when procured through a tax-exempt procurement agent, Loan financing for said goods may be 100% (net of taxes).”.

10. Schedule 2 is hereby amended to read in its entirety as set forth in Attachment IX to this Amendment Letter.

11. The title of Schedule 4 is hereby replaced to read “Procurement and Consultants’ Services for Parts A and B of the Project”.

12. Schedule 5 is hereby amended to read in its entirety as set forth in Attachment X to this Amendment Letter.

13. Schedules 6 and 7 are hereby added after Schedule 5 which will read as set forth in Attachments XI and XII to this Amendment Letter, respectively.

### **III. Loan Agreement (Loan No. 4117-AR)**

1. Section 1.02 is hereby amended to read in its entirety as set forth in Attachment XIII to this Amendment Letter.

2. Paragraph (b) of Section 2.02 is hereby amended to read in its entirety as follows:

“(b) The Borrower may, for the purposes of: (i) Parts A and B of the Project, open and maintain in Dollars a special deposit account (the Special Account A); and (ii) Parts C and D of the Project, open and maintain in Dollars a special deposit account (the Special Account B), both in *Banco de la Nación Argentina* on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedules 5 and 7 to this Agreement, respectively.”.

3. Sections 3.01, 3.02 and 3.07 are hereby amended to read in their entirety as follows:

“Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall:

- (i) cause Parts A, B.1, B.2, B.3 and B.5 of the Project to be carried out by the Participating Provinces pursuant to the terms of the Subsidiary Loan Agreement entered into with each Participating Province;
- (ii) coordinate execution of the Project as a whole and specifically carry out Parts B.4, B.6 and B.7 of the Project through SUCCE; and
- (iii) carry out Parts C and D of the Project through MS, all with due diligence and efficiency and in conformity with appropriate administrative, health, financial, technical and environmental practices, as well as in accordance with the Operational Manual, the PROMIN Operational Manual, the VIGIA Operational Manual and the timetable and indicators set forth in the Implementation Letter, as the case may be.

(b) The Borrower shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree: (a) procurement of the goods, works and consultants' services required for Parts A and B of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement; and (b) procurement of the goods required for Parts C and D of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 8 to this Agreement.

Section 3.07. (a) Throughout the course of Project implementation, and without limitation on the provisions of Section 9.07 of the General Conditions, the Borrower (through SUCCE) shall furnish to the Bank, by no later than each April 30, August 31 and December 31 (starting on April 30, 1998), a triannual progress report on implementation of Parts A and B of the Project, in form satisfactory to the Bank and based on the action plan and indicators set forth in the Implementation Letter.

(b) The Borrower (through SUCCE and together with the Participating Provinces) shall hold reviews of Project implementation with the Bank in the first trimester of every year during Project implementation, beginning in 1998. The annual reviews held in 1998, 1999, 2000 and 2003 shall in particular focus on verifying that Participating Provinces are complying with the Subproject timetable within the action plan set forth in the Implementation Letter, with their counterpart funding obligations and in general with the terms of the Subsidiary Loan Agreements.

(c) If, as a result of either of the annual reviews held during 1998, 1999, 2000 and 2003, the Borrower (through SUCCE) determines that a Participating Province has not complied with any of its Subsidiary Loan Agreement obligations, the Borrower (through SUCCE) may remove one or more Subprojects from the list of First Priority Subprojects for that Participating Province, thus excluding the removed Subprojects from eligibility for financing under the Loan (but only if the removed Subprojects have not at that point already been approved by SUCCE pursuant to paragraph 1 (c) of Schedule 6 to this Agreement).

(d) For each Subproject removed pursuant to paragraph (c) of this Section, the Borrower (through SUCCE) shall identify a Sub-project (from the list of Second Priority Subprojects for a Participating Province that is in compliance with its Subsidiary Loan Agreement obligations) as being potentially eligible for financing with Loan proceeds pursuant to paragraph 1 (d) of Schedule 6 to this Agreement.”.

4. Five new Sections are hereby added, after Section 3.07, which will read as follows:

“Section 3.08. (a) Without limitation to the provisions of Section 3.01 (a) (ii) of this Agreement, the Borrower shall carry out:

- (i) Part C of the Project, in accordance with a manual (the PROMIN Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (A) a plan for the distribution of, *inter alia*, medical drugs and supplies, and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); and (B) the Project financial management, disbursement and procurement procedures for Part C of the Project; and
- (ii) Part D of the Project, in accordance with a manual (the VIGIA Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (A) a plan for the distribution of, *inter alia*, medical drugs and supplies, pesticides and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); (B) a negative list of pesticides which shall indicate the no use under Part D.1 of the Project of pesticides that are formulations of products within classes IA and IB of the World Health Organization’s Recommended Classification of Pesticides by Hazard and Guidelines to Classification (Geneva: WHO, 1994-95; hereinafter WHO Guidelines) or are formulations of products in Class II of the WHO Guidelines; (C) guidelines for handling and disposing of medical waste under Part D.1 of the Project; and (D) the Project financial management, disbursement and procurement procedures for Part D of the Project; and

(b) In case of any conflict among the terms of the PROMIN Operational Manual, the VIGIA Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.09. During the execution of Parts C and D of the Project, the Borrower shall:

(a) maintain and operate:

- (i) (A) a technical unit (the PCU - PROMIN) within MS with the responsibility of assisting the Borrower in the carrying out of Part C of the Project, including the monitoring and evaluation of said Part of the Project; and (B) a technical unit (the PCU - VIGIA) within MS with the responsibility of assisting the Borrower in the carrying out of Part D of the Project, including the monitoring and evaluation of said Part of the Project; and
- (ii) an administrative unit (UFI) responsible for: (A) assisting the Borrower on administrative matters, including financial management and procurement; and (B) the coordination of programs and/or projects financed by multilateral and/or bilateral agencies; and

(b) ensure that the PCU-PROMIN, the PCU-VIGIA and the UFI are, at all times during the execution of said Parts of the Project, staffed with adequate professionals with qualifications and experience acceptable to the Bank; and

(c) provide promptly as needed the funds, facilities, services and other resources required by the PCU- PROMIN, the PCU-VIGIA and UFI to carry out its functions and to discharge its responsibilities in a timely and efficient manner.

Section 3.10. The Borrower shall:

(a) maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators set forth in the PROMIN Operational Manual in respect of Part C of the Project and in the VIGIA Operational Manual in respect of Part D of the Project, the carrying out of said Parts of the Project and the achievement of the objective thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, each July and January during the implementation of said Parts of the Project, starting with the report due not later than July 31, 2003, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of said Parts of the Project during the calendar semester preceding the date of presentation of the pertinent report and setting out the measures recommended to ensure the efficient carrying out of said Parts of the Project and the achievement of the objective thereof during the following calendar semester; and

(c) review with the Bank by January 31, 2004, or such later date as the Bank shall request, the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take, and/or cause to be taken, all measures required to ensure the efficient completion of said Parts of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said reports and the Bank's views on the matter.

Section 3.11. (a) For purposes of procuring vaccines under Part D.1 of the Project, the Borrower shall, prior to the procurement of said goods, enter into an agreement (the PAHO Agreement) with PAHO on terms and conditions satisfactory to the Bank, including, *inter alia*,

the obligation of PAHO to comply with the provisions set forth in paragraph 1.6 of the Guidelines.

(b) (i) The Borrower shall exercise its rights and carry out its obligations under the PAHO Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan in respect of Part D.1 of the Project; and (ii) except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, repeal, terminate, waive or fail to enforce the PAHO Agreement or any provision thereof.

Section 3.12. The Borrower shall: (a) prior to the procurement of any pesticide under Part D.1 of the Project, prepare and furnish to the Bank, a pest management plan acceptable to the Bank, said plan to include, *inter alia*, guidelines for proper selection, application, storage, handling, transport, and disposal of pesticides; and (b) thereafter carry out said plan in accordance with its terms, and in a manner acceptable to the Bank.”.

5. References to the terms Minister of Economy and Public Works and Services and *Ministerio de Economía y Obras y Servicios Públicos* referred to in Sections 7.01 and 7.02 are hereby replaced by the terms Minister of Economy and *Ministerio de Economía*, respectively.

6. The table in paragraph 1 of Schedule 1 is hereby amended to read in its entirety as set forth in Attachment XIV to this Amendment Letter.

7. Paragraph 2 is hereby amended to read in its entirety as follows:

“2. For the purposes of this Schedule:

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

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

8. A new paragraph 4 is hereby added after paragraph 3 in Schedule 1 which will read as follows:

“The 83% of local expenditures figure under ‘expenditures to be financed’ for Categories (6) and (7) set forth in the table in paragraph 1 of this Schedule is set so as to preclude Loan financing of the applicable Argentine value added tax (currently set at 21%). However, in those cases where the goods procured under said Categories are exempt from the value added tax either through the issuance of legislation or when procured through a tax-exempt procurement agent, Loan financing for said goods may be 100% (net of taxes).”.

9. Schedule 2 is hereby amended to read in its entirety as set forth in Attachment XV to this Amendment Letter.

10. The title of Schedule 4 is hereby replaced to read “Procurement and Consultants’ Services for Parts A and B of the Project”.

11. Schedule 5 is hereby amended to read in its entirety as set forth in Attachment XVI to this Amendment Letter.

12. Schedules 7 and 8 are hereby added after Schedule 6 which will read as set forth in Attachments XVII and XVIII to this Amendment Letter, respectively.

**IV. Loan Agreement (Loan No. 4150-AR)**

1. The Whereas Clause (B) is hereby amended to read in its entirety as follows:

“(B) the Borrower has contracted from Inter-American Development Bank (IDB) a loan in an amount equivalent to \$125,000,000 (the IDB Loan) to assist in financing of Parts A and B of the Project on the terms and conditions set forth in an agreement dated March 26, 1996 between the Borrower and IDB; and”.

