

**CONFORMED COPY**

**LOAN NUMBER 7442-AR**

# **Loan Agreement**

**(Additional Financing for the Buenos Aires Urban Transport Project)**

**between**

**ARGENTINE REPUBLIC**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated November 26, 2007**

**LOAN AGREEMENT**

Agreement dated November 26, 2007, between ARGENTINE REPUBLIC (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purposes of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement) and for those activities referred to in Part 4 (d) of the Project (as said term is defined in Section 2.01 of this Agreement). The Borrower and the Bank hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Loan Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement (as the case may be).

**ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred million Dollars (\$100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent (3/4 of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.
- 2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time. In the event that the Borrower selects not to capitalize the Front-end Fee, the Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time; provided, that upon

- a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions.
- 2.06. The Payment Dates are March 15 and September 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through ST, shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. (a) Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall: (i) ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement and the Operational Manual; and (ii) ensure, and/or cause to be ensured, that the Project activities under Parts 1 and 3 of the Project and the New Traffic Safety Subprojects are all carried out in accordance with the provisions of the Environmental and Social Management Manual.

- (b) In case of any conflict among the terms of the Operational Manual, the Environmental and Social Management Manual and those of this Agreement, the terms of this Agreement shall prevail.

#### **ARTICLE IV — REMEDIES OF THE BANK**

4.01. The Additional Events of Suspension consists of the following:

- (a) Thirty days have transpired since the Bank shall have informed the Borrower in writing that the Borrower, Metrovias, the Other Concessionaires, the Province of Buenos Aires, the Autonomous City of Buenos Aires and/or any of the AMBA municipalities have taken any action (such as, *inter alia*, in connection or in violation of the Metrovias Concession Contract, the Metrovias Line A Coordination Contract, the Other Concession Contracts and/or the agreements referred to in Section I.B (a) and C (a) of Schedule 2 to this Agreement), or shall have been subjected to any action or circumstances, so as to affect, in the opinion of the Bank, materially and adversely the efficient execution of the Project or the attainment of its objectives.
- (b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that Metrovias will be able to perform its obligations under the Metrovias Concession Contract and/or the Metrovias Line A Coordination Contract.

4.02. The Additional Event of Acceleration consists of, namely, that any of the events specified in paragraph (a) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

#### **ARTICLE V — TERMINATION**

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

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

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

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

|  |           |                   |
|--|-----------|-------------------|
| Cable:   | Telex:    | Facsimile:        |
| MINISTERIO DE<br>DE ECONOMIA Y<br>PRODUCCION<br>Baires | 121942-AR | (54 11) 4349-8815 |

6.03. The Bank's Address is:

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

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

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

ARGENTINE REPUBLIC

By/s/ Miguel Peirano

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By/s/ Pedro Alba

Authorized Representative

## SCHEDULE 1

### Project Description

The objectives of the Project included in the Original Project (as amended herein solely for purposes of the Loan) 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, through, *inter alia*, the support in the establishment of a metropolitan transport agency; and (e) assist the Borrower in developing integrated urban transport strategies in the Borrower's largest metropolitan areas.

The Project consists of the following parts included in the Original Project, as amended below solely for purposes of the Loan:

#### Part 1: Urban Transport Integration System

Minor improvements (including civil works supervision) such as improvement of sidewalks, pavement of roads and sidewalks, addition of lighting and urban furniture, as well as any other minor improvement of the same nature, all acceptable to the Bank, at selected outlying AMBA railway stations (acceptable to the Bank), so as to improve access to and around said stations for pedestrians and other non-motorized and public transport users.

#### Part 2: Traffic Safety Enhancement

Conversion (including civil works supervision) of about seven (7) selected at-grade road/rail crossings in the AMBA (acceptable to the Bank) into grade-separated road/rail crossings, at or near the same sites as the original at-grade crossings (which conversion consists of underpass or bridge construction, and closure of the existing at-grade crossing).

#### Part 3: Buenos Aires Subway Infrastructure Improvement

Minor rehabilitation works (including civil works supervision) for selected stations in the Buenos Aires subway system line A, through, *inter alia*, the improvement of their signal and communications systems, all acceptable to the Bank.

#### Part 4: Institutional Strengthening

(a) (i) Carrying out of: (A) a household transport survey for the AMBA; (B) a study and an inventory of the bus transport system operating within the AMBA (which study and inventory consists of identifying all bus transport services and their operating characteristics); (C) a study and inventory of the private and individual transport used in the AMBA (which study and inventory consists of identifying all travel by car and other individual travel modes in the

AMBA); and (D) a counting campaign for private transport in the AMBA (which consists of counting and classifying traffic volumes at fixed points in the AMBA, and immediately thereafter carrying out analyses of said data); (ii) develop a transport model for the AMBA based on the data and the results of the studies mentioned in (i) herein; and (iii) provision of training to ST staff on urban transport planning, and on the use and operation of transport modeling software and transport planning techniques.

