Amended and Restated
Global Environment Facility
Grant Agreement

(Energy Efficiency Project)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated October 1, 2009

(Amended and Restated on May 5, 2018)
AMENDED AND RESTATED
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT originally dated October 1, 2009, and amended and restated on
May 5, 2014 entered into between: ARGENTINE REPUBLIC
(“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global
Environment Facility (“GEF”).

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard 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 Standard Conditions or in
the Appendix to this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described
in Schedule 1 to this Agreement (“Project”). To this end, the Recipient, through
SE, shall: (a) carry out: (i) Part 1 (a) (i) of the Project, with the participation of
the pertinent Beneficiaries in accordance with the corresponding Implementation
Agreements; (ii) Part 1 (a) (ii), Part 2 (a) (i), (b) (ii), (c) and (d) and Part 3 of the
Project; and (iii) Part 1(b) of the Project with the participation of BNA, acting as
trustee of the AEEF, and the assistance of SEPyME, pursuant to the terms of the
Subsidiary Agreement, all in accordance with the provisions of Article II of the
Standard Conditions; and (b) cause each Distribution Utility to carry out Part 2
(a) (ii) and (iii) and (b) (i) of the Project with the participation of ADEERA
pursuant to the Framework Agreement.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and
except as the Recipient, through SE, and the World Bank shall otherwise agree,
the Recipient, through SE, shall ensure that the Project is carried out in
accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to fifteen million one hundred fifty five thousand United States Dollars ($15,155,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:

(a) Event prior to Effectiveness. The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

(b) Payment Failure. The Recipient has failed to make payment of principal or interest or any other amount due to IBRD: (i) under any agreement between IBRD and the Recipient; or (ii) in consequence of any guarantee extended or financial obligation of any kind assumed by IBRD to any third party with the agreement of the Recipient.

(c) FONAPyME's Law or any provision thereof shall have been amended, suspended, abrogated, repealed or waived so as to, in the opinion of the World Bank, affect materially and adversely the ability of the Recipient, through SE, and/or SEPyME and/or BNA, acting as trustee of the AEEF, to perform any of their respective obligations referred to under this Agreement or under the Subsidiary Agreement.

(d) The Recipient, through SE, and/or SEPyME and/or BNA, acting as trustee of the AEEF, shall have failed to perform any of their obligations under the Subsidiary Agreement to an extent that such failure, in the opinion of
the World Bank, would materially and adversely affect their contribution towards the achievement of the Project objective.

(e) The Recipient, or any other authority having jurisdiction, shall have taken any action or adopted any policy that may result in the dissolution or disestablishment of BNA and/or FONAPyME and/or the AEEF or in the suspension of their operations.

(f) The composition of FONAPyME's equity structure shall have changed in a manner so as to, in the opinion of the World Bank, adversely and materially affect the carrying out of Part 1 (b) of the Project.

Article V
Effectiveness; Termination

5.01 This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished that the following condition has been satisfied, namely, that the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action.

5.02 As part of the evidence to be furnished pursuant to Section 5.01 of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03 Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Agreement. If before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04 This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank after consideration of the reasons for delay, establishes a later date for the purpose of this Section, which may in no case be
later than the eighteen (18) months after the World Bank’s approval of the Grant which expire on December 26, 2009. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Economy and Public Finance.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministerio de Economía y Finanzas Públicas
Hipólito Yrigoyen 250
C1086 AAB, Buenos Aires
Argentina

Cable: MINISTERIO
tele: DE ECONOMIA 121942-AR
facsimile: (5411) 4349-8815

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
tele: 248423 (MCI) or 1-202-477-6391
facsimile: 64145 (MCI)

AGREED at Buenos Aires, Argentina as of the day and year first above written.
SCHEDULE 1

Project Description

The objective of the Project is to increase the efficiency in the use of energy by developing a sustainable and growing market for energy efficiency services and equipment in Argentina.