2. Section 1.02 is hereby amended to read in its entirety as set forth in Attachment XIX to this Amendment Letter.

3. Paragraph (b) of Section 2.02 is hereby amended to read in its entirety as follows:

“(b) The Borrower may, for the purposes of: (i) Parts A and B of the Project, open and maintain in Dollars a special deposit account (the Special Account ‘A’); and (ii) Parts C and D of the Project, open and maintain in Dollars a special deposit account (the Special Account ‘B’), both in *Banco de la Nación Argentina*. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedules 5 and 7 to this Agreement.”.

4. Paragraph (a) of Section 3.01 is hereby amended to read in its entirety as follows:

“3.01 (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall: (i) carry out Part A (1) and Part B of the Project through SAGPyA, and shall cause the Participating Provinces to carry out Part A (2) of the Project; and (ii) carry out Parts C and D of the Project, through MS, all with due diligence and efficiency and in accordance with appropriate administrative, financial, engineering, health, environmental and agricultural practices, as the case may be, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.”.

5. Section 3.02 is hereby amended to read in its entirety as follows:

“Section 3.02. Except as the Bank shall otherwise agree: (a) procurement of the goods, works and consultants' services required for Parts A and B of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement; and (b) procurement of the goods required for Parts C and D of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 8 to this Agreement.”.

6. Sections 3.04 and 3.05 are hereby amended to read in their entirety as follows:

“Section 3.04. The Borrower, through the UEC, shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Monitoring Indicators, the carrying out of Parts A and B of the Project and the achievement of the objectives thereof;

(b) by October 31 of each year of Project execution, furnish to the Bank for its review and approval a draft annual work plan and proposed budget for said Parts of the Project for the following year;

(c) by March 31 and September 30 of each year of Project execution, furnish to the Bank a progress report on the execution of Parts A and B of the Project, said reports to be of such scope and detail as the Bank shall have reasonably requested and to include: (i) the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section; and (ii) an update of the approved annual work plan and budget referred to in paragraph (b) of this Section, and thereafter discuss said reports jointly with the Bank and the IDB in order to analyze problems and proposed solutions and to review the pipeline of proposed subprojects;

(d) cause an independent agency or specialized firm acceptable to the Bank to prepare, under terms of reference satisfactory to the Bank, and to furnish to the Bank on or about March 31, 2000, a report on the progress achieved in the carrying out of Parts A and B of the Project since its beginning, including the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, and setting out the measures recommended to ensure the efficient carrying out of said Parts of the Project and the achievement of its objectives; and

(e) review with the Bank, by June 30, 2000, or such later date as the Bank may request, the report referred to in paragraph (d) of this Section, and, thereafter, take all measures required to ensure the efficient completion of Parts A and B of the Project and the achievement of its objectives, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

Section 3.05. The Borrower, through SAGPyA, shall establish, and thereafter maintain during the execution of Parts A and B of the Project, a central unit (UEC) for the overall management, financial administration, and monitoring of the Project, said unit to have an organization acceptable to the Bank and to have staff with qualifications, experience and terms of reference acceptable to the Bank.”.

7. Four new Sections are hereby added, after Section 3.09, which will read as follows:

“Section 3.10. (a) Without limitation to the provisions of Section 3.01 (a) (ii) of this Agreement, the Borrower shall carry out:

- (i) Part C of the Project, in accordance with a manual (the PROMIN Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (A) a plan for the distribution of, *inter alia*, medical drugs and supplies, and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); and (B) the Project financial management, disbursement and procurement procedures for Part C of the Project; and



- (ii) Part D of the Project, in accordance with a manual (the VIGIA Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (A) a plan for the distribution of, *inter alia*, medical drugs and supplies, pesticides and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); (B) a negative list of pesticides which shall indicate the no use under Part D.1 of the Project of pesticides that are formulations of products within classes IA and IB of the World Health Organization's Recommended Classification of Pesticides by Hazard and Guidelines to Classification (Geneva: WHO, 1994-95; hereinafter WHO Guidelines) or are formulations of products in Class II of the WHO Guidelines; (C) guidelines for handling and disposing of medical waste under Part D.1 of the Project; and (D) the Project financial management, disbursement and procurement procedures for Part D of the Project; and

(b) In case of any conflict among the terms of the PROMIN Operational Manual, the VIGIA Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.11. During the execution of Parts C and D of the Project, the Borrower shall:

(a) maintain and operate:

- (i) (A) a technical unit (the PCU - PROMIN) within MS with the responsibility of assisting the Borrower in the carrying out of Part C of the Project, including the monitoring and evaluation of said Part of the Project; and (B) a technical unit (the PCU - VIGIA) within MS with the responsibility of assisting the Borrower in the carrying out of Part D of the Project, including the monitoring and evaluation of said Part of the Project; and
- (ii) an administrative unit (UFI) responsible for: (A) assisting the Borrower on administrative matters, including financial management and procurement; and (B) the coordination of programs and/or projects financed by multilateral and/or bilateral agencies; and

(b) ensure that the PCU-PROMIN, the PCU-VIGIA and the UFI are, at all times during the execution of said Parts of the Project, staffed with adequate professionals with qualifications and experience acceptable to the Bank; and

(c) provide promptly as needed the funds, facilities, services and other resources required by the PCU- PROMIN, the PCU-VIGIA and UFI to carry out its functions and to discharge its responsibilities in a timely and efficient manner.

Section 3.12. The Borrower shall:

(a) maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators set forth in the

PROMIN Operational Manual in respect of Part C of the Project and in the VIGIA Operational Manual in respect of Part D of the Project, the carrying out of said Parts of the Project and the achievement of the objective thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, each July and January during the implementation of said Parts of the Project, starting with the report due not later than July 31, 2003, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of said Parts of the Project during the calendar semester preceding the date of presentation of the pertinent report and setting out the measures recommended to ensure the efficient carrying out of said Parts of the Project and the achievement of the objective thereof during the following calendar semester; and

(c) review with the Bank by January 31, 2004, or such later date as the Bank shall request, the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take, and/or cause to be taken, all measures required to ensure the efficient completion of said Parts of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said reports and the Bank's views on the matter.

Section 3.13. The Borrower shall: (a) prior to the procurement of any pesticide under Part D.1 of the Project, prepare and furnish to the Bank, a pest management plan acceptable to the Bank, said plan to include, *inter alia*, guidelines for proper selection, application, storage, handling, transport, and disposal of pesticides; and (b) thereafter carry out said plan in accordance with its terms, and in a manner acceptable to the Bank.”.

8. References to the terms Minister of Economy and Public Works and Services and *Ministerio de Economía y Obras y Servicios Públicos* referred to in Sections 7.01 and 7.02 are hereby replaced by the terms Minister of Economy and *Ministerio de Economía*, respectively.

9. The table in paragraph 1 of Schedule 1 is hereby amended to read in its entirety as set forth in Attachment XX to this Amendment Letter.

10. Paragraph 2 of Schedule 1 is hereby amended to read in its entirety as follows:

“2. For the purposes of this Schedule:

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

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

(c) the term "incremental recurrent costs" means the cost of insurance, utilities, repairs and maintenance, salaries of incremental staff and travel for the execution of Parts A and B of the Project activities by Government Agencies; and

(d) the term “Training” means expenditures (other than those for consultants' services) incurred by the Borrower to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable) and rental of training facilities and equipment under Parts A and B of the Project, as the case may be.”.

11. A new paragraph 5 is hereby added after paragraph 4 in Schedule 1 which will read as follows:

“The 83% of local expenditures figure under ‘expenditures to be financed’ for Categories (4) and (5) set forth in the table in paragraph 1 of this Schedule is set so as to preclude Loan financing of the applicable Argentine value added tax (currently set at 21%). However, in those cases where the goods procured under said Categories are exempt from the value added tax either through the issuance of legislation or when procured through a tax-exempt procurement agent, Loan financing for said goods may be 100% (net of taxes).”.

12. Schedule 2 is hereby amended to read in its entirety as set forth in Attachment XXI to this Amendment Letter.

13. The title of Schedule 4 is hereby replaced to read “Procurement and Consultants’ Services for Parts A and B of the Project”.

14. Schedule 5 is hereby amended to read in its entirety as set forth in Attachment XXII to this Amendment Letter.

15. Schedules 7 and 8 are hereby added after Schedule 6 which will read as set forth in Attachments XXIII and XXIV to this Amendment Letter, respectively.

**V. Loan Agreement (Loan No. 4163-AR)**

1. Section 1.02 is hereby amended to read in its entirety as set forth in Attachment XXV to this Amendment Letter.

2. Paragraph (b) of Section 2.02 is hereby amended to read in its entirety as follows:

“(b) The Borrower may, for the purposes of: (i) Parts A through D of the Project, open and maintain in Dollars a special deposit account (the Special Account A); and (ii) Parts E and F of the Project, open and maintain in Dollars a special deposit account (the Special Account B), both in *Banco de la Nación Argentina* on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedules 5 and 6 to this Agreement.”.

3. Sections 3.01 and 3.02 are hereby amended to read in their entirety as follows:

“Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall, with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, health and environmental practices, as well as in accordance with the Integration Manual, the Traffic Safety Manual, the PROMIN Operational Manual, the VIGIA Operational Manual and the policies and periodically adjustable timetable and indicators set forth in the Implementation Letter, as the case may be:

- (i) cause Part A.1 of the Project to be carried out by Metrovías pursuant to the terms of the Metrovías Concession Contract;

- (ii) carry out Parts A.2, B, C and D of the Project through ST;
- (iii) carry out Parts E and F of the Project through MS; and
- (iv) coordinate execution of Parts A through D of the Project as a whole through the UEP.

(b) The Borrower shall provide or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. Except as the Bank shall otherwise agree: (a) procurement of the goods, works and consultants' services required for Parts A, B, C and D of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement; and (b) procurement of the goods required for Parts E and F of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 7 to this Agreement.”.

4. Sections 3.09 and 3.10 are hereby amended to read in their entirety as follows:

“Section 3.09. The Borrower, through ST, shall establish, and throughout the course of Project implementation maintain within ST, a unit that shall be responsible for coordinating execution of Parts A through D of the Project. Such unit shall be headed by a general coordinator and shall include consultants and permanent staff (in numbers satisfactory to the Bank and all with qualifications and experience satisfactory to the Bank).

