

**CONFORMED COPY**

**LOAN NUMBER 7449-AR**

# **Loan Agreement**

**(State Modernization II Project)**

**between**

**ARGENTINE REPUBLIC**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated December 28, 2007**

## **LOAN NUMBER 7449-AR**

### **LOAN AGREEMENT**

Agreement dated December 28, 2007, between ARGENTINE REPUBLIC (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

#### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

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

#### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of twenty million Dollars (\$20,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 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.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions.
- 2.06. The Payment Dates are January 1 and July 1 in each year.

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prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a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

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through CCO, shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement and the Operational Manual. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

### **ARTICLE IV — TERMINATION**

- 4.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than eighteen (18) months after the Bank's approval of the Loan which expire on November 28, 2008.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

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

5.02. 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 |

5.03. The Bank's Address is:

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

|                               |                              |                |
|-------------------------------|------------------------------|----------------|
| Cable address:                | Telex:                       | Facsimile:     |
| INTBAFRAD<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/ Martín Lousteau

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By/s/ Pedro Alba

Authorized Representative

## SCHEDULE 1

### Project Description

The objectives of the Project are: (a) to support the strengthening of CCO's capacity to: (i) engage in organizational strengthening in selected public sector management areas within the CCO; (ii) design a state modernization strategy, promote change management, and monitor and evaluate selected Borrower's programs and projects related to national priority policies; and (iii) promote the design and consolidation of key public sector management systems under the CCO's mandate, including e-government, procurement, human resources management, and quality management; and (b) support the knowledge and capacity-building of ANDI.

The Project consists of the following parts:

#### Part 1: Institutional Strengthening of CCO

- (a) Strengthening of CCO's organizational strategy, through, *inter alia*:
- (i) the design of an institutional strategy for the CCO, through, *inter alia*, the carrying out of an assessment of its mandate, organizational and functional capacity, processes and performance metrics;
  - (ii) the strengthening of its state modernization strategy, based on the carrying out of assessments of current state modernization initiatives supported by the Project and international best practices; and
  - (iii) the development of change management tools, through the engagement of public and private sector institutions, civil society organizations, the Borrower's provinces and municipalities, and other relevant stakeholders, so as to promote the use of public sector management systems (including e-government, procurement, human resources management, and quality management) at the federal level, as well as their dissemination and promotion at the provincial and municipal levels.
- (b) Strengthening of CCO's monitoring and evaluation capacity, through, *inter alia*:
- (i) the design of a technical arrangement between the CCO and the Borrower's other ministries for the coordination, monitoring and evaluation of public policies, and thereafter implementation of the same;
  - (ii) (A) the design of systems for the monitoring and evaluation of the Borrower's programs and projects related to national priority policies, including the design of methodologies for the identification of said programs and projects; and (B) the strengthening of monitoring and results-based management tools;
  - (iii) technical support to the CCO for the design and coordination of pilot programs to promote the implementation of the monitoring tools mentioned in (ii) (B) above in the Borrower's other ministries and the Borrower's Congress; and

- (iv) institutional strengthening of the DINAPPFE, including the carrying out of an assessment of the consultants hired by Bank-funded projects, and the design of a strategy based on the results of said assessment.
- (c) Strengthening of ANDI, through, *inter alia*:
- (i) knowledge-building and –sharing, through the development of a methodology for a systematic and comparable ground assessment of selected productive sectors and clusters which have significant development potential, and the carrying out of assessments of each selected sectors and clusters focusing on the identification of opportunities for innovation;
  - (ii) the promotion of Argentina as an attractive place to invest;
  - (iii) the strengthening of the linkages between investment promotion and innovation; and
  - (iv) the strengthening of ANDI's staff on investment promotion.

Part 2: Strengthening Key Public Sector Management Systems

- (a) Strengthening of the Borrower's E-Government system, through, *inter alia*:
- (i) the improvement of the e-government enabling environment for public sector modernization within the existing policy framework on e-government;
  - (ii) the strengthening of e-government coordination mechanisms, including the installation of a safe room (*sala-cofre*), all aimed to ensure an integrated, secure, and paperless administration by digitalizing and simplifying government procedures and information channels; and
  - (iii) the improvement of the Borrower's portal ([www.argentina.gov.ar](http://www.argentina.gov.ar)) and the implementation of a federal-level call center as single access point for citizens for government services.
- (b) Strengthening of the Borrower's procurement system, through, *inter alia*:
- (i) the promotion and the implementation of the SECOP throughout the Borrower's federal administration, and the strengthening of Argentina Compra;
  - (ii) the carrying out of outreach and training activities aimed at increasing the base of bidders;
  - (iii) the development and implementation of integrity agreements (*Pactos de Integridad*) to be signed between the Borrower (through its relevant agencies and/or entities) and bidders for purposes of enhancing the transparency and impartiality of the procurement process and the supervision of contract execution; and

