Loan Agreement

(Additional Financing for the Plan Belgrano - Water Supply and Sanitation Services Development Project)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN AGREEMENT

Agreement as of the Signature Date (as defined in the Appendix to this Agreement), between ARGENTINE REPUBLIC ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in 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 one hundred and twenty five million Dollars (125,000,000), 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. The Borrower's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its Minister of Finance or MoF's Undersecretary of International Financial Relations.

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, however, that the interest payable shall in no event be less than zero percent (0%) per annum; and provided furthermore 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 January 15 and July 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, through MIPWH, declares its commitment to the objectives of the Project. To this end, the Borrower, through UCPyPFE-UEP, shall carry out the Project with the assistance of the Participating Provinces pursuant to the provisions of the pertinent Participation, Transfer and Maintenance Agreement, all in accordance with the Annual Operating Plans and 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 — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. Except as provided in Section 2.02 of this Agreement, the Borrower’s Representative is its Minister of Finance.

5.02. The Borrower’s Address is:

Ministry of Finance
Hipólito Yrigoyen 250
C1086 AAB, Buenos Aires
Argentina

Cable: MINISTERIO DE FINANZAS
Telex: 121942-AR
Facsimile: (5411) 4349-8815

5.03. The Bank’s Address is:

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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Buenos Aires, Argentina, on behalf of the Bank on August 17, 2017, and on behalf of the Borrower on August 17, 2017.

ARGENTINE REPUBLIC

By

Name: Luis Andres Caputo
Title: Minister of Finance

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Name: Jorge Familiar
Title: Vice President - Latin America and the Caribbean Region
SCHEDULE 1

Project Description

The objectives of the Project are to increase access to water supply and sanitation services and improve the operational and financial performance of the water supply and sanitation services (WSS) Service Providers in the Project Area.

The Project consists of the following parts:

Part A: Water Supply and Sanitation Infrastructure

1. Carrying out of demand-driven Subprojects consisting of the rehabilitation, upgrading and/or reconstruction of Participating Provinces:

   (a) wastewater collection, conveyance, treatment and disposal systems (such as wastewater treatment plants, pumping stations, main collectors and secondary sewerage networks); and

   (b) water supply systems including, for instance, production and distribution systems.

Part B: Institutional and Operational Development and Technical Assistance

1. Carrying out of tailored institutional and/or operational strengthening programs and provision of technical assistance for participating WSS Service Providers to improve their institutional organization, investment planning, management capabilities and technical, operational, commercial and financial efficiency including, for instance: (a) the development of WSS-related management and information systems; (b) the development of WSS customer databases and cadastres; (c) the provision of technical assistance related to strategic planning, energy efficiency and operational efficiency programs; (d) the carrying out of analysis of cost-recovery options and optimization of rates and subsidy structures; (e) design and implementation of macro- and micro-metering (including minor works) and non-revenue water reduction programs; (f) the provision of technical assistance for institutional reorganization; and (g) the design of training programs for the operation and maintenance of systems and installations (focused on wastewater treatment plants, water treatment plants and pumping stations), and the carrying out of studies related thereto, all under terms of reference acceptable to the Bank.

2. Carrying out of technical studies required to support the preparation and implementation of Subprojects, for instance, feasibility studies, analysis of alternatives, engineering designs, economic and financial analyses, socio-economic surveys, environmental and social impact assessments and management plans (including screening and risk assessments, supporting the preparation of safeguard instruments and monitoring) and other studies related thereto, all under terms of reference acceptable to the Bank.
3. Carrying out of communication plans, dissemination and knowledge-sharing activities related to the Project, and training and capacity building for the institutional strengthening of UCPyPFE and Participating Provinces.

Part C: Project Management and Supervision

1. Carrying out of specialized independent technical, environmental and social supervision of Subprojects’ implementation, as required.