The Project consists of the following parts:

Part 1: Development of the Energy Efficiency Fund

(a) (i) Carrying out of demand-driven feasibility studies of potential energy efficiency investments in accordance with the criteria set forth in the Operational Manual; and (ii) based on the results of said studies, establishment and maintenance of a data base, acceptable to the World Bank, to store energy efficiency investment proposals.

(b) Capitalization of the AEEF for the provision of Subloans for EE Subprojects.

Part 2: Development of a Utility Energy Efficiency Program

(a) Provision of support to the initial phase of the PRONUREE related to the phase-out incandescent lamps, through, inter alia: (i) the acquisition of compact fluorescent lamps for residential use, and the delivery of the same to the Distribution Utilities thereafter as provided in this Agreement; (ii) the distribution of compact fluorescent lamps to residential customers, and the replacement of inefficient incandescent lamps with said distributed compact fluorescent lamps; and (iii) based on the results of the study mentioned in Part 2 (d) below, the carrying out of dissemination activities to educate residential customers on the energy saving benefits of replacing the incandescent lamps mentioned in (ii) herein.

(b) (i) design and implementation of a distribution plan by each Distribution Utility to distribute the compact fluorescent lamps as referred to in Part 2 (a) (ii) above (which plan shall be designed, and approved by the Recipient, through SE, all in accordance with the criteria set forth in the Operational Manual); and (ii) design and implementation of a specific plan to monitor and evaluate the carrying out of the initial phase of the program mentioned in Part 2 (a) above for purposes of, inter alia, determining the effectiveness of said initial phase in achieving said program’s objectives, and of the equitable distribution of compact fluorescent lamps and dissemination activities to residential customers.

(c) Provision of technical assistance to explore new modalities and mechanisms for facilitating energy efficiency in Argentina.
Carrying out of a study to analyze the specific language and cultural needs of the social groups benefitted by the compact fluorescent lamps under Part 2 (a) (ii) of the Project.

Part 3: Capacity Building and Project Management

(a) Improvement of the energy efficiency market in Argentina, through, *inter alia*: (i) the carrying out of studies to identify and evaluate the main barriers to the development of the energy efficiency market; and (ii) the design of norms/programs to remove the identified barriers resulting from the carrying out of the studies mentioned in (i) herein.

(b) Design and implementation of an energy efficiency standardization, testing, certification and labeling program, through, *inter alia*: (i) the strengthening of the public/private organizations that participate in said program; (ii) the design of energy efficiency standards for key energy consuming equipment; (iii) the strengthening of the operational capacity of the testing and certification laboratories, through, *inter alia*, acquisition and utilization of the equipment and the provision of technical assistance and training required therefor, and, if needed and as approved by the World Bank, the carrying out of minor specialized works; and (iv) issuance of energy efficiency labels for key energy consuming equipment.

(c) Strengthening of the institutional and operational capacity of energy services companies, through the provision of technical assistance and training required therefor.

(d) Design and implementation of a program to promote public awareness and disseminate energy efficiency best practices, through, *inter alia*, the carrying out of campaigns, and the provision of technical assistance and training required therefor.

(e) Carrying out of monitoring and evaluation activities under the Project, including an evaluation of the actions to be undertaken by the Beneficiaries as a result of the recommendations of the studies referred to in Part 1 (a) (i) of the Project.

(f) Strengthening of PCU’s technical/fiduciary capacity to assist the Recipient, through SE, in the coordination, implementation, monitoring and evaluation of the Project, through, *inter alia*, the provision of technical assistance and training, and the acquisition and utilization of the goods required therefor.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Without limitation to the provisions of Section 2.01 of this Agreement, the Recipient, through SE, 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 2.01 of this Agreement, the Recipient, through SE, shall ensure that the Project is carried in accordance with the provisions of the Operational Manual.
   (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) For purposes of carrying out any feasibility study under Part 1 (a) (i) of the Project, the Recipient, through SE, shall enter into a separate agreement (the Implementation Agreement) with the corresponding Beneficiary under terms and conditions acceptable to the World Bank, including those set forth in Schedule 3 to this Agreement.
   (b) (i) The Recipient, through SE, shall exercise its rights under each Implementation Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant; and (ii) except as the World Bank shall otherwise agree, the Recipient, through SE, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Implementation Agreement or any provision thereof.