(b) (i) Carrying out of engineering designs of: (A) New Traffic Safety Subprojects; and (B) minor improvements under Part 1 of the Project, as needed; (ii) provision of technical assistance, and training (as needed) to stakeholders in the Borrower's transport sector with respect to technical, financial, environmental and social aspects related to transport; (iii) carrying out of strategic studies with respect to the Borrower's framework on financial assistance to the urban transport sector, at the federal level; and (iv) carrying out of Project monitoring and ex-post Project evaluation analyses.

(c) Provision of technical assistance, and training (as needed) to stakeholders in the Borrower's transport sector on the areas of transport system design, planning, operations, environment and social management, and on any other related area (acceptable to the Bank), so as to, *inter alia*, improve the urban transport knowledge and practices with respect to the future metropolitan transport agency.

(d) (i) Provision of technical assistance, and training (as needed) to the cities of Cordoba, Mendoza, Posadas, Rosario, Tucuman, and to any other city (acceptable to the Bank), so as to assist the same in: (A) the development of an integrated urban transport strategy for each said city; and (B) the carrying out of urban transport pre-investment and investment studies, all as needed; and (ii) carrying out of studies on the impact of the Borrower's framework on financial assistance to the urban transport sector, at the provincial level.

#### Part 5: Project Administration

Operation and maintenance of the UEP throughout Project implementation, for purposes of assisting the Borrower in, *inter alia*, the coordination of the Project.



**SCHEDULE 2****Project Execution****Section I. Institutional and Other Arrangements**

A. The Borrower shall exercise its rights and carry out its obligations under the Metrovias Concession Contract and the Other Concession Contracts in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

B. (a) Prior to the commencement of any minor improvement under Part 1 of the Project, the Borrower shall enter into a legally binding agreement with the relevant municipality and (if appropriate) rail service operator, which agreement shall define each such party's rights and obligations with respect to the minor improvements for the particular railway station (including their obligation to facilitate the Borrower's carrying out of said minor improvements, to permit or cause compliance with the terms of this Agreement (including the pertinent provisions of the Environmental and Social Management Manual), and to maintain and/or operate the resulting infrastructure once completed).

(b) (i) The Borrower shall exercise its rights and carry out its obligations under each of the agreements referred to in paragraph B (a) above in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any of said agreements or any provision thereof.

C. (a) Prior to the carrying out of any civil works under each New Traffic Safety Subproject, the Borrower shall enter into a legally binding agreement with the relevant municipality and (if appropriate) rail service operator, which agreement shall define each such party's rights and obligations with respect to the civil works for the pertinent subproject (including their obligation to facilitate the Borrower's carrying out of said civil works, to permit or cause compliance with the terms of this Agreement (including the pertinent provisions of the Environmental and Social Management Manual), and to maintain and/or operate the resulting infrastructure once completed).

(b) (i) The Borrower shall exercise its rights and carry out its obligations under each of the agreements referred to in paragraph C (a) above in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any of said agreements or any provision thereof.

D. Without limitation to the provisions of Section 3.02 (a) (ii) of this Agreement, and Section I.C (a) of this Schedule, the Borrower shall, once the definition of the precise siting alignments in respect of any particular New Traffic Safety Subproject has taken place, but prior to the commencement of any works under each pertinent subproject: (a) carry out an environmental assessment of the same and, if determined by the Bank, approve an environmental management plan, acceptable to the Bank (which plan shall be based on the results of the environmental

assessment mentioned herein, and the Bank's comments on the results of said assessment, if any); and (b) immediately after the approval of the pertinent environmental management plan mentioned in (a) herein, implement, and/or cause to be implemented, said plan in accordance with its terms.

E. Without limitation to the provisions of Section 3.02 (a) (ii) of this Agreement, and Section I.C (a) and D of this Schedule, and if as a result of the definition of precise siting alignments in respect of any particular New Traffic Safety Subproject and the carrying out of the pertinent environmental assessment referred to in Section I.D of this Schedule it is determined by the Bank that Resettlement will be involved in respect of any New Traffic Safety Subproject, the Borrower shall: (a) prior to the commencement of any civil works under the corresponding New Traffic Safety Subproject, prepare and furnish to the Bank a resettlement plan (acceptable to the Bank) for each said New Traffic Safety Subproject (which plan shall be consistent with the provisions of the Resettlement Policy Framework); and (b) immediately thereafter, implement and/or cause to be implemented, the pertinent resettlement plan in accordance with its terms, and in a manner acceptable to the Bank.