Section 3.10. (a) Throughout the course of Project implementation, and without limitation on the provisions of Section 9.07 of the General Conditions, the Borrower, through the UEP, shall furnish to the Bank, by no later than each July 31 and January 31 (starting on January 31, 1998), a semestral progress report on implementation of Parts A through D of the Project, in form satisfactory to the Bank and based on the timetable and indicators set forth in the Implementation Letter.

(b) As part of each January semestral progress report referred to in paragraph (a) of this Section, the Borrower, through the UEP, shall present to the Bank an action plan, satisfactory to the Bank, for Project implementation during the calendar year in which said report is presented. Each such action plan shall be carried out by the Borrower, through ST, during the calendar year in question and may contain, *inter alia*, the periodic adjustment to the timetable and targets referred to in Section 3.01 (a) of this Agreement.

(c) Based, *inter alia*, on the contents of the semestral progress reports referred to in paragraph (a) of this Section, the Borrower (through ST) and Metrovías shall hold annual reviews of Project implementation with the Bank in November of every year during Project implementation, beginning in 1998. Of said annual reviews, the one scheduled for November 1999 shall constitute a comprehensive Project mid-term review in respect of Parts A through D of the Project.”.

5. Four new Sections are hereby added, after Section 3.10, which will read as follows:

“Section 3.11. (a) (a) Without limitation to the provisions of Section 3.01 (a) (ii) of this Agreement, the Borrower shall carry out:

- (i) Part E of the Project, in accordance with a manual (the PROMIN Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (A) a plan for the distribution of, *inter alia*, medical drugs and supplies, and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); and (B) the Project financial management, disbursement and procurement procedures for Part E of the Project; and
- (ii) Part F of the Project, in accordance with a manual (the VIGIA Operational Manual), acceptable to the Bank, said manual to include, *inter alia*: (A) a plan for the distribution of, *inter alia*, medical drugs and supplies, pesticides and other medical goods (which plan shall include, *inter alia*, an annual budget, the implementation arrangements for said distribution, the target population and a system to monitor compliance with the execution of said plan); (B) a negative list of pesticides which shall indicate the no use under Part F.1 of the Project of pesticides that are formulations of products within classes IA and IB of the World Health Organization's Recommended Classification of Pesticides by Hazard and Guidelines to Classification (Geneva: WHO, 1994-95; hereinafter WHO Guidelines) or are formulations of products in Class II of the WHO Guidelines; (C) guidelines for handling and disposing of medical waste under Part F.1 of the Project; and (D) the Project financial management, disbursement and procurement procedures for Part F of the Project; and

(b) In case of any conflict among the terms of the PROMIN Operational Manual, the VIGIA Operational Manual and/or those of this Agreement, the terms of this Agreement shall prevail.

Section 3.12. During the execution of Parts E and F of the Project, the Borrower shall:

- (a) maintain and operate:
  - (i) (A) a technical unit (the PCU - PROMIN) within MS with the responsibility of assisting the Borrower in the carrying out of Part E of the Project, including the monitoring and evaluation of said Part of the Project; and (B) a technical unit (the PCU - VIGIA) within MS with the responsibility of assisting the Borrower in the carrying out of Part F of the Project, including the monitoring and evaluation of said Part of the Project; and
  - (ii) an administrative unit (UFI) responsible for: (A) assisting the Borrower on administrative matters, including financial management and procurement; and (B) the coordination of programs and/or projects financed by multilateral and/or bilateral agencies; and

(b) ensure that the PCU-PROMIN, the PCU-VIGIA and the UFI are, at all times during the execution of said Parts of the Project, staffed with adequate professionals with qualifications and experience acceptable to the Bank; and

(c) provide promptly as needed the funds, facilities, services and other resources required by the PCU- PROMIN, the PCU-VIGIA and UFI to carry out its functions and to discharge its responsibilities in a timely and efficient manner.

Section 3.13. The Borrower shall:

(a) maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators set forth in the PROMIN Operational Manual in respect of Part E of the Project and in the VIGIA Operational Manual in respect of Part F of the Project, the carrying out of said Parts of the Project and the achievement of the objective thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, each July and January during the implementation of said Parts of the Project, starting with the report due not later than July 31, 2003, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of said Parts of the Project during the calendar semester preceding the date of presentation of the pertinent report and setting out the measures recommended to ensure the efficient carrying out of said Parts of the Project and the achievement of the objective thereof during the following calendar semester; and

(c) review with the Bank by January 31, 2004, or such later date as the Bank shall request, the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take, and/or cause to be taken, all measures required to ensure the efficient completion of said Parts of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said reports and the Bank's views on the matter.

Section 3.14. The Borrower shall: (a) prior to the procurement of any pesticide under Part F.1 of the Project, prepare and furnish to the Bank, a pest management plan acceptable to the Bank, said plan to include, *inter alia*, guidelines for proper selection, application, storage, handling, transport, and disposal of pesticides; and (b) thereafter carry out said plan in accordance with its terms, and in a manner acceptable to the Bank.”.

6. References to the terms Minister of Economy and Public Works and Services and *Ministerio de Economía y Obras y Servicios Públicos* referred to in Sections 7.01 and 7.02 are hereby replaced by the terms Minister of Economy and *Ministerio de Economía*, respectively.

7. The table in paragraph 1 of Schedule 1 is hereby amended to read in its entirety as set forth in Attachment XXVI to this Amendment Letter.

8. Two new paragraphs are hereby added after paragraph 4 of Schedule 1 which will read as follows:

“5. For purposes of this Schedule:

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

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

6. The 83% of local expenditures figure under 'expenditures to be financed' for Categories (11) and (12) set forth in the table in paragraph 1 of this Schedule is set so as to preclude Loan financing of the applicable Argentine value added tax (currently set at 21%). However, in those cases where the goods procured under said Categories are exempt from the value added tax either through the issuance of legislation or when procured through a tax-exempt procurement agent, Loan financing for said goods may be 100% (net of taxes).".

9. Schedule 2 is hereby amended to read in its entirety as set forth in Attachment XXVII to this Amendment Letter.

10. The title of Schedule 4 is hereby replaced to read "Procurement and Consultants' Services for Parts A and B of the Project".

11. Schedule 5 is hereby amended to read in its entirety as set forth in Attachment XXVIII to this Amendment Letter.

12. Schedules 6 and 7 are hereby added after Schedule 5 which will read as set forth in Attachments XXIX and XXX to this Amendment Letter, respectively.

**VI. Effectiveness:**

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

- (a) one fully executed original of this Amendment Letter;
- (b) evidence that:
  - (i) the PROMIN Operational Manual and the VIGIA Operational Manual have been amended by the Borrower in a manner satisfactory to the Bank; and
  - (ii) the execution and delivery of this Amendment Letter on behalf of the Borrower has been duly authorized or ratified by all necessary governmental and corporate action; and

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

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

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

**AGREED AND CONFIRMED:  
ARGENTINE REPUBLIC**

By: /s/Roberto Lavagna  
Authorized Representative

Date: December 5, 2002



## ATTACHMENT I

### Loan No. 3921

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

- (a) "AIDS" means Acquired Immune Deficiency Syndrome;
- (b) "CIS" means the international supervision committee (*Comité Internacional de Supervisión*) to be established by the Borrower in accordance with the provisions of Section 3.07 of this Agreement;
- (c) "CONEAU" means the Borrower's National University Evaluation and Accreditation Commission (*Comisión Nacional de Evaluación y Acreditación*) to be established in accordance with the provisions of Section 3.04(c)(i) of this Agreement;
- (d) "FOMECA" means the Borrower's Fund for Enhancement of Educational Quality (*Fondo de Mejoramiento de la Calidad*) established by Presidential Decree No.408 dated March 23, 1995;
- (e) "FOMECA Operational Manual" means the manual for the execution of Part B of the Project referred to in Section 3.06(a) of this Agreement;
- (f) "HIV" means Human Immune-deficiency Virus;
- (g) "MECT" means *Ministerio de Educación Ciencia y Tecnología*, the Borrower's Ministry of Education, Science and Technology;
- (h) "Monitoring Indicators" means the input indicators, process indicators, and outcome indicators set forth in Annex 1 to the letter from the Borrower to the Bank of even date with this Agreement;
- (i) "MS" means *Ministerio de Salud*, the Borrower's Ministry of Health;
- (j) "PCU-VIGIA" means the unit established pursuant to the Borrower's Presidential Decree No. 865 dated October 4, 2000 and referred to in Section 3.11 (a) (i) of this Agreement;
- (k) "PIU" means the project implementation unit to be established in accordance with the provisions of Section 3.04 (a) of this Agreement;
- (l) "Project Preparation Advance" means the project preparation advances granted by the Bank to the Borrower pursuant to the letters signed by the Bank and the Borrower on January 10, 1994, January 28, 1994 and May 9, 1994;
- (m) "Special Account" means the Special Account "A" or the Special Account "B" or both, as the case may be;

(n) "Special Account 'A' means the account referred to in Section 2.02 (b) (i) of this Agreement;

(o) "Special Account 'B' means the account referred to in Section 2.02 (b) (ii) of this Agreement;

(p) "Subprojects" means specific projects, to be carried out by universities under the responsibility of the Borrower, for increasing quality and efficiency in higher education to be financed by FOMECA under Part B.2 of the Project, and "Subproject" means any one of them;

(q) "SUP" means MECT's Secretariat for University Policies (*Secretaría de Políticas Universitarias*);

(r) "UFI" means *Unidad de Financiamiento Internacional-Salud*, the unit established pursuant to MS's Resolution No. 98/2000, dated January 27, 2000 and referred to in Section 3.11 (a) (ii) of this Agreement;

(s) "VIGIA Operational Manual" means the manual referred to in Section 3.10 (a) of this Agreement dated June 20, 2001, as said manual may be amended from time to time with the agreement of the Bank; and

(t) "year" means the Borrower's fiscal year.

