

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8464-AR

Loan Agreement

(Youth Employment Support Project)

Between

ARGENTINE REPUBLIC

And

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *April 16*, 2015

LOAN AGREEMENT

Agreement dated APRIL 16, 2015, 201_, 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 four hundred and twenty five million Dollars (US\$425,000,000), 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 Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are June 15 and December 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: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project through the MTESS and with the assistance of Sector Organizations, Municipalities, Provinces, non-governmental organizations, and IFPs (Participating Entities); all in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower 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.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely, that the Ministerial Resolution No. 497/2008 from MTESS that created the JMyMT Program or any other regulation related to its creation or implementation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to carry out the Project or to perform any of its obligations under the Loan Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Economy and Public Finance.
- 6.02. The Borrower's Address is:

Ministerio de Economía y Finanzas Públicas
Hipólito Yrigoyen 250
C1086 AAB, Buenos Aires
Argentina

Cable:	Telex:	Facsimile:
MINISTERIO DE ECONOMIA Baires	121942-AR	(5411) 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 Washington, D.C.	148423(MCI) or 54145(MCI)	1-202-477-6391

AGREED at the District of Columbia, United States of America as of the day and year first above written.

ARGENTINE REPUBLIC

By

Name:

AXEL KICILLOF

Title:

MINISTER OF ECONOMY AND
PUBLIC FINANCE

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Name:

JESU KENTSCHEL

Title:

COUNTRY DIRECTOR

SCHEDULE 1

Project Description

The objective of the Project is to improve access of vulnerable youth population to labor markets, increasing their employability by supporting the expansion and strengthening of Government employment programs.

The Project consists of the following parts:

Part A: Improvement and Provision of Orientation and Training Services Offered to JMyMT Program Participants

1. Provision of labor orientation workshops and training courses by *Instituciones de Formación Profesional* (IFPs), such as employability workshops, professional and IT training courses for JMyMT Program participants.
2. Expansion and strengthening of a job competency-based certification system through:
 - (a)
 - (i) the development of labor competency based standards;
 - (ii) the labor competencies assessment of JMyMT Program's participants;
 - (iii) the training of evaluators; and
 - (iv) the curricular designs and their corresponding teaching materials.
 - (b) activities related to capacity building and training, including:
 - (i) the accreditation and quality certification of IFPs by an independent third party (the Argentine Institute for Norms and Certification);
 - (ii) the training of IFPs teachers; and
 - (iii) the strengthening of Sector Councils responsible for overseeing training programs.
3. Strengthening of the Municipalities' capacity to provide training and employment services through the provision of IT equipment and related furniture to Municipalities for the use of JMyMT Program participants in activities such as orientation and job search workshops, employment clubs and IT courses.
4. Provision of technical coordination activities to strengthen the implementation of the Project.

Part B: Coverage Consolidation of the JMyMT Program

Expansion of the JMyMT Program coverage through the financing of Stipends to Eligible Beneficiaries enrolled in the JMyMT Program including, *inter-alia*: (i) monthly payments for participating in training, workshops, and basic education completion courses, (ii) monthly payments for participating in on-the-job training activities; and (iii) a one-time payment linked to

completion of the JMyMT Program activities; all in accordance with criteria, terms and conditions acceptable to the Bank and set forth in the Operational Manual.

Part C: Strengthening and Improving the Performance of the Network of Employment Offices

