Loan Agreement

(Additional Financing for the Provincial Agricultural Development Project)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated August 16, 2007
LOAN AGREEMENT

Agreement dated August 16, 2007, between ARGENTINE REPUBLIC (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). The Borrower and the Bank hereby agree as follows:

ARTICLE I—GENERAL CONDITIONS; DEFINITIONS

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

1.02. Unless the context requires otherwise, the capitalized terms used in the Loan Agreement have the meanings ascribed to them in the General Conditions, in the Original Loan Agreement 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 thirty seven million Dollars ($37,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

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

2.03. The Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent (3/4 of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.

2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time. In the event that the Borrower selects not to capitalize the Front-end Fee, the Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.

2.05. 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, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time; 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.

2.06. The Payment Dates are January 1 and July 1 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 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 4.04 (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: (a) carry out: (i) National Subprojects under Part 1 (a) of the Project which fall under its administrative jurisdiction; and (ii) Part 2 of the Project through SAGPyA; and (b) cause: (i) SENASA to carry out National Subprojects under Parts 1 (a) of the Project which fall under its administrative jurisdiction; and (ii) the Participating Provinces to carry out Part 1 (b) 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.
3.03. The Borrower shall ensure that: (a) (i) either the Operational Manual or the Environmental Manual contains, *inter alia*, the EMP for the *Línea Tapenaga* Works to be carried out under Part 1 (b) of the Project and the IPDP for those same works; and (ii) such works shall be carried out according to the terms of the EMP and IPDP; and (b) the Operational Manual has been amended to incorporate the procurement provisions set forth in this Agreement.

**ARTICLE IV—REMEDIES OF THE BANK**

4.01. The Additional Events of Suspension consist of the following:

(a) SENASA has failed to perform any of its obligations under the Institutional Agreement and/or any Participating Province has failed to perform any of its obligations under the pertinent Subsidiary Loan Agreement, in which case the Bank may only suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account for: (i) expenditures incurred by SENASA under Part 1 (a) of the Project; and/or (ii) expenditures incurred by the pertinent Participating Province under Part 1 (b) of the Project.

(b) The Operational Manual, or any provision thereof, has been amended, suspended, abrogated, repealed or waived so as to affect, in the opinion of the Bank, materially and adversely the carrying out of the Project.

(c) The Environmental Manual, or any provision thereof, has been amended, suspended, abrogated, repealed or waived without the prior agreement of the Bank.

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

**ARTICLE V—EFFECTIVENESS**

5.01. 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 July 23, 2008.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Borrower’s Representative is its Minister of Economy and Production.
6.02. The Borrower’s Address is:

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

Cable address: Telex: Facsimile:
MINISTERIO DE ECONOMIA Y PRODUCCION 121942-AR (54 11) 4349-8815
Baires

6.03. The Bank’s Address is:

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

Cable address: Telex: Facsimile:
INTBAFRAD 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)
AGREED at Buenos Aires, Argentina, as of the day and year first above written.

ARGENTINE REPUBLIC

By/s/ Miguel Peirano

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By/s/ Pedro Alba

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to increase and to diversify agricultural production and exports; (b) to increase and to stabilize agricultural incomes for about 120,000 small and medium-sized commercial farms; (c) to improve the effectiveness of basic agricultural support services so as to increase international competitiveness of agricultural products; (d) to improve rural productive infrastructure so as to reduce production costs and to improve conservation and management of natural resources; (e) to strengthen national and provincial institutional capacity to formulate and analyze agricultural development policy and to identify, prepare and implement investment projects; (f) to rationalize public investments and to promote an expanded private sector role in agricultural development; and (g) to improve maternal and child health through the delivery of quality services, and to strengthen disease surveillance and control activities, all for purposes of reducing the acute risk of disease in the Borrower’s territory.

The Project consists of the following parts included in the Original Project, as amended below solely for purposes of the Loan:

Part 1: Subprojects:

(a) Carrying out of National Subprojects.

(b) Carrying out of Provincial Subprojects.

