

CONFORMED COPY

LOAN NUMBER 7199-AR

Loan Agreement

(Provincial Maternal-Child Health Sector Adjustment Loan)

between the

ARGENTINE REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated October 31, 2003

LOAN NUMBER 7199-AR

LOAN AGREEMENT

AGREEMENT, dated October 31, 2003, between the ARGENTINE REPUBLIC (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Bank has received from the Borrower a letter, dated September 5, 2003, describing a program of actions, objectives and policies designed to achieve adjustment of the Borrower's economy, in particular in the health sector; (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during the execution thereof;

(B) as part of the actions to be taken under the Program, the Borrower has carried out the measures and taken the actions described in Schedule 3 to this Agreement to the satisfaction of the Bank; and

(C) on the basis, *inter alia*, of the foregoing, the Bank has decided in support of the Program to provide such assistance to the Borrower by making the Loan in three tranches as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans" of the Bank dated September 1, 1999, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 41, is modified to read:

“ ‘Project’ means the program, referred to in the Preamble to the Loan Agreement, in support of which the Loan is made.”;

- (b) Section 3.08 is modified to read:

“Each withdrawal of an amount of the Loan from the Loan Account shall be made in the Loan Currency of such amount. If the Loan Currency is not the currency of the deposit account specified in Section 2.02 of the Loan Agreement, the Bank, at the request and acting as an agent of the Borrower, shall purchase with the Loan Currency withdrawn from the Loan Account the currency of such deposit account as shall be required to deposit the withdrawn amount into such deposit account.”;

- (c) Section 5.01 is modified to read:

“The Borrower shall be entitled to withdraw the proceeds of the Loan from the Loan Account in accordance with the provisions of the Loan Agreement and of these General Conditions.”;

- (d) the last sentence of Section 5.03 is deleted;

- (e) Section 9.07 (c) is modified to read:

“(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution of the program referred to in the Preamble to the Loan Agreement, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan.”; and

- (f) Section 9.05 is deleted and Sections 9.06, 9.07 (as modified above), 9.08 and 9.09 are renumbered, respectively, Sections 9.05, 9.06, 9.07 and 9.08.

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) “APE Resolution 0077/02” means Resolution 0077/02 of the MSN’s Administration of Special Programs (*Administración de Programas Especiales - APE*) providing for, *inter alia*, the derogation of subsidies established by APE Resolutions 1040/98 and 577/98;

- (b) “AR\$” means *Argentine Peso*, the currency of the Borrower;
- (c) “COFESA” means *Consejo Federal de Salud*, the Borrower’s Federal Council of Health, established by Borrower Decree 22.373 of January 13, 1981;
- (d) “COFESA Representatives” means the Borrower’s Minister of Health and the representatives of the highest health authority of the executive branch of government of the Provinces (as defined below) and of the autonomous city of Buenos Aires;
- (e) “Crisis Procedures Legal Framework” means the set of legislative and administrative norms that, as of the date of this Agreement, regulate the crisis procedures for National Health Insurance Entities (including, but not limited to, Decree 1400/2001);
- (f) “Decree 741/2003” means the Borrower’s Decree 741/2003 providing for, *inter alia*, a system of per capita distribution of funds for the Solidarity Redistribution Fund;
- (g) “Decree 1282/2003” means the Borrower’s Decree 1282/2003 on sexual and reproductive health providing for, *inter alia*, the implementation of Law 25.673;
- (h) “Decree 1400/2001” means the Borrower’s Decree 1400/2001 providing for, *inter alia*, the establishment of crisis procedures for National Health Insurance Entities;
- (i) “Decree 2724/2002” means the Borrower’s Decree 2724/2002 providing for, *inter alia*, the creation of the MCIP;
- (j) “Deposit Account” means the account referred to in Section 2.02 (b) of this Agreement;
- (k) “Eligible Province” means any of the Provinces of *Catamarca, Chaco, Corrientes, Formosa, Jujuy, Misiones, Salta, Santiago del Estero* and *Tucumán*;
- (l) “Essential Health Programs” means the following programs of the Borrower: (i) program 17, maternal child health care (*atención de la madre y el niño*); (ii) program 20, prevention and control of specific diseases (*prevención y control de enfermedades específicas*); (iii) program 22, HIV/AIDS (*lucha contra el SIDA*); and (iv) program 30, sanitary emergency (*emergencia sanitaria*);