D. (a) For purposes of capitalizing the AEEF, the Recipient, through SE, shall make the proceeds of the Grant allocated to Category (5) available to BNA, acting as trustee of the AEEF, under a subsidiary agreement (the Subsidiary Agreement) to be entered among the Recipient, through SE, SEPyME and BNA, acting as trustee of the AEEF, under terms and conditions satisfactory to the World Bank, including those set forth in Schedule 4 to this Agreement.
   (b) (i) The Recipient, through SE, shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the World Bank and to accomplish the purposes of the Grant; and (ii) except as the World Bank shall otherwise agree, the Recipient, through SE, shall not assign, amend, abrogate, suspend, terminate, waive or fail to enforce the Subsidiary Agreement, or any provision thereof.
In case of any conflict between the terms of the Subsidiary Agreement and those of this Agreement, the terms of this Agreement shall prevail.

E. For purposes of carrying out Parts 2 (a) (ii) and (iii) and (b) (i) of the Project in any given area served by a Distribution Utility, the Recipient, through SE, shall exercise its rights under the Framework Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant; and (ii) except as the World Bank shall otherwise agree, the Recipient, through SE, shall not assign, amend, abrogate, terminate, waive or fail to enforce the Framework Agreement, or any provision thereof.

F. Without limitation to the provisions of Section I.E of this Schedule, the Recipient, through SE, shall not deliver the compact fluorescent lamps referred to in Part 2 (a) (i) of the Project to any given Distribution Utility, unless: (a) the pertinent Distribution Utility has adhered to the Framework Agreement in a manner acceptable to the World Bank; (b) the study mentioned in Part 2 (d) of the Project has been carried out in a manner acceptable to the World Bank; and (c) the pertinent distribution plan has been designed and approved, as provided in Part 2 (b) (i) of the Project.

G. (a) The Recipient, through SE, shall operate and maintain, at all times during Project implementation, the PCU with a structure, functions and responsibilities acceptable to the World Bank, including, inter alia, the responsibilities referred to in Part 3 (f) of the Project.

(b) The Recipient, through SE, shall ensure that the PCU is, at all times during Project implementation, assisted by professional staff (including, inter alia, a Project coordinator, a financial management specialist/liason, a procurement specialist, an environmental specialist and a monitoring and evaluation specialist) and administrative staff, all in numbers and with terms of reference, and qualifications and experience acceptable to the World Bank.

H. The Recipient, through SE, 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.

I. (a) In case any of the laboratories to be benefitted under Part 3 (b) (iii) of the Project are vested with legal personality, or owned by a legal entity, the Recipient, through SE, shall, prior to the carrying out of any of the activities under said Part of the Project in respect of any of said
laboratories, enter into a separate agreement (the Laboratory Agreement) with each said laboratory or legal entity (as the case may be), on terms and conditions acceptable to the World Bank, which shall include, *inter alia*, the obligation of each said laboratory or legal entity to undertake all necessary actions to enable the Recipient, through SE, to comply with the pertinent obligations under this Agreement.

(b) (i) The Recipient, through SE, shall exercise its rights under each Laboratory Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant; and (ii) except as the World Bank shall otherwise agree, the Recipient, through SE, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Laboratory Agreement, or any provision thereof.

