



LOAN NUMBER 8452-AR

# Loan Agreement

(Second Rural Education Improvement Project)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated *APRIL 16*, 2015

## LOAN AGREEMENT

Agreement dated APRIL 16, 2015 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 two hundred fifty million five hundred thousand Dollars (US\$250,500,000), 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 MEN, and with the assistance of the Participating Provinces (as provided under the relevant Participation Agreements), 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 any Participating Province shall have failed to perform any of its obligations under the relevant Participation Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that any 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 Additional Condition of Effectiveness consists of the following, namely that at least one Participating Province shall have entered into a Participation Agreement with the Borrower.
- 5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement, but in no case later than eighteen months (18) months after the Bank's approval of the Loan which expire on June 2, 2016.

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

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

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.	248423(MCI) or 64145(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

  
Authorized Representative

Name:

AXEL KICILLOF

Title:

MINISTER OF ECONOMY AND  
PUBLIC FINANCE

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By

  
Authorized Representative

Name:

FESCO HONTSIREC

Title:

COUNTRY DIRECTOR

## SCHEDULE 1

### Project Description

The objective of the Project is to support the Borrower to reduce repetition rates in Primary Education and increase enrollment in, and completion rates of, Secondary Education, all in the Borrower's rural areas.

The Project consists of the following parts:

#### **Part 1. Reducing Repetition Rates in Rural Classrooms**

- (a) Provision of support to the National Plan for Teacher Training, through the carrying out of activities aimed at improving teaching and school management, including, *inter alia*, the design and implementation of a training strategy for teachers, school directors, and supervisors of Pre-Primary Education, Primary Education, and Secondary Education in rural schools.
- (b) Strengthening the link among the Eligible Schools, students' families and local communities through the carrying out of selected annual school improvement activities, which consists of, *inter alia*: (i) support the sharing of school management and teachers' performance experiences among rural schools at the level of School Clusters; (ii) the carrying out of minor preventive maintenance activities; and (iii) the acquisition of needed school equipment.

#### **Part 2. Increasing Enrollment in and Completion Rates of Rural Secondary School**

Carrying out of activities aimed at expanding the supply of Secondary Education services in rural areas, including, *inter alia*: (i) the construction and/or rehabilitation of schools to expand their facilities' capacity; (ii) the provision of school maintenance activities; (iii) the acquisition of learning materials and provision of training; and (iv) the provision of transportation and *per diems* for teachers to expand the supply of qualified teachers in rural areas.

#### **Part 3. Strengthening Project Management, Monitoring, & Evaluation**

- (a) Implementation of Project management activities, through, *inter alia*: (i) the carrying out of technical coordination within MEN's technical departments; (ii) the planning, monitoring and evaluation of provincial level activities; (iii) the carrying out of fiduciary oversight of all Project activities; and (iv) the development of, *inter alia*, a map of underserved areas to identify demand for Secondary Education and determine the best service delivery models for rural areas.
- (b) Carrying out of monitoring and evaluation activities under the Project in coordination with DiNIECE.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Borrower, through MEN, shall operate and maintain, at all times during Project implementation a Project implementation unit within DGUFI (the UEC) with the structure, functions and responsibilities set forth in the Operational Manual, which shall include, *inter alia*, the responsibility to assist MEN in the carrying out, coordination, monitoring and supervision of the Project.
2. The Borrower, through MEN, shall ensure that UEC is, at all times during Project implementation, assisted by professional staff (including, *inter alia*, a Project coordinator, a financial management specialist, a procurement specialist and a monitoring and evaluation specialist) and administrative staff, all in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank.
3. The Borrower, through MEN, shall operate and maintain, at all times during Project implementation with the structure, functions and responsibilities satisfactory to the Bank as set forth in the Operational Manual: (a) the DGI, (b) the DiNIECE, and (c) the DNGE.
4. The Borrower, through MEN, shall cause the Participating Provinces, through the relevant Participation Agreements to operate and maintain throughout the execution of the Project, within the respective ME Ps, provincial implementation units (the PIUs), with functions and responsibilities acceptable to the Bank and assisted by staff in adequate numbers, and with qualifications and experience acceptable to the Bank.

##### B. Manuals.

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower shall: (a) carry out the Project in accordance with the provisions of a manual (the Operational Manual) and the pertinent provisions of the Environmental and Social Management Framework and the Indigenous Peoples Planning Framework; and (b) cause the pertinent Participating Provinces to comply with the pertinent provisions of the Operational Manual, the Environmental and Social Management Framework and the Indigenous Peoples Planning Framework in connection with their participation under the Project.
2. In case of any conflict among the terms of the Operational Manual, the Environmental and Social Management Framework, the Indigenous Peoples Planning Framework and those of this Agreement, the terms of this Agreement shall prevail.