1. Carrying out of regional and national workshops to discuss the strategy implementation and provide technical assistance to Eligible OEs.
2. Provision of financing to Eligible OEs to strengthen their employment services performance, included, in the following areas:
 - (i) placements in formal jobs;
 - (ii) enrollment in/provision of services of employment clubs;
 - (iii) placements in on-the-job training; and
 - (iv) enrollment in professional training courses for JMyMT Program participants.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall:
 - (a) operate and maintain within the Secretariat of Employment of the MTESS, throughout Project implementation, a technical coordination unit of the Project (TCU) staffed with a coordinator, technical experts, and other personnel in numbers and with qualifications and experience acceptable to the Bank; to manage Project implementation on behalf of MTESS with functions and responsibilities acceptable to the Bank (including the responsibility for the fiduciary aspects of the Project such as financial management, procurement, and the hiring of independent auditors for the verification of appropriate disbursement against Outputs, in addition to the general Project audit) as set forth in the Operational Manual. Said Operational Manual shall also describe the role of the various departments and/or units of MTESS in Project execution and coordination.
 - (b) Without limitation to the provisions of Section II.B.3 of this Schedule, and for purposes of carrying out necessary activities to process Loan disbursements for Outputs under Parts A.2(a) and C.2 of the Project, the Borrower, through the MTESS shall: (i) no later than four (4) months after the Effective Date, hire, and thereafter maintain during the execution of the Outputs, an independent auditor acceptable to the Bank, following terms of reference satisfactory to the Bank, which shall include, *inter alia*: the obligation to carry out semi-annual verification of: (A) the achievement of Outputs delivered during the pertinent calendar semester for purposes of recognizing the reported Outputs as Eligible Expenditures; (B) once a year, the reasonableness of the Unit Costs for the Outputs to be delivered during the following year; and (ii) cause said auditor(s) to prepare and furnish to the Borrower and the Bank a report on the results of said verification of achievement process of such scope and in such detail as the Bank shall reasonable request, no later than three months after the end of the audited period.
2. The Borrower shall maintain throughout the Project implementation period, specific budget line entries in its annual budget in order to keep track of expenditures incurred during Project implementation.
3. The Borrower shall review through the MTESS jointly with the Bank and not later than 12 months after the Effective Date and yearly thereafter: (a) the Unit Costs; and (b) the amounts to be paid for the Training Fees referred to in Section IV, A.3. (c) of this Schedule to this Agreement; and immediately thereafter adjust said Unit Costs, Training Fees, or Stipends if applicable, and required by the results of said reviews, all in a manner satisfactory to the Bank.

4. Without limitation to the provisions of Section I.A.3 of this Schedule, the Bank may propose to the Borrower (or vice versa) additional reviews of the Unit Costs earlier or later than as set forth in said section, and if required by the results of any of said reviews, the MTESS shall adjust the Unit Costs, all in a manner satisfactory to the Bank. Any adjustment of the Stipend amounts under Part B of the Project will require the no objection of the Bank.

B. Operational Manual.

1. Without limitation to the provisions of Article V of the General Conditions, the Borrower shall, through the MTESS, carry out the Project in accordance with an Operational Manual, satisfactory to the Bank, containing, *inter alia*:
 - (a) the terms of reference, functions and responsibilities for the personnel of the TCU responsible for the coordination, monitoring and evaluation of the Project;
 - (b) (i) the criteria, detailed rules and procedures for the selection of Eligible Beneficiaries for the JMyMT; and (ii) the calculation of Unit Costs and Training Fees;
 - (c) the procedures for procurement of goods and services, as well as for financial management and standard and concurrent Outputs' audits of the Project;
 - (d) the indicators to be used in the monitoring and evaluation of the Project;
 - (e) the sample models for the Framework Agreements and Model Framework Agreements;
 - (f) the flow and disbursement arrangements of Project funds, including the reimbursement mechanisms of the Output based components of the Project based on the agreed Unit Costs;
 - (g) the National Indigenous Peoples Plan (NIPP); and
 - (h) the terms of reference, satisfactory to the Bank for the hiring of independent auditors referred to in Sections I.A.1.b and II.B.4 of Schedule 2 of this Agreement.
2. The Borrower shall carry out the Project in accordance with the Operational Manual and shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned manual, or any provision thereof, without the prior written agreement of the Bank. In case of any conflict between the provisions of this Agreement and those of the Operational Manual, the provisions of this Agreement shall prevail.

C. Agreements.

For purposes of implementation of the JMyMT Program, the Borrower, through MTESS, enters into legal agreements (Framework Agreements) with each Participating Entity in relation to the establishment of OEs, and the carrying out of training and other employment services related activities. These Framework Agreements specify the services to be delivered and, if applicable, obligations of the Participating Entity with regards to the compliance with provisions of the NIPP.