**ATTACHMENT II**

**Loan No. 3921**

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods for Parts A & B of the Project	62,800,000	70%
(2) Consultants' Services:		
(a) For the PIU and CONEAU	5,800,000	100% (as of September 1, 2000)
(b) Other under Parts A and B of the Project	21,900,000	80%
(3) Scholarships	29,200,000	80% (as of January 1, 2001)
(4) Works	959,164	50%
(5) Refunding of Project Preparation Advance	1,340,836	Amounts due pursuant to Section 2.02 (c) of this Agreement
(6) Unallocated	0	
(7) Medical drugs and supplies, pesticides and other medical goods under Part C of the Project	17,600,000	100 % of foreign expenditures and 83% of local expenditures
Cancellation as of April 6, 2001	25,400,000	
	<hr/>	
TOTAL	<u>165,000,000</u>	

**ATTACHMENT III**

**Loan No. 3921**

**SCHEDULE 2**

**Description of the Project**

The objectives of the Project are: (a) to establish a more competitive environment for the improvement of higher education; (b) to provide, through a transparent funding mechanism, the appropriate incentives for continuous educational efficiency gains and quality enhancement; and (c) to strengthen disease surveillance and control activities for purposes of reducing the acute risk of disease in the Borrower's territory.

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

**Part A: Institutional Strengthening**

**1. Improvement of the Planning and Management Capacity of SUP**

Improvement of the planning and management capacity of SUP through:

(a) training, locally or overseas, of SUP staff members, study tours for SUP staff members and organization of seminars on university management;

(b) the carrying out of studies to improve the management capacity of SUP with respect to, inter alia, private sector monitoring, filing and accounting systems and legal services;

(c) establishment of a documentation center within SUP, including the rehabilitation of facilities and the acquisition of books and periodicals on higher education and of office equipment; and

(d) rehabilitation of SUP offices, including the acquisition of office furniture and technology.

**2. CONEAU**

Operation of CONEAU in order to promote the process of self-evaluation by public and private universities, to develop the external evaluation of universities, and to accredit the undergraduate programs of public interest (such as medicine and law) and graduate programs in all disciplines.

**3. Information and University Budget Allocation System**

(a) Design and operation of a technologically modern management information and statistical data system for SUP to integrate various existing modules needed for decision-making within SUP and providing adequate data and system compatibility with the statistical systems of the public universities.

(b) Development and use of a new objective method of allocation of budgetary resources between public universities, including development of a new methodology to measure the economic cost of public university operations.

4. Inter-University Information Network

Development and operation by SUP of a network system for establishing scientific communication and technical data links in accordance with accepted international standards and for exchanging library information between the departments and libraries of different public universities.

Part B: FOMECE

1. Operation of FOMECE in accordance with the organizational structure and functions set forth in the FOMECE Operational Manual.
2. Increasing quality and efficiency in public higher education through FOMECE's financing on a grant basis of Subprojects in: (a) basic sciences and engineering at both the undergraduate and the graduate levels, and (b) all other disciplines at the graduate level.

Part C: Strengthening of Disease Control

1. Carrying out of a program of actions for disease monitoring, control and prevention of tuberculosis, dengue and other vector disease control, and hospital infections, through the acquisition and distribution of medical drugs and supplies, and pesticides.
2. Carrying out of a program of actions for disease monitoring, control and prevention of HIV/AIDS and other sexually transmitted diseases, through, *inter alia*, the provision of antiretroviral therapy and critical diagnostic supplies for blood banks and other diagnostic centers.

\* \* \*

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

**ATTACHMENT IV**

**Loan No. 3921**

**SCHEDULE 5**

**Special Account 'A'**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$8,000,000 in respect of Special Account 'A' for Parts A and B of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'A' pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$7,000,000 in respect of Special Account 'A' for said Parts of the Project until the aggregate amount of withdrawals from the Loan Account (allocated to Categories (1) and (2)) plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$30,000,000.

2. Payments out of the Special Account 'A' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'A' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'A', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'A' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the

Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'A' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'A', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'A':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts A and B of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'A': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'A' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'A' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'A'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.



**ATTACHMENT V**

**Loan No. 3921**

**SCHEDULE 6**

**Special Account 'B'**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Category (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$2,000,000 in respect of Special Account 'B' for Part C of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'B' pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account 'B' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'B' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'B', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'B' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'B' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Category, and in the

respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'B', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'B':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts C and D of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'B': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'B' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'B' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'B'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT VI**  
**Loan No. 3921**

**Schedule 7**

**Procurement**

Section I. Procurement of Goods under Part C of the Project

Part A: General

Goods for Part C of the Project shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods (with the exception of anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases) shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Limited International Bidding

Anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases, which the Bank agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, shall be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract to be procured under Parts B and C of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

## ATTACHMENT VII

### Loan No. 4093

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

- (a) "AIDS" means Acquired Immune Deficiency Syndrome;
- (b) "CEU" means the central executing unit in the Subsecretariat for Assistance to the Provinces (*Subsecretaría de Asistencia a las Provincias* - SAP) within the Borrower's Ministry of the Interior, or any successor thereto, identified in Presidential Decrees Nos. 202, 1732 and 1778 (*Decretos Presidenciales*) of the Borrower, dated January 30, 1991, September 18, 1992 and August 24, 1993, respectively (as affected by Presidential Decree No. 1410 dated December 3, 1996);
- (c) "CREMA Contract" means a multi-year contract, entered into by a DPV with a private sector contractor, which contract obligates the private sector contractor to undertake all phases of road works referred to in Part A.1 (a) of the Project as a single package on behalf of the relevant Eligible Province, from design and programming of the works, through the execution of such works, with respect to a given Subproject;
- (d) "DPV" means the Provincial Road Department (*Dirección Provincial de Vialidad*) within the Ministry of Public Works of an Eligible Province or any other entity (with similar functions and responsibilities) within the Executive Power of an Eligible Province which does not have a Provincial Road Department;
- (e) "Eligible Province" means a province of the Borrower which: (i) either: (A) maintains a current account surplus and meets debt service criteria (as specified in more detail in the Operational Manual) for purposes of carrying out a Subproject (under Part A.1 of the Project); or (B) is implementing (in a manner satisfactory to the Bank) the reforms under a Transformation Fund Agreement (as such term is defined in Section 1.02 (n) of the Loan Agreement dated March 24, 1995 entered into between the Borrower and the Bank - Loan No. 3836-AR) or under a similar agreement satisfactory to the Bank for purposes of carrying out a Subproject (under Part A.1 of the Project) which will not finance the construction of roads under a Road Program; and/or (ii) meets the additional eligibility criteria set forth in the Operational Manual to carry out a Subproject;
- (f) "EU" means any of the units referred to in Section 3.07 of this Agreement;
- (g) "HIV" means Human Immune-deficiency Virus;
- (h) "Implementation Letter" means the letter of even date herewith from the Borrower to the Bank indicating the Project's general indicators and targets;
- (i) "MS" means *Ministerio de Salud*, the Borrower's Ministry of Health;
- (j) "Operational Manual" means the manual, satisfactory to the Bank (adopted by:  
(i) the Borrower through a resolution issued by the Subsecretary of SAP; and (ii) the Eligible

Provinces), which sets forth, inter alia: (i) the criteria for Eligible Provinces to participate in the carrying out of Subprojects, including a detailed description of the criteria referred to in paragraph (c) above; (ii) the criteria and methodology for appraising and selecting Sub-projects, including the policy, criteria, procedures and the general road environmental, resettlement and indigenous peoples' standards and guidelines to be followed in reviewing and approving Road Programs; (iii) the timetables related to procurement, disbursement and execution of the works under the Project; (iv) the minimum terms and conditions of a model SLA; (v) the terms of reference of the surveys to be carried out under Section 3.10 (a) (i) of this Agreement; and (vi) the guidelines and specifications to be followed by each DPV in the establishment of the respective computerized management system referred to in paragraph 3 (b) (i) (D) of Schedule 1 to this Agreement, as such manual may be amended from time to time with the agreement of the Bank;

(k) "PCU - PROMIN" means the unit established pursuant to the Borrower's Presidential Decree No. 443 dated March 16, 1993 and referred to in Section 3.13(a) (i) (A) of this Agreement;

(l) "PCU-VIGIA" means the unit established pursuant to the Borrower's Presidential Decree No. 865 dated October 4, 2000 and referred to in Section 3.13 (a) (i) (B) of this Agreement;

(m) "PMU" means any of the units referred to in Section 3.08 of this Agreement;

(n) "PROMIN Operational Manual" means the manual referred to in Section 3.12 (a) (i) of this Agreement dated November 14, 1997, as said manual may be amended from time to time with the agreement of the Bank;

(o) "Road Program" means an Eligible Province's annual road program consisting of: (i) rehabilitation, resurfacing and maintenance of the paved and unpaved road network; (ii) upgrading of paved roads and earth roads (including paving of earth roads) within the road network of such Eligible Province; and (iii) construction of roads, including the technical, economic and environmental information of each work to be carried out under such program, as such program may be amended from time to time with the agreement of the CEU;

(p) "RSU" means the subunit referred to in Section 3.06 of this Agreement;

(q) "SLA" means any of the agreements referred to in Section 3.01 (b) of this Agreement;

(r) "Special Account" means the Special Account "A" or the Special Account "B" or both, as the case may be;

(s) "Special Account 'A'" means the account referred to in Section 2.02 (b) (i) of this Agreement;

(t) "Special Account 'B'" means the account referred to in Section 2.02 (b) (ii) of this Agreement;

(u) "Subsidiary Loan" means a loan to be provided under a SLA;

(v) "Subproject" means any of the projects referred to in Part A of the Project;

(w) “UFI” means *Unidad de Financiamiento Internacional-Salud*, the unit established pursuant to MS’s Resolution No. 98/2000, dated January 27, 2000 and referred to in Section 3.13 (a) (ii) of this Agreement; and

(x) “VIGIA Operational Manual” means the manual referred to in Section 3.12 (a) (ii) of this Agreement dated June 20, 2001, as said manual may be amended from time to time with the agreement of the Bank.