**C. Implementation Arrangements.**

1. For the purposes of carrying out the activities under the Project, the Borrower, through MEN, shall:
  - (a) enter into an agreement (the Participation Agreement) with each Participating Province, setting forth: (i) the technical, financial, administrative, safeguards and fiduciary aspects of the Project; (ii) the rights and obligations of MEN and Participating Provinces in relation to their respective participation in the implementation of the Project activities; and (iii) the use of the Loan funds under the Project and its reporting, all under terms and conditions acceptable to the Bank, containing, *inter alia*, the terms set forth in Schedule 4 of this Agreement;
  - (b) cause each Participating Province to take all necessary actions to enable the Borrower to comply with its pertinent obligations as set forth under this Agreement, including those set forth or referred to in the General Conditions, the Operational Manual, the Environmental and Social Management Framework, the Indigenous Peoples Framework and the Anti-Corruption Guidelines, in respect of the carrying out of the Project as it may apply to the respective Participating Province; and
  - (c) (i) exercise its rights and carry out its obligations under each Participation Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Participation Agreement or any provision thereof.
2. In case of any conflict among the provisions of any Participation Agreement, those of the Operational Manual and those of this Agreement, the provisions of this Agreement shall prevail.

**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.**

1. Prior to the carrying out of any works under Part 2 of the Project, the Borrower, through MEN, shall: (a) carry out and/or, if applicable, cause the pertinent Participating Province to carry out an environmental/social assessment of the pertinent works, and based on the results of said assessments as determined by the Bank, approve and/or cause the pertinent Participating Province to approve an environmental/social management plan or similar environmental or social safeguards instrument, acceptable to the Bank, for each said work, all in accordance with the provisions of the Environmental and Social Management Framework; and (b) immediately after said approval, implement and/or, if applicable, cause the pertinent Participating Province to carry out the corresponding



environmental/social management plan, or similar environmental/social safeguards instrument, in accordance with its terms, and in a manner acceptable to the Bank.

2. The Borrower, through MEN, shall, and shall cause each Participating Province to, ensure that any works under the Project do not involve any Involuntary Resettlement.
3. Without limitation to the pertinent provisions of this Agreement, and if applicable as set forth in the IPPF, the Borrower, through MEN, shall: (a) prior to the carrying out of any pertinent Project activity, prepare and/or, if applicable, cause the pertinent Participating Province to prepare and furnish to the Bank, an indigenous peoples' plan, acceptable to the Bank (which plan shall be consistent with the pertinent provisions of the IPPF); and (b) thereafter, adopt and implement (and/or cause to be adopted and implemented) said indigenous peoples' plan in accordance with its terms and 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 the indicators set forth in the Operational Manual and 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.

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

1. The Borrower, through MEN, 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, through MEN, shall prepare and furnish to the Bank as part of each Project Report, interim unaudited financial reports for the Project covering the pertinent calendar semester, in form and substance satisfactory to the Bank.
3. The Borrower, through MEN, 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.
4. The Borrower, through MEN, shall, and shall cause each Participating Province to, 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 national and provincial annual budgets, respectively

(starting in calendar year 2015 or any other date as agreed by the Bank) in order to keep track of the corresponding expenditures incurred during Project implementation.

**Section III. Procurement**

**A. General.**

1. **Goods, Works and Non-Consulting Services.** All goods, works 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, works, non-consulting services and consultants' services under the Project (as the case may be):
  - (a) procurement of goods, works, non-consulting services and consultants' services (in respect of firms) shall be carried out using: (i) (A) standard bidding documents (which bidding documents in respect of works shall include, if applicable, a provision whereby the pertinent contractor must comply with the pertinent provisions of the corresponding environmental management and/or indigenous peoples' plan (including the provisions of any updated/adjusted version) or similar safeguards instrument referred to in Section I.E.1 of Schedule 2 to this Agreement); 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) all contracts for works to be procured under the Project shall contain a methodology, acceptable to the Bank, whereby the price of each said contract shall be adjusted through the use of price adjustment formulas, in a manner acceptable to the Bank;
  - (c) a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and non-consulting services;

- (d) after the public opening of bids for goods, works and non-consulting services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;
- (e) after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.23 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;
- (f) 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 subcontract with Argentine suppliers, contractors or consultants;
- (g) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, non-consulting services and consultants' services procured by the Borrower, through MEN, shall be published in the web page of the Borrower's Office of National Procurement (*Oficina Nacional de Contrataciones*), and in a manner acceptable to the Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening;
- (h) the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods, works and non-consulting services to be procured under National Competitive Bidding procedures;
- (i) references to bidders in one or more specialized magazines shall not be used by the Borrower, through MEN, in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;

- (j) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;
- (k) the Borrower, through MEN, 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 every three months, 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;
- (l) 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;
- (m) 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;
- (n) consultants shall not be required to submit bid or performance securities;
- (o) contracts of goods, works 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 MEN, to be qualified to perform the contract satisfactorily; and
- (p) 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, through MEN, 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-Consulting Services.**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive.
2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** The following methods, other than International Competitive Bidding, may be used: (i) for procurement of goods, works 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; (b) Shopping; and (c) Direct Contracting, and (ii) with respect to Part 1 (b) of the Project, Community Participation.

