Loan Agreement

(Additional Financing for the Buenos Aires Infrastructure Sustainable Investment Development Project-Phase I)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

PROVINCE OF BUENOS AIRES

Dated February 6, 2012
LOAN AGREEMENT

Agreement dated February 6, 2012 between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and PROVINCE OF BUENOS AIRES ("Borrower") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement), and amending the Original Loan Agreement.

Whereas by an agreement dated March 8, 2005 between the Borrower and the Bank (the Original Loan Agreement), the Bank made a loan (Loan No. 7268-AR) to the Borrower in an amount equal to two hundred million Dollars ($200,000,000) to assist in the financing of the Original Project, which Original Project constitutes the first phase of the Program, on terms and conditions set forth in the Original Loan Agreement.

The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of 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 2.07 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 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 (d) of the General Conditions.

2.05. The Payment Dates are February 15 and August 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in 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 withdrawn and outstanding 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.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project and the Program. To this end, the Borrower shall carry out: (a) Part 1 of the Project, through MI (with the participation of DIPAC); (b) Part 2 of the Project, through MI (with the participation of DVBA); and (c) Part 3 of the Project, through MI (with the participation of DIPSOH), 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 Events of Suspension consist of the following, provided, however, that if any of the events specified in paragraphs (a) or (b) below shall have occurred and be continuing, the suspension of the Borrower's right to make withdrawals from the Loan Account may be limited by the Bank at the Bank's sole discretion to withdrawals in respect of those Water and Sanitation Subprojects within the jurisdiction of the pertinent Operator affected by said additional event of suspension:

(a) That the regulatory framework mentioned in Section I.B (a) (i) (A) of Schedule 2 to this Agreement or any provision thereof shall have been amended, suspended, abrogated, repealed, waived or not enforced in such a manner so as to affect materially and adversely, in the opinion of the Bank, the ability of the pertinent Operator to operate and maintain the corresponding Water and Sanitation Subproject.

(b) That any Operator shall have failed to comply with any of its obligations under the corresponding Framework Agreement.

4.02. The Additional Event of Acceleration consists of, namely, that any of the events 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 — TERMINATION**

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 January 27, 2012.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

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

Ministerio de Economía
Calle 8 entre 45 y 46
La Plata
CP1900 Buenos Aires
Argentina

Facsimile:
0054-221-4294501/02/03

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

PROVINCE OF BUENOS AIRES

By

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) enhance the provision of water and sewerage services for the benefit of low-income people, in particular for those people living in highly vulnerable areas; (b) improve high priority road segments of the Borrower’s road network; (c) mitigate urban flooding; and (d) support the reactivation of the Borrower’s economy and strengthen its regional competitiveness.

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

Part 1: Water and Sanitation

Carrying out of selected water and sanitation infrastructure investments, acceptable to the Bank, in selected urban and peri-urban areas within the Borrower’s territory in order to increase access to the provision of water supply and sanitation services.

Part 2: Provincial Roads

A. Carrying out of rehabilitation works of selected segments of the Borrower’s non-concessioned interurban primary road network, additional to those identified and selected under the Original Project, all acceptable to the Bank.

B. Carrying out of rehabilitation works of selected road accesses of the Borrower’s non-concessioned secondary paved network, additional to those identified and selected under the Original Project, all acceptable to the Bank.

Part 3: Drainage

Carrying out selected drainage investments, acceptable to the Bank, in selected urban and peri-urban areas within the Borrower’s territory in order to mitigate flooding caused by rainfalls of high intensity and relatively short duration, which investments consists of, inter alia, the optimization and expansion of storm drainage systems and primarily macro-drainage infrastructure based on integrated urban drainage plans, as the same hereby replace those drainage investments (identified and selected under the Original Project and listed in the Implementation Letter) in accordance with the provisions of Section 3.13 of the Original Loan Agreement.
SCHEDULE 2