F. With respect to Part 3 of the Project, the Borrower shall exercise its rights and carry out its obligations under the Metrovias Line A Coordination Contract in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as, the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce the Metrovias Line A Coordination Contract or any provision thereof.

G. (a) The Borrower shall operate and maintain, at all times during Project implementation, the UEP with a structure, functions and responsibilities acceptable to the Bank, including, *inter alia*, the responsibility referred to in Part 5 of the Project.

(b) The Borrower shall ensure that the UEP is, at all times during Project implementation, headed by a Project general coordinator and assisted by professional staff (including, an environmental/social specialist, a financial management specialist, and a procurement specialist) and administrative staff, all in numbers and with terms of reference, and qualifications and experience, all acceptable to the Bank.

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

### **A. Project Reports**

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of a timetable and indicators, all acceptable to the Bank. Each Project Report shall cover the period of one calendar semester (starting with the second calendar semester of the year 2007), and shall be furnished to the Bank not later than thirty (30) days after the end of the period covered by such report.

2. Without limitation to the provisions of Section 5.08 (b) of the General Conditions, and as part of the Progress Report to be presented by the end of each January throughout Project

implementation (starting with the Progress Report due in January 2008), the Borrower, through the UEP, shall: (a) prepare and furnish to the Bank an action plan, acceptable to the Bank, which plan shall contain, *inter alia*, the recommended measures (including the Bank's views, if any, and a timetable to implement the same) reflected in the Progress Reports pertaining to the immediately preceding calendar semesters; and (b) immediately thereafter, carry out said action plan in accordance with its terms, and in a manner acceptable to the Bank.

3. For purposes of Section 5.08 (b) of the General Conditions, the Borrower shall, not later than March 31 of each year of Project implementation (starting in the year 2008), exchange views with the Bank (the annual reviews).

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

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. The Borrower shall prepare and furnish to the Bank not later than one month after the end of each semester (starting with the second calendar semester of the year 2007), interim un-audited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Bank (which reports shall include, *inter alia*, the list of signed contracts for works, goods, Non-Consultant Services and consultants' services under the Project as reflected in the Borrower's financial management system (UEPEX) during the period covered by each of said reports).

3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

## **Section III. Procurement**

### **A. General**

1. **Goods, Works and Non-Consultant Services.** All goods, works and Non-Consultant Services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to: (a) in the Original Loan Agreement; and (b) in Section I of the Procurement Guidelines and with the provisions of this Section, as the case may be, depending on the date of said procurement.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to: (a) in the Original Loan Agreement; and (b) in Sections I and IV of the Consultant Guidelines and with the provisions of this Section, as the case may be, depending on the date of said procurement.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

4. **Special Provisions.** Without limitation to the provisions in Section III A.1 and 2 of this Schedule, the following additional provisions shall also govern the procurement of goods, works, Non-Consultant Services and consultants' services under the Project (as the case may be):

(a) procurement of goods, works, Non-Consultant Services and consultants' services (in respect of firms) shall be carried out using standard bidding documents (which bidding documents in respect of works shall include, if applicable, a provision whereby the pertinent contractor must comply with the pertinent provisions of the Environmental and Social Management Manual, the Resettlement Policy Framework and corresponding resettlement plan, and the pertinent environmental management plan referred to in Section I.D of this Schedule) and standard requests for quotations/proposals, all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision;

(b) all contracts for works to be procured under the Project shall contain a methodology, acceptable to the Bank, whereby the price of each said contracts shall be adjusted through the use of price adjustment formulas, in a manner acceptable to the Bank;

(c) a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and Non-Consultant Services;

(d) after the public opening of bids for goods, works and Non-Consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;

(e) after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants' proposals;

(f) bidders or consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina; (ii) have a representative in Argentina; and (iii) be associated or subcontract with Argentine suppliers, contractors or consultants;

(g) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals

of all goods, works and consultants' services, as the case may be, shall be published in the web page of the Borrower's Office of National Procurement (*Oficina Nacional de Contrataciones*), and in a manner acceptable to the Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening;

(h) the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods, works and Non-Consultant Services to be procured under National Competitive Bidding procedures;

(i) references to bidders in one or more specialized magazines shall not be used by the Borrower in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;

(j) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;

(k) the Borrower shall: (i) supply the Bank's publicly accessible Procurement Plans Execution System with the information contained in the initial Procurement Plan within 30 days after such plan has been approved by the Bank; and (ii) update the Procurement Plan at least biannually, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply the Bank's Procurement Plans Execution System with the information contained in the updated Procurement Plan immediately thereafter;

(l) consultants shall not be required to submit bid or performance securities; and

(m) the types of contracts described in Section IV of the Consultant Guidelines (including the important provisions to be included in said contracts under said Section IV) shall be the only types of contracts to be used by the Borrower in connection with the contracting of consultants' services provided by a firm and to be financed with the proceeds of the Loan.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-Consultant Services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-Consultant Services. The Procurement Plan shall specify the circumstances under which such methods may be used.

