OFFICIAL DOCUMENTS

LOAN NUMBER 8659-AR

Loan Agreement

(ACCESS TO LONGER TERM FINANCE FOR MICRO, SMALL AND MEDIUM ENTERPRISES PROJECT)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN AGREEMENT

Agreement dated as of the Signature Date, 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 fifty million Dollars, ($50,000,000), 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 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, 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 declares its commitment to the objectives of the Project. To this end, the Borrower shall cause BICE to carry out the Project pursuant to the Subsidiary Loan Agreement, 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:
(a) BICE's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of BICE to perform any of its obligations under the Subsidiary Loan Agreement.

(b) BICE has failed to perform any of its obligations under the Subsidiary Loan Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified in paragraphs (a) or (b) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Subsidiary Loan Agreement has been executed on behalf of the Borrower, through MoF and MoP, and BICE.

(b) BICE has duly established the BICE PIU in a manner acceptable to the Bank.

5.02. The Additional Legal Matter consists of the following, namely, that counsel for the Borrower and BICE, acceptable to the Bank, has each furnished to the Bank an opinion or opinions, acceptable to the Bank, providing that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower, through MoF and MoP, and BICE and is legally binding upon the Borrower and BICE in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Borrower's Address is:

Ministry of Finance
Hipólito Yrigoyen 250
C1086AAB,
Buenos Aires, Argentina

Telex: 121942-AR
Facsimile: (54 11) 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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

AGREED at The District of Columbia, United States of America, on behalf of the Bank on April 20, 2018, and on behalf of the Borrower on April 20, 2018.

ARGENTINE REPUBLIC

By
Authorized Representative

Name: Luis Caputo
Title: MINISTER OF FINANCE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By
Authorized Representative

Name: Jorge Familiar
Title: VICE PRESIDENT
LATIN AMERICA AND THE CARIBBEAN REGION
SCHEDULE 1

Project Description

The objectives of the Project are to improve access and strengthen the framework for the provision of longer term finance for eligible micro, small and medium enterprises.

The Project consists of the following parts:

**Part 1: Line of Credit**

Provision of MSMEs Sub-loans to Eligible MSMEs to carry out Sub-projects.

**Part 2: Institutional Capacity Building for BICE, Financial Infrastructure Reforms, Credit Guarantee Fund and Capacity Building for MSMEs**

2.1. Strengthening of BICE’s capacity to improve and expand its second-tier lending functions based on international best practices, and update its risk management, policies and systems, all through the provision of technical assistance.

2.2. Improvement of the enabling environment for MSME access to finance, through the carrying out of preparatory activities for: (a) the modernization of the Borrower’s secured transactions framework; (b) the strengthening of the Borrower’s insolvency framework; and (c) the strengthening of the Borrower’s public credit guarantee fund.

2.3. Strengthening of SEPYME’s MSME support programs through the provision of business development and management tools aimed at making MSMEs more bankable.

**Part 3: Project Management**

Strengthening of BICE PIU’s capacity to implement the Project, including, *inter alia*: (a) the provision of support to coordinate, manage, implement and supervise the Project; (b) the carrying out of progress and results monitoring activities; (c) the carrying out of a mid-term review survey to MSME Beneficiaries; and (d) the carrying out of the Project’s financial audits.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall cause BICE to establish, and thereafter operate and maintain, at all times during Project implementation, a Project implementation unit ("BICE PIU"), with a structure, functions and responsibilities acceptable to the Bank as set forth in the Operational Manual, including, *inter alia*, the responsibility of BICE PIU to coordinate, manage, implement, monitor and supervise the carrying out of the Project.

B. Operational Manual

1. The Borrower shall cause BICE to implement the Project in accordance with a manual ("Operational Manual") which shall include, *inter alia*:

(a) a description of Project activities;

(b) institutional arrangements for Project implementation (including, *inter alia*, BICE PIU staff composition and their roles and responsibilities in Project implementation);

(c) a dedicated section for the implementation of Part 1 of the Project, including, *inter alia*:

(i) procedures for the preparation implementation, monitoring and evaluation of all the activities under Part 1 of the Project, including financial management and audit procedures for Eligible PFIs and Eligible MSMEs;

(ii) criteria and procedures for the selection of Eligible PFIs, Eligible MSMEs and Sub-projects; and

(iii) Excluded Activities;

(d) monitoring, reporting requirements and financial management procedures; and

(e) the ESMF and the IPPF.