**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) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

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

The Procurement Plan for Parts 1 (a), 2, and 3 of the Project, and the Operational Manual for Part 1 (b) 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), 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 (inclusive of Taxes)</b>
(1) Works under the Project	153,000,000	100%
(2) Goods under the Project	65,250,000	100%
(3) Non-consulting services and Training under the Project	14,123,750	100%
(4) Consultants' services under the Project	10,294,578	100%
(5) Operating Costs under the Project	7,205,422	100%
(6) Front-end Fee	626,250	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
<b>TOTAL AMOUNT</b>	<b>250,500,000</b>	

3. For purposes of the preceding table:

- (a) "Training" means expenditures (other than those for consultants' services) incurred by MEN and/or a Participating Province, 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, printing and distribution of training materials, rental of training facilities, and equipment under the Project, all based on annual budgets acceptable to the Bank; and
- (b) "Operating Costs" means reasonable recurrent expenditures, that would not have been incurred by the Borrower through MEN, and/or a Participating Province and/or an Eligible School, absent the Project, for Project administration, including travel costs (i.e. accommodation, transportation, travel insurance, and *per diem*), office rent, operation and maintenance of office equipment, non-durable goods and vehicle operation, insurance and maintenance costs, as agreed with the Bank, all based on annual budgets acceptable to the Bank.

**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 \$50,000,000 (fifty million Dollars) may be made for

payments made prior to this date but on or after December 15, 2013, for Eligible Expenditures under the Project.

2. The Closing Date is December 31, 2019.

### 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 (Expressed as a Percentage)</b>
On each June 15 and December 15 Beginning on June 15, 2022 through December 15, 2046	2 %

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.

#### SCHEDULE 4

##### Terms and Conditions of Participation Agreements

Each Participation Agreement shall contain, *inter alia*, the following provisions:

- (a) the obligation of the Borrower, through MEN:
  - (i) to promptly disburse, on a grant basis, to each Participating Province and/or Eligible School, the proceeds of the Loan allocated to the corresponding activities under the Project in a manner acceptable to the Bank;
  - (ii) to procure goods, works, and services needed for the implementation of the activities carried out (A) by MEN, and (B) in some cases, by the Participating Provinces, as applicable; and
  - (iii) to ensure and cause the Participating Provinces to ensure that all activities under the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.
- (b) the right of the Borrower, through MEN, to take remedial actions against the pertinent Participating Province, in case said Participating Province shall have failed to comply with any of its obligations under the pertinent Participation Agreement, (which actions may include, *inter alia*, the partial or total suspension and/or cancellation of the proceeds of the Loan allocated to the corresponding activities under the Project to be implemented either by the Participating Province or by the Eligible School, all as previously agreed with the Bank);
- (c) the obligation of each Participating Province:
  - (i) to ensure that the pertinent activities of the Project which fall under its administrative jurisdiction, including those implemented by Eligible Schools, are carried out with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, social and cultural property practices, as applicable, and with the pertinent provisions of this Agreement, the Operational Manual, the ESMF, the IPPF, the Anti-Corruption Guidelines;
  - (ii) to ensure that the proceeds of the Loan allocated to the pertinent Project activities which fall under its administrative jurisdiction, are used solely for purpose of financing said activities;
  - (iii) to provide, promptly as needed, the personnel, services, facilities and other resources necessary or appropriate to carry out the corresponding Project activities which fall under its administrative jurisdiction;

- (iv) to procure the goods, works and services under the pertinent Project activities which fall under its administrative jurisdiction, in accordance with the provisions of this Agreement, and the requirements of the Procurement Plan, and any revisions thereof that the DGUFI and the Bank may agree;
- (v) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the pertinent Participation Agreement or any provision thereof, unless previously agreed by the Borrower, through MEN, and the Bank;
- (vi) to maintain financial records of the Project activities which fall under its administrative jurisdiction and have them audited following the requirements of the Loan Agreement and the Operational Manual; and
- (vii) to take or permit to be taken all action to enable the Borrower, through MEN, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Project activities which fall under its administrative jurisdiction.