2. Carrying out of Project audits and monitoring and evaluation activities under the Project.

3. Provision of administrative and operational support (including the provision of Operating Costs) to UCPyPFE and UCPyPFE-UEP in the administration, monitoring, coordination and supervision of Project implementation.
SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

A. Institutional Arrangements

1. The Borrower, through MIPWH, shall operate and maintain, at all times during Project implementation, a Project implementation unit organized within UCPyPFE (the UCPyPFE-UEP) with the structure, functions and responsibilities set forth in the Operational Manual, which shall include, *inter alia*, the responsibility to carry out the Project (and assist the UCPyPFE in the coordination, monitoring and supervision of the Project).

2. The Borrower, through MIPWH, shall ensure that UCPyPFE-UEP is, at all times during Project implementation, assisted by professional staff (including, *inter alia*, a Project coordinator, a financial management specialist, a procurement specialist, an environmental specialist, a social 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.

B. Manuals

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through UCPyPFE-UEP, shall: (a) carry out of the Project in accordance with the provisions of a manual (the Operational Manual) and the pertinent provisions of the Environmental and Social Management Framework (including the EMPs, the RPF and the IPPF, as determined by the Bank); and (b) cause the pertinent Participating Provinces (as the case may be) to comply with the pertinent provisions of the Operational Manual and the Environmental and Social Management Framework (including the EMPs, the RPF and the IPPF, as determined by the Bank) in connection with their participation in the carrying out of Subprojects.

2. In case of any conflict among the terms of the Operational Manual, the Environmental and Social Management Framework, and those of this Agreement, the terms of this Agreement shall prevail.

C. Implementation Agreements

1. (a) Prior to the carrying out of any given activity under Part B of the Project and any Subproject, the Borrower, through MIPWH (through UCPyPFE), shall enter into an agreement (the Participation, Transfer and Maintenance Agreement) with the corresponding Participating Province (or, if applicable, amend the existing Participation, Transfer and Maintenance Agreement with said Participating
Province), all under terms and conditions acceptable to the Bank, which shall include, *inter alia*, those set forth in Schedule 4 to this Agreement.

(b) The Borrower, through MIPWH (through UCPyPFE), shall exercise its rights and carry out its obligations under each Participation, Transfer and Maintenance Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any Participation, Transfer and Maintenance Agreement or any of its provisions.

2. (a) Prior to the carrying out of any given activity under Part B.1 of the Project, and any Subproject included in the pertinent approved Management and Results Plan (which Subproject meets the eligibility criteria set forth in the Operational Manual to be carried out by a WSS Service Provider), the Borrower, through MIPWH (through UCPyPFE), shall enter into an agreement (the Technical Operation Agreement) with the corresponding WSS Service Provider, all under terms and conditions acceptable to the Bank, including, *inter alia*, those set forth in Schedule 5 to this Agreement.

(b) The Borrower, through MIPWH (through UCPyPFE), shall exercise its rights and carry out its obligations under each Technical Operation Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any Technical Operation Agreement or any of its provisions.

3. Without limitation to the provisions of the General Conditions, the Bank and the Borrower shall, from time to time, at the request of any of them, exchange views jointly with the relevant Participating Province so as to enable the Bank to determine continued compliance by the relevant WSS Service Provider in meeting the corresponding eligibility criteria to benefit from the pertinent Subproject or to carry out Subprojects (as referred to in paragraph 2 of this Section), as this criteria is further detailed in the Operational Manual.