**ATTACHMENT VIII**

**Loan No. 4093**

	Amount of the Loan Allocated (Expressed in <u>Dollar Equivalent</u> )	% of Expenditures <u>to be Financed</u>
<b><u>Category</u></b>		
(1) Works: (except as covered by category (5) below)		75%
(a) Rehabilitation and Resurfacing.	147,000,000	
(b) Upgrading and Paving	75,000,000	
(2) Goods:	5,000,000	100% of foreign expenditures and 80% of local expenditures
(3) Consultants' Services and training:		100%
(a) under Part A of the Project	25,000,000	
(b) under Part B of the Project	5,000,000	
(4) Unallocated	10,000,000	
(5) Works under CREMA Contracts	15,000,000	
(6) Medical drugs and supplies and iron-fortified milk under Part C of the Project	9,000,000	100 % of foreign expenditures and 83% of local expenditures
(7) Medical drugs and supplies, pesticides and other medical goods under Part D of the Project	9,000,000	100 % of foreign expenditures and 83% of local expenditures
<b>TOTAL</b>	<u>300,000,000</u> =====	

**ATTACHMENT IX**

**Loan No. 4093**

**SCHEDULE 2**

**Description of the Project**

The objectives of the Project are: (a) to develop and implement Road Programs in each Eligible Province in order to improve: (i) the efficiency of the use of resources in the road sector; and (ii) the service ability of the road network; (b) to reorganize the DPVs and strengthen their technical, environmental and management capacity in order to, inter alia, implement Road Programs; and (c) to improve maternal and child health through the delivery of quality services, and to strengthen disease surveillance and control activities, all for purposes of reducing the acute risk of disease in the Borrower's territory.

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

**Part A: Subprojects**

1. Carrying out of a project in each Eligible Province which consist of the following components:

- (a) (i) preparation of Road Programs (which, includes, inter alia, the carrying out of engineering designs, economic analyses and environmental assessments of the works); and
- (ii) implementation and monitoring of Road Programs (which includes, inter alia, the supervision of the works) in accordance with the criteria, methodology, indicators and targets set forth in the Operational Manual and the corresponding SLA, including the provision of technical assistance and training and the acquisition and utilization of the equipment required therefore;

(b) carrying out of a review of the maintenance strategy and management system of the corresponding DPV in order to gradually transfer to the private sector and/or delegate to local entities or private consortia such DPV's road maintenance functions, and thereafter, if needed, strengthen such management system, including the provision of technical assistance and training required therefore; and

(c) implementation of the road environmental, resettlement and indigenous people's standards and guidelines referred to in the Operational Manual and paragraph 3 (b) (i) (F) of Schedule 1 to this Agreement, and thereafter, strengthen the management capacity of the corresponding DPV's environmental units in order to carry out, inter alia, road environmental assessments, including the provision of technical assistance and training required therefore.

2. Carrying out of a project in each Eligible Province which consist of the components referred to in Part A.1 above with the exception of the implementation of Road Programs referred to in Part A.1 (a) (ii) above.

**Part B: Project Management of the CEU**

Strengthening of the CEU, through the provision of technical assistance in order to assist the CEU to: (a) provide assistance to each Eligible Province in the preparation, appraisal, implementation and monitoring of Subprojects; and (b) coordinate and monitor the execution of the Project.

**Part C: Emergency Drugs and Supplies**

Improvement of services related to women's reproductive health care and prenatal controls, including anemia prevention, child delivery, newborn reception, post-partum and child health care, through the acquisition and distribution of medical drugs and supplies and iron-fortified milk.

**Part D: Strengthening of Disease Control**

1. Carrying out of a program of actions for disease monitoring, control and prevention of tuberculosis, dengue and other vector disease control, and hospital infections, through the acquisition and distribution of medical drugs and supplies, and pesticides.
2. Carrying out of a program of actions for disease monitoring, control and prevention of HIV/AIDS and other sexually transmitted diseases, through, *inter alia*, the provision of antiretroviral therapy and critical diagnostic supplies for blood banks and other diagnostic centers.

\* \* \*

The Project is expected to be completed by June 30, 2004.

**ATTACHMENT X**

**Loan No. 4093**

**SCHEDULE 5**

**Special Account 'A'**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$16,000,000 in respect of Special Account 'A' for Parts A and B of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'A' pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account 'A' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'A' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'A', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'A' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'A' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in

the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'A', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'A':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts A and B of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'A': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'A' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'A' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'A'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT XI**

**Loan No. 4093**

**SCHEDULE 6**

**Special Account 'B'**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (6) and (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$2,000,000 in respect of Special Account 'B' for Parts C and D of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'B' pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account 'B' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'B' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'B', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'B' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'B' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in

the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'B', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'B':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts C and D of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'B': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'B' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'B' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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



(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'B'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT XII**

**Loan No. 4093**

**Schedule 7**

**Procurement**

Section I. Procurement of Goods under Parts C and D of the Project

Part A: General

Goods for Parts C and D of the Project shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods (with the exception of anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases) shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Limited International Bidding

Anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases, which the Bank agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, shall be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract to be procured under Parts B and C of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

**ATTACHMENT XIII**

**Loan No. 4117**

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

- (a) "AIDS" means Acquired Immune Deficiency Syndrome;
- (b) "Emergency Subproject" means a First Priority Subproject which is identified in the Operational Manual as being of particular importance to protect against the actual or potential flooding effects of the *El Niño* meteorological phenomenon as such phenomenon has impacted, or may impact, the Participating Provinces during the last semester of 1997 and/or during 1998;
- (c) "First Priority Subproject" means a flood protection project listed in Attachment 4 to the Operational Manual (as hereinafter defined);
- (d) "Flood Protection Law" means a provincial law which mandates: (i) definition, and preparation of maps, of flood-prone areas classified by differing degrees of flood risk (by the province for its territory as a whole and by private landowners for their realty within the province); (ii) definition of a structure for provincial tax and credit and subsidy programs which do not encourage development in areas of high flood risk; (iii) environmental impact assessments of proposed new hydraulic works within the province; (iv) cost recovery from beneficiaries of flood control works within the province, covering such works' maintenance and construction; (v) establishment and operation of the units referred to in paragraphs 2 (n) and 2 (o) of Schedule 6 to this Agreement; and (vi) establishment of protected natural areas within flood plains;
- (e) "HIV" means Human Immune-deficiency Virus;
- (f) "Implementation Letter" means the letter, of even date herewith, entered into between the Borrower and the Bank with respect to the action plan for the Project activities to be carried out between June 30, 2002 and June 30, 2004 both inclusive, indicators, the Flood Protection Law and the Subprojects (as hereinafter defined) in respect of Parts A and B of the Project;
- (g) "MS" means *Ministerio de Salud*, the Borrower's Ministry of Health;
- (h) "Operational Manual" means the manual, satisfactory to the Bank, issued by SUCCE (as hereinafter defined) and containing detailed guidelines, consistent with the terms of this Agreement, for implementation of the Project;
- (i) "PAHO" means the Pan American Health Organization;
- (j) "PAHO Agreement" means the agreement referred to in Section 3.11 (a) of this Agreement;
- (k) "Participating Provinces" means the city of Buenos Aires and the following provinces within the territory of the Borrower: *Buenos Aires, Chaco, Corrientes, Entre Ros, Formosa, Misiones and Santa Fe*;

(l) "PCU - PROMIN" means the unit established pursuant to the Borrower's Presidential Decree No. 443 dated March 16, 1993 and referred to in Section 3.09 (a) (i) (A) of this Agreement;

(m) "PCU-VIGIA" means the unit established pursuant to the Borrower's Presidential Decree No. 865 dated October 4, 2000 and referred to in Section 3.09 (a) (i) (B) of this Agreement;

(n) "PROMIN Operational Manual" means the manual referred to in Section 3.08 (a) (i) of this Agreement dated November 14, 1997, as said manual may be amended from time to time with the agreement of the Bank;

(o) "SAFP" means *Secretaría de Asistencia Financiera a las Provincias*, the Secretariat of Financial Assistance to the Provinces of the Borrower's Ministry of the Interior;

(p) "Second Priority Subproject" means a flood protection project listed in Attachment 5 to the Operational Manual;

(q) "Special Account" means the Special Account "A" or the Special Account "B" or both, as the case may be;

(r) "Special Account 'A'" means the account referred to in Section 2.02 (b) (i) of this Agreement;

(s) "Special Account 'B'" means the account referred to in Section 2.02 (b) (ii) of this Agreement;

(t) "Subproject" means a First Priority Subproject or a Second Priority Subproject;

(u) "Subsidiary Loan Agreement" means an agreement, satisfactory to the Bank, entered into between the Borrower and a Participating Province for the onlending of Loan proceeds to the Participating Province;

(v) "SUCCE" means the Borrower's *Sub-unidad Central de Coordinación para la Emergencia*, the Central Emergency Coordination Sub-unit of the Central Executive Unit, as defined in the Operational Manual;

(w) "SUPCE" means each Participating Province's *Sub-unidad Provincial de Coordinación para la Emergencia*, the Provincial Emergency Coordination Sub-unit of the Provincial Executive Unit, as defined in the Operational Manual;

(x) "UFI" means *Unidad de Financiamiento Internacional-Salud*, the unit established pursuant to MS's Resolution No. 98/2000. dated January 27, 2000 and referred to in Section 3.09 (a) (ii) of this Agreement; and

(y) "VIGIA Operational Manual" means the manual referred to in Section 3.08 (a) (ii) of this Agreement dated June 20, 2001, as said manual may be amended from time to time with the agreement of the Bank.