2. The Borrower shall cause BICE, to not amend, delete, suspend, or waive any part of the Operational Manual, without the prior agreement of the Bank. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.
C. **Subsidiary Loan Agreement**

1. For purposes of carrying out the Project, the Borrower, thorough MoF and MoP, shall: (i) on-lend the proceeds of the Loan allocated from time to time to Category (1) to BICE ("Subsidiary Loan"); and (ii) transfer the proceeds of the Loan allocated from time to time to categories (2) and (3) to BICE; all under a subsidiary agreement between the Borrower, through MoF and MoP, and BICE ("Subsidiary Loan Agreement"), under terms and conditions approved by the Bank, which shall include, *inter alia*, the following:

(a) The Subsidiary Loan Agreement shall contain provisions pursuant to which the Borrower, through MoF and/or MoP, undertakes to:

(i) promptly disburse to BICE the proceeds of the Subsidiary Loan in a manner acceptable to the Bank; and

(ii) suspend or terminate the right of BICE to use the proceeds of the Loan, or obtain a refund of all or any part of the amount of the Loan then withdrawn, upon BICE’s failure to perform any of its obligations under the Subsidiary Loan Agreement; and

(iii) require BICE to:

(A) repay the proceeds of the Subsidiary Loan (which Subsidiary Loan shall be denominated in the Borrower’s local currency and carry at least the interest rate applicable to the Loan pursuant to Section 2.05 of this Agreement);

(B) in respect of Part 1 of the Project, select financial institutions according to the criteria and approval procedures set forth in the Operational Manual, including the criteria set forth under Section 1.D.5 of this Schedule;

(C) upon selection and approval of an Eligible PFI, enter into financing agreements with each Eligible PFI ("PFI Financing Agreements") under terms and conditions set forth in the Operational Manual, including, *inter alia*, those set forth in Section D of this Schedule;

(D) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Operational Manual, the ESMF, the IPPF and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;
provide, promptly as needed, facilities, services and other resources, necessary or appropriate to carry out the Project;

monitor the overall execution of the Project and the carrying out of Eligible PFIs of their obligations under their respective PFI Financing Agreements in accordance with policies and procedures satisfactory to the Bank;

unless otherwise agreed with the Bank, allocate, as an incentive, additional potential PFI Financing to Eligible PFIs that provide MSME Sub-loans to Eligible MSMEs which meet the criteria set forth in the Operational Manual including, inter alia, the following criteria: (I) employ indigenous peoples and/or have them in their value chains; and/or (II) promote gender equality; and/or (III) are first time recipients of an MSME Sub-loan, as defined in the Operational Manual;

maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of BICE, including the operations, resources and expenditures related to the Project;

have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank;

enable the Borrower and the Bank to inspect any relevant records and documents related with the Project; and

prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

The Borrower, through MoF and MoP, shall exercise its rights and carry out its obligations under the Subsidiary Loan 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 the Subsidiary Loan Agreement or any of its provisions.
D. **PFI Financing**

1. For purposes of carrying out Part 1 of the Project, the Borrower, through MoF and MoP, shall cause BICE to on-lend the proceeds of the Loan allocated from time to time to Category (1) to Eligible PFIs (the PFI Financing) pursuant to the relevant PFI Financing Agreement, under terms and conditions approved by the Bank, including, *inter alia*, those set forth in Section I.D.2 below and in the Operational Manual.