D. Anti-Corruption

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

E. Safeguards

1. Upon the selection of any given Subproject and prior to the carrying out of the pertinent works under said Subproject, the Borrower, through UCPyPFE-UEP, shall: (a) carry out and/or cause to be carried out an environmental/social assessment of the pertinent works, and based on the results of said assessment as determined by the Bank, approve and/or cause to be approved an environmental/social management plan or similar environmental
or social safeguards instrument, acceptable to the Bank, for each said works (which plan or similar environmental/social safeguards instrument shall be based on the results of the environmental/social assessment mentioned herein, and the Bank’s comments on the results of said assessment, if any), all in accordance with the provisions of the Environmental and Social Management Framework; and (b) immediately after said approval, implement and/or cause to be implemented (as the case may be) 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. Without limitation to the pertinent provisions of this Agreement in respect of any given Subproject in which works are involved, and if as a result of the definition of the precise sitting alignments it is determined by the Bank that Resettlement will be involved, the Borrower, through UCPyPFE-UEP, shall: (a) prior to the carrying out of any said works, prepare and/or cause to be prepared and furnish to the Bank, a resettlement plan, acceptable to the Bank (which plan shall be consistent with the pertinent provisions of the Resettlement Policy Framework); and (b) thereafter, implement and/or cause to be implemented, said resettlement plan in accordance with its terms and in a manner acceptable to the Bank.

3. With respect to the carrying out of any Subproject and when so determined by the Bank as set forth in the IPPF and the Environmental and Social Management Framework, the Borrower, through UCPyPFE-UEP shall: (a) prior to the carrying out of any said Subproject, prepare and/or cause to be prepared 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.

F. Other Arrangements

1. The Borrower, through UCPyPFE-UEP, shall operate and maintain, at all times during Project implementation, a web page for purposes of disseminating Project information (as determined by the Bank), all acceptable to the Bank.

2. The Borrower, through UCPyPFE-UEP, shall ensure, and/or cause the Participating Provinces to ensure, that the terms of reference for any consultancy in respect of any Project activity under Part B of the Project (including the preparation of Management and Results Plans) shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

3. The Borrower, through UCPyPFE-UEP, shall not later than December 31 of each year of Project implementation, prepare and furnish to the Bank an Annual Operating Plan, acceptable to the Bank, which shall include, *inter alia*, the Project activities to be carried out during the following calendar year.
Section II. **Project Monitoring Reporting and Evaluation**

A. **Project Reports**

1. The Borrower, through UCPyPFE-UEP, 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 below in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 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 UCPyPFE-UEP, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. The Borrower, through UCPyPFE-UEP, shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower, through UCPyPFE-UEP, 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 MIPWH, shall, prior to the commencement of each calendar year during Project implementation, create, and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the national annual budget in order to keep track of the corresponding expenditures incurred during Project implementation.

Section III. **Procurement**

All goods, works, non-consulting services and 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 the Procurement Regulations and the provisions of the Procurement Plan.
Section IV.  Withdrawal of Loan Proceeds

A.  General

1.  The Borrower, through UCPyPFE-UEP 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works under Subprojects</td>
<td>75,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consulting services, non-consulting services, Training and Operating Costs under Parts B and C of the Project</td>
<td>49,687,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>312,500</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.08(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>125,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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 Signature Date.

2.  The Closing Date is April 30, 2020.
Section V. **Other Undertakings**

The Borrower and the Bank hereby agree to amend the Original Loan Agreement as reflected in Schedule 6 to this Agreement.
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.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 15 and July 15</td>
<td></td>
</tr>
<tr>
<td>Beginning July 15, 2024 through January 15, 2049</td>
<td>1.96%</td>
</tr>
<tr>
<td>On July 15, 2049</td>
<td>2%</td>
</tr>
</tbody>
</table>

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 the Participation, Transfer and Maintenance Agreements

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

1. The obligation of the Borrower, through MIPWH (through UCPyPFE-UEP), to carry out each Subproject in accordance with the pertinent provisions of this Agreement.

2. The right of the Borrower, through MIPWH (through UCPyPFE-UEP), to take remedial actions against the pertinent Participating Province (as the case may be) in case the Participating Province shall have failed to comply with any of its obligations under the corresponding Participation, Transfer and Maintenance Agreement (which actions shall have been previously agreed with the Bank).