- (iv) the design and implementation of cost-reduction programs through “quick gains” methodologies.
- (c) Strengthening of the Borrower’s human resource management systems, through, *inter alia*:
- (i) the design of common rules and compensation standards throughout the federal administration;
  - (ii) the formulation of detailed job descriptions (*nomenclador de puestos*) and career paths for common federal civil service positions;
  - (iii) the expansion of the coverage of the Borrower’s centralized personnel registry (*Sistema de Información de Personal* (SINFO)) to include all federal civilian employees, and the definition of basic personnel information to be standardized and maintained electronically in the *Legajo Único de Personal Informatizado* (LUPI) system; and
  - (iv) the strengthening of the capacity of the CCO’s National Training Institute (*Instituto Nacional de la Administración Pública* (INAP)) to design, implement, monitor and evaluate learning courses, on the public sector management systems supported under the Project.
- (d) (i) Strengthening of the Borrower’s quality management system, through, *inter alia*:
- (A) the implementation of new mechanisms to improve the definition and dissemination of indicators, quality standards and benchmarks for the Citizens Charter Program; and
  - (B) the expansion of instruments for users’ feedback, such as citizen’s report card mechanisms.
- (ii) Strengthening of access to information, through, *inter alia*, the enhancement of citizens’ access to information as provided by the Borrower’s Decree No. 1172/2003, including the design of an electronic platform.

Part 3: Project Management

Operation and maintenance of the PIU, for purposes of assisting the CCO in, *inter alia*, the coordination and implementation of the Project.



**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements**

1. (a) The Borrower shall establish and thereafter operate and maintain, at all times during Project implementation and within the State Modernization Directorate, the PIU with a structure, functions and responsibilities set forth in the Operational Manual.
  - (b) The Borrower shall ensure that the PIU is, at all times during Project implementation, headed by a Project coordinator (*Coordinador General*), and comprised of professional and administrative staff, all in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank.
  - (c) The Borrower, through the PIU, shall, prior to the carrying out of any Project activity which requires the participation of a given Borrower's agency and/or entity, enter into a separate arrangement (*convenio marco*) with such agency and/or entity, the terms and conditions of which shall include, *inter alia*, the obligation of such agency and/or entity to undertake all necessary actions to enable the Borrower to fulfill its obligations under this Agreement.
  - (d) The Borrower shall, prior to the commencement of each calendar year during Project implementation, create, and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the relevant annual budget in order to keep track of the corresponding expenditures incurred during Project implementation.
2. (a) The Borrower, through the CCO, shall, prior to the carrying out of the small works under Part 2 (a) (ii) of the Project, carry out an environmental screening of said works, in a manner and on terms acceptable to the Bank; and
  - (b) immediately thereafter, implement and/or cause to be implemented, all environmental mitigatory measures identified in said environmental screening, if any, all in a manner 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 Project indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the first calendar semester of each year (starting with

the first calendar semester of the year 2008) and 60 days after the end of the second calendar semester of each year.

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

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section and as part of the information to be included in the Project Report, the Borrower shall prepare and furnish to the Bank not later than 45 days after the end of first calendar semester of each year (starting with the first calendar semester of the year 2008) and 60 days after the end of the second calendar semester of each year, interim un-audited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Bank.
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 in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
4. **Special Provisions.** Without limitation to the other provisions of this Section III, the following additional provisions shall also govern the procurement of goods, works and 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 and standard requests for quotations/proposals, all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision;

- (b) a two-envelope bidding procedure shall not be allowed in the procurement of goods and Non-Consultant Services;
- (c) after the public opening of bids for goods and Non-Consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;
- (d) after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants' proposals;
- (e) bidders or consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina; (ii) have a representative in Argentina; and (iii) be associated or subcontract with Argentine suppliers, contractors or consultants;
- (f) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, Non-Consultant Services and consultants' services, as the case may be, shall be published in the web page of the Borrower's Office of National Procurement (*Oficina Nacional de Contrataciones*), 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;
- (g) the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods and Non-Consultant Services to be procured under National Competitive Bidding procedures;
- (h) references to bidders in one or more specialized magazines shall not be used by the Borrower in determining if the bidder in respect of goods and Non-Consultant Services 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 and Non-Consultant Services to be procured under National Competitive Bidding procedures;

- (i) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;
- (j) the Borrower shall: (i) supply the Bank’s publicly accessible Procurement Plans Execution System (SEPA) with the information contained in the initial Procurement Plan within 30 days after such 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;
- (k) consultants shall not be required to submit bid or performance securities; and
- (l) the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Borrower in connection with the contracting of consultants’ services provided by a firm and to be financed with the proceeds of the Loan.