**ATTACHMENT XIV**

**Loan No. 4117**

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be financed</u>
(1) Civil Works under Parts A and B of the Project	91,300,000	72%
(2) Goods under Parts A and B of the Project (except as covered by Categories (3) and (4) below)	6,400,000	100% of foreign expenditures
(3) Provision and installation as a turn key package (including related customer assistance) of the flood warning system under Part B.4 of the Project	4,000,000	90%
(4) Construction materials under Part B.3 of the Project	26,800,000	90%
(5) Technical assistance, training and audit services for Parts A and B of the Project (except as covered by Category (3) above)	36,500,000	100%
(6) Medical drugs and supplies and iron-fortified milk under Part C of the Project	5,000,000	100 % of foreign expenditures and 83% of local expenditures
(7) Medical drugs and supplies, vaccines, pesticides and other medical goods under Part D of the Project	30,000,000	100 % of foreign expenditures and 83% of local expenditures
<b>TOTAL</b>	<u>200,000,000</u> =====	

**ATTACHMENT XV**

**Loan No. 4117**

**SCHEDULE 2**

**Description of the Project**

The objectives of the Project are to: (a) improve the physical and institutional flood protection capabilities within the Participating Provinces; and (b) improve maternal and child health through the delivery of quality services, and to strengthen disease surveillance and control activities, all for purposes of reducing the acute risk of disease in the Borrower's territory.

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

**Part A: Structural Measures**

Carrying out of Subprojects to, without controlling the flow of rivers, protect economically dynamic and flood-prone areas within flood plains in the Participating Provinces against the effects of floods.

**Part B: Non-structural Measures**

1. Provision of technical assistance and material support to establish and/or strengthen each Participating Province's capacity to deal with flood problems through: (a) the preparation and issuance of plans and regulations to rationalize land usage in flood-prone areas; (b) the creation of a unit within each Participating Province's public administration with responsibility for coordinating civil defense, the flood warning system, hydraulic works consultation, facilities maintenance and environmental safeguard activities with respect to floods within said Participating Province; and (c) the operation of SUPCEs and of the units referred to in Part B.1 (b) of the Project.
2. Construction, within Participating Province flood-prone areas for which works under Part A of the Project would not be constructed, of shelters to protect populations affected by floods (which shelters would be usable for other communal activities in the absence of a flood emergency), as well as design of improved civil defense arrangements in each Participating Province so as to deal more effectively with flood emergencies.
3. Provision of materials for construction by affected residents of flood-resistant housing in Participating Province flood-prone areas for which works under Part A of the Project would not be constructed.
4. Installation of a flood warning system consisting of: (a) a network of river flow gauging stations throughout the Participating Provinces; (b) a satellite link to transmit information collected by such gauging stations to a central data bank; (c) computer links allowing Participating Provinces non-restricted access to such central data bank; and (d) improved flood forecasting software.

5. Provision of technical assistance to, and training of staff of, Participating Provinces to: (a) assist in the design of flood protection works and in the supervision of their construction; (b) design and implement improved civil defense and emergency procedures to be used during floods; (c) support social assistance and community mobilization efforts in connection with Part B.3 of the Project; and (d) make use of the flood warning system installed under Part B.4 of the Project.

6. Provision of technical assistance to, and training of staff of, the Borrower to: (a) enable users to make use of the flood warning system installed under Part B.4 of the Project; and (b) carry out Project supervision activities, including auditing services when necessary.

7. Carrying out of environmental programs consisting of: (a) environmental education and public awareness campaigns in communities benefiting from works under Part A of the Project;

(b) environmental management and monitoring capacity strengthening actions with respect to provincial, municipal and community agencies or groups affected by or involved in Project implementation or environmental activities;

(c) improvement of baseline knowledge with respect to the ecology and dynamics of riverine and flood plain ecosystems within areas covered by the Project; and

(d) improvement in the protection and management of wetlands within areas covered by the Project.

#### Part C: Emergency Drugs and Supplies

Improvement of services related to women's reproductive health care and prenatal controls, including anemia prevention, child delivery, newborn reception, post-partum and child health care, through the acquisition and distribution of medical drugs and supplies and iron-fortified milk.

#### Part D: Strengthening of Disease Control

1. Carrying out of a program of actions for disease monitoring, control and prevention of tuberculosis, dengue and other vector disease control, and hospital infections, through the acquisition and distribution of medical drugs and supplies, vaccines and pesticides.

2. Carrying out of a program of actions for disease monitoring, control and prevention of HIV/AIDS and other sexually transmitted diseases, through, *inter alia*, the provision of antiretroviral therapy and critical diagnostic supplies for blood banks and other diagnostic centers.

\* \* \*

The Project is expected to be completed by December 31, 2003.



**ATTACHMENT XVI**

**Loan No. 4117**

**SCHEDULE 5**

**Special Account 'A'**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$16,000,000 in respect of Special Account 'A' for Parts A and B of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'A' pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account 'A' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'A' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'A', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'A' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'A' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in

the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'A', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'A':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts A and B of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'A': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'A' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'A' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'A'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT XVII**

**Loan No. 4117**

**SCHEDULE 7**

**Special Account 'B'**

1. For the purposes of this Schedule:
  - (a) the term "eligible Categories" means Categories (6) and (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
  - (b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods required for Parts C and D of the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
  - (c) the term "Authorized Allocation" means an amount equivalent to \$2,000,000 in respect of Special Account 'B' for Parts C and D of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'B' pursuant to paragraph 3 (a) of this Schedule.
2. Payments out of the Special Account 'B' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.
3. After the Bank has received evidence satisfactory to it that the Special Account 'B' has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account 'B' shall be made as follows:
  - (a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'B' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount or amounts as the Borrower shall have requested.
  - (b)
    - (i) For replenishment of the Special Account 'B', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'B' at such intervals as the Bank shall specify.
    - (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'B' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective

eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'B', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'B':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts C and D of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'B': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'B' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'B' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'B'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT  
XVIII**

**Loan No. 4117**

**Schedule 8**

**Procurement**

Section I. Procurement of Goods under Parts C and D of the Project

Part A: General

Goods for Parts C and D of the Project shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods (with the exception of anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases, vaccines and medical drugs for the treatment of tuberculosis) shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. Limited International Bidding

Anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases, which the Bank agrees can only be purchased

from a limited number of suppliers, regardless of the cost thereof, shall be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

2. National Competitive Bidding

(a) Goods (with the exception of anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases, vaccines and medical drugs for the treatment of tuberculosis) estimated to cost less than \$500,000 equivalent per contract, up to an aggregate amount not to exceed \$1,760,000, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) The procurement of the goods under this Part shall be carried out using standard bidding documents acceptable to the Bank.

3. Shopping

Goods (with the exception of anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases, vaccines and medical drugs for the treatment of tuberculosis) estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000 equivalent, may be procured under contracts awarded on the basis of international or national shopping procedures, at the Borrower's option, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Direct Contracting

Vaccines, and medical drugs for the treatment of tuberculosis costing \$22,500,000 equivalent or less in the aggregate, shall, with the Bank's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract to be procured under Parts B, C.1 and C.2 (a) of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.



(b) With respect to each contract to be procured in accordance with the procedures referred to in Parts C.3 and C.4 of this Section, the following procedures shall apply, as the case may be:

- (i) prior to the selection of any supplier under shopping procedures, the Borrower shall provide to the Bank a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under direct contracting, or shopping procedures, the Borrower shall provide to the Bank a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2(f), 2(g) and 3 of Appendix 1 to the Guidelines shall apply.

## ATTACHMENT XIX

### Loan No. 4150

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

- (a) "AIDS" means Acquired Immune Deficiency Syndrome;
- (b) "Chart of Accounts" means the chart of accounts referred to in Section 4.01 (a) of this Agreement;
- (c) "Common Accounting Plan" means the accounting plan referred to in Section 4.01 (a) of this Agreement;
- (d) "Environmental Manual" means the manual referred to in Section 3.07 of this Agreement;
- (e) "EPDA" means *Entidad de Programación del Desarrollo Agropecuario*, the agency in charge of Project coordination in a Participating Province (as hereinafter defined);
- (f) "HIV" means Human Immune-deficiency Virus;
- (g) "Implementation Letter" means the letter of even date with this Agreement from the Borrower to the Bank;
- (h) "Government Agencies" means ministries, secretariats and decentralized agencies of the Borrower involved in the execution of the Project;
- (i) "Monitoring Indicators" means the performance and impact indicators for Parts A and B set forth in an Annex to the Implementation Letter;
- (j) "MS" means *Ministerio de Salud*, the Borrower's Ministry of Health;
- (k) "National Subprojects" means Subprojects (as hereinafter defined) of national or regional importance carried out by the Borrower or by decentralized agencies of the Borrower;
- (l) "Operational Manual" means the manual referred to in Section 3.07 of this Agreement;
- (m) "Participating Province" means any province of the Borrower which enters into a Subsidiary Loan Agreement (as hereinafter defined) for the execution of a Subproject (as hereinafter defined);
- (n) "PCU - PROMIN" means the unit established pursuant to the Borrower's Presidential Decree No. 443 dated March 16, 1993 and referred to in Section 3.11 (a) (i) (A) of this Agreement;

(o) "PCU-VIGIA" means the unit established pursuant to the Borrower's Presidential Decree No. 865 dated October 4, 2000 and referred to in Section 3.11 (a) (i) (B) of this Agreement;

(p) "PROMIN Operational Manual" means the manual referred to in Section 3.10 (a) (i) of this Agreement dated November 14, 1997, as said manual may be amended from time to time with the agreement of the Bank;

(q) "Provincial Eligibility Criteria" means the eligibility criteria set forth in Part II of Schedule 6 to this Agreement;

(r) "Provincial Subprojects" means Subprojects (as hereinafter defined) carried out by Participating Provinces;

(s) "SAGPyA" means *Secretaría de Agricultura, Ganadería, Pesca y Alimentación*, the Borrower's Secretariat of Agriculture, Livestock, Fisheries and Food;

(t) "Special Account" means the Special Account "A" or the Special Account "B" or both, as the case may be;