3. The obligation of the Participating Province:

   (a) to assist the Borrower, through UCPyPFE-UEP, in the carrying out of the pertinent Subproject in accordance with the pertinent provisions of this Agreement, including technical, financial, administrative, environmental and fiduciary standards acceptable to the Bank;

   (b) if applicable, as determined by the Bank, to comply with the provisions of the Environmental and Social Management Framework, the Resettlement Policy Framework and the IPPF, and adopt and undertake the obligation of preparing and/or carrying out the pertinent EMPs, IPPs, resettlement plans (as referred to in Section I.E.2 of Schedule 2 to this Agreement) or similar safeguards acceptable instruments, as applicable, in accordance with their terms and those of this Agreement and the Operational Manual;

   (c) to ensure that the pertinent Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines (by for example, allowing Bank inspection and audit rights under paragraph 9 (d) of the Anti-Corruption Guidelines);

   (d) to take or permit to be taken all action to enable the Borrower, through UCPyPFE-UEP, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Subproject;

   (e) to inspect the corresponding Subproject in accordance with the pertinent provisions of this Agreement and the Operational Manual;

   (f) to prior to the completion of the pertinent Subproject, as determined by the Borrower and the Bank, to prepare an action plan for the sustainability of the
(g) if applicable, and upon satisfactory completion of the pertinent Subproject, as determined by the Borrower, through UCPyPFE-UEP, and the Bank, to: (i) operate and maintain said Subproject with due diligence and efficiency and in accordance with adequate technical, social and environmental standards, including the pertinent provisions of this Agreement, as applicable to said Subproject, the action plan referred to in (f) herein and the Operational Manual; or (ii) enter into an agreement with the relevant WSS Service Provider (the Operation and Maintenance Agreement), or amend the existing Operation and Maintenance Agreement (as the case may be), all under terms and conditions acceptable to the Bank, which shall include, _inter alia_: (A) the obligation of the WSS Service Provider to operate and maintain said Subproject with due diligence and efficiency and in accordance with adequate technical, social and environmental standards, including the pertinent provisions of this Agreement as applicable to said Subproject (including the obligation to permit the Bank and the Participating Province to visit the Subproject site to ensure compliance with the provisions set forth in the pertinent Operation and Maintenance Agreement), the action plan referred to in (f) herein and the Operational Manual; and (B) the right of the Participating Province to take remedial actions against the WSS Service Provider in case said WSS Service Provider shall have failed to comply with any of its obligations under the corresponding Operation and Maintenance Agreement;

(h) to review the pertinent Management and Results Plan, and, if deemed acceptable, to approve it, and thereafter submit said Management and Results Plan to the relevant Provincial regulator;

(i) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Participation, Transfer and Maintenance Agreement or the Operation and Maintenance Agreement or any of their provisions thereof, unless previously agreed by the Borrower, through UCPyPFE-UEP, and the Bank.
SCHEDULE 5

Technical Operation Agreement

Each Technical Operation Agreement shall contain, inter alia, the following provisions:

1. The obligation of the Borrower, through MIPWH (through UCPyPFE), to:
   
   (a) provide technical assistance to the pertinent WSS Service Provider under Part B.1 of the Project;
   
   (b) review, provide comments and approve the pertinent Management and Results Plan; and
   
   (c) if applicable, promptly provide the funds necessary to carry out, or enable the WSS Service Provider to carry out, the corresponding Subproject.

2. The obligation of the pertinent WSS Service Provider to:

   (a) prepare a Management and Results Plan and submit the same to the Borrower and the pertinent Participating Province for their approval in accordance with the procedure detailed in the Operational Manual;

   (b) as part of the preparation of the Management and Results Plan, carry out a strategic environmental and social assessment in accordance to the provisions of the ESMF, and incorporate the results of said assessment in the Management and Results Plan in a manner acceptable to the Bank;

   (c) in those cases in which a WSS Service Provider will carry out a Subproject, as referred to in Section I.C.2 (a) of Schedule 2 to this Agreement, carry out said Subproject in accordance with the pertinent provisions of this Agreement (as applicable to said Subproject, including Section III of Schedule 2 to this Agreement) and the Operational Manual;