Project Execution

Section I. Implementation and Other Arrangements

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

B. (a) Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower shall carry out, and/or cause to be carried out, the Project in accordance with a manual (the Operational Manual), which sets forth, *inter alia*:

(i) the eligibility criteria for Water and Sanitation Subprojects (which criteria shall reflect poverty targeting and technical considerations) and Operators (which criteria shall include, *inter alia*: (A) the presence of a regulatory framework, acceptable to the Bank, for the provision of water and sanitation services; (B) that the Operator is in compliance with the pertinent regulatory framework mentioned in (A) herein; (C) that the Operator has furnished evidence, acceptable to the Bank, that the provision of water and sanitation services is being provided within a context of economic and financial sustainability, and in accordance with a cost-recovery mechanism acceptable to the Bank; and (D) the execution of a binding agreement (the Framework Agreement) to be entered into between the Borrower and said Operator, on terms and conditions acceptable to the Bank, which shall include *inter alia*, those set forth in Schedule 4 to this Agreement);

(ii) the eligibility criteria for Drainage Subprojects and Road Subprojects;

(iii) the environmental guidelines to be followed by the Borrower during Project implementation in connection with the preparation or updating/adjusting environmental management plans in respect of Subprojects as referred to in Section I.F of this Schedule;

(iv) the standard environmental provisions to be included in the bidding documents for the Subprojects to be carried out under the Project (which shall include provisions: (A) to minimize natural habitat conversion or degradation and to permit the maximum growth of natural vegetation (whether it is native grasslands, scrublands, or forests) within the pertinent right of
way; and (B) whereby the contractor must comply with: (1) the pertinent provisions of the corresponding environmental management plan (including the provisions of any updated/adjusted version of said plan), if any (as referred to in Section I.F of this Schedule); and (2) the actions to be followed in connection with the finding of cultural property;

(v) the Resettlement Framework and the procedures to be followed by the Borrower in carrying out preventive screenings and assessments associated with any potential Resettlement under the Project;

(vi) the standard provisions to be included in the bidding documents for the Subprojects to be carried out under the Project (which shall include provisions: (A) to minimize the possibility of any Resettlement or any potential Resettlement impacts; and (B) whereby the contractor must comply with: (1) the pertinent provisions of the corresponding Resettlement Framework and any Resettlement Action Plan (as referred to in Section I.G of this Schedule);

(vii) the Project’s chart of accounts and internal controls;

(viii) the format of: (A) the unaudited interim financial reports referred to in Section II. A.1 (b) (ii) of this Schedule; and (B) the Financial Statements;

(ix) the terms of reference for carrying out the Project audits under Section II.B.2 of this Schedule;

(x) the Project indicators; and

(xi) the Project disbursement and procurement procedures.

(b) 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. (a) Without limitations to the provisions of Section 5.10 of the General Conditions, the Bank and the Borrower shall, from time to time during Project implementation, at the request of any of them, exchange views so as to enable the Bank to determine compliance of the Operators in meeting the eligibility criteria set forth in the Operational Manual.
(b) The Borrower shall exercise its rights and carry out its obligations under each Framework Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan; and (ii) except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any Framework Agreement or any provision thereof.

D. Without limitation to the provisions of Section 3.01 (b) of this Agreement and Section I.C above, the Borrower, through MI, and with the assistance of DIPAC, shall, prior to the commencement of any given Water and Sanitation Subproject, ensure that each Water and Sanitation Subproject has been prepared by the Borrower with the assistance of the relevant Operator, so that each said Subproject meets the eligibility criteria set forth in the Operational Manual.

E. Without limitation to the provisions of Section I.C and I.D above, the Borrower shall refrain from presenting Loan withdrawal applications to the Bank and/or withdrawing Loan proceeds from the Designated Account (all under Category (1)) to finance any given Water and Sanitation Subproject located within the jurisdiction of a given Operator, until the Borrower has presented evidence, acceptable to the Bank, indicating that: (a) prior to the commencement of the pertinent works under any said Water and Sanitation Subproject, said Operator has met the eligibility criteria set forth in the Operational Manual; and (b) the Borrower is in compliance with the pertinent obligations set forth in this Agreement in respect of Water and Sanitation Subprojects.