## APPENDIX

### Section I. Definitions

1. “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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “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).
4. “DGI” means *Dirección General de Infraestructura*, the Infrastructure General Directorate, established within MEN, or any successor thereto, acceptable to the Bank.
5. “DiNIECE” means *Dirección Nacional de Información y Evaluación de la Calidad Educativa*, the National Directorate for the Information and Evaluation of Education Quality, established within MEN, or any successor thereto, acceptable to the Bank.
6. “DGUFI” means *Dirección General Unidad de Financiamiento Internacional*, the General Directorate Unit of International Finance, established within MEN, or any successor thereto, acceptable to the Bank.
7. “DNGE” means *Dirección Nacional de Gestión Educativa*, the National Directorate for the Educational Management, established within MEN, or any successor thereto, acceptable to the Bank.
8. “Environmental and Social Management Framework” means the Borrower’s framework (included in the Operational Manual), published on October 15, 2014, which sets forth, *inter alia*: (i) the guidelines for carrying out the environmental/social assessments; (ii) the guidelines to be followed in connection with the finding of cultural property; and (iii) the guidelines to be followed to prevent natural habitat conversion or degradation, as said framework may be updated and/or amended from time to time with the agreement of the Bank.
9. “Eligible Schools” means any rural school or School Cluster within the administrative and territorial jurisdiction of a Participating Province, which meets the criteria set forth in the Operational Manual to participate under Part 1 (b) of the Project.
10. “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.

11. “Indigenous Peoples Planning Framework” or “IPPF” means the Borrower’s framework (included in the Operational Manual), acceptable to the Bank, published on October 15, 2014, setting forth the indigenous peoples policy framework applicable to all the activities to be carried out under the Project and the basis and procedures to prepare specific indigenous peoples’ plans or related instruments during Project implementation.
12. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
13. “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.
14. “MEN” means *Ministerio de Educación de la Nación*, the Borrower’s National Ministry of Education or any successor thereto acceptable to the Bank.
15. “MEP” means *Ministerio de Educación Provincial* (or its equivalent in each Participating Province), the Ministry of Education within a Participating Province.
16. “National Plan for Teacher Training” means *Plan Nacional de Formación Docente*, the Borrower’s plan for teacher training established pursuant to the Borrower’s National Educational Council Resolution No. 167/12, dated of 2012.
17. “Operational Manual” means the Borrower’s manual dated October 17, 2014, acceptable to the Bank, which sets forth, *inter alia*: (a) the structures, functions and responsibilities of UEC, DGI, DiNIECE, DNGE, under the Project; (b) the Project’s chart of accounts and internal controls; (c) the format of: (i) the unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (ii) the Financial Statements; (d) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (e) the Project performance indicators (including the results framework); (f) the criteria for selection of Participating Provinces; (g) the Project disbursement and procurement procedures (including the use of Community Participation method with respect to Part 1 (b) of the Project); and (h) the ESMF and IPPF; as said manual may be updated and/or amended from time to time with the agreement of the Bank.
18. “Participation Agreement” means any of the agreements referred to in Section C. 1. (a) of Schedule 2 to this Agreement.
19. “Participating Province” means any political subdivision of the Borrower as per Title Two of the Borrower’s National Constitution, which meets the criteria to participate under the Project, and the term “Participating Provinces” means all of said political subdivisions.

20. "PIU" means any of the Provincial units referred to in Section I. A. 4 of Schedule 2 to this Agreement.
21. "Pre-Primary Education" means the Borrower's *Educación Inicial* provided to children between the ages of 0 and 5 years old in the Borrower's territory, pursuant to the Borrower's Law No. 26.206 –*Ley de Educación Nacional*-, dated of 2006.
22. "Primary Education" means the Borrower's *Educación Primaria* provided to children of 6 year-old and above up to grade 6 or grade 7 (as the case may be, pursuant to the provincial education legislation, in the Borrower's territory), pursuant to the Borrower's Law No. 26.206 –*Ley de Educación Nacional*-, dated of 2006.
23. "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).
24. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 16, 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.
25. "Secondary Education" means the Borrower's *Educación Secundaria* provided to youth having completed Primary Education, pursuant to the Borrower's Law No. 26.206 –*Ley de Educación Nacional*-, dated of 2006.
26. "SEPA" or "*Sistema de Ejecución de Planes de Adquisiciones*" means the Bank's publicly accessible Procurement Plans Execution System.
27. "School Cluster" means any cluster of schools established, following the requirements of the Operational Manual, under Part 1 (b) of the Project.
28. "UEC" or "*Unidad Ejecutora Central*" means the Project executing unit established within DGUFI and referred to in Section I. A. 1 of Schedule 2 to this Agreement, or any successor thereto, acceptable to the Bank.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, 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”.