2. Each PFI Financing Agreement shall contain provisions pursuant to which BICE undertakes to:

   (a) suspend or terminate the right of the Eligible PFI to use the proceeds of the PFI Financing, or obtain a refund of all or any part of the amount of the same then withdrawn, upon the Eligible PFI’s failure to perform any of its obligations under the PFI Financing Agreement; and

   (b) require each Eligible PFI to:

      (i) select Eligible MSMEs in accordance with the criteria and procedures set forth in the Operational Manual, including the eligibility criteria set forth in Section I.E.2 of this Schedule;

      (ii) upon selection of any given Eligible MSME and approval of the corresponding Sub-project, enter into a sub-loan agreement ("the MSME Sub-loan Agreement") with said Eligible MSME for the purposes of providing a loan (the MSME Sub-loan) to such Eligible MSME, all in accordance with terms and conditions satisfactory to the Bank, including those set forth in Section I. E.1 of this Schedule;

      (iii) carry out its Project activities and conduct its operations and affairs in accordance with appropriate financial standards and practices, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower, with qualified management and staff in adequate numbers;

      (iv) (A) select, appraise and approve Sub-projects, and thereafter supervise, monitor and report on the carrying out of said Subprojects by the corresponding Eligible MSME, all in accordance with the Operational Manual; and (B) ensure that no Excluded Activities are included in any Sub-project;

      (v) ensure that each Sub-project shall comply with the environmental review procedures set forth in the Operational Manual and ESMF. To that end, Eligible PFIs shall require each Eligible MSME applying for an MSME Sub-loan to furnish evidence satisfactory to the Bank, showing that the
Sub-project, in respect of which the application has been prepared, is in accordance with such environmental procedures;

(vi) ensure that for Sub-projects which: (A) require an environmental management plan, the respective Eligible MSME shall: (1) carry out such plan in accordance with its terms and in a timely manner, requiring such environmental management plan to be in compliance with the Operational Manual and ESMF; and (2) provide adequate information concerning progress in the carrying out of such environmental management plan so that said information be included in the progress reports referred to in sub-paragraph (ix) (B) of this paragraph; and (B) involve the presence of indigenous people, the respective Eligible MSME shall: (1) prepare an indigenous peoples plan in accordance with the IPPF; and (2) provide adequate information concerning progress in the carrying out of such indigenous peoples plan so that said information be included in the progress reports referred to in sub-paragraph (ix) (B) of this paragraph;

(vii) ensure that goods, works, non-consulting services, consulting services and Working Capital to be financed out of the proceeds of the MSME Sub-Loan shall be used exclusively in the carrying out of the Sub-project;

(viii) (A) Exchange views with, and furnish all such information to, the BICE and the Bank, as may be reasonably requested by BICE or the Bank, with regard to the progress of its activities under Part I of the Project, the performance of its obligations under its respective PFI Financing Agreement, and other matters relating to the purposes of said Part of the Project;

(B) prepare and submit to BICE, semiannual reports on MSMEs Sub-loan disbursements and repayments, and annual reports on the progress made in achieving the objectives outlined in the business plans submitted with the MSMEs Sub-loan applications and incorporated into each Sub-project; and

(C) promptly inform BICE and the Bank of any condition that interferes or threatens to interfere with the progress of its activities under its respective PFI Financing Agreement;

(ix) (A) Maintain records and accounts adequate to reflect, in accordance with sound accounting practices, its operations and financial condition; and

(B) furnish to BICE and the Bank such information concerning said records and accounts as BICE or the Bank shall from time to time reasonably request;
(x) maintain a financial management system and prepare financial statements in accordance with consistently applied auditing standards acceptable to the Bank; and

(xi) at the Bank’s or BICE’s request, have such financial statement audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements so audited to BICE and the Bank.

3. The Borrower, through MoF and MoP, shall cause BICE: (a) to take or cause to be taken all action necessary or appropriate on its part to enable Eligible PFIs to perform, in accordance with the provisions of their respective PFI Financing Agreements, all the obligations of the Eligible PFIs therein set forth; and (b) not to take or permit to be taken any action that would prevent or interfere with such performance.