F. Without limitation to the provisions of Section 3.01 (b) of this Agreement, the Borrower, through MI (and with the assistance of DIPAC, DIPSOH or DVBA as the case may be), shall, upon the definition of the precise sitting alignments for any given Subproject, and prior to the carrying out of any works, if applicable as determined by the Bank: (i) update/adjust or cause to be updated/adjusted (as the case may be) the environmental assessment for said Subproject, under terms of reference acceptable to the Bank; (ii) based on said updated/adjusted environmental assessment, and if determined by the Bank: (A) prepare and approve an environmental management plan; or (B) update/adjust or cause to be updated/adjusted (as the case may be) the pertinent existing environmental management plan; and (iii) thereafter, implement and/or cause to be implemented, the newly prepared environmental management plan or the existing updated/adjusted environmental management plan (as the case may be), all in accordance with its terms and in a manner acceptable to the Bank.

G. Without limitation to the pertinent provisions of this Agreement in respect of any given Subproject in which works are involved, and if as a result of the definition of the precise sitting alignments it is determined by the Bank that Resettlement will be involved, the Borrower, through MI (and with the assistance of DIPAC, DIPSOH or DVBA as the case may be) shall: (a) prior to the carrying out of any
said works, prepare and/or cause to be prepared and furnish to the Bank, a Resettlement Action Plan, acceptable to the Bank (which plan shall be consistent with the pertinent provisions of the Resettlement Framework); and (b) thereafter, implement and/or cause to be implemented, said Resettlement Action Plan in accordance with its terms and in a manner acceptable to the Bank.

H. (a) The Borrower shall operate and maintain, at all times during Project implementation, the UCO with a structure, functions and responsibilities acceptable to the Bank, including, inter alia, the responsibility of the UCO to administer (on behalf of the Borrower) the proceeds of the Loan withdrawn by the Borrower from the Bank and assist the Borrower in the coordination, monitoring and supervision of the carrying out of the Project.

(b) The Borrower shall ensure that the UCO is, at all times during Project implementation, headed by an Executive Director appointed by the Minister of Economy (in its capacity as general coordinator), and other professional staff such as a procurement and financial management specialists and administrative staff, all in numbers and with qualifications and experience acceptable to the Bank as provided in the Operational Manual.

I. The Borrower shall, prior to the commencement of each calendar year during Project implementation, create, and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the relevant annual budget in order to keep track of the corresponding expenditures incurred during Project implementation.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. (a) The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester (starting with the first calendar semester of the year 2011), and shall be furnished to the Bank not later than sixty days after the end of the period covered by such report.

(b) The Borrower shall include, as part of the information to be included in the Progress Reports: (i) a summary of the Eligible Expenditures incurred during the calendar semester covered by the pertinent Progress Report and their corresponding payment (including those expenditures incurred during said period of time which are not financed by the Loan);
and (ii) the interim unaudited financial reports for the Project covering the calendar semester in question, all in form and substance satisfactory to the Bank.

(c) For purposes of Section 5.08 (b) of the General Conditions, the Borrower shall, not later than March 31 of each year of Project implementation (starting in the year 2011), exchange views with the Bank (the annual reviews).

2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six months before the Closing Date.

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. 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.

3. The Borrower shall, not later than six months after the Effective Date, hire an auditor on the terms provided in Section 5.09 (b) (i) of the General Conditions for purposes of assisting the Borrower in complying with its obligation referred to in paragraph 2 above.