J. (i) Prior to the approval of any given EE Subproject by the Recipient, through SE, or (ii) in case it is determined by the Recipient, through SE, of the need to carry out the minor specialized works under Part 3 (b) (iii) of the Project, prior to the carrying out of each of said minor specialized works and as approved by the World Bank, the Recipient, through SE, shall: (a) carry out, or cause to be carried out, an environmental screening of each of the pertinent EE Subproject or works, and if needed, as determined by the World Bank, approve or cause to be approved, an environmental management plan or similar environmental instrument, acceptable to the World Bank, for each of said EE Subproject or works (which plan or similar environmental instrument shall be based on the results of the pertinent screening mentioned herein, and the World Bank’s comments on the results of said screening, if any), all in accordance with the provisions of the Environmental Management Framework; and (b) immediately after said approval, implement and/or cause to be implemented, the corresponding environmental management plan (or similar environmental instrument) in accordance with its terms, and in a manner acceptable to the World Bank.

Section II. *Project Monitoring, Reporting and Evaluation*

A. *Project Reports*

1. The Recipient, through SE, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the Project indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester (starting with the first calendar semester after the Effective Date), and shall be furnished to the World Bank not later than two calendar months after the end of the period covered by such report.
2. For purposes of Section 2.06 (b) (i) (B) of the Standard Conditions, the Recipient, through SE, shall, not later than September 30, 2011, exchange views with the World Bank (the mid-term review).

3. Without limitation to the provisions of Sections 2.06 and 2.08 (a) of the Standard Conditions, the Recipient, through SE, shall: (a) not later than sixty days after fifty percent of the compact fluorescent lamps for residential use referred to in Part 2 (a) of the Project have been distributed to residential customers, prepare and furnish to the World Bank, a report, acceptable to the World Bank, concerning the progress in the implementation of the pertinent activities mentioned in Part 2 (a) (ii) and (iii) and (b) (i) of the Project by the pertinent Distribution Utilities in accordance with the monitoring and evaluation plan referred to in Part 2 (b) (ii) of the Project; (b) if determined by the World Bank as necessary, not later than sixty days after the presentation of said report, prepare and furnish to the World Bank, a time-bound action plan, acceptable to the World Bank, which plan shall include, inter alia, the actions to implement the recommendations resulting from said report in respect of the pertinent Distribution Utilities (including the World Bank's views, if any); and (c) if applicable, immediately thereafter, implement and/or cause to be implemented said plan in accordance with its terms.

B. Financial Management; Financial Reports; Audits

1. The Recipient, through SE, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient, through SE, shall prepare and furnish to the Bank, as part of the Project Reports mentioned in Section II. A.1 of this Schedule, interim unaudited financial reports for the Project covering each calendar semester, in form and substance satisfactory to the World Bank.

3. The Recipient, through SE, shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.
Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the Procurement Guidelines in the case of goods, works and non-consulting services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services;

   (b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan; and

   (c) the special provisions referred to in paragraph 3 of this Section.

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

3. Special Provisions. Without limitation to the provisions in Section III.A.1 of this Schedule, the following additional provisions shall also govern the procurement of goods, works, non-consulting services and consultants' services under the Project (as the case may be):

   (a) procurement of goods, works, non-consulting services and consultants' services (in respect of firms) shall be carried out using: (i) standard bidding documents and standard requests for quotations/proposals (as the case may be), all acceptable to the World Bank, which shall all include, inter alia, a settlement of dispute provision; (ii) model bid evaluation forms, and model quotations/proposals evaluation forms (as the case may be); and (iii) model contract forms, all acceptable to the World Bank;

   (b) a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and non-consulting services;

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

(d) after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.23 and 2.30 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants' proposals;

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

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

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

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

(j) the Recipient, through SE, shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the World Bank; and (ii) update the Procurement Plan at least every six months, or as required by the World 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;

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

(l) contracts of goods, works and non-consulting services shall not be awarded to the "most convenient" bid, but rather to the bidder whose bid has been determined: (i) to be substantially responsive; and (ii) to offer the lowest evaluated bid, provided that said bidder has demonstrated to the Recipient, through SE, to be qualified to perform the contract satisfactorily; and

