Loan Agreement

(Sustainable Natural Resources Management Project)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION

AND DEVELOPMENT

Dated February 27, 2009
LOAN AGREEMENT

Agreement dated February 27, 2009, 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 sixty million Dollars ($60,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 (d) of the General Conditions.

2.05. The Payment Dates are March 15 and September 15 in each year.
2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in 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 carry out the Project through: (i) SAyDS, with respect to Part 1 of the Project; (ii) SAGPyA, with respect to Part 2 of the Project, with the assistance of INTA; and (iii) APN, with respect to Part 3 of the Project, 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 — TERMINATION

4.01. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank’s approval of the Loan which expire on September 18, 2009.
ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Minister of Economy and Public Finance.
5.02. The Borrower’s Address is:

Ministerio de Economía y Finanzas Públicas
Hipólito Yrigoyen 250
C1086AAB, Buenos Aires, Argentina

Cable: MINISTERIO DE DE ECONOMIA
Telex: 121942-AR
Facsimile: (54 11) 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

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

AGREED at Buenos Aires, Argentine Republic, as of the day and year first above written.

ARGENTINE REPUBLIC

By /s/ Carlos Rafael Fernández
Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Pedro Alba
Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) improve the sustainable and efficient management of forest resources; (ii) conserve biodiversity in protected areas and forest landscapes; and (iii) integrate small producers into forestry development and conservation.

The Project consists of the following parts:

**Part 1: Native Forests and Biodiversity**

(a) Improve sustainable native forest management and biodiversity conservation in the Borrower’s territory, with special emphasis on the Chaco Ecoregion, through: (i) the formulation of detailed proposals for a follow-on investment project for sustainable management and conservation of native forest ecosystems; (ii) the establishment of a Chaco Ecoregion forestry unit within SAyDS to pilot regional studies, and to oversee and promote sustainable forestry; and (iii) the provision of assistance in the formulation process for a national forestry plan.

(b) Identify critical issues surrounding deforestation and forestry management with emphasis in the Chaco Ecoregion, through: (i) the carrying out of studies to identify the potential and delivery mechanisms for payments for environmental services, as well as to identify viable models for managing native forest and for monitoring the movement of forest products; (ii) the provision of training and information systems for provincial forestry and environmental agencies regarding sustainable forestry management; and (iii) the carrying out of Forestry Pilot Activities in partnership with Selected Provinces.

(c) Provision of support for the implementation of Part 1 of the Project and strengthening of SAyDS, through: (i) the provision of technical assistance, financing of operating costs, and of technical staff (excluding civil servants), as well as provision of the necessary goods and equipment required under Part 1 of the Project; and (ii) the design and implementation of a monitoring and evaluation system for Part 1 of the Project.

**Part 2: Sustainable Plantation Forestry**

(a) Carry out institutional strengthening and support to the development of policy and planning frameworks to promote sustainable and shared growth in the plantation and agro-forestry sector, through: (i) the strengthening of the capacity of the Forestry Directorate within SAGPyA, to enhance its functions as a higher level policy and regulatory body, including provision of information to support draft policies and regulatory frameworks, the establishment of roundtables, training (including post-graduate studies) of forestry directorate personnel, the provision of the necessary goods and equipment, as well as the carrying out of the necessary rehabilitation works in current infrastructure; (ii) the strengthening of the capacity of provincial forestry administrations to take a leadership role in...
promoting sustainable plantation and agro-forestry at the provincial level, including the provision of support for the development of provincial forestry policies, training and public communication and outreach strategies, the provision of the necessary goods, as well as the carrying out of the necessary rehabilitation works in current infrastructure; and (iii) the strengthening of the capacity of universities and other non governmental organizations working in the area of plantation forestry.

(b) Increase sustainable forestry productivity in the forestry sector, through: (i) the carrying out of Forestry Research Subprojects; (ii) the carrying out of a program for the genetic improvement of forestry species; (iii) the provision of support to high quality forestry extension services, including private extension services; and (iv) the development of environmental education campaigns.