(m) “Five Largest Public Hospitals” means, in the case of the Province of Catamarca: *Hospital Sanitario Interzonal San Juan Bautista, Hospital Sanitario Interzonal de Niños Eva Perón, Hospital Sanitario Zona Belén, Hospital Sanitario Zonal San Juan Bautista – Tinogasta and Hospital Zonal Andalgala - Area Programática N 9*; in the case of the Province of Chaco: *Hospital Dr. J.C. Perrando, Hospital 4 de Junio, Hospital Dr. Salvador Mazza, Hospital Pediátrico Dr. Avelino L. Castelán and Hospital General Güemes*; in the case of the Province of Corrientes: *Hospital José Ramón Vidal, Hospital Pediátrico Juan Pablo II, Hospital Prof. Dr. C. Muniagurria, Hospital Escuela José Francisco de San Martín and Hospital Angela Iglesia de Llano*; in the case of the Province of Formosa: *Hospital de la Madre y el Niño, Hospital Prof. Felipe Arnedo, Hospital Central de Formosa, Hospital Provincial Ingeniero Juárez and Hospital Provincial Las Lomitas*; in the case of the Province of Jujuy: *Hospital Pablo Soria, Hospital San Roque, Hospital Dr. Oscar Orias, Hospital Dr. Guillermo Paterson and Hospital de Niños Dr. Héctor Quintana*; in the case of the Province of Misiones: *Hospital Central Dr. Ramón Madariaga, Hospital Base de Zona Eldorado, Hospital Base de Zona Oberá, Hospital Provincial Pediátrico de Autogestión and Hospital de Area L.N. Além*; in the case of the Province of Salta: *Hospital San Bernardo, Hospital de Niños, Hospital San Vicente de Paul, Hospital N. Joaquín Castellano and Hospital. del Milagro*; in the case of Santiago del Estero: *Hospital Regional Dr. Ramón Carrillo, Hospital Zonal Independencia, Hospital de Niños Eva Perón, Hospital Zonal de Frias and Hospital Zonal Dr. Emilio Mera* and in the case of the Province of Tucumán: *Hospital Centro de Salud Dr. Zenón Santillán, Hospital Angel Cruz Padilla, Instituto de Maternidad y Ginecológico Nuestra Señora de las Mercedes, Hospital del Niño Jesús and Hospital de Clínicas Presidente Dr. Nicolás Avellaneda*;

(n) “Joint ANSES Resolution 274/02 / Superintendency Resolution 144/02” means the Joint Resolution 274/02 of the Borrower’s National Social Security Administration (*Administración Nacional de la Seguridad Social, ANSES*) and Resolution 144/02 of the Superintendency providing for, *inter alia*, a system to update the database of beneficiaries of National Health Insurance Entities;

(o) “Law 25.673” means the Borrower’s Law 25.673 on sexual and reproductive health, published in the Borrower’s Official Gazette on November 22, 2002;

(p) “MCIP” means the Borrower’s Maternal and Child Insurance Program, established by Article 3 of Decree 2724/2002;

(q) “MSN” means *Ministerio de Salud*, the Borrower’s Ministry of Health;

(r) “MSN Resolution 198/03” means MSN Resolution 198/03 providing for, *inter alia*, the implementation of Article 3 of Decree 2724/2002 (regarding the MCIP);

(s) MSN Resolution 249/03, which determines the contribution in cash and/or in kind which the Borrower transfers to each of the Provinces and to the autonomous city of Buenos Aires on a periodic basis for purposes of financing various health programs of the Borrower;