Part 2: Institutional Strengthening and Project Management

Strengthening of national and provincial capabilities to develop and implement efficient systems for formulation and analysis of agricultural policies, and to identify, prepare and implement programs and projects through, *inter alia*:

(a) at the national level establishment of: (i) operational mechanisms among SAGPyA and other Government Agencies in order to improve coordination; and (ii) processes and procedures to improve the generation, execution and analysis of agricultural policies, programs and projects;

(b) at the provincial level: (i) improvement of the definition of the functions of provincial agricultural public sector agencies and improvement of coordination among them; and (ii) establishment of processes and procedures to improve the generation, execution and analysis of agricultural policies, programs and projects, including definition of the role of provincial public sector agencies in the preparation and execution of Subprojects and preparation of implementation arrangements among the entities involved; and
(c) at the operational level: coordination, management, monitoring and evaluation of the Project, at both the national and provincial levels, as well as preparation of a follow-up project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. The Borrower shall carry out, and/or cause to be carried out, the Project in accordance with the terms of this Agreement, as well as in accordance to Sections 3.01 (b) and (c), 3.06, 3.07, 3.08, 4.01 (a) of, and Schedule 6 to, the Original Loan Agreement.

B. The Borrower, through SAGPyA, shall: (a) maintain until the completion of the Project, a central unit (the UEC), with functions, responsibilities and staff acceptable to the Bank for the overall management, financial administration, and monitoring of the Project; and (b) furnish such UEC with all funds, facilities, services and other resources required for the coordination and management of the Project.

C. For purposes of enabling SENASA to carry out National Subprojects which fall under its administrative jurisdiction as referred to in Section 3.01 (b) (i) of this Agreement, and prior to the carry out of said subprojects, the Borrower, through SAGPyA, shall enter into a coordination agreement with SENASA (the Institutional Agreement) on terms and conditions satisfactory to the Bank, with the purpose of setting forth the responsibilities and implementation arrangements for said subprojects; said Institutional Agreement to include, inter alia: (i) the obligation of the Borrower to make available, on a grant basis, a portion of the proceeds of the Loan to SENASA to finance said subprojects; and (ii) the obligation of SENASA to: (A) provide the necessary funds, facilities, services and other resources to supplement those provided through the Borrower; (B) assist the Borrower in achieving compliance with the terms of this Agreement; and (C) follow the provisions of the Operational Manual and Environmental Manual, all in connection with the carrying out of said subprojects.

D. The Borrower shall exercise its rights and comply with its obligations under the Institutional Agreement throughout Project implementation in such a manner as to protect its interests and those of the Bank, and to accomplish the objective and purposes of the Project, and except as the Bank may otherwise agree, the Borrower shall not assign, amend, abrogate, suspend, waive, terminate or fail to enforce the Institutional Agreement or any provision thereof.

E. In case of any conflict among the terms of the Operational Manual, the Environmental Manual, the Original Loan Agreement, the Institutional Agreement and those of this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. The Borrower, through UEC, shall:
(a) 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 maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Monitoring Indicators set forth in the Implementation Letter, the carrying out of the Project and the achievement of the objective thereof. 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. The Project Reports shall include, *inter alia*: (i) the results of the monitoring and evaluation activities performed pursuant to this Section; and (ii) an update of the approved annual work plan and budget referred to in paragraph (b) hereof, and thereafter discuss said reports with the Bank in order to analyze problems and proposed solutions and to review the pipeline of proposed subprojects;

(b) by January 15 of each year of Project execution, furnish to the Bank for its review and approval a draft annual work plan and proposed budget for the Project for the following year;

(c) cause an independent agency or specialized firm acceptable to the Bank to prepare, under terms of reference satisfactory to the Bank, and to furnish to the Bank on or about January 15, 2008 a report on the progress achieved in the carrying out of the Project since its beginning, including the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of its objective; and

(d) review with the Bank, by March 1, 2008, or such later date as the Bank may request, the report referred to in paragraph (c) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of its objective, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.

2. For the purposes of Section 5.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan for the future operation of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report not later than one month after the end of each semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank (which reports shall include, inter alia, the list of signed contracts for works, goods, Non-Consultant Services and consultants’ services under the Project as reflected in the Borrower’s financial management system (UEPEX) during the period covered by each of said reports).

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. 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: (a) in the Original Loan Agreement; and (b) in Section I of the Procurement Guidelines and with the provisions of this Schedule (as the case may be, depending on the date of said procurement).

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: (a) in the Original Loan Agreement; and (b) in Sections I and IV of the Consultant Guidelines and with the provisions of this Schedule (as the case may be, depending on the date of said procurement).