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. **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 other provisions in Section III 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: (i) standard bidding documents (which bidding documents in respect of works shall include a provision whereby the pertinent contractor must comply with the pertinent provisions of the Operational Manual, the corresponding environmental management plan (including the provisions of any updated/adjusted version of said plan) and/or the corresponding Resettlement Action Plan (as the case may be), as referred to in Sections I.F and I.G of this Schedule, respectively) and standard requests for quotations/proposals, all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision and the pertinent provisions of the Anti-Corruption Guidelines; (ii) model bid evaluation forms, and model quotations/proposals evaluations forms (as the case may be); and (iii) model contract forms, all acceptable to the Bank;

   (b) all contracts for works to be procured under the Project shall contain the applicable methodology, agreed upon by the Bank and the Borrower, whereby the price of each said contract shall be adjusted through the use of price adjustment formulas, in a manner acceptable to the Bank. However, a factor representing “General Expenses” may be added to the price adjustment formula;

   (c) without limitation to the provisions of paragraph 2.8 of the Procurement Guidelines, and in cases in which contracts for large or complex works and/or goods (as determined by the Bank) are involved, prospective bidders and/or bidders (as the case may be) shall be given: (i) at least 8 weeks for the preparation and submission of prequalification responses; and (ii) at least 12 weeks for the preparation and submission of their bids;

   (d) a two-envelope bidding procedure shall not be allowed in the procurement of works;
(e) after the public opening of bids for works, 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;

(f) foreign bidders or foreign consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina; (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 and the pertinent summary of the evaluation reports of bids of all works shall be published by the Borrower in a web page acceptable to the Bank, 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 works to be procured under National Competitive Bidding procedures;

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

(j) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;
(k) the Borrower, through UCO, 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 the Project has been approved by the Bank; and (ii) update the Procurement Plan at least every three months, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter;

(l) the provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines providing for domestic preference in the evaluation of bids shall not apply to works contracts to be executed in the territory of the Borrower in respect of contracts for works to be procured under International Competitive Bidding procedures; and

(m) no domestic preference established by Law No. 7.764 shall be allowed in the evaluation of bids for goods, works and Non-Consultant Services.

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

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>Procurement Method</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) Selection Based on the Consultants' Qualifications</td>
</tr>
<tr>
<td>(c) Single-Source Selection</td>
</tr>
<tr>
<td>(d) Procedures set forth in paragraphs 5.1 through 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(e) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines for the Selection of 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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, consultant services and Non-consultant Services under Water and Sanitation, Road and Drainage Subprojects</td>
<td>49,875,000</td>
<td>75%</td>
</tr>
<tr>
<td>(2) 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>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 date of this Agreement, except that withdrawals up to an aggregate amount not to exceed the equivalent of twenty percent (20%) of the Loan amount may be made for payments made prior to this date but on or after January 1, 2010 (but in no case more than one year prior to the date of this Agreement) for Eligible Expenditures, if the pertinent obligations set forth in this Agreement, as applicable to each Eligible Expenditure have been complied with.

2. The Closing Date is December 31, 2013.
SCHEDULE 3

Amortization Schedule

1. Subject to the provisions of paragraph 2 of this Schedule, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each February 15 and August 15, the first installment to be payable on the eleventh (11th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the fiftieth (50th) Interest Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment shall be equal to one-fortieth (1/40) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.

2. If any one or more installments of principal of the Disbursed Amount would, pursuant to the provisions of paragraph 1 of this Schedule, be payable after February 15, 2039, the Borrower shall also pay on such date the aggregate amount of all such installments.

3. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.