(t) “National Health Insurance Entities” means the entities referred to in Article 1 of Borrower’s Law 23.660 (*Agentes del Seguro Nacional de Salud*) and the Borrower’s national institute for social services for retirees (*Instituto Nacional de Servicios Sociales para Jubilados y Pensionados*) as regulated by the Borrower’s Law 25.615 and the Borrower’s Decree 1309/02;

(u) “*Obras Sociales Provinciales*” means the social health insurance funds which provide health services to public employees of Provinces, municipalities and the autonomous city of Buenos Aires;

(v) “Operational Manual” means the manual referred in paragraph 4 of Schedule 4;

(w) “PMO” means *Programa Médico Obligatorio*, the Borrower’s mandatory medical program established by MSN Resolution 939/2000, as said resolution has been amended to the date of this Agreement;

(x) “Province” means a political subdivision of the Borrower as per Title Two of the Borrower’s Constitution, and the term “Provinces” means all of said political subdivisions;

(y) “Solidarity Redistribution Fund” or “SRF” means the Borrower’s *Fondo Solidario de Redistribución* established by Article 5 of the Borrower’s Law 23.660 for purposes of providing, *inter alia*, cross-subsidies to National Health Insurance Entities;

(z) “SRF Legal Framework” means the set of legislative and administrative norms that, as of the date of this Agreement, regulate the Solidarity Redistribution Fund (including, but not limited to, the Borrower’s Laws 23.660 and 23.661, the Borrower’s Decrees 576/1993, 1867/2002 and 741/2003);

(aa) “Superintendency” means *Superintendencia de Servicios de Salud*, the Borrower’s Health Services Superintendency; and

(bb) “Third Tranche Release Date” means the date on which the Bank sends the Borrower a notice to the effect that the conditions set forth or referred to in Section 2.02 (e) of this Agreement have been met.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to seven hundred and fifty million Dollars (\$750,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

Section 2.02. (a) Subject to the provisions of paragraphs (b), (c), (d) and (e) of this Section, the Borrower shall be entitled to withdraw the amount of seven hundred forty two million five hundred thousand Dollars \$742,500,000 from the Loan Account in support of the Program.

(b) The Borrower shall open, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, and thereafter maintain in its central bank, a deposit account in Dollars on terms and conditions satisfactory to the Bank. All withdrawals from the Loan Account shall be deposited by the Bank into the Deposit Account.

(c) The Borrower undertakes that the proceeds of the Loan shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Bank shall have determined at any time that any proceeds of the Loan shall have been used to make a payment for an expenditure so excluded, the Borrower shall, promptly upon notice from the Bank: (i) deposit into the Deposit Account an amount equal to the amount of said payment; or (ii) if the Bank shall so request, refund such amount to the Bank. Amounts refunded to the Bank upon such request shall be credited to the Loan Account for cancellation.

(d) No withdrawal shall be made from the Loan Account after the aggregate of the proceeds of the Loan withdrawn from the Loan Account shall have reached the equivalent of \$450,000,000, unless: the Bank shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Bank: (i) with the progress achieved by the Borrower in the carrying out of the Program; (ii) that the macroeconomic policy framework of the Borrower is satisfactory; and (iii) that the actions described in Schedule 4 of this Agreement have been taken in form and substance satisfactory to the Bank. If, after said exchange of views, the Bank shall have given notice to the Borrower that the applicable conditions referred to in this paragraph have not been fulfilled and, within 90 days after such notice, such conditions continue to be unfulfilled, then the Bank may, by notice to the Borrower, cancel the unwithdrawn amount of the Loan or any part thereof.