(c) Develop and promote small and medium scale sustainable forestry, through: (i) the provision of technical assistance, training and the necessary funding to help small producers set up producer groups as well as strengthen existing ones; (ii) the carrying out of Sustainable Forestry Subprojects; and (iii) the carrying out of strategic environmental assessments in the plantation sector.

(d) Provision of support for the implementation of Part 2 of the Project and strengthening of SAGPyA, through: (i) the provision of technical assistance, financing of operating costs and of technical staff (excluding civil servants), as well as provision of the necessary goods and equipment required under Part 2 of the Project; and (ii) the design and implementation of a monitoring and evaluation system for Part 2 of the Project.

Part 3: Protected Areas and Conservation Corridors

(a) Strengthen APN’s capacity to manage existing national protected areas, through: (i) the carrying out of the necessary works for the improvement of basic management infrastructure in Selected Protected Areas, such as park guard facilities, storage and maintenance facilities, information, roads, and outreach centers, as well as improvements of park access; (ii) the updating of baseline information for enhancing management plans for the Selected Protected Areas; (iii) the provision of training and capacity building for park personnel; (iv) the carrying out of Sustainable Development and Conservation Subprojects; and (v) the restoration and upgrading of the main APN office in the city of Buenos Aires.

(b) Strengthen APN’s administration and communication capacities to support the park system in an efficient and effective manner, through: (i) the provision of technical assistance for the development of a communication and corporate image strategy, as well as an analysis of the internal information management needs; (ii) the establishment of a modern integrated information management system; and (iii) the carrying out of training and capacity building activities.

(c) Support the establishment of the Gran Chaco Biological Corridor, through: (i) the carrying out of consensus building activities among stakeholders, national and provincial institutions regarding the boundaries and conservation priorities
within the corridors in the provinces conforming the Chaco Ecoregion; and (ii) the preparation of a strategy for the effective conservation of the corridor that includes conservation incentives, policy and legal implications, as well as the establishment of new conservation or multiple-use areas.

(d) Provision of support for the implementation of Part 3 of the Project and strengthening of APN, through: (i) the provision of technical assistance, financing of operating costs, technical staff (excluding civil servants), as well as provision of the necessary goods and equipment required under Part 3 of the Project; and (ii) the design and implementation of a monitoring and evaluation system for Part 3 of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. For the purposes of implementing Part 3 of the Project, the Borrower shall transfer a portion of the proceeds of the Loan to APN under a subsidiary agreement (the APN Agreement) to be entered into between the Borrower and APN, under terms and conditions acceptable to the Bank, for the purposes of implementing Part 3 of the Project and setting forth their respective roles and responsibilities regarding the implementation of the Project.

2. For the purposes of implementing Part 2 (b) (ii) of the Project, the Borrower, through SAGPyA shall enter into an agreement with INTA (the INTA Agreement), under terms and conditions acceptable to the Bank, setting forth their respective roles and responsibilities regarding the implementation of said Part 2 (b) (ii) of the Project.

3. For the purposes of providing assistance to SAyDS and SAGPyA in the administration of Project funds, the Borrower through SAyDS (with respect to Part 1 of the Project) and through SAGPyA (with respect to Part 2 of the Project), may enter into separate agreements with a Cooperating Agency, under terms and conditions satisfactory to the Bank (the Cooperating Agency Agreements), which agreements shall include, inter alia: the Cooperating Agency’s obligation to keep separate records and accounts adequate to reflect the operations, resources and expenditures of said Parts 1 and 2 of the Project, as the case may be, as to allow the Borrower to comply with its obligations under this Loan Agreement, as if the Cooperating Agency were the Borrower.

4. The Borrower shall exercise its rights under the APN Agreement, the INTA Agreement, and the Cooperating Agency Agreements, 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, waive or fail to enforce the APN Agreement, the INTA Agreement or any of the Cooperating Agency Agreements, or any of their provisions.

5. The Borrower, not later than 30 days after the Effective Date of this Agreement, shall create and thereafter maintain a steering committee with membership, functions and responsibilities satisfactory to the Bank, for the purposes of coordinating Project activities, as well as oversee the monitoring and evaluation of the Project.