   (d) if applicable, operate and maintain, said Subproject in accordance with the terms and conditions of the pertinent Operation and Maintenance Agreement, with due diligence and efficiency, and in accordance with adequate technical, social and environmental standards; and

   (e) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Technical Operation Agreement or any provision thereof unless previously agreed by the Borrower, through UCPyPFE-UEP, and the Bank.
SCHEDULE 6

Amendments to the Original Loan Agreement

The Borrower and the Bank hereby agree to amend the Original Loan Agreement as follows:

1. The Project title “(Second Norte Grande Water Infrastructure Project)” in the cover page is hereby replaced with the title “(Plan Belgrano - Water Supply and Sanitation Services Development Project)”.

2. Section 2.02 under Article II is hereby amended to read in its entirety as set forth in Section 2.02 of Article II of this Agreement.

3. Any references to the term “MPF” is hereby replaced with the term “MIPWH”.

4. Section 3.01 under Article 3.01 is hereby amended to read in its entirety as set forth in Section 3.01 of Article II of this Agreement.

5. Section 5.01 under Article V is hereby amended to read in its entirety as set forth in Section 5.01 of Article II of this Agreement.

6. Schedule 1 is hereby amended to read in its entirety as set forth in Schedule 1 to this Agreement.

7. Section I.C of Schedule 2 is hereby amended to read in its entirety as set forth in Section I.C of Schedule 2 to this Agreement.

8. Section I.F.2 is hereby amended to read in its entirety as set forth in Section I.F.2 of Schedule 2 to this Agreement.

9. Section I.F.3 is hereby added to Section I.F to read in its entirety as set forth in Section I.F.3 of Schedule 2 to this Agreement.

10. Section II.B of Schedule 2 is hereby amended to read in its entirety as set forth in Section II.B of this Agreement.

11. Section III of Schedule 2 is hereby amended to read in its entirety as set forth in Section III of Schedule 2 to this Agreement.

12. The table set forth in Section IV.2 of Schedule 2 to the Loan Agreement is hereby amended to read in its entirety as follows:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works under Subprojects</td>
<td>174,601,477</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants' services, Non-consultant, Services, Training and Operating Costs under Parts B and C of the Project</td>
<td>24,898,523</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>500,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Premia for Interest Rate Caps and Interest Rate Collars</td>
<td>0</td>
<td>Amount due under Section 2.07 (c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>200,000,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Schedule 4 is hereby amended to read in its entirety as set forth in Schedule 4 to this Agreement.

14. Schedule 5 is added to read in its entirety as set forth in Schedules 5 to this Agreement.

15. The definitions of "Anti-Corruption Guidelines"; "Environmental and Social Management Manual"; "Indigenous Peoples Planning Framework"; "Participating Provinces"; "Participation, Transfer and Maintenance Agreement"; "Procurement Plan"; "Resettlement Policy Framework"; and "Subprojects" in the corresponding paragraphs of Section I of the Appendix are hereby amended to read in their entirety as set forth in the corresponding paragraphs of Section I of the Appendix to this Agreement.

16. The definition of "Management and Results Plan" is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 10, of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.

17. The definition of "MPF" in paragraph 12 of Section I of the Appendix is hereby deleted in its entirety and the definition of "MIPWH" is hereby added (in its corresponding alphabetical order) to Section I of the Appendix to read in its entirety as set forth in paragraph 11 of Section I of the Appendix to this Agreement.
18. The definition of "Norte Grande region" in paragraph 15 of Section I of the Appendix is hereby deleted in its entirety and the definition of "Project Area" is hereby added (in its corresponding alphabetical order) to Section I of the Appendix to read in its entirety as set forth in paragraph 22 of Section I of the Appendix to this Agreement.

19. The definition of "Operation and Maintenance Agreement" is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 17, of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.

20. The definition of "Procurement Regulations" is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 24, of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.