4. Notwithstanding the provisions of paragraphs 1 through 3 of this Schedule, in the event of a Currency Conversion of all or any portion of a Disbursed Amount 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.
SCHEDULE 4

Terms and Conditions of Framework Agreements

Each Framework Agreement shall contain, inter alia, the following provisions:

1. **With respect to the Operator**:

   (a) a legal representation that, through the signing of the Framework Agreement, it has provided its written consent to permit the Borrower to carry out Water and Sanitation Subprojects located within the jurisdiction of said Operator;

   (b) a legal representation that the Framework Agreement has been duly authorized or ratified by the Operator and is legally binding upon the Operator in accordance with its terms;

   (c) a legal representation that it has adhered to, and/or is regulated by, the regulatory framework mentioned in Section I.B (a) (i) (A) of Schedule 2 to the Loan Agreement;

   (d) a legal representation that the Water and Sanitation Subprojects meet the eligibility criteria set forth in the Operational Manual and that each said subproject is technically feasible, and has been prepared and design with the assistance of the Borrower; and

   (e) the obligation of the Operator:

      (i) to comply with the pertinent provisions of the Anti-Corruption Guidelines;

      (ii) to ensure that the provision of water and sanitation services is provided within a context of economic and financial sustainability, and in accordance with a cost-recovery mechanism acceptable to the Bank;

      (iii) to take all necessary action within its jurisdiction to permit the Borrower to carry out the Water and Sanitation Subprojects in accordance with the provisions of the Loan Agreement;

      (iv) to designate a representative to carry out jointly with the Borrower's representative the supervision of the Water and Sanitation Subprojects;
(v) to issue a certificate of acceptance upon satisfactory completion of any given Water and Sanitation Subproject, and to thereafter operate and maintain the same in accordance with the regulatory framework referred to in Section I.B (a) (i) (A) of Schedule 2 to the Loan Agreement;

(vi) to comply with the provisions of the regulatory framework mentioned in Section I.B (a) (i) (A) of Schedule 2 to the Loan Agreement; and

(vii) not to amend, terminate, derogate, abrogate, waive or fail to enforce the Framework Agreement or any provision thereof without the previous consent of the Bank.

2. With respect to the Borrower:

(a) a legal representation that the Framework Agreement has been duly authorized or ratified by the Borrower and is legally binding upon the Borrower in accordance with its terms; and

(b) the obligation of the Borrower:

(i) to ensure that each Water and Sanitation Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

(ii) to carry out the Water and Sanitation Subprojects in accordance with the pertinent provisions of the Loan Agreement;

(iii) to finance the total cost of the carrying out of Water and Sanitation Subprojects;

(iv) to take all appropriate actions to enable the pertinent Operator to make the legal representation mentioned in paragraph 1 (d) above; and

(v) upon satisfactory completion of any given Water and Sanitation Subproject, and the corresponding acceptance of said fact by the Operator, to transfer to the Operator the possession (tenencia) of said Water and Sanitation Subproject, in a manner acceptable to the Bank.
SCHEDULE 5

Amendments to the Original Loan Agreement

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

A. Section 3.11 (b) of the Original Loan Agreement is hereby amended in its entirety to read as follows:

"Section 3.11. The Borrower shall:

(a) ...

(b) prepare, under terms of reference satisfactory to the Bank, and to furnish to the Bank, not later than sixty days after the end of each calendar semester during Project implementation (starting with the report due in July 2005), a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project (including the progress achieved in the carrying out of the corresponding investment plan referred to in Section 3.16 of this Agreement) during the calendar semester preceding the date of presentation of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the following calendar semester; and"

B. Section 3.15 of the Original Loan Agreement is hereby amended in its entirety to read as follows:

"Section 3.15. The Borrower shall: (i) no later than March 31, 2005 hire an auditor, acceptable to the Bank, with professional qualifications and experience acceptable to the Bank, for purposes of carrying out the financial audits referred to in Section 4.01 (b) (i) of this Agreement; and (ii) no later than sixty calendar days after the end of each calendar semester (starting with the calendar semester ending in June 2005) prepare and furnish to the Bank, a report of such scope and in such detail as the Bank shall reasonably request concerning the results of the audits carried out during said calendar semester."
C. Section 4.02 (b) of the Original Loan Agreement is hereby amended in its entirety to read as follows:

"Section 4.02.

(a) ...