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

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraphs A.4 above and B.2 below, goods, works and Non-Consultant Services shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
- 2. **Other Methods of Procurement.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and Non-Consultant Services. The Procurement Plan shall specify the circumstances under which such methods may be used.

| <b><u>Procurement Method</u></b> |
|----------------------------------|
| (a) National Competitive Bidding |
| (b) Shopping                     |

**C. 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) Single Source Selection   |
| (c) Procedures set forth in paragraphs 5.1 through 5.3 of the Consultant Guidelines                                 |
| (d) Procedures set forth in paragraphs 5.4 of the Consultant Guidelines for the selection of individual consultants |

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

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

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

| <b>Category</b>   | <b>Amount of the Loan Allocated (expressed in USD)</b> | <b>Percentage of Expenditures to be financed</b>   |
|---|--|--|
| (1) Goods, works, Operating Costs, Non-Consultant Services, consultants' services and Training for Parts 1 and 2 of the Project | 16,200,000   | 90% of Eligible Expenditures paid by the Borrower during the calendar year 2008; 80% of Eligible Expenditures paid by the Borrower during the calendar year 2009; 73% of Eligible Expenditures paid by the Borrower during the calendar year 2010; and 70% of Eligible Expenditures paid by the Borrower during the calendar year 2011 |

| <b>Category</b>  | <b>Amount of the Loan Allocated (expressed in USD)</b> | <b>Percentage of Expenditures to be financed</b>   |
|--|--|--|
| (2) Goods, Non-Consultant Services, Operating Costs, consultants' services provided by a firm and Training for Part 3 of the Project | 200,000  | 90% of Eligible Expenditures paid by the Borrower during the calendar year 2008; 80% of Eligible Expenditures paid by the Borrower during the calendar year 2009; 73% of Eligible Expenditures paid by the Borrower during the calendar year 2010; and 70% of Eligible Expenditures paid by the Borrower during the calendar year 2011 |
| (3) Consultants' services provided by individuals for Part 3 of the Project  | 1,500,000  | 100%   |
| (4) Premium for Interest-Rate Caps and Collars   | 0  | Amount payable pursuant to Section 2.08 (c) of this Agreement  |
| (5) 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  |
| (6) Unallocated  | 2,100,000  |  |
| <b>TOTAL AMOUNT</b>  | <b>20,000,000</b>                                      |  |

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 PIU (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 for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$4,000,000 equivalent may be made for payments made prior to the date of this Agreement but on or after January 1, 2008 (but in no case more than one year prior to the date of this Agreement) for Eligible Expenditures for Categories (1), (2) and (3).
2. The Closing Date is December 31, 2011.

### 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<br/>(Expressed as a Percentage)</b> |
|---|--|
| On each January 1 and July 1<br>Beginning July 1, 2012<br>through January 1, 2022 | 5%   |

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



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

## APPENDIX

### Definitions

1. “ANDI” means the National Investment Development Agency (*Agencia Nacional de Desarrollo de Inversiones*), a decentralized bureau within the Borrower’s Ministry of Economy and Production.
2. “Argentina Compra” means the procurement portal of SECOP ([www.argentinacompra.gov.ar](http://www.argentinacompra.gov.ar)).
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CCO” means the Borrower’s Chief of Cabinet Office (*Jefatura de Gabinete de Ministros*).
5. “Citizen’s Charter Program” or “CCP” means the Citizen’s Charter Program (*Carta Compromiso con el Ciudadano*) established pursuant to the Borrower’s Decree No. 229/2000 dated March 8, 2000 published in the Borrower’s National Official Bulletin on March 14, 2000, to set quality standards for the provision of public services by participating government agencies.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
7. “DINAPPFE” means the *Dirección Nacional de Programas y Proyectos con Financiamiento Externo*, the CCO’s National Directorate of Programs and Projects with External Financing.
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005.
9. “Non-Consultant Services” means services under the Project to be bid and contracted on the basis of performance of measurable physical outputs, including (without limitation) logistics, organization of seminars, workshops, travel, printing services.
10. “Operational Manual” means the Borrower’s manual, acceptable to the Bank, dated April 27, 2007 which sets forth, *inter alia*: (i) the institutional and administrative structure of the PIU, 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; (vi) the Project indicators; and (vii) the Project’s administrative and procurement procedures, as said manual may be amended from time to time with the agreement of the Bank.

11. “PIU” means the Project Implementation Unit referred to in paragraph 1(a) of Section I of Schedule 2 to this Agreement.
12. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
13. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated April 16, 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.
14. “SECOP” means the electronic procurement system set forth in the Borrower’s Presidential Decree No. 1818 of December 6, 2006, published in the Borrower’s National Official Bulletin on December 11, 2006.
15. “State Modernization Directorate” means the *Dirección Nacional Alternativa del Proyecto de Modernización del Estado* established within CCO pursuant to the Borrower’s Decree No. 1723/2005 dated December 29, 2005 published in the Borrower’s National Official Bulletin on January 18, 2006.