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

4. Special Provisions. Without limitation to the provisions in Section III A.1 and 2 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 proposals acceptable to the Bank, which shall include, inter alia, a settlement of dispute provision;
(b) all contracts for works to be procured under the Project shall contain a methodology, acceptable to the Bank, whereby the price of each said contracts shall be adjusted through the use of price adjustment formulas, in a manner acceptable to the Bank;

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

(d) 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;

(e) after the public opening of consultants’ proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 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;

(f) 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;

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

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

(i) references to bidders in one or more specialized magazines shall not be used by the Borrower in determining if the bidder 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 and works to be procured under National Competitive Bidding procedures;
(j) the provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines providing for domestic preference in the evaluation of bids in respect of goods and/or works shall not apply under the Project;

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

(l) the Borrower shall: (i) supply the Bank’s publicly accessible Procurement Plans Execution System 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 the Bank’s Procurement Plans Execution System with the information contained in the updated Procurement Plan immediately thereafter;

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

(n) the types of contracts described in Section IV of the Consultant Guidelines (including the important provisions to be included in said contracts under said Section IV) 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.

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

1. International 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 International Competitive Bidding.

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

<table>
<thead>
<tr>
<th>Procured Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</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) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for goods, works or Non-Consultant Services procured on the basis of International Competitive Bidding and Direct Contracting; (b) the first three contracts for goods, works or Non-Consultant Services procured on the basis of National Competitive Bidding; (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $200,000 or more; and (d) the first three contracts for consultants’ services provided by a firm estimated to cost the equivalent of less than $200,000. 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: (a) Article II of the General Conditions, (b) this Section, and (c) such additional instructions as the Bank may specify by notice to the Borrower (including the applicable provisions of the “World Bank Disbursement Guidelines for Projects” dated May 1, 2006, as revised from time to time by the World 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) Part 1 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Civil Works</td>
<td>22,250,000</td>
<td>80%</td>
</tr>
<tr>
<td>(b) Goods</td>
<td>8,600,000</td>
<td>100% of Foreign Expenditures and 80% of Local Expenditures</td>
</tr>
<tr>
<td>(c) Consultants’ services, Non-Consultant Services and Training</td>
<td>2,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(d) Incremental Recurrent Costs</td>
<td>600,000</td>
<td>40%</td>
</tr>
<tr>
<td>(2) Part 2 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Consultants’ services, Non-Consultant Services and Training</td>
<td>2,950,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Incremental Recurrent Costs</td>
<td>400,000</td>
<td>40%</td>
</tr>
<tr>
<td>(3) Front-End Fee</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.04 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Premia for Interest Rate Caps and Interest Rate Collars</td>
<td>0</td>
<td>Amounts payable pursuant to Section 2.08 (c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>37,000,000</td>
<td></td>
</tr>
</tbody>
</table>
For purposes of this table:

(a) the term "Incremental Recurrent Costs" means the cost of insurance, utilities, repairs and maintenance, salaries of incremental staff and travel for the execution of Project activities by Government Agencies and/or SENASA; and

(b) the term “Training” means expenditures (other than those for consultants’ services) incurred by the Borrower, Participating Provinces and/or SENASA, 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.

B. Withdrawal Conditions; Withdrawal Period.

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

(a) from the Loan Account until the Bank has received payment in full of the Front-end Fee, if applicable;

(b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $7,400,000 equivalent may be made for payments made prior to this date but on or after April 1, 2006 (but in no case more than one year prior to the date of this Agreement) for Eligible Expenditures for Categories (1) and (2), if the pertinent conditions set forth in the Original Loan Agreement and/or this Agreement have been met (as the case may be); and:

(c) for Eligible Expenditures under Category (1) unless:

(i) the Borrower and the Bank have approved the pertinent Subproject; and

(ii) for Provincial Subprojects: (A) the Participating Province has entered into a Subsidiary Loan Agreement with the Borrower (or, if applicable, amended the same to increase the amount of the Subsidiary Loan), and the Bank has received an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank, showing, on behalf of the Borrower and the Participating Province, that: (1) the Subsidiary Loan Agreement (or its amendment thereto as referred to herein) has been duly authorized or ratified by, and executed and delivered on behalf of, the Participating Province and the Borrower, and is legally binding upon them in accordance with its terms; and (2) that all action referred to in subparagraph (C) below has been taken; (B) the Participating Province has established, staffed and funded the EPDA and UEP in accordance with the Provincial Subproject proposal and an agreement for the execution of the Provincial Subproject acceptable to the Bank has been entered into between EPDA and UEP; and (C) the Participating Province
has taken all action necessary to permit the procurement of goods, works and consultants’ services required for a Provincial Subproject and to be financed under a Subsidiary Loan.