4. The Borrower, though MoF and MoP, shall cause BICE to exercise its rights and carry out its obligations under each PFI Financing Agreement in such a manner as to protect the interests of the Bank and the Borrower and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall cause BICE not to assign, amend, abrogate, waive or fail to enforce any of the provisions of the PFI Agreement which are listed in the Operational Manual.

5. **PFI Eligibility Criteria.** Except as the Bank shall otherwise agree, BICE shall select PFIs in accordance with the criteria and procedures set forth in the Operational Manual, including that a financial institution may be selected as an Eligible PFI only if it is duly established and operating in the territory of the Borrower and in respect of which the Borrower shall have determined, and the Bank shall have agreed with the determination, that the financial institution:

(a) is not a shareholder of BICE;

(b) has audited interim financial reports that comply with the Borrower’s Central Bank requirements;

(c) has adequate organization, management, staff and other resources necessary for its efficient operation; and

(d) applies appropriate procedures for appraisal, supervision, and monitoring of Sub-projects, including for the efficient evaluation and supervision of the environmental and social requirements of the Sub-projects.

E. **MSMEs Sub-loans**

1. Upon approval of any given Sub-project, the Borrower, pursuant to the terms of the Subsidiary Loan Agreement shall cause BICE to cause each Eligible PFI to provide an MSME Sub-loan to the pertinent Eligible MSME pursuant to the relevant MSME Sub-loan
Agreement, under terms and conditions set forth in the Operational Manual and satisfactory to the Bank, including, *inter alia*, the following:

(a) Each Eligible PFI shall obtain rights adequate to protect its interests and those of the Bank, including:

(i) suspend or terminate the right of the Eligible MSME to use the proceeds of the MSME Sub-loan, or obtain a refund of all or any part of the amount of the MSME Sub-loan then withdrawn, upon the Eligible MSME’s failure to perform any of its obligations under the MSMEs Sub-loan Agreement; and

(ii) require each Eligible MSME to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank including in accordance with the provisions of the Operational Manual, the ESMF, the IPPF (if applicable) and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower; (B) provide the facilities, services and other resources, necessary or appropriate to carry out the corresponding Sub-project; (C) maintain mechanisms adequate to enable it to monitor and evaluate the progress of the Sub-project; (D) maintain a financial management system and prepare financial statements, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project, as detailed in the Operational Manual and furnish the audited financial statements to each Eligible PFI; (E) if necessary, enable the Borrower, BICE, the Eligible PFI and the Bank to inspect the Sub-project, its operation and any relevant records and documents; (F) prepare and furnish to the Borrower, BICE, the Eligible PFI, and the Bank all such information as the Borrower, BICE, the Eligible PFI, or the Bank shall reasonably request relating to the foregoing; and (G) except as the Eligible PFI, BICE and the Bank shall otherwise agree, not to assign, amend, abrogate, waive or fail to enforce any of the MSMEs Sub-loan Agreement’s provisions listed in the Operational Manual.

2. **MSME Eligibility Criteria.** Except as the Bank shall otherwise agree, the Borrower shall cause BICE to ensure that each MSMEs Sub-loan shall be provided to an Eligible MSME only if it has been established, to the satisfaction of BICE and Eligible PFI that the following have been satisfied and, except the requirement set forth in paragraph (a) below, shall be maintained throughout the duration of the respective MSME Sub-loan:

(a) it is a MSME;

(b) it has a satisfactory financial structure and adequate organization, management, staff and other resources required for the efficient carrying out of its operations, including the carrying out of the Sub-project; and
(c) if applicable, it has a certificate from the relevant local or national authorities of the Borrower about compliance with applicable environmental laws and regulations of the Borrower.

3. **Sub-project Eligibility Criteria.** Except as the Bank shall otherwise agree, the Borrower shall cause BICE to verify that each MSMEs Sub-loan shall be provided for a Sub-project which is determined, on the basis of an appraisal carried out in accordance with procedures acceptable to the Bank:

(a) to be technically feasible and economically, financially and commercially viable;

(b) to be in compliance with all requirements pertaining to environmental protection applicable under the laws and regulations of the Borrower and the ESMF, including, if applicable, the preparation of the pertinent environmental management plan;

(c) to, if applicable, be in compliance with the IPPF; and

(d) not to be supporting or include any of the Excluded Activities.