(m) the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Recipient, through SE, in connection with the contracting of consultants' services provided by a firm and to be financed with the proceeds of the Grant.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; and (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank.
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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection Based on the Consultants' Qualifications; (d) Single-source Selection; (e) Selection of Individual Consultants; (f) Single-source Procedures for the Selection of Individual Consultants; and (g) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the World Bank.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 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 (including the capitalization of the AEEF) 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 Grant ("Category"), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services and non-consulting services under Part 1 (a) (i) of the Project</td>
<td>3,300,000</td>
<td>90%</td>
</tr>
<tr>
<td>(2) Goods under Part 2 (a) (i) of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants’ services and/or Training and Workshops under Part 2 (b) (ii), (c) and (d) and Part 3 of the Project (as the case may be)</td>
<td>4,070,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating Costs under Part 3 (f) of the Project</td>
<td>85,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Capitalization of the AEEF</td>
<td>7,700,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>15,155,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this table:

(a) the term “Training and Workshops” means expenditures (other than those for consultants’ services) incurred by the Recipient, through SE, as approved by the World Bank on the basis of an annual budget acceptable to the World Bank in connection with the carrying out of workshop and/or training activities, including reasonable transportation costs and per-diem of trainees and trainers or workshop participants (if applicable), training registration fees, and rental of training or workshop facilities and equipment under the Project activities under the SE’s responsibility; and
the term “Operating Costs” means reasonable recurrent expenditures, based on an annual budget previously approved by the World Bank, that would not have been incurred by the PCU absent the Project, for transportation and per-diem costs of PCU’s staff, Project administration costs (including office rent), operation and maintenance of office equipment (including non-durable goods, but excluding salaries).

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 $3,000,000 equivalent may be made for payments made prior to this date but on or after June 1, 2008 (but in no case more than one year prior to the date of this Agreement) for Eligible Expenditures for Categories (1), (2) and (3) provided that the pertinent obligations and/or conditions set forth in this Agreement, as applicable to each Eligible Expenditure, have been complied with or met, respectively;

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2015.
SCHEDULE 3
Terms and Conditions of Implementation Agreements

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

(a) the obligation of the Recipient, through SE: (i) to ensure that Part 1 (a) (i) of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines; and (ii) to finance, with part of the proceeds of the Grant, 90% of the cost of each feasibility study under Part 1 (a) (i) of the Project as provided in Category (1);

(b) the right of the Recipient, through SE, to take remedial actions against the pertinent Beneficiary in case said Beneficiary shall have failed to comply with any of its obligations under the pertinent Implementation Agreement (which actions may include, inter alia, the termination of the Implementation Agreement, all as previously agreed with the World Bank); and

(c) the obligation of each Beneficiary:

(i) to provide: (A) an upfront counterpart fund contribution of 10% of the total cost of the pertinent study; and (B) facilities, services and other resources, necessary or appropriate, all to enable the Recipient, through SE, to carry out the corresponding feasibility study under Part 1 (a) (i) of the Project;

(ii) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Implementation Agreement or any provision thereof unless previously agreed by the World Bank;

(iii) if applicable, to comply, or caused to be complied, with the obligations referred to in Sections 2.04, 2.05, 2.08 and 2.09 of the Standard Conditions (relating to use of services, and maintenance of plans, documents and records, cooperation and consultation and visits, respectively) in respect of the pertinent feasibility study financed with a portion of the proceeds of the Grant; and

(iv) to take or permit to be taken all action to enable the Recipient, through SE, to comply with its obligations referred to in this
Agreement, as applicable to the carrying out of the pertinent feasibility study.
SCHEDULE 4

Terms and Conditions of the Subsidiary Agreement

The Subsidiary Agreement among SE, SEPyME and BNA shall contain, *inter alia*, the following provisions:

(a) the obligation of the Recipient, through SE:

   (i) to transfer to BNA the funds in Category (5) of Section IV.A.2 of Schedule 2 to this Agreement and pursuant to the provisions of the Operational Manual, after the World Bank has received satisfactory evidence that a separate account has been duly opened. Once said funds have been transferred to BNA, said proceeds shall constitute AEEF’s capital and shall be kept segregated from other funds deposited by other parties in FONAPyME; and