(e) No withdrawal shall be made from the Loan Account after the aggregate of the proceeds of the Loan withdrawn from the Loan Account shall have reached the equivalent of \$600,000,000, unless: the Bank shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Bank: (i) with the progress achieved by the Borrower in the carrying out of the Program; (ii) that the macroeconomic policy framework of the Borrower is satisfactory; and (iii) that the actions described in Schedule 5 of this Agreement have been taken in form and substance satisfactory to the Bank. If, after said exchange of views, the Bank shall have given notice to the Borrower that the applicable conditions referred to in this paragraph have not been fulfilled and, within 90 days after such notice, such conditions continue to be unfulfilled, then the Bank may, by notice to the Borrower, cancel the unwithdrawn amount of the Loan or any part thereof.

Section 2.03. The Closing Date shall be December 31, 2005 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of said fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (a) eighty five one-hundredths of one per cent (0.85%) per annum from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (b) seventy five one-hundredths of one per cent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, in respect of each Interest Period at the Variable Rate; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest and commitment charges shall be payable semiannually in arrears on April 15 and October 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the provisions of Schedule 2 to this Agreement.

Section 2.09. (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 said 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 Section 2.01 (7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III

Particular Covenants

Section 3.01. (a) The Borrower and the Bank shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedules 3, 4 and 5 to this Agreement.

(b) Prior to each such exchange of views, as well as every three months from the Effective Date to the Third Tranche Release Date, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request.

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall exchange views with the Bank on any proposed action to be taken after the disbursement of the Loan which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program, including any action specified in Schedules 3, 4 and 5 to this Agreement.

Section 3.02. Upon the Bank's request, the Borrower shall:

(a) have the Deposit Account audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(b) furnish to the Bank as soon as available, but in any case not later than four months after the date of the Bank's request for such audit, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(c) furnish to the Bank such other information concerning the Deposit Account and the audit thereof as the Bank shall have reasonably requested.

ARTICLE IV

Remedies

Section 4.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

(b) The Borrower's macroeconomic policy framework has become inconsistent with the objectives of the Program.

(c) An action has been taken or a policy has been adopted to reverse any action or policy under the Program (including any action specified in Schedules 3, 4 or 5 to this Agreement) in a manner that would, in the opinion of the Bank, adversely affect the achievement of the objectives of the Program.

(d) MSN Resolution 249/03 has been amended, suspended, abrogated, waived or not enforced in such a manner so as to affect adversely, in the opinion of the Bank, the carrying out of the Program.

(e) Any of Decree 2724/2002, MSN Resolution 198/03, Law 25.673 or Decree 1282/2003 or any provision of said Decrees, Law or Resolution has been amended, suspended, abrogated, waived or not enforced in such a manner so as to affect adversely, in the opinion of the Bank, the carrying out of the Program.

(f) Joint ANSES Resolution 274/02 / Superintendency Resolution 144/02 has been amended, suspended, abrogated, waived or not enforced (all of these, in an expressed or implied fashion) in such a manner so as to affect adversely, in the opinion of the Bank, the operation of National Health Insurance Entities.

(g) Except as set forth in paragraph 6 of Schedule 5 to this Agreement, the SRF Legal Framework has been modified (including amendments, suspensions, abrogation, waivers (all of these, in an expressed or implied fashion) and failure to enforce existing legal norms and issuance of new legal norms) in such a manner so as to adversely affect, in the opinion of the Bank, the operation of the Solidarity Redistribution Fund.

(h) The Crisis Procedures Legal Framework has been modified (including amendments, suspensions, abrogation, waivers (all of these, in an expressed or implied fashion) and failure to enforce existing legal or administrative norms and issuance of new legal or administrative norms) in such a manner so as to adversely affect, in the opinion of the Bank, the crisis procedures for National Health Insurance Entities.

ARTICLE V

Termination

Section 5.01. The date January 29, 2004 is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Economy and Production of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministerio de Economía y Producción
Hipólito Yrigoyen 250, 5º piso
1310 Buenos Aires
Argentina

Cable address:	Telex:	Facsimile:
MINISTERIO ECONOMIA	121950AR	

For the Bank:

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

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Buenos Aires, Argentina, as of the day and year first above written.