F. Anti-Corruption

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

G. Safeguards

1. The Borrower shall cause BICE to ensure that the Project is carried out in accordance with the provisions of the ESMF and the IPPF, as applicable.

Section II. **Project Monitoring Reporting and Evaluation**

A. Project Reports

1. The Borrower shall cause BICE to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty-five (45) calendar days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall cause BICE to maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause BICE to prepare and furnish to the Bank as part of each Project Report, interim unaudited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause BICE to have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. **Procurement**

All goods, works, non-consulting services and consulting services required for Parts 2 and 3 of 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 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) MSME Sub-loans under Part 1 of the Project</td>
<td>44,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, consulting services, non-consulting services, and Training under Part 2 of the Project.</td>
<td>4,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, consulting services, non-consulting services, Training, and Operating Costs under Part 3 of the Project.</td>
<td>825,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>125,000</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>(5) 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>50,000,000</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, except that withdrawals up to an aggregate
amount not to exceed $1,000,000 may be made for payments made prior to the Signature Date but on or after February 26, 2016 (but in no case more than one year prior to the Signature Date), for Eligible Expenditures.

2. The Closing Date is November 30, 2021.
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 Beginning on January 15, 2024 through July 15, 2048</td>
<td>1.96 %</td>
</tr>
<tr>
<td>On January 15, 2049</td>
<td>2.00 %</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.
APPENDIX

Section I. Definitions


2. “BICE” means Banco de Inversión y Comercio Exterior Sociedad Anónima, a financial institution owned by the Borrower and created pursuant to BICE’s Legislation.

3. “BICE’s Legislation” means the Borrower’s Decree No. 2703/91, dated December 20, 1991 and published in the Borrower’s Official Gazette on January 6, 1992, as said Decree has been amended to the date of this Agreement; and Resolution No. 65 from the Borrower’s Central Bank, dated February 21, 1992.

4. “BICE PIU” means the unit of BICE referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.

5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

6. “Category A Sub-project” means an investment which is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, in accordance with the Bank’s OP/BP 4.01.

7. “Eligible MSME” means a micro, small or medium enterprise that satisfies the appropriate criteria as set forth in the Operational Manual (including the criteria set forth in Section I.E.2 of Schedule 2 to this Agreement) to receive a MSME Sub-loan.

8. “Eligible PFI” means any financial institution incorporated in accordance with the Borrower’s laws and regulations and which meets the criteria set forth in the Operational Manual (including the criteria set forth in Section I.D.5 of Schedule 2 to this Agreement) to receive a PFI Financing.

9. “Environmental and Social Management Framework” or “ESMF” means BICE’s framework dated August 25, 2016, satisfactory to the Bank, disclosed on the Borrower’s website on August 26, 2016, and in the Bank’s website on August 26, 2016, which sets forth, inter alia: (a) guidelines for the identification of existing environmental and social conditions and potential direct and indirect environmental and social impacts and risks resulting from the carrying out of Subprojects; (b) recommendation of mitigation measures for each negative impact identified; (c) measures for enhancing each identified positive impact; and (d) the guidelines for the preparation and carrying out of environmental assessments and the related environmental management plans, as said framework may be amended from time to time with the Bank’s prior approval.
10. “Excluded Activities” means, collectively:
   
   (a) any of the activities listed, or activities that produce and/or use materials listed, in the Operational Manual and which are classified and referred to as part of the negative list in said manual;
   
   (b) any investment that is classified as a “Category A Sub-project” in accordance with the provisions of the Operational Manual;
   
   (c) any investment that involves Resettlement;
   
   (d) any investment that involves the use or potential pollution of, or discharge into, International Waterways (or detailed design and engineering studies of such investment);
   
   (e) any investment that involves: (i) the construction of a new dam or will rely on the performance of an existing dam or a dam under construction; or (ii) degradation/or conversion of natural habitats; or (iii) the procurement of pesticides; and
   
   (e) any investment that involves a contract with a contractor included in the Bank’s list of debarred or suspended firms.