   (ii) ensure that Part 1(b) of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

(b) the right of the Recipient, through SE, to take remedial actions against BNA in case BNA shall have failed to comply with any of its obligations under the Subsidiary Agreement (which actions may include, *inter alia*, the termination of the Subsidiary Agreement, all as previously agreed with the World Bank);

(c) the obligation of BNA, acting as trustee of the AEEF, to:

   (i) issue the corresponding certificate of participation to the Recipient, through SE, upon reception of the funds for the capitalization of the AEEF;

   (ii) manage and use the proceeds of the AEEF in a manner consistent with the purposes and objectives of the Project and exclusively for the provision of Subloans for EE Subprojects, in accordance with the provisions of this Agreement and the Operational Manual;

   (iii) abide by the Anti-Corruption Guidelines;

   (iv) maintain records and accounts adequate to reflect its operations and finance condition in accordance with sound accounting practices, evidencing expenditures and incomes of the AEEF;
(v) have its records, accounts and financial statements (including those of the AEEF) audited, in accordance with appropriate auditing principles consistently applied by independent auditors acceptable by the World Bank; and

(vi) take or permit to be taken all action, including the provision of any required information, to enable the Recipient, through SE, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of Part 1(b) of the Project.

(d) the obligation of the Recipient, through SE, SEPyME and BNA, acting as trustee of the AEEF, to:

(i) cause Eligible SMEs to carry out EE Subprojects in accordance with due diligence and efficiency and in conformity with sound technical, economic, administrative, financial, auditing, managerial, environmental and social standards and practices, in accordance with the provisions of the Anti-Corruption Guidelines, the Operational Manual, the Environmental Management Framework and Sections 3.13 of the Procurement and Consultant Guidelines;

(ii) review, with the World Bank no later than eighteen months after the execution of the Subsidiary Agreement, or any other later date as agreed by the World Bank, the operation of the AEEF under Part 1(b) of the Project for purposes of determining a framework for the future operation and/or winding down of the AEEF in accordance with procedures and under a time frame satisfactory to the World Bank;

(iii) recover and refund immediately thereafter to the World Bank any withdrawals or payments from the AEEF, including any investment income generated therefrom, at the option of the World Bank, if the World Bank has determined at any time that such withdrawal or payment made from the AEEF (or from the investment income generated therefrom) was used for any expenditure not consistent with the provisions of this Agreement;
(iv) maintain a governance structure, managerial personnel and operating procedures acceptable to the World Bank for purposes of the AEEF throughout Project implementation; and

(v) agree on appropriate mechanism and procedures to ensure efficient and timely Project implementation.
APPENDIX

Definitions.

1. “ADEERA” means Asociación de Distribuidores de Energía Eléctrica de la República Argentina, the Distribution Utilities Association of the Argentine Republic.

2. “AEEF” means the Argentine energy efficiency fund referred to in Section I.D. of Schedule 2 to this Agreement to be established by the Recipient in a BNA’s account and operating under FONAPyME’s scheme under terms and conditions acceptable to the World Bank for the purpose of facilitating the development and implementation of EE Subprojects (all terms as defined in this Appendix).


4. “Beneficiary” means a small and/or medium-sized enterprise which meets the criteria set forth in the Operational Manual (as defined below) to present to SE a feasibility study proposal for grant financing under Part 1 (a) (i) of the Project.

5. “BNA” means Banco de la Nación Argentina, the Recipient’s public national bank, created by the Recipient’s Law No. 2,831 dated October 15, 1891 and operating, inter alia, under the Recipient’s Law No. 21,799 (duly published on the Recipient’s Official Gazette on June 16, 1978) and the Recipient’s Law No. 21,526 (duly published on the Recipient’s Official Gazette on February 21, 1977), as said Laws have been amended to the date of this Agreement.