6. The Borrower shall maintain and strengthen, throughout the Project implementation, a technical and fiduciary office within each one of the Executing Agencies, responsible for the management, coordination, supervision, monitoring and evaluation of the Project. Said offices shall have a structure, responsibilities and key staff with functions, experience, responsibilities and qualifications acceptable to the Bank, including a procurement specialist.
7. The Borrower shall ensure that not later than one year after the Effective Date of this agreement, each one of the Executing Agencies had created and thereafter maintain a specific space within their existing web pages acceptable to the Bank, for the purposes of disseminating relevant Project information.

B. Anti-Corruption

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

C. Sub-projects

1. The Borrower, through SAGPyA (for the purposes of implementing Parts 2 (b) (i) and 2 (c) (ii) of the Project), and APN (for the purposes of implementing Part 3 (a) (iv) of the Project, shall:

   (a) enter into an agreement (the “Subproject Agreement”), with an Intermediary Agent or a Beneficiary, as the case may be, substantially in accordance with the terms of the model Subproject Agreement (contained in the Operational Manual) and including, *inter alia*: (i) the Borrower’s obligation to make part of the Loan proceeds available as a grant (*financiamiento no reembolsable*) to the Beneficiary for the purposes of financing the Subproject in question; and (ii) the Beneficiary’s obligation to: (A) use the proceeds of the grant exclusively for carrying out the Subproject in question; (B) have the goods, works and services for the Subprojects be procured in compliance with the provisions of Section III of Schedule 2 to this Agreement on the basis of community participation and in accordance with the procedures set forth in the Operational Manual; (C) take all action necessary to facilitate compliance by the Borrower with the terms of paragraphs A and B of Section II of Schedule 2 to this Agreement in connection with the Subprojects; (D) co-finance the cost of the pertinent Subproject, as provided in the Operational Manual; (E) abide by the technical and environmental practices and systems required for the Subprojects as set forth in the Operational Manual; (F) participate in periodic self-assessment and monitoring of the Subprojects; (G) comply with the pertinent provisions of the Anti-Corruption Guidelines; and (H) furnish to the Bank any information reasonably requested with respect to the Subprojects, as well as provide access reasonably requested to Subproject sites, facilities and equipment;

   (b) exercise its rights and comply with its obligations under each of the Subproject Agreements in such manner as to protect the interests of the Bank and to accomplish the objective of the Project, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive or fail to enforce any of the Subproject Agreements or any of the provisions thereof;

   (c) design, implement and thereafter maintain during the execution of the Project, a fiduciary monitoring program acceptable to the Bank for the purposes of producing quarterly (or any interval acceptable to the Borrower and the Bank) reports on the fiduciary aspects and physical performance of the Subprojects financed under the Project.
prior to the carrying out of any activity under a Subproject: (i) sign the corresponding Subproject Agreement; and (ii) carry out a fiduciary assessment of the Intermediary Agent, when applicable; and

in the event that an indigenous group has presented a Subproject proposal which meets the criteria set forth in the Operational Manual, and as part of the approval process, the Borrower shall: (i) prepare and furnish to the Bank, an Indigenous Peoples Plan, acceptable to the Bank (which plan shall be prepared in accordance with the Indigenous Peoples Planning Framework) in respect of said Subproject; and (ii) thereafter implement and/or cause to be implemented said plan in accordance with its terms.

2. For the purposes of carrying out the Forestry Pilot Activities under Part 1 (b) (iii) of the Project, the Borrower, through SAyDS, shall:

(a) enter into an agreement (the Provincial Agreement), satisfactory to the Bank, with each Selected Province, for the purposes of coordinating the activities to be carried out in partnership with each one of the Selected Provinces; and

(b) exercise its rights under each of the Provincial Agreements 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, waive or fail to enforce any of the Provincial Agreements, or any of their provisions.