11. “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.

12. “Indigenous Peoples Planning Framework” or IPPF” means BICE’s framework, acceptable to the Bank dated August 25, 2016, disclosed on the Borrower’s website on August 26, 2016, and in the Bank’s website on August 26, 2016, setting forth the guidelines for the preparation and implementation of indigenous peoples plans in respect of Subprojects, as the same may be amended and supplemented from time to time, with the agreement of the Bank.

13. “International Waterways” means: (a) any river, canal, lake, or similar body of water on the territory of the Guarantor that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Bank members or not; (b) any tributary or other body of surface water on the territory of the Guarantor that is a component of any waterway described in (a) above; and (c) any bay, gulf, strait, or channel on the territory of the Guarantor bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states, and any river flowing into such waters.

14. “MoF” means Ministerio de Finanzas, the Borrower’s Ministry of Finance, or any successor thereto acceptable to the Bank.
15. "MoP" means Ministerio de Producción, the Borrower’s Ministry of Production, or any successor thereto acceptable to the Bank.

16. "MSME" means a micro, small or medium sized enterprise, defined as such in the Operational Manual and collectively referred to as "MSMEs".

17. "MSMEs Sub-loan" means a loan made or proposed to be made by an Eligible PFI to a MSME, out of the proceeds of any given PFI Financing, for purposes of financing all or a portion of the expenditures incurred by a MSME for goods, works, non-consulting services, consulting services and Working Capital under any given Sub-project.

18. "MSMEs Sub-loan Agreement" means any agreement referred to in Section I.D.2(b)(ii) of Schedule 2 to this Agreement.

19. "Operating Costs" means reasonable incremental recurrent expenditures incurred by: (a) the Borrower for Project administration costs (including office rent), operation and maintenance of office equipment, banking fees, non-durable goods, costs for utilities, printing services, communication services, logistics for workshops, and travel expenses (air tickets and per diem); and (b) an Eligible MSME for, inter alia, salaries and overtime of staff.

20. "Operational Manual" means BICE’s manual, acceptable to the Bank, set forth in Section I.B.1 of Schedule 2 to this Agreement, dated September 16, 2016, as the same may be amended and supplemented from time to time with the agreement of the Bank.

21. "PFI Financing" means any financing made or proposed to be made out of the proceeds of the Subsidiary Loan by BICE to an Eligible PFI to finance an MSME Sub-loan pursuant to the pertinent PFI Financing Agreement.

22. "PFI Financing Agreement" means any agreement referred to Section I.C.1 (a)(iii) (B) of Schedule 2 to this Agreement.

23. "Procurement Plan" means the Borrower’s procurement plan for Parts 2 and 3 the Project, dated September 9, 2016 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. "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.
26. “SEPYME” means Secretaría de Emprendedores y de la Pequeña y Mediana Empresa, the Secretariat of Entrepreneurs and of Small and Medium Enterprises, established within the Borrower’s Ministry of Production, or any successor thereto acceptable to the Bank.

27. “Signature Date” means the latest of the two dates on which the Borrower and the Bank signed the Loan Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

28. “Sub-project” means any activity for productive purposes which meets the criteria set forth in the Operational Manual (including the criteria set forth in Section I.E.3 of Schedule 2 to this Agreement).

29. “Subsidiary Loan Agreement” means the agreement referred to in Section I.C.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.

30. “Subsidiary Loan” means a loan made out of the proceeds of the Loan by the Borrower to BICE pursuant to the Subsidiary Loan Agreement.

31. “Training” means expenditures (other than those for consultant’s services) incurred by BICE PIU, all as approved by the Bank on the basis of an annual budget acceptable to the Bank, to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), training registration fees and rental of training facilities and equipment under the Project.

32. “Working Capital” means the Operating Costs incurred by an Eligible MSME to, at least, maintain the existing levels of production of said Eligible MSME.

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".