ARGENTINE REPUBLIC

By /s/ Roberto Lavagna

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Axel van Trotsenburg

Acting Regional Vice President
Latin America and the Caribbean

WITNESSED

By /s/ Ginés Gonzales García

Minister of Health

SCHEDULE 1

Excluded Expenditures

For purposes of Section 2.02 (c) of this Agreement, the proceeds of the Loan shall not be used to finance any of the following expenditures:

1. expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;
2. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Bank or the Association shall have financed or agreed to finance under another loan or a credit;
3. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

<u>Group</u>	<u>Subgroup</u>	<u>Description of Items</u>
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semiprecious stones, unworked or worked

<u>Group</u>	<u>Subgroup</u>	<u>Description of Items</u>
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

4. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

5. expenditures for environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party;

6. expenditures: (a) in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories; or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

7. expenditures under a contract in respect of which the Bank determines that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement or execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation.

SCHEDULE 2

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 shall 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) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Date</u>	<u>Installment Share</u> <u>(Expressed as a %)</u>
April 15, 2007	2.72%
October 15, 2007	2.82%
April 15, 2008	2.91%
October 15, 2008	3.02%
April 15, 2009	3.12%
October 15, 2009	3.23%
April 15, 2010	3.34%
October 15, 2010	3.46%
April 15, 2011	3.58%
October 15, 2011	3.71%
April 15, 2012	3.84%
October 15, 2012	3.97%
April 15, 2013	4.11%
October 15, 2013	4.25%
April 15, 2014	4.40%
October 15, 2014	4.56%
April 15, 2015	4.72%
October 15, 2015	4.88%
April 15, 2016	5.05%
October 15, 2016	5.23%
April 15, 2017	5.41%
October 15, 2017	5.60%
April 15, 2018	5.80%
October 15, 2018	6.27%

2. If the proceeds of the Loan shall not 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 as follows:

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

(b) Any withdrawal made 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 shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts 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) Withdrawals made 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 3, if at any time the Bank shall adopt 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 principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be 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 said Conversion by either: (a) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be 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.

SCHEDULE 3

Actions Referred to in Whereas (B) to this Agreement

1. The Borrower's Minister of Health and the representatives of the highest health authority of the executive branch of government of each of the Provinces and of the autonomous city of Buenos Aires have agreed on March 22, 2003 to coordinate their health policies, *inter alia*, in the following areas: access to drugs, maternal and child health care, public health insurance, protection of essential health programs and role of COFESA.
2. The Borrower has issued MSN Resolution 249/03.
3. MSN has presented on August 27, 2003 to the Borrower's Ministry of Economy and Production a proposal to include in the Borrower's national annual budget law (*Cálculo de Recursos y Presupuesto de Gastos de la Administración Pública Nacional*), for calendar year 2004, an amount of at least AR\$583,300,000 for the Essential Health Programs (including an amount of at least AR\$20,000,000 for the MCIP).
4. The Borrower has issued Decree 2724/2002.
5. The Borrower has issued MSN Resolution 198/03.
6. Eight (8) Eligible Provinces have manifested their intent to participate in the MCIP.
7. The Borrower's Congress has issued Law 25.673 and the Borrower has issued Decree 1282/2003.
8. The Borrower has issued Joint ANSES Resolution 274/02 / Superintendency Resolution 144/02.
9. The Borrower has issued Decree 741/2003.
10. The Borrower has issued APE Resolution 0077/02.
11. The Borrower has issued Decree 1400/2001.

12. The Borrower has set up a system to expedite the payment of invoices which public health services providers present to National Health Insurance Entities through the Superintendency.