D. Anti-Corruption.

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards.

The Borrower, through MTESS, shall:

- (a) carry out, and shall cause the NIPP Entities to carry out, the NIPP; and
- (b)
 - (i) prior to implementation of activities under Part C.2 of the Project in the jurisdiction of any Participating Entity where the NIPP applies, include in the respective Framework Agreement, the Participating Entity's obligations for the implementation of the NIPP; and
 - (ii) except as the Bank shall otherwise agree, not amend, waive or fail to enforce any such agreements or provisions thereof.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports.

1. The Borrower, through the MTESS 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 indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Closing Date

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, the Borrower shall prepare and furnish to the Bank as part of the Project Report not later than forty five (45) days after the end of each semester interim unaudited financial reports for the Project covering the 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 and shall include the verification of the compliance of payments under Part B of the Project to Eligible Beneficiaries with procedures set forth in the Borrower's applicable regulations as well as the eligibility criteria and procedures set forth in the Operational Manual. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.
4. The Borrower shall have validated the actual achievement of Outputs by an independent auditor(s) acceptable to the Bank on the terms of reference agreed with the Bank. Each validation of the actual Outputs shall cover the period of the previous calendar semester. The auditor's validation report for each such period, which will be required for documenting respective funds under the Outputs scheme, shall be furnished to the Bank not later than three (3) months after the end of such period.

Section III. Procurement

A. General.

1. **Goods and Non-Consulting Services.** All goods and non-consulting 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
4. **Special Provisions.** Without limitation to the other provisions in Section III.A of this Schedule, the following additional provisions shall also govern the procurement of goods, non-consulting services and consultants' services under the Project (as the case may be):
 - (a) procurement of goods, non-consulting services and consultants' services (in respect of firms) shall be carried out using: (i) (A) standard bidding documents and (B) standard requests for quotations/proposals (as the case may be), all acceptable

to the Bank, which shall all include, *inter alia*, a settlement of dispute provision and the pertinent provisions of the Anti-Corruption Guidelines; (ii) model bid evaluation forms, and model quotations/proposals evaluation forms (as the case may be); and (iii) model contract forms, all acceptable to the Bank;

- (b) a two-envelope bidding procedure shall not be allowed in the procurement of goods and non-consulting services;
- (c) after the public opening of bids for goods and non-consulting services, information relating to the examination, clarification and evaluation of bids and recommendation 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 2.23 and 2.30 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) foreign bidders or foreign consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina (except as provided in the standard bidding documents referred to in paragraph 4 (a) (i) (A) above); (ii) be required to have a representative in Argentina; and (iii) be required to be associated or subcontracted 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-consulting services and consultants' services procured by the Borrower, through MTESS, 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-consulting services to be procured under National Competitive Bidding procedures;

- (h) references to bidders in one or more specialized magazines shall not be used by the Borrower, through MTESS, in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;
- (i) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;
- (j) the Borrower, through MTESS, shall: (i) supply SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Bank; and (ii) update the Procurement Plan at least twice a year, or as required by the Bank, to reflect the actual Project implementation needs and progress and shall supply SEPA with the information contained in the updated Procurement Plan immediately thereafter;
- (k) the provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines providing for domestic preference in the evaluation of bids shall apply to goods manufactured in the territory of the Borrower in respect of contracts for goods to be procured under International Competitive Bidding procedures;
- (l) compliance by bidders with the norms issued by ISO with respect to any given good procured under the Project shall not be used as parameter for contract award;
- (m) consultants shall not be required to submit bid or performance securities;
- (n) contracts of goods and non-consulting services shall not be awarded to the "most convenient" bid, but rather to the bidder whose bid has been determined: (i) to be substantially responsive; and (ii) to offer the lowest evaluated bid, provided that said bidder has demonstrated to the Borrower, through MTESS, to be qualified to perform the contract satisfactorily; and
- (o) the types of contracts described in Section IV of the Consultant Guidelines shall be the only type of contracts to be used by the Borrower, through MTESS, 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 and Non-Consulting Services.