2. The Closing Date is November 30, 2008.
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 1 and July 1</td>
<td></td>
</tr>
<tr>
<td>Beginning July 1, 2012 through January 1, 2022</td>
<td>5%</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

Unless the context otherwise requires, the several terms defined in the Original Loan Agreement and the General Conditions have the respective meaning therein set forth, and are hereby incorporated to this Agreement. Additionally, the following definitions also constitute an integral part of this Agreement:

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


(3) “EMP” means the environmental management plan dated April 30, 2004 for the Línea Tapenagá Works (as defined below).

(4) “Environmental Manual” manual referred to in Section 3.07 of the Original Loan Agreement, as the same has been, or may be, amended from time to time with the agreement of the Bank.


(6) “Implementation Letter” means the letter of even date herewith from the Borrower to the Bank setting forth the Monitoring Indicators (as defined below), as the same may be amended from time to time with the agreement of the Bank.

(7) “Institutional Agreement” means the agreement referred to in Section I.C of Schedule 2 to this Agreement.

(8) “IPDP” means the Province of Chaco’s indigenous peoples development plan dated March 27, 2004 for the Línea Tapenagá Works.

(9) “Línea Tapenagá Works” means a Provincial Subproject which consists of drainage and agricultural development investments in the basin of Río Tapenagá within the Province of Chaco.

(10) “Monitoring Indicators” means the Project’s performance and impact indicators set forth in an annex to the Implementation Letter (as defined above).
(11) “National Subprojects” means Subprojects (as defined below) of national or regional importance carried out by the Borrower or by decentralized agencies and/or by SENASA (as defined below).

(12) “Non-Consultant Services” means services under the Project, which services will be bid and contracted on the basis of performance of measurable physical outputs.

(13) “Operational Manual” means the manual referred to in Section 3.07 of the Original Loan Agreement, as the same has been, or may be, amended from time to time with the agreement of the Bank.

(14) “Original Loan Agreement” means the loan agreement for the Original Project between the Bank and the Borrower, dated January 20, 1998 (Loan No. 4150-AR), as amended to the date of this Agreement.

(15) “Original Project” means the Project described in Schedule 2 to the Original Loan Agreement.

(16) “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.

(17) “Procurement Plan” means the Borrower’s procurement plan for the Project, dated December 11, 2006 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.

(18) “SENASA” means Servicio Nacional de Sanidad y Calidad Agroalimentaria, an entity vested with legal personality pursuant to the Borrower’s Presidential Decree No. 1585/1996 of December 19, 1996 (as the same has been amended to the date of this Agreement) which is responsible for, inter alia, the execution of sanitary and phytosanitary national policies.

(19) “Subproject” means a subproject for water resource management, rural infrastructure, technology development and transfer, plant health, market development, agricultural information, provincial agricultural institution building, production and regulation of food products, animal health (which may include Avian Influenza (AI) risk-prevention activities, and strengthening of field epidemiological surveillance structures for AI to minimize the sanitary impact on human health and the economic impact on production through, inter alia: (a) expansion of the Borrower’s active epidemiological surveillance system (which system is used to prevent and mitigate animal diseases) to include wild migratory bird populations and backyard poultry production in international border regions of the Borrower’s territory; (b) improvement of a rapid alert system for AI; (c) standardization of technical criteria throughout the rapid alert system; and (d) improvement of the equipment of selected SENASA field offices, agents and laboratories (such as, vehicles, boats, field gear for SENASA’s personnel that will be carrying out monitoring and surveillance activities, laboratory equipment and supplies, and any other equipment acceptable to the Bank), or for another agricultural development activity, that meets the
objectives of the Project as set forth in Schedule 2 to this Agreement and the Subproject Eligibility Criteria, and that has been approved by the Borrower and the Bank.

(20) “UEC” means *Unidad Ejecutora Central*, the unit referred to in Section 1.B of Schedule 2 to this Agreement.