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

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality-and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

| <b><u>Procurement Method</u></b>  |
|---|
| (a) Least Cost Selection  |
| (b) Selection Based on the Consultants' Qualifications  |
| (c) Single Source Selection   |
| (d) Selection under a Fixed Budget  |
| (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants |

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

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for works estimated to cost more than \$8,000,000 equivalent; (b) each contract for goods estimated to cost more than \$500,000 equivalent; (c) each contract for works, goods or Non-Consultant Services procured on the basis of Direct Contracting; (d) the first two contracts each for goods, works and Non-Consultant Services procured on the basis of National Competitive Bidding and Shopping regardless of their cost; and (e) each contract for consultants' services provided by a firm: (i) estimated to cost the equivalent of \$200,000 or more; or (ii) on the basis of Single-Source Selection.

All other contracts not mentioned in the precedent paragraphs herein, shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of: (a) Article II of the General Conditions; (b) this Section; and (c) such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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

| <b>Category</b>   | <b>Amount of the Loan Allocated (expressed in USD)</b> | <b>Percentage of Expenditures to be financed</b> |
|---|--|--|
| (1) Part 1 of the Project<br><br>(a) Civil Works<br>(b) Consultants’ Services and Non-Consultant Services     | <br><br>21,900,000<br>1,600,000                        | <br><br>70%<br>100%                              |
| (2) Part 2 of the Project<br><br>(a) Civil Works<br>(b) Consultants’ Services and Non-Consultant Services     | <br><br>34,300,000<br>2,500,000                        | <br><br>70%<br>100%                              |
| (3) Part 3 of the Project<br><br>(a) Civil Works<br>(b) Consultants’ Services and Non-Consultant Services     | <br><br>500,000<br>200,000                             | <br><br>70%<br>100%                              |
| (4) Part 4 of the Project<br><br>(a) Goods<br>(b) Consultants’ Services, Non-Consultant Services and Training | <br><br>1,650,000<br>11,550,000                        | <br><br>100%<br>100%                             |

| Category   | Amount of the Loan Allocated (expressed in USD) | Percentage of Expenditures to be financed   |
|--|---|---|
| (5) Part 5 of the Project<br>(a) Operating Costs       | 3,000,000                                       | 100%  |
| (6) Unallocated  | 22,800,000                                      |   |
| (7) Front-end Fee                                      | 0   | Amount payable pursuant to Section 2.04 of this Agreement in accordance with Section 2.07 (b) of the General Conditions |
| (8) Premia for Interest Rate Caps and Interest Collars | 0   | Amounts payable pursuant to Section 2.08 (c) of this Agreement  |
| TOTAL AMOUNT   | 100,000,000                                     |   |

For purposes of this table:

(a) the term “Operating Costs” means reasonable recurrent expenditures, based on an annual budget previously approved by the Bank, that would not have been incurred by the Borrower absent the Project, for Project administration costs of the UEP (including office rent), operation and maintenance of office equipment, non-durable goods; and

(b) the term “Training” means expenditures (other than those for consultants’ services) incurred by the Borrower, as approved by the Bank on the basis of an annual budget acceptable to the Bank, to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), training registration fees, and rental of training facilities and equipment under the Project.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) from the Loan Account until the Bank has received payment in full of the Front-end Fee, if applicable;

(b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$20,000,000 equivalent may be made for payments made prior to this date but on or after January 1, 2007 (but in no case more than one year prior to



the date of this Agreement) for Eligible Expenditures for Categories (1) through (5), if the condition set forth in paragraph (c) below has been met, as applicable; and

(c) under Categories (1) (a) and (2) (a) in respect of each minor improvement under Part 1 of the Project and New Traffic Safety Subproject, respectively, unless the Borrower is in compliance with the pertinent obligations set forth in this Agreement in respect of each of said works.