D. Safeguards.

1. The Borrower shall carry out the Project in accordance with the provisions of:

(a) the Environmental Management Plan;

(b) the Indigenous Peoples Plan, with respect to Part 3 of the Project;

(c) the Indigenous Peoples Planning Framework;

(d) the Resettlement Policy Framework; and

(e) a manual (the “Operational Manual”), satisfactory to the Bank, said manual to include, inter alia: (i) the procedures for the carrying out, monitoring and evaluation of the Project; (ii) the organizational structure of the Project (including the roles and responsibilities of SAGPyA, SAyDS, APN and INTA); (iii) the Project procurement and financial management requirements and procedures; (iv) environmental guidelines for construction, including procedures to follow in case of unexpected findings of objects with possible cultural or archeological value; (v) guidelines for the adoption of an integrated pest management approach in all applicable activities to be developed under the Project; (vi) the eligibility criteria for the selection of Beneficiaries under Subprojects; (vii) the criteria for the approval, implementation and monitoring of
the Subprojects; (viii) the standard environmental provisions to be included in the bidding documents for investments to be carried out under the Project; (ix) the Project’s chart of accounts and internal controls; (x) the format of: (A) the unaudited interim financial reports referred to in Section II. B.2 of Schedule 2 to this Agreement; and (B) the Financial Statements; (xi) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; and (xii) the indicators to be used for Project monitoring and evaluation. In case of any inconsistency between any provision of the Operational Manual and this Agreement, the provision of this Agreement will prevail.

2. The Borrower shall ensure that prior to the execution of works under Part 3 (a) (i) of the Project, the legal transfer of full ownership of the lands to the Borrower for such Selected Protected Areas sites has been carried out in a manner satisfactory to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators included in the Operational Manual and agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than 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 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, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. 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

A. General

1. Goods, Works and Non-Consultant Services. All goods, works and Non-Consultant Services required for the Project and to be financed out of the proceeds of the Loan shall
be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. **Special Provisions.** Without limitation to the provisions in Section III A of this Schedule, the following additional provisions shall also govern the procurement of goods, works, Non-Consultant Services and consultants’ services under the Project (as the case may be):

   (a) procurement of goods, works, Non-Consultant Services and consultants’ services (in respect of firms) shall be carried out using standard bidding documents and standard requests for quotations/proposals, all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision;

   (b) a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and Non-Consultant Services;

   (c) after the public opening of bids for goods, works and Non-Consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders’ bids;

   (d) after the public opening of consultants’ proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants’ proposals;

   (e) bidders or consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina; (ii) have a representative in Argentina; and (iii) be associated or subcontract with Argentine suppliers, contractors or consultants;

   (f) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, Non-Consultant Services and consultants’ services, as the case may be, shall be published in the web page of the Recipient’s Office of National Procurement *(Oficina Nacional de*
Contrataciones), and in a manner acceptable to the Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening;

(g) the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods, works and Non-Consultant Services to be procured under National Competitive Bidding procedures;

(h) references to bidders in one or more specialized magazines shall not be used by the Recipient in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;

(i) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;

(j) the Recipient shall: (i) supply the Bank’s publicly accessible Procurement Plans Execution System (SEPA) with the information contained in the initial Procurement Plan within 30 days after such plan has been approved by the Bank; and (ii) update the Procurement Plan at least biannually, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply said Bank’s Procurement Plans Execution System with the information contained in the updated Procurement Plan immediately thereafter;

(k) consultants shall not be required to submit bid or performance securities;

(l) the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Borrower in connection with the contracting of consultants’ services provided by a firm and to be financed with the proceeds of the Loan;

(m) contracts of goods and services —other than consulting services— shall not be awarded to the “most convenient” bid but to the one that has been determined to be substantially responsive and the lowest evaluated bid, provided that, further, the bidder is determined to be qualified to perform the contract satisfactorily; and

(n) all civil works contracts will contain the price adjustment methodology agreed upon the Bank and the Borrower.
4. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-Consultant Services**

1. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-Consultant Services shall be procured under contracts awarded on the basis of National Competitive Bidding procedures.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than National Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Shopping</td>
</tr>
<tr>
<td>(b) Direct Contracting</td>
</tr>
<tr>
<td>(c) Community Participation</td>
</tr>
</tbody>
</table>

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Least Cost Selection</td>
</tr>
<tr>
<td>(b) Selection based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(c) Single Source Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants</td>
</tr>
</tbody>
</table>