21. The definition of "Province" is hereby added to Section I of the Appendix (in its corresponding alphabetical order) to read in its entirety as set forth in paragraph 25, of Section I of the Appendix to this Agreement and the subsequent paragraphs renumbered accordingly.

22. The definitions of "Consultant Guidelines", "Procurement Guidelines" and "ISO" set forth in Section I of the Appendix are hereby deleted in their entirety and the subsequent paragraphs renumbered accordingly.
APPENDIX

Section I. Definitions

1. "Annual Operating Plan" means any of the Borrower's plan, referred to in Section I.F.3 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.


4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "Environmental Management Plans" or "EMPs" means any of the Borrower's plans or safeguards instruments, acceptable to the Bank, referred to in Section I.E.1 of Schedule 2 to this Agreement, setting forth the environmental/social management actions applicable to activities to be carried out under Subprojects.

6. "Environmental and Social Management Framework" or "ESMF" means the Borrower's framework, dated January 2017, (included in the Operational Manual), disclosed on the Borrower's website on February 3, 2017 and in the Bank's website on February 1, 2017, which sets forth, inter alia: (a) the guidelines for carrying out the environmental/social assessments referred to in Section I.E.1 of Schedule 2 to this Agreement; (b) the generic description of the type of environmental/social impacts which may affect Subprojects and actions to mitigate negative impacts that may occur as a result of their implementation; (c) the guidelines to be followed in connection with the finding of cultural property; (d) the guidelines to be followed to prevent natural habitat conversion or degradation; (e) the guidelines for public consultation; (f) the procedures and technical specifications to be followed by eligible contractors in the carrying out of Subprojects; (g) the Indigenous Peoples Planning Framework; and (h) the Resettlement Policy Framework, as said framework may be updated and/or amended from time to time with the agreement of the Bank.

7. "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.

8. "Indigenous Peoples Plan" or "IPP" means any of the plans acceptable to the Bank, adopted by the Borrower, through UCPyPFE-UEP, and/or the pertinent Participating Province
when applicable as set forth in the Operational Manual, all prepared and to be carried out following the requirements of the Indigenous Peoples Planning Framework.

9. "Indigenous Peoples Planning Framework" or "IPPF" means the Borrower’s framework, acceptable to the Bank (included in the ESMF), dated January 2017, disclosed on the Borrower’s website on February 3, 2017, and in the Bank’s website on February 1, 2017, 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.

10. "Management and Results Plan" means Plan de Gesti6n y Resultados, a key planning instrument prepared by a WSS Service Provider, setting forth, inter alia, WSS investments (which include Non-Project Investments and Subprojects) and capacity building activities envisioned to achieve specific goals to expand the provision of WSS services and improve their quality and efficiency, as said plan may be amended from time to time.

11. "MIPWH" means Ministerio del Interior, Obras Públicas y Vivienda, the Borrower’s Ministry of Interior, Public Works and Housing, or any successor thereto acceptable to the Bank.

12. "MoF" means Ministerio de Finanzas, the Borrower’s Ministry of Finance, or any successor thereto acceptable to the Bank.

13. "Municipality" means any of the political subdivisions of a Participating Province.

14. "Non-Project Investment" means any WSS investment included in an approved Management and Results Plan which is not considered to be part of the Project.

15. "Operating Costs" means reasonable recurrent expenditures, based on an annual budget previously approved by the Bank, that would not have been incurred by the Borrower, through UCPyPFE-UEP, absent the Project, for Project administration (including office rent), operation and maintenance of office equipment, non-durable goods and salaries for non-professional staff assigned to UCPyPFE and UCPyPFE-UEP to carry out administrative (e.g. secretarial) responsibilities under the Project (but excluding any type of civil servant salaries).

16. "Operational Manual" means the Borrower’s manual dated February 20, 2017, acceptable to the Bank, which sets forth, inter alia: (a) the criteria for selecting any investments under Subprojects; (b) the eligibility criteria for WSS Service Providers to participate in the Project; (c) the structures, functions and responsibilities of UCPyPFE-UEP under the Project; (d) the Environmental and Social Management Framework; (e) the Project’s chart of accounts and internal controls; (f) 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; (g) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (h) the Project performance indicators (including the results framework); and (i) the Project disbursement and procurement procedures, as
said manual may be updated and/or amended from time to time with the agreement of the Bank.