2. The Closing Date is June 30, 2010.

### SCHEDULE 3

#### Amortization Schedule

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

| <b>Principal Payment Date</b>   | <b>Installment Share</b><br><b>(Expressed as a Percentage)</b> |
|---|--|
| On each March 15 and September 15<br>Beginning September 15, 2012<br>through March 15, 2022 | 5%   |

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

### Definitions

- (a) “AMBA” means the *Area Metropolitana de Buenos Aires* (the metropolitan area comprised of the Autonomous City of Buenos Aires and surrounding municipalities).
- (b) “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
- (c) “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
- (d) “Environmental and Social Management Manual” means Borrower’s manual, acceptable to the Bank, dated February 12, 2007 which sets forth, *inter alia*: (i) the Resettlement Policy Framework (as defined below); (ii) the applicable institutional and regulatory framework governing AMBA municipalities; (iii) the environmental/social screening processes followed during Project preparation, and the main environmental/social impacts identified as a result of the carrying out of said process; (iv) the environmental/social screening process to be followed during Project implementation in respect of: (A) the pertinent Project activities to be carried out under Part 1 of the Project; and (B) New Traffic Safety Subprojects; (v) the actions and procedures to be followed during Project implementation in connection with the finding of cultural property under the Project; (vi) the measures and procedures to mitigate, prevent and manage environmental and social impacts associated with the carrying out of the Project activities under Parts 1 and 3 of the Project and New Traffic Safety Subprojects; (vii) a public participation framework to be followed during Project implementation; and (viii) a grievance procedure, as said manual may be amended from time to time with the agreement of the Bank.
- (e) “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005.
- (f) “Metrovias” 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 Metrovias Concession Contract (as defined below).
- (g) “Metrovias Concession Contract” means the November 25, 1993 contract entered into between the Borrower and Metrovias (as amended to the date of this Agreement, and as may be subsequently amended without prejudice to the terms of Section 4.01 (a) of this Agreement), which contract contains the terms of the concession awarded to Metrovias to operate all lines of the Buenos Aires subway system.

- (h) “Metrovias Line A Coordination Contract” means the January 22, 1997 contract entered into between the Borrower and Metrovias (as may be subsequently amended without prejudice to the terms of Section 4.01 (a) of this Agreement), which contract contains the terms whereby Metrovias shall cooperate with the Borrower so that the Borrower may effectively carry out Part 3 of the Project.
- (i) “New Traffic Safety Subproject” means any of the investments referred to in Part 2 of the Project.
- (j) “Non-Consultant Services” means services under the Project, which services will be bid and contracted on the basis of performance of measurable physical outputs.
- (k) “Operational Manual” means the Borrower’s manual, acceptable to the Bank, dated February 15, 2007 which sets forth, *inter alia*: (i) the institutional and administrative structure of the UEP, including its functions and responsibilities; (ii) the Project’s chart of accounts, internal controls, and budgeting, accounting and financial reporting systems; (iii) the format of: (A) the unaudited interim financial reports referred to in Section II. B. 2 of Schedule 2 to this Agreement; and (B) the Financial Statements; (iv) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (v) the Project’s flow of funds structure; and (vi) the Project’s administrative and procurement procedures, as said manual may be amended from time to time with the agreement of the Bank.
- (l) “Original Loan Agreement” means the loan agreement for the Original Project (as defined below) entered into between the Borrower and the Bank, dated December 10, 1997 (Loan No. 4163-AR), as amended to the date of this Agreement.
- (m) “Original Project” means the Project described in Schedule 2 to the Original Loan Agreement (as defined above).
- (n) “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 4.01 (a) of this Agreement), which contracts contain the terms of the concessions awarded to the Other Concessionaires.
- (o) “Other Concessionaires” means those parties, other than Metrovias, to which the Borrower has awarded the concession to operate AMBA suburban rail lines, which suburban rail lines will be benefited as a result of the carrying out of the Project.
- (p) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.

- (q) “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 15, 2007, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
- (r) “Resettlement” means the direct impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently, as determined by the Bank.
- (s) “Resettlement Policy Framework” means the Borrower’s framework set forth in the Environmental and Social Management Manual (as defined above) which includes, *inter alia*, the principles and objectives governing resettlement preparation and implementation, a description of the process for preparing and approving resettlement plans, and the applicable legal framework to address Resettlement (as defined above).
- (t) “ST” means *Secretaría de Transporte*, the Secretariat of Transport within the administrative jurisdiction of the Borrower’s Ministry of Federal Planning, Public Investment and Services, or any successor thereto, acceptable to the Bank.
- (u) “UEP” means the unit (Unidad de Gestión del Proyecto) established pursuant to ST’s Resolution No. 137/1997 dated December 22, 1997, and referred to in Section I.G of Schedule 2 to this Agreement, or any successor thereto, acceptable to the Bank.