SCHEDULE 4

Actions Referred to in Section 2.02 (d) (iii) of this Agreement

1. COFESA has agreed (with the approval of, at least, two thirds of the COFESA Representatives) on a health plan (said plan to include a maternal and child health insurance program) to be implemented by the Borrower, the Provinces and the autonomous city of Buenos Aires.
2. COFESA has established a public information system (which system shall include a web page accessible through the internet) to disseminate to the public COFESA's public accords, resolutions, decisions and recommendations, including but not limited to the topics in the agenda discussed or to be discussed at COFESA meetings.
3. The Borrower has allocated in its national annual budget law (*Cálculo de Recursos y Presupuesto de Gastos de la Administración Pública Nacional*), for calendar year 2004 (as approved by the Borrower's legislature and adjusted by the Borrower based on the budget implementation powers granted to the Borrower by Article 37 of Law 24.156), an amount of at least AR\$548,300,000 for the Essential Health Programs (including an amount of at least AR\$20,000,000 for the MCIP).
4. MSN has issued a resolution approving an operational manual (satisfactory to the Bank) for the implementation of the MCIP, and said resolution is in full force and effect.
5. (a) At least four (4) Eligible Provinces have issued a Decree or a Resolution, as the case may be, establishing a separate MCIP management unit in each of said provinces; (b) the provinces mentioned in (a) herein have structured and staffed said units in accordance with the provisions of the Operational Manual; and (c) the Decrees and/or Resolutions referred to in (a) herein, as the case may be, are in full force and effect.
6. The Borrower has designed a system to identify and affiliate uninsured women and children under the MCIP, and said system has been implemented and is fully operational in at least one (1) Eligible Province.
7. The health services referred to in article 6 (a) through (c) of the Borrower's Law 25.673 have been included in the PMO, and are available to beneficiaries of the National Health Insurance Entities.
8. The Borrower's executive branch has issued a Decree for the elimination of all institutional subsidies (*Subsidios Institucionales*) granted to National Health Insurance Entities through APE, and said decree is in full force and effect.

9. At least three (3) of the Five Largest Public Hospitals in each of at least four (4) Eligible Provinces have established a fully functioning and updated database of beneficiaries of National Health Insurance Entities and *Obras Sociales Provinciales* in the admission point to each hospital.

10. A system to expedite the payment of invoices which public health services providers present to National Health Insurance Entities through the Superintendency or other agency of the Borrower, is fully functional in at least five (5) of the Eligible Provinces.

SCHEDULE 5

Actions Referred to in Section 2.02 (e) (iii) of this Agreement

1. The Borrower has complied with MSN Resolution 249/03 for the period covered between August 27, 2003 and sixty (60) calendar days immediately preceding the Third Tranche Release Date.
2. The COFESA system referred in paragraph 2 of Schedule 4 to this Agreement is fully operational.
3. The Borrower has made available to MSN all the funds referred to in paragraph 3 of Schedule 4 to this Agreement.
4. (a) At least five (5) Eligible Provinces have issued a Decree or a Resolution, as the case may be, establishing a separate MCIP management unit in each of said provinces; (b) the provinces mentioned in (a) herein have structured and staffed said units in accordance with the provisions of the Operational Manual; and (c) the Decrees and/or Resolutions referred to in (a) herein, as the case may be, are in full force and effect.
5. At least two (2) Eligible Provinces have enrolled (through their respective MCIP management units) at least 2,000 uninsured women and children who are eligible to benefit from the MCIP, all of the above in accordance with the criteria set forth in the Operational Manual.
6. The Borrower has issued a Decree modifying the per capita distribution mechanism of the Solidarity Redistribution Fund so that said mechanism shall take into account the risk profile of the beneficiaries (including, at least, sex and age), and said Decree is in full force and effect.
7. At least three (3) of the Five Largest Public Hospitals in each of at least five (5) Eligible Provinces have established a fully functioning and updated database of beneficiaries of National Health Insurance Entities and *Obras Sociales Provinciales* in the admission point to each hospital.
8. A system to expedite the payment of invoices which public health services providers present to National Health Insurance Entities through the Superintendency or other agency of the Borrower, is fully functional in at least six (6) of the Eligible Provinces.