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

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s prior review. All other contracts shall be subject to Post Review by the Bank.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as
the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultant’s services (excluding the fees charged by the Cooperating Agency pursuant the Cooperating Agency Agreement), and Operating Costs under Part 1 of the Project.</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultant’s services (excluding the fees charged by the Cooperating Agency pursuant the Cooperating Agency Agreement), and Operating Costs under Part 2 of the Project.</td>
<td>16,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, consultant’s services, and Operating Costs under Part 3 of the Project.</td>
<td>25,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works and consultant’s services for the carrying out of Forestry Research Subprojects and Sustainable Forestry Subprojects under Part 2 of the Project.</td>
<td>9,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works and consultant’s services for the carrying out of Sustainable Development and Conservation Subprojects under Part 3 of the Project.</td>
<td>1,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) <em>Premia</em> for Interest Rate Caps and Interest Rate Collars.</td>
<td>Amount due under Section 2.07 (c) of this Agreement</td>
<td></td>
</tr>
<tr>
<td>(7) Front-end Fee.</td>
<td>150,000</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>(8) Unallocated.</td>
<td>5,050,000</td>
<td></td>
</tr>
<tr>
<td>Total Amount</td>
<td>60,000,000</td>
<td></td>
</tr>
</tbody>
</table>
3. For the purposes of this Section the term “Operating costs” means the following management and supervision costs, to the extent they would not have been incurred absent the Project: (i) costs for utilities, maintenance and consumable office supplies, printing services, communication services, and incidental costs associated with the Project; (ii) logistics for workshops; (iii) technical staff (excluding civil servants and seconded staff acting as consultants); and (iv) travel expenses (air tickets and per diem).

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for:

   (a) payments made prior to the date of this Agreement, except that withdrawals under categories (1) through (5) set forth in the table in Part A of the previous section, up to an aggregate amount not to exceed $9,000,000 equivalent may be made for payments made prior to this date but on or after December 7, 2007, but not earlier than 12 months from the date of this Agreement, for Eligible Expenditures under the Project;

   (b) payments under Categories (2) and (4) set forth in the table in Part A of the previous section, unless the INTA Agreement has been executed on behalf of the parties thereto; and

   (c) payments under Categories (3) and (5) set forth in the table in Part A of the previous section, unless the APN Agreement has been executed on behalf of the parties thereto.

2. The Closing Date is March 31, 2014.
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 March 15 and September 15</td>
<td>2%</td>
</tr>
<tr>
<td>Beginning September 15, 2013, through March 15, 2038</td>
<td></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

Definitions


2. “APN” means Administración de Parques Nacionales, the Borrower’s National Park Administration, created by the Borrower’s Law No. 22.351 of December 1980.

3. “APN Agreement” means the agreement between the Borrower and APN, set forth in Section I.A.1 of Schedule 2 to this Agreement.

4. “Beneficiaries” means: (a) in the case of a Forestry Research Subproject: a group formed by rural producers, wood workers, fish breeders, and small-scale entrepreneurs of the wood, or non-timber product productive chains, organized in associations, cooperatives, unions or any other form of incorporation with a legal personality (persona jurídica), duly established in the Borrower’s territory in accordance with the applicable laws; (b) in the case of a Sustainable Forestry Subproject: local residents and communities (organized as associations, cooperatives, unions or any other form of incorporation with a legal personality); and (c) in case of a Sustainable Development and Conservation Subproject: small-scale producers, local non-governmental organizations, and communities near the Selected Protected Areas.

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

6. “Chaco Ecoregion” means the highly threatened forest ecosystem located in the Borrower’s north Territory and comprising about 12 provinces and about one million square kilometers of forests, wetlands, palm savannas, grassland, and rangelands.


8. “Cooperating Agency” means any legal entity with procurement and administrative experience, with qualifications and a financial management system acceptable to the Bank.

9. “Environmental Management Plan” means the plans prepared by the Borrower, dated October 4, 2007 (for Part 2 of the Project) and November 16, 2007 (for Part 3 of the Project), which sets out the environmental protection measures in respect of the Project, including: (i) a negative list of environmentally sensitive investments ineligible for Project financing, emphasizing those potentially leading to deforestation; (ii) an environmental screening checklist for Project interventions; and (iii) environmental supervision, monitoring and evaluation procedures for the Project.