17. "Operation and Maintenance Agreement" means any agreement or amendment between a Participating Province and a WSS Service Provider, referred to in Section 3(g)(ii) of Schedule 4 to this Agreement.

18. "Original Loan Agreement" means the loan agreement for the Original Project between the Borrower and the Bank, dated November 23, 2011 (Loan No 8032-AR).

19. "Original Project" means the Project described in Schedule 1 to the Original Loan Agreement (formerly Second Norte Grande Water Infrastructure Project).

20. "Participating Province" means any of the following Provinces: Catamarca, Chaco, Corrientes, Formosa, Jujuy, Misiones, Tucumán, Salta, Santiago del Estero and La Rioja which will participate in the Project, as well as any other Province acceptable to the Bank.

21. "Participation, Transfer and Maintenance Agreement" means any of the agreements referred to in Section I.C.1(a) of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.

22. "Project Area" means the area located within the territorial jurisdiction of the Participating Provinces.

23. "Procurement Plan" means the Borrower’s procurement plan for the Project, dated February 21, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.


25. "Province" means a Borrower political subdivisions, as per title Two of the Borrower’s 1994 Constitution.

26. "Resettlement" means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) standard of living adversely affected; or (b) 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 (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

27. "Resettlement Policy Framework" or “RPF” means the Borrower’s framework, dated January 30, 2017, acceptable to the Bank (included in the Environmental and Social Management Framework), disclosed on the Borrower’s website on February 3, 2017, and in the Bank’s website on February 1, 2017, which sets forth, inter alia, the principles and
objectives governing Resettlement preparation and implementation, and a description of
the applicable legal framework of the Borrower and of each Participating Province and the
process for preparing and approving resettlement plans under Section I.E.2 of Schedule 2
to this Agreement.

28. “Signature Date” means the latest of the two dates on which the Borrower and the Bank
signed the Loan Agreement.

29. “Subproject” means any of the works under Part A of the Project included under an
approved Management and Results Plan which meets the criteria set forth in the
Operational Manual to be carried out under said Part of the Project and financed by the
Loan.

30. “UCPyPFE” or “Unidad de Coordinación de Programas y Proyectos con Financiamiento
Externo” means the MIPWH’s Unit for Coordination of Externally Financed Programs and
Projects established within MIPWH pursuant to the Borrower’s former Ministry of
Infrastructure and Housing’s Resolution No. 165/2000, dated June 21, 2010, as amended
by the Borrower’s Executive Decree No. 1,142/2003 and MIPWH’s Resolution No. 109-
E/2016, or any successor thereto acceptable to the Bank.

31. “UCPyPFE-UEP” means the Project executing unit established within the UCPyPFE and
referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto
acceptable to the Bank.

32. “Technical Operation Agreement” means any of the agreements referred to in Section
I.C.2(a) of Schedule 2 to this Agreement.

33. “Training” means expenditures (other than those for consulting services) incurred by
the Borrower, through UCPyPFE-UEP, 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, training materials, and rental
of training facilities and equipment under the Project.

34. “WSS” means water supply and sanitation services.

35. “WSS Service Provider” means a public (including a Municipality and/or a group of
Municipalities) or private provider of water supply and sanitation services within the
territorial jurisdiction of a Participating Province, all of which meet the criteria set forth in
the Operational Manual (as defined above) for participating in the Project.

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 and a new paragraph 88 with the following definitions of “Commitment Charge” and “Signature Date”, respectively, 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).”

“88. Signature Date” means the latest of the two dates on which the Borrower and the Bank signed the Loan Agreement.”

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”.

8. Any reference to “the date of the Loan Agreement” shall be modified with the term “Signature Date”.