(u) "Special Account 'A'" means the account referred to in Section 2.02 (b) (i) of this Agreement;

(v) "Special Account 'B'" means the account referred to in Section 2.02 (b) (ii) of this Agreement;

(w) "Subproject" means a subproject for water resource management, rural infrastructure, technology development and transfer, animal and plant health, market development, agricultural information, provincial agricultural institution building, production and regulation of food products, or for another agricultural development activity, that meets the objectives of the Project as set forth in Schedule 2 to this Agreement and the Subproject Eligibility Criteria (as hereinafter defined), and that has been approved by the Borrower and the Bank;

(x) "Subproject Eligibility Criteria" means the criteria for eligibility of subprojects set forth in the Operational Manual;

(y) "Subsidiary Loan" means a loan provided under a Subsidiary Loan Agreement (as hereinafter defined);

(z) "Subsidiary Loan Agreement" means an agreement entered into between the Borrower and a Participating Province in accordance with Section 3.01 (b) of this Agreement;

(aa) "Total Project Cost" means, unless the Bank otherwise agrees, \$357,200,000 equivalent;

(ab) "UEC" means *Unidad Ejecutora Central*, the unit referred to in Section 3.05 of this Agreement;

(ac) "UEP" means *Unidad Ejecutora de Proyectos*, the executing units established or to be established and maintained for the purpose of coordinating and supervising the execution of National Subprojects or Provincial Subprojects;

(ad) "UFI" means *Unidad de Financiamiento Internacional-Salud*, the unit established pursuant to MS's Resolution No. 98/2000. dated January 27, 2000 and referred to in Section 3.11 (a) (ii) of this Agreement; and

(ae) "VIGIA Operational Manual" means the manual referred to in Section 3.10 (a) (ii) of this Agreement dated June 20, 2001, as said manual may be amended from time to time with the agreement of the Bank.

**ATTACHMENT XX**

**Loan No. 4150**

<b><u>Category</u></b>	<b>Amount of the Loan Allocated (Expressed in Dollars)</b>	<b>% of Expenditures to be Financed</b>
(1) Part A of the Project:		
(a) Civil Works	30,000,000	80%
(b) Goods	11,000,000	100% of foreign expenditures and 80% of local expenditures
(c) Consultants' services and training	23,000,000	100%
(d) Incremental recurrent costs	18,000,000	75% up to \$6,000,000 disbursed; 50% thereafter up to an aggregate of \$12,000,000 disbursed; 25% thereafter up to an aggregate of \$18,000,000 disbursed
(2) Part B of the Project:	10,000,000	100%
(a) Consultants' services and training		
(b) Incremental recurrent costs	3,000,000	75% up to \$1,000,000 disbursed; 50% thereafter up to \$2,000,000 disbursed; 25% thereafter up to \$3,000,000 disbursed
(3) Unallocated	10,000,000	100%
(4) Medical drugs and supplies and iron-fortified milk under Part C of the Project	5,000,000	100 % of foreign expenditures and 83% of local expenditures

<u>Category</u>	Amount of the Loan Allocated (Expressed in <u>Dollars</u> )	% of Expenditures <u>to be Financed</u>
(5) Medical drugs and supplies, vaccines, pesticides and other medical goods under Part D of the Project	15,000,000	100 % of foreign expenditures and 83% of local expenditures
TOTAL	<u>125,000,000</u> =====	

**ATTACHMENT XXI**

**Loan No. 4150**

**SCHEDULE 2**

**Description of the Project**

The objectives of the Project are: (a) to increase and to diversify agricultural production and exports; (b) to increase and to stabilize agricultural incomes for about 120,000 small and medium-sized commercial farms; (c) to improve the effectiveness of basic agricultural support services so as to increase international competitiveness of agricultural products; (d) to improve rural productive infrastructure so as to reduce production costs and to improve conservation and management of natural resources; (e) to strengthen national and provincial institutional capacity to formulate and analyze agricultural development policy and to identify, prepare and implement investment projects; (f) to rationalize public investments and to promote an expanded private sector role in agricultural development; and (g) to improve maternal and child health through the delivery of quality services, and to strengthen disease surveillance and control activities, all for purposes of reducing the acute risk of disease in the Borrower's territory.

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

Part A: Subprojects

- (1) Carrying out of National Subprojects.
- (2) Carrying out of Provincial Subprojects.

Part B: Institutional Strengthening and Project Management

Strengthening of national and provincial capabilities to develop and implement efficient systems for formulation and analysis of agricultural policies, and to identify, prepare and implement programs and projects through, inter alia:

(a) at the national level establishment of: (i) operational mechanisms among SAGPyA and other Government Agencies in order to improve coordination; and (ii) processes and procedures to improve the generation, execution and analysis of agricultural policies, programs and projects;

(b) at the provincial level: (i) improvement of the definition of the functions of provincial agricultural public sector agencies and improvement of coordination among them; and (ii) establishment of processes and procedures to improve the generation, execution and analysis of agricultural policies, programs and projects, including definition of the role of provincial public sector agencies in the preparation and execution of Subprojects and preparation of implementation arrangements among the entities involved; and

(c) at the operational level: coordination, management, monitoring and evaluation of Parts A and B of the Project, at both the national and provincial levels.

**Part C: Emergency Drugs and Supplies**

Improvement of services related to women's reproductive health care and prenatal controls, including anemia prevention, child delivery, newborn reception, post-partum and child health care, through the acquisition and distribution of medical drugs and supplies and iron-fortified milk.

**Part D: Strengthening of Disease Control**

1. Carrying out of a program of actions for disease monitoring, control and prevention of tuberculosis, dengue and other vector disease control, and hospital infections, through the acquisition and distribution of medical drugs and supplies, and pesticides.
2. Carrying out of a program of actions for disease monitoring, control and prevention of HIV/AIDS and other sexually transmitted diseases, through, *inter alia*, the provision of antiretroviral therapy and critical diagnostic supplies for blood banks and other diagnostic centers.

\* \* \*

The Project is expected to be completed by December 31, 2003.



**ATTACHMENT XXII**

**Loan No. 4150**

**SCHEDULE 5**

**Special Account 'A'**

1. For the purposes of this Schedule:

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

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

(c) the term "Authorized Allocation" means an amount equivalent to \$6,000,000 in respect of Special Account 'A' for Parts A and B of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'A' pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account 'A' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'A' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'A', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'A' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'A' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in

the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'A', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'A':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts A and B of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'A': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'A' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'A' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'A'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT XXIII**

**Loan No. 4150**

**SCHEDULE 7**

**Special Account 'B'**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (4) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$2,000,000 in respect of Special Account 'B' for Parts C and D of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'B' pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account 'B' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'B' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'B', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'B' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'B' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in

the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'B', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'B':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts C and D of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'B': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'B' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'B' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'B'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT XIV**

**Loan No. 4150**

**Schedule 8**

**Procurement**

Section I. Procurement of Goods under Parts C and D of the Project

Part A: General

Goods for Parts C and D of the Project shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods (with the exception of anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases) shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Limited International Bidding

Anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases, which the Bank agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, shall be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract to be procured under Parts B and C of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.



**ATTACHMENT XXV**

**Loan No. 4163**

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

- (a) "AIDS" means Acquired Immune Deficiency Syndrome;
- (b) "AMBA" means *Area Metropolitana de Buenos Aires* (the metropolitan area comprised of the city of Buenos Aires and surrounding municipalities);
- (c) "HIV" means Human Immune-deficiency Virus;
- (d) "Implementation Letter" means the letter, of even date herewith, entered into between the Borrower and the Bank with respect to the timetable and indicators applicable to the carrying out of the Project;
- (e) "Integration Manual" means the manual referred to in Section 3.06 (a) of this Agreement;
- (f) "Integration Subproject" means a set of civil works and other actions to be carried out in connection with improvements to a given rail or subway station under Part B.1 of the Project, but only if such civil works and actions are not excluded from the Project pursuant to paragraph C.4 of the Social and Environmental Letter (as hereinafter defined);
- (g) "Metrovías" means the Argentine corporation to which the Borrower awarded the concession to operate all lines of the Buenos Aires subway system, as well as the Urquiza suburban rail line, pursuant to the terms of the Metrovías Concession Contract (as hereinafter defined);
- (h) "Metrovías Concession Contract" means the November 25, 1993 contract entered into between the Borrower and Metrovías (as amended to the date of this Agreement and as may be subsequently amended without prejudice to the terms of Section 5.01 of this Agreement), which contract contains the terms of the concession awarded to Metrovías to operate all lines of the Buenos Aires subway system;
- (i) "Metrovías Line A Coordination Contract" means the January 22, 1997 contract entered into between the Borrower and Metrovías (as amended to the date of this Agreement and as may be subsequently amended without prejudice to the terms of Sections 3.05 and 5.01 of this Agreement), which contract contains the terms whereby Metrovías shall cooperate with the Borrower so that the Borrower may effectively carry out Part A.2 of the Project;
- (j) "Monitoring System Arrangement" means the contract or administrative arrangement to be entered into between the Borrower and an entity with sufficient qualifications in the field, pursuant to Section 3.08 (a) of this Agreement, which contract or arrangement shall contain the terms whereby said entity shall participate in the carrying out of Part C.2 of the Project;
- (k) "MS" means *Ministerio de Salud*, the Borrower's Ministry of Health;

(l) "Other Concessionaires" means those parties, other than Metrovías, to which the Borrower has awarded the concession to operate AMBA suburban rail lines that connect with the Buenos Aires subway;

(m) "Other Concession Contracts" means the contracts entered into between the Borrower and each of the Other Concessionaires (as amended to the date of this Agreement and as may be subsequently amended without prejudice to the terms of Section 5.01 of this Agreement), which contracts contain the terms of the concessions awarded to the Other Concessionaires to operate AMBA suburban rail lines;

(n) "PCU - PROMIN" means the unit established pursuant to the Borrower's Presidential Decree No. 443 dated March 16, 1993 and referred to in Section 3.12 (a) (i) (A) of this Agreement;