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

2. **Other Methods of Procurement of Goods and Non-Consulting Services.** The following methods, other than International Competitive Bidding, may be used: (i) for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in Section III. A. 4 above and (b) Stopping.

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Selection based on Consultants' Qualifications; (b) Single-source Selection of consulting firms; (c) Procedures set forth in paragraphs 2.7, 5.1 and 5.5 of the Consultant Guidelines for the Selection of Individual Consultants; and (d) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions.

The Procurement Plan for Parts A.2 (b), A.3, A.4 and C.1 of the Project, 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) (Additional 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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, training, and Operating Costs for Parts A.2 (b), A.3, A.4, and C.1 of the Project	9,310,000	100%
(2) Stipends to Eligible Beneficiaries under Part B of the Project	169,927,500	100% of amounts as established in the Operational Manual.
(3) Outputs under Part A.2(a) and C.2 of the Project:	86,700,000	100% of the Unit Costs in accordance with amounts and baselines established in the Operational Manual
(4) Training Fees of IFPs under Part A.1 and A.2(b) of the Project	158,000,000	100%
(5) Front-end Fee	1,062,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(6) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	425,000,000	

3. For purposes of the preceding table:

- (a) the term "Operating Costs" means the reasonable cost of recurrent expenditures of the MTESS and Technical Units in Project implementation (excluding salaries) such as consumable items, utilities and supplies, and travel costs for supervision in the field, which would not have been incurred absent the Project;
- (b) the term "Training" means expenditures incurred by MTESS to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), rental of training facilities, materials and equipment under the Project, but excluding Training Fees; and

- (c) the term “Training Fees” means the fees incurred and charged by IFPs for delivering on the job and classroom training under Part A.1 and A.2(b) of the Project, as such fees are based on Unit Costs set forth in the Operational Manual and paid to IFPs by MTESS.
4. The Outputs eligible for financing for each Project activity under Parts A.2 (a) and C.2 of the Project are as follows:

(a) Under Part A.2(a):

1- Number of Labor Competencies’ Standards developed and registered
2- Number of Assessments of JMyMT Program participants’ labor competences
3- Number of Evaluators trained, certified and registered
4- Number of curricular designs and teaching materials designed, published and registered

(b) Under Part C.2:

5-Placement of JMyMT Program participants in formal jobs
6-Enrollment in/provision of employment clubs of JMyMT Program participants
7-Placement of JMyMT Program Participants in on-the-job training
8-Enrollments of JMyMT Program participants in professional training

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
- (a) For payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US\$85,000,000 (eighty five million dollars) of the total Loan amount may be made for payments made up to twelve months prior to the date of signature of this Agreement, for Eligible Expenditures under Parts B and C.2 of the Project. Unless the Bank shall otherwise agree, expenditures related to Output 5 under Part C.2 of the Project, will be considered eligible for retroactive financing up to six months after the signature of this Agreement.
 - (b) For payments made for Category (3) set forth in the Table in paragraph A.2 of this Section, unless MTESS has submitted evidence satisfactory to the Bank of compliance with (i) the achievement of the respective Output and corresponding validation carried out by an independent auditor referred to in Section I.A.1(b) of

this Schedule; and (ii) the pertinent conditions/provisions set forth in the Additional Instructions, including the amounts of the Loan proceeds allocated for each calendar semester and the provisions related to the number of OEs that have achieved established targets for delivering Outputs.

2. If, at any time, the Bank determines that any portion of the amounts disbursed by the Borrower under Categories (2), (3) and (4) was made: (a) for expenditures which are not eligible under the Project; or (b) not in compliance with the provisions of this Section B; the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower.
3. The Closing Date is May 31, 2018.