(b) The first FMR shall be furnished to the Bank not later than 60 days after the end of the first calendar semester after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar semester; thereafter, each FMR shall be furnished to the Bank not later than 60 days after each subsequent calendar semester, and shall cover such calendar semester."

D. The table set forth in Section 1 of Schedule I to the Original Loan Agreement is hereby replaced in its entirety by the following:

"1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (Expressed in Dollars)</th>
<th>% of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) under Water and Sewerage Subprojects</td>
<td>58,144,000</td>
<td>79%</td>
</tr>
<tr>
<td>(b) under Road Subprojects</td>
<td>136,301,000</td>
<td>79%</td>
</tr>
<tr>
<td>(c) under Drainage Subprojects</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(d) under Part B.7 of the Project</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>928,000</td>
<td>80%</td>
</tr>
<tr>
<td>(3) Consultants' services</td>
<td>3,242,900</td>
<td>71%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (Expressed in Dollars)</td>
<td>% of Expenditures to be financed</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>(4) Non-Consultant Services</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(5) Training</td>
<td>384,100</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Front-end-fee</td>
<td>1,000,000</td>
<td>Amount due under Section 2.04 of this Agreement</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>200,000,000</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 with the modifications set forth in Section III of this Appendix.

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


4. “DIPAC” means Dirección Provincial de Servicios Públicos de Agua y Cloacas, the Borrower’s Provincial Water and Sewerage Public Services Directorate established within MI (as said term is defined herein).

5. “DIPSOH” means Dirección Provincial de Saneamiento y Obras Hidráulicas, the Provincial Sewerage and Hydraulic Directorate established within MI (as said term is defined herein).

6. “Drainage Subproject” means any of the investments under Part 3 of the Project which meet the criteria set forth in the Operational Manual (as said term is defined herein).

7. “DVBA” means Dirección de Vialidad de Buenos Aires, the Borrower’s Provincial Road Agency established under the jurisdiction of MI (as said term is defined herein) pursuant to the Borrower’s Decree Law No. 7.943/72 of November 21, 1972, as said Decree Law has been amended to the date of this Agreement.

8. “Framework Agreement” means any of the agreements referred to in Section I.B (a) (i) (D) of Schedule 2 to this Agreement.

9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.

10. “General Expenses” means any reasonable indirect and/or fixed costs incurred by a given contractor in support of Project execution, and that are not related to the direct execution of works under a particular contract. General Expenses may
include, *inter alia*, items such as field office expenses; central office expenses; security expenses; communications; equipment insurance costs; equipment and machinery depreciation costs and a share of salaries of supporting technical and administrative staff set in a reasonable proportion in the contractor’s bid and agreed upon in the relevant contract.

11. “Implementation Letter” means the letter dated March 8, 2005 from the Borrower to the Bank setting forth, *inter alia*, the list of drainage investments to be financed under the Original Project.

12. “Law No. 7.764” means the Borrower’s Law No. 7.764 of August 31, 1971, governing, *inter alia*, public procurement, and such term also includes the regulations to said law concerning public procurement, as said law and regulations have been amended to the date of this Agreement.


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

15. “Operational Manual” means the Borrower’s manual, acceptable to the Bank, dated June 16, 2005, updated on June 3, 2010, and referred to in Section I.B (a) of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.

16. “Operator” means a water and sanitation utility which is either, publicly owned and/or controlled (including any of the Borrower’s municipalities), or privately owned (including a cooperative), which has been granted and/or assigned the responsibility to provide water and sanitation services within the Borrower’s territory.

17. “Original Loan Agreement” means the agreement dated March 8, 2005 between the Borrower and the Bank (Loan No. 7268-AR), as amended.

18. “Original Project” means the Buenos Aires Infrastructure Sustainable Investment Development Project whose objectives and activities are set forth in Schedule 2 to the Original Loan Agreement (as said term is defined herein).

20. "Procurement Plan" means the Borrower's procurement plan for the Project, dated June 2, 2010 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.