(o) "PCU-VIGIA" means the unit established pursuant to the Borrower's Presidential Decree No. 865 dated October 4, 2000 and referred to in Section 3.12 (a) (i) (B) of this Agreement;

(p) "Project Preparation Advance" means the project preparation advance granted by the Bank to the Borrower pursuant to the letter from the Bank to the Borrower dated August 2, 1996 (no. P-302-AR);

(q) "PROMIN Operational Manual" means the manual referred to in Section 3.11 (a) (i) of this Agreement dated November 14, 1997, as said manual may be amended from time to time with the agreement of the Bank;

(r) "Social and Environmental Letter" means the March 7, 1997 letter from the Borrower to the Bank with respect to certain social and environmental policies applicable to the Project;

(s) "ST" means the Borrower's *Secretaría de Transporte* (Secretariat of Transport) within the Borrower's *Ministerio de la Producción* (Ministry of Production);

(t) "Special Account" means the Special Account "A" or the Special Account "B" or both, as the case may be;

(u) "Special Account 'A'" means the account referred to in Section 2.02 (b) (i) of this Agreement;

(v) "Special Account 'B'" means the account referred to in Section 2.02 (b) (ii) of this Agreement;

(w) "Traffic Safety Manual" means the manual referred to in Section 3.07 (a) of this Agreement;

(x) "Traffic Safety Subproject" means a set of civil works and other actions to be carried out in connection with improvements to a given road/rail crossing under Part C.1 (a) of the Project, but only if such civil works and actions are not excluded from the Project pursuant to paragraph C.4 of the Social and Environmental Letter;

(y) "UEP" means the unit (*Unidad de Ejecución del Proyecto*) referred to in Section 3.09 of this Agreement;

(z) "UFI" means *Unidad de Financiamiento Internacional-Salud*, the unit established pursuant to MS's Resolution No. 98/2000, dated January 27, 2000 and referred to in Section 3.12 (a) (ii) of this Agreement;

(aa) "VIGIA Operational Manual" means the manual referred to in Section 3.11 (a) (ii) of this Agreement dated June 20, 2001, as said manual may be amended from time to time with the agreement of the Bank; and

(ab) "Work Certificate" means a *certificado de obra* issued by Metrovías to the Borrower to bill for work undertaken by Metrovías pursuant to the Metrovías Concession Contract.

**ATTACHMENT XXVI**

**Loan No. 4163**

	<u>Category</u>	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(1)	Metrovías concession payments for Part A.1 of the Project	50,000,000	35% of the expenditures covered by each Work Certificate
(2)	Civil works for Part A.2 of the Project	55,000,000	65%
(3)	Civil works (including Integration Subprojects) under Part B of the Project	9,000,000	40%
(4)	Civil works (including Traffic Safety Subprojects) under Part C.1 of the Project	14,000,000	40%
(5)	Goods for Part C.2 of the Project	1,500,000	70%
(6)	Goods for Parts A.2, B and C.1 of the Project	1,700,000	70%
(7)	Technical assistance and training (except as covered under Category (8) below)	11,000,000	100%
(8)	Technical assistance for Part D.3 (b) of the Project	6,300,000	100%
(9)	Refunding of Project Preparation Advance	1,500,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(10)	Unallocated	0	

<u>“Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(11) Medical drugs and supplies and iron-fortified milk  under Part E of the Project	15,000,000	100 % of foreign expenditures and 83% of local expenditures
(12) Medical drugs and supplies, vaccines, pesticides and other medical goods under Part F of the Project	35,000,000	100 % of foreign expenditures and 83% of local expenditures
TOTAL	200,000,000.	

**ATTACHMENT XXVII**

**Loan No. 4163**

**SCHEDULE 2**

**Description of the Project**

The objectives of the Project are to: (a) support joint private sector-public sector initiatives to improve the service quality and coverage of mass transit in the AMBA; (b) support the carrying out of the infrastructure improvement obligations assumed by private concessionaires with respect to the AMBA passenger rail system; (c) assist in improving traffic safety and urban transport-related environmental quality in the AMBA; (d) contribute towards the development of an integrated urban transport (road and rail) system for the AMBA; and (e) improve maternal and child health through the delivery of quality services, and to strengthen disease surveillance and control activities, all for purposes of reducing the acute risk of disease in the Borrower's territory.

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

**Part A: Buenos Aires Subway Infrastructure Improvement**

1. Rehabilitation (including civil works supervision) of lines B, C, D and E of the Buenos Aires subway system, as well as of the Urquiza suburban rail line, by replacing portions of their track without deviating from the original existing track bed, renovating their electric substations and electric transmission systems, installing automatic signals and an operations control center for the lines, improving their passenger stations (such as by installing or rebuilding escalators), improving their mechanical workshops, ventilation systems and drainage systems and reconstructing approximately eight Urquiza line electric coaches.

2. Rehabilitation (including civil works supervision) of Buenos Aires subway system line A by completely replacing its track without deviating from the original existing track bed, installing three new electric substations for the line, renewing the line's power transmission system, renovating its signal and communications system, expanding the subway operations control center to include control of the line, replacing the line's drainage pumps and ventilation system, installing or rebuilding its station escalators and merging its existing Lima and Piedras stations so as to improve passenger transfer conditions between Buenos Aires subway system lines A and C.

**Part B: Urban Transport System Integration**

1. Major improvements (including civil works supervision) of road/rail transfer facilities by carrying out Integration Subprojects (consisting of, e.g., building or improving bus terminals, transfer centers and car parks) at selected major AMBA subway and/or rail stations.

2. (a) Minor improvements (such as, e.g., installation of bus-only lanes and other traffic flow enhancements, traffic signals, walkways, sidewalks and bicycle parking facilities) at outlying AMBA subway and/or rail stations, so as to ease bus, car, pedestrian and bicycle access to such stations; and (b) carrying out of a promotional campaign to encourage bicycle access to such stations.

Part C: Traffic Safety Enhancement and Environmental Monitoring

1. (a) Conversion (including civil works supervision) of approximately twelve grade road/rail crossings in the AMBA into non-grade road/rail crossings, at or near the same sites as the original grade crossings (by carrying out Traffic Safety Subprojects involving tunnel or bridge construction); (b) installation or rehabilitation of automatic barriers at the sites of selected road/rail crossings in the AMBA that will not be converted to non-grade crossings; (c) carrying out of a study to develop a comprehensive strategy to improve the safety of road/rail grade crossings in the AMBA; and (d) implementation of other traffic safety measures in the AMBA (such as implementation of a traffic safety public education campaign).
2. Installation and operation of an air quality and noise pollution monitoring system for the city of Buenos Aires.

Part D: Institutional Strengthening

1. Carrying out of an integrated urban transport study for the AMBA, which study shall include a transport survey and, on the basis of the results of said survey, subsequent preparation of a transport model suitable for quantitatively assessing the feasibility and comparative merits of alternative transportation strategies for the AMBA.
2. Development of an AMBA traffic and street environment improvement program.
3. Provision of technical assistance to ST on: (a) technical, financial, environmental and social aspects of urban transport in general, as well as on the preparation, appraisal and carrying out of Integration Subprojects and Traffic Safety Subprojects in particular; and (b) general Project administration.
4. Provision of training, in the fields of urban transport planning and economics, environmental management, traffic engineering and traffic safety management, to Argentine professionals working, or likely to work, in said fields with respect to the AMBA.
5. Establishment, maintenance and operation, throughout at least the period of implementation of the Project, of a public unit for AMBA urban transport planning.

Part E: Emergency Drugs and Supplies

Improvement of services related to women's reproductive health care and prenatal controls, including anemia prevention, child delivery, newborn reception, post-partum and child health care, through the acquisition and distribution of medical drugs and supplies and iron-fortified milk.

Part F: Strengthening of Disease Control

1. Carrying out of a program of actions for disease monitoring, control and prevention of tuberculosis, dengue and other vector disease control, and hospital infections, through the acquisition and distribution of medical drugs and supplies, and pesticides.
2. Carrying out of a program of actions for disease monitoring, control and prevention of HIV/AIDS and other sexually transmitted diseases, through, *inter alia*, the provision of

antiretroviral therapy and critical diagnostic supplies for blood banks and other diagnostic centers.

\* \* \*

The Project is expected to be completed by June 30, 2003.



**ATTACHMENT XXVIII**

**Loan No. 4163**

**SCHEDULE 5**

**Special Account 'A'**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (8) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$8,000,000 in respect of Special Account 'A' for Parts A through D of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'A' pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account 'A' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'A' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'A', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'A' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'A' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'A' for eligible expenditures. All such deposits shall be withdrawn by the Bank

from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'A', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'A':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account 'A';

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts A through D of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'A': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'A' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'A' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'A'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT XXIX**

**Loan No. 4163**

**SCHEDULE 6**

**Special Account 'B'**

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (11) and (12) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

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

(c) the term "Authorized Allocation" means an amount equivalent to \$2,000,000 in respect of Special Account 'B' for Parts E and F of the Project to be withdrawn from the Loan Account and deposited into the Special Account 'B' pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account 'B' shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

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

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account 'B' of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account 'B', the Borrower shall furnish to the Bank requests for deposits into the Special Account 'B' at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account 'B' such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account 'B' for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in

the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account 'B', the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account 'B':

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account 'B';

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts E and F of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

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

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account 'B': (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account 'B' (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 'B' shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

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

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account 'B'.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

**ATTACHMENT XXX**

**Loan No. 4163**

**Schedule 7**

**Procurement**

Section I. Procurement of Goods under Parts E and F of the Project

Part A: General

Goods for Parts E and F of the Project shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods (with the exception of anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases) shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.
2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Limited International Bidding

Anti-retroviral drugs, medical supplies for blood banks and other diagnostic centers for HIV/AIDS and other sexually transmitted diseases, which the Bank agrees can only be purchased

from a limited number of suppliers, regardless of the cost thereof, shall be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract to be procured under Parts B and C of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.



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