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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each June 15 and December 15 Beginning on June 15, 2022 through December 15, 2046	1.96 %
On June 15, 2047	2.00 %

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

Section I. Definitions

1. “Additional Instructions” means the instructions referred to in Section IV.A.I of Schedule 2 to this Agreement.
2. “Advances to a Designated Account” means advances of the proceeds of the Loan to the account indicated in the Additional Instructions referred to in Section IV.A.1 of Schedule 2 to this Agreement and made in accordance with the terms of such instructions.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
6. “Eligible Beneficiary” means an individual who meets the criteria set forth in the Operational Manual to benefit from a Stipend payment under Part B of the Project and is eligible to receive services under the JMyMT Program.
7. “Eligible OE” means the OE established in any Participating Entity pursuant to a Framework Agreement between the MTESS and the respective Participating Entity and that complies with the criteria established in the Operational Manual to provide employment services under the JMyMT Program.
8. “Framework Agreement” means any of the agreements between MTESS and Participating Entities, referred to in Section I. C. of Schedule 2 to this Agreement.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
10. “IFP” or “*Institución de Formación Profesional*” means any training institute established and operating in the Borrower’s territory and registered in the REGICE.
11. “ISO” means International Organization for Standardization; an international-standard-setting body composed of representatives from various national standards organizations which issues world-wide proprietary industrial and commercial standards for products.
12. “JMyMT Program” or “Program” means “*Jóvenes con Más y Mejor Trabajo*” the Borrower’s employment and skills training program that targets the population between 18

and 24 years of age and implemented by MTESS, established pursuant MTESS Ministerial Resolution No. 497/2008 and supplementary regulations.

13. "MTESS" or "*Ministerio de Trabajo, Empleo y Seguridad Social*" means the Borrower's Ministry of Labor, Employment and Social Security or its successor.
14. "Municipality" means any of the Borrower's Municipalities, or other local political subdivisions established and recognized as such by the respective Province and the Borrower's regulations.
15. "National Indigenous Peoples Plan" or "NIPP" means the framework prepared by the Borrower and approved by the Bank, describing the specific measures and implementation arrangements to be undertaken to guide the interventions and consultations with indigenous peoples under the Project.
16. "NIPP Entity" means any Participating Entity that meets the requirements of the NIPP to be deemed a NIPP Entity.
17. "OE" or "*Oficina de Empleo*" means an office established by a Municipality, Province or non-governmental organization, and incorporated to the network of employment and training services of the MTESS through the respective Framework Agreements signed with MTESS.
18. "Operational Manual" means the manual approved by the Bank on December 17, 2014, as the same may be amended from time to time by agreement between the Borrower and the Bank.
19. "Output" means any of the outputs eligible for financing out of the proceeds of the Loan as set forth in Section IV A.4 of Schedule 2 to the Loan Agreement.
20. "Participating Entity" means collectively, a Municipality, Province, IFP, Sector Organization, or non-governmental organization eligible for participating in the implementation of activities under the JMyMT Program in accordance with the provisions of the Operational Manual.
21. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
22. "Procurement Plan" means the Borrower's procurement plan for the Project, dated November 21, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
23. "Province" means any political subdivision of the Borrower as per Title Two of the Borrower's National Constitution.

24. "REGICE" or "Registry of Training and Employment Agencies" means the Borrower's registry of information on professional training institutes and institutions involved in the evaluation and certification of occupational standards, accessible to the public.
25. "Sector Council" means a group of Sector Organization representatives in charge of designing and implementing continuous training system under Part A.2 of the Project.
26. "Sector Organization" means a trade union, business association or other association with juridical personality representing business and/or workers.
27. "SEPA" or "*Sistema de Ejecución de Planes de Adquisiciones*" means the Bank's publicly accessible Procurement Plans Execution System.
28. "Stipends" means payments (through bank debit cards) by MTESS to Eligible Beneficiaries enrolled in the JMyMT Program, in amounts described in the Operational Manual.
29. "TCU" means the technical coordination unit to be established by the Borrower pursuant to Section I.A.1(a) of Schedule 2 to this Agreement.
30. "Unit Costs" means the unit cost on which the Outputs under Part A.2 (a) and C.2 of the Project are based, established according to a methodology specified in the Operational Manual, as such Unit Cost may be modified in agreement with the Bank.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Content**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

 - (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").
 - (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."
3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”
5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.