21. "Program" means the Borrower's program (consisting of two phases) set forth or referred to in the letter dated November 10, 2004 from the Borrower to the Bank, as said program has been updated through letter dated June 6, 2007 from the Borrower to the Bank.

22. "Resettlement" means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

23. "Resettlement Action Plan" means the resettlement plans, acceptable to the Bank, that may be completed during the implementation of the Project for the carrying out of Subprojects, which shall follow the relevant provisions contained in the Resettlement Framework and which may be amended from time to time with the prior no objection of the Bank.

24. "Resettlement Framework" means the Borrower's framework dated September 1, 2009, available to the public on the website of the Borrower's Ministry of Economy, outlining implementation procedures, mitigation measures and monitoring procedures in relation to any Resettlement under the Project; as said framework may be amended from time to time with the Bank's prior approval.

25. "Road Subproject" means any of the investments under Part 2 of the Project which meet the criteria set forth in the Operational Manual (as said term is defined herein).

26. "Subproject" means a Drainage Subproject, a Road Subproject and/or a Water and Sanitation Subproject (as the case may be).

27. "UCO" means Unidad de Coordinación con Organismos Multilaterales de Crédito, the Borrower's Unit for Coordination with Multilateral Credit Organizations (established within the Borrower's Ministry of Economy (Ministerio de Economía) pursuant to the Borrower's Decree No. 1977 of October 1, 2009), and acting as the Project coordination unit, or any successor thereto acceptable to the Bank.
28. “Water and Sanitation Subproject” means any of the investments under Part 1 of
the Project which meet the criteria set forth in the Operational Manual (as said
term is defined herein).

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.07 is modified to read as follows:

   “Section 2.07. Refinancing Preparation Advance; Capitalizing Front-end Fee
   and Interest

   (a) If the Loan Agreement provides for the repayment out of the
   proceeds of the Loan of an advance made by the Bank or the Association
   ("Preparation Advance"), the Bank shall, on behalf of such Loan Party, withdraw
   from the Loan Account on or after the Effective Date the amount required to
   repay the withdrawn and outstanding balance of the advance as at the date of
   such withdrawal from the Loan Account and to pay all accrued and unpaid
   charges, if any, on the advance as at such date. The Bank shall pay the amount so
   withdrawn to itself or the Association, as the case may be, and shall cancel the
   remaining unwithdrawn amount of the advance.”

2. Paragraph (1) of Section 7.02 is modified to read as follows:

   “Section 7.02. Suspension by the Bank

   ... (1) Ineligibility. The Bank or the Association has declared the Borrower
   (other than the Member Country) or the Project Implementing Entity ineligible to
   receive proceeds of any financing made by the Bank or the Association or
   otherwise to participate in the preparation or implementation of any project
   financed in whole or in part by the Bank or the Association, as a result of: (i) a
determination by the Bank or the Association that the Borrower or the Project
Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive
practices in connection with the use of the proceeds of any financing made by the
Bank or the Association; and/or (ii) a declaration by another financier that the
Borrower (other than the Member Country) or the Project Implementing Entity is
ineligible to receive proceeds of financings made by such financier or otherwise
to participate in the preparation or implementation of any project financed in
whole or in part by such financier as a result of a determination by such financier
that the Borrower or the Project Implementing Entity has engaged in fraudulent,
corrupt, coercive or collusive practices in connection with the use of the proceeds
of a financing made by such financier.”
3. The following terms and definitions set forth in the Appendix are modified as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term "Project Preparation Advance" is modified to read "Preparation Advance" and its definition is modified to read as follows:

"'Preparation Advance' means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07."

(b) The definition of the term "Conversion Date" is modified to read as follows:

"'Conversion Date' means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines."

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

"... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier."

1. Section 11(a) is modified to read as follows:

"... (a) sanction in accordance with prevailing Bank's sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in
corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”