10. “Executing Agencies” means jointly APN, SAGPyA, and SAyDS.
11. “Forestry Pilot Activities” means the small-scale interventions designed to test the viability of promising approaches to sustainable forest management.

12. “Forestry Research Subproject” means a subproject supporting forestry, genetic and applied forestry and forest industry research, which subproject is selected, approved and implemented in accordance with the requirements of the Operational Manual.


14. “Indigenous Peoples Plan or IPP” means; (a) the plan prepared by the Borrower, dated November 3, 2007, which sets out the measures to be taken to ensure that indigenous peoples will not be harmed by the Project and to ensure their participation and involvement in the implementation and monitoring of the Project as it affects them; and (b) other IPPs to be generated under the IPPF.

15. “Indigenous Peoples Planning Framework or IPPF” means the framework prepared by the Borrower, dated September 12, 2007, and included in the Operational Manual, which includes, inter alia, the type of Subprojects likely to be proposed for financing under the Project, the potential positive and adverse effects of such subprojects on indigenous peoples, a plan for carrying out the social assessment for such Subprojects, monitoring and reporting arrangements and disclosure arrangements for IPPs to be prepared under the IPPF.


17. “INTA Agreement” means the agreement between the Borrower and INTA, set forth in Section I.A.2 of Schedule 2 to this Agreement.

18. “Intermediary Agent” means a government entity, non-governmental organizations, cooperatives, producer associations, qualified researchers or institutions, joint ventures and/or agreements with private co-sponsors universities, and qualified community organizations.


20. “Operational Manual” means the manual referred to in paragraph D.1(e) of Section I of Schedule 2 to this Agreement.


22. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated January 8, 2008, and referred to in paragraph 1.16 of the Procurement Guidelines and
paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to
time in accordance with the provisions of said paragraphs.

23. “Provincial Agreement” means any of the agreements referred to in paragraph C.2 of
Section I to Schedule II to this Agreement.

24. “Resettlement Policy Framework” means the Borrower’s document dated November 3,
2007, specifying the population resettlement policies, planning principles, institutional
arrangements, procurement arrangements and design criteria that shall apply to the
preparation and carrying out of the action plans for the resettlement of population under
the Project.

25. “SAGPyA” means Secretaría de Agricultura, Ganadería, Pesca y Alimentos, the
Borrower’s Secretariat of Agriculture, Livestock, Fisheries and Food.

26. “SAyDS” means Secretaría de Ambiente y Desarrollo Sustentable, the Borrower’s
Secretariat of Environment and Sustainable Development.

27. “Selected Protected Areas” means the Borrower’s protected areas of Calilegua, Los
Cardones, Campo de los Alisos, Río Pilcomayo, Sierra de las Quijadas, Talampaya,
Perito Moreno, Campos del Tuyú, Tierra del Fuego, Bosques Petrificados, and Baritu-
Nogalar, and any other area, in addition or substitution therefore, selected between the
Borrower and the Bank.

28. “Selected Provinces” means the Borrower’s provinces of Corrientes, Entre Ríos,
Misiones, Buenos Aires, Salta, Neuquén, Chubut, Río Negro, Jujuy, Santa Fe, Córdoba,
Tucumán, Mendoza and San Luis and any other province, in addition or substitution
therefore, selected between the Borrower and the Bank.

29. “Subprojects” means collectively the Forestry Research Subprojects, the Sustainable
Forestry Subprojects and the Sustainable Development and Conservation Subprojects.

30. “Subproject Agreement” means any of the agreements referred to in paragraph C.1(a) of
Section I of Schedule 2 to this Agreement.

31. “Sustainable Development and Conservation Subproject” means a subproject consisting
of a set of activities aimed at the improvement of basic management infrastructure as well
as improvement of park access in Selected Protected Areas, which subproject is selected,
approved and implemented in accordance with the requirements of the Operational
Manual.

32. “Sustainable Forestry Subproject” means a subproject consisting of small-scale
interventions for plantation production, wood processing or agro-forestry, which
subproject is selected, approved and implemented in accordance with the requirements of
the Operational Manual.