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


8. “Distribution Utility” means an entity vested with legal personality which has met the criteria set forth in the Operational Manual to participate in the program referred to in Part 2 (a) of the Project.
9. “EE Subproject” means a specific initiative selected by the SE under Part 1 (b) of the Project, in accordance with the criteria set forth in the Operational Manual, which is proposed to be carried out by an Eligible SME, through the utilization of the proceeds of a Subloan (all terms as defined in this Appendix).

10. “Effective Date” means the date referred to in Section 5.03 of this Agreement.

11. “Eligible SME” means a micro, small or medium enterprise which has met the eligibility criteria set forth in the Operational Manual to receive a Subloan under Part 1 (b) of the Project (all terms as defined in this Appendix).

12. “Environmental Management Framework” means the Recipient’s framework, dated July 2013 acceptable to the World Bank (included in the Operational Manual) which sets forth, inter alia: (a) the guidelines for carrying out the environmental screenings referred to in Section 1.J of Schedule 2 to this Agreement; (b) the list of excluded investments under Part 1(b) of the Project; (c) the actions to mitigate any environmental negative impact as a result of the carrying out of Part 1(b) of the Project; and (d) the guidelines and procedures to be followed in connection with the carrying out of EE Subprojects under the Project, as said framework may be updated and/or amended from time to time with the agreement of the Bank.

13. “FONAPyME” means Fondo Nacional de Desarrollo para la Micro, Pequeña y Mediana Empresa, the Recipient’s public financial trust fund for the development of micro, small and medium enterprises, which was established and operates pursuant to FONAPyME’s Law and for which BNA acts as trustee.

14. “FONAPyME’s Law” means: (i) the Recipient’s Law No. 25,300 duly published in the Recipient’s Official Gazette on September 7, 2000, setting forth the creation and establishment of FONAPyME; (ii) Decree No. 1,074/01 duly published in the Recipient’s Official Gazette on August 28, 2001 which, inter alia, regulates the provisions of said Law No. 25,300; (iii) Decree No. 1,633/02 duly published in the Recipient’s Official Gazette on September 4, 2002 which sets forth the terms and conditions of a trust fund agreement (Contrato de Fideicomiso) between the Recipient (through the Ministry of Economy and Public Finance) and BNA (as trustee) that provides, inter alia, the procedures for the participation of other public or private entities in FONAPyME through the contribution of additional funds to said trust fund upon which said entities are entitled to receive certificates of participations in FONAPyME; and (iv) Law No. 24,441 duly published in the Recipient’s Official Gazette on January 16, 1995 which sets forth the general terms and conditions for the creation and operation of financial trust funds in the Recipient’s territory.
15. "Framework Agreement" means the agreement (Convenio Marco) entered into between the Recipient, through its Ministry of Federal Planning, Public Investment and Services and ADEERA (as defined above), dated December 21, 2007 for purposes of providing support to the carrying out of the program mentioned in Part 2 (a) of the Project, and to which the Distribution Utilities can adhere.

16. "Implementation Agreement" means any of the agreements referred to in Section I.C (a) of Schedule 2 to this Agreement.

17. "Laboratory Agreement" means any of the agreements referred to in Section I.I (a) of Schedule 2 to this Agreement.

18. "Non-consulting services" means services under the Project, which services shall be bid and contracted on the basis of performance of measurable physical outputs.

19. "Operational Manual" means the Recipient's manual dated June 2013, acceptable to the World Bank, which sets forth, inter alia: (a) the criteria for selecting Beneficiaries (as defined above) under Part 1 (a) (i) of the Project; (b) the criteria for evaluating, selecting and approving the studies under Part 1 (a) (i) of the Project; (c) the provisions detailing procedures and guidelines for the carrying out of Part 1(b) of the Project, including, inter alia: (i) the administrative rules and procedures for the creation, planning, preparing, proposing, contracting, financing, supervising, and carrying out EE Subprojects financed by Subloans, including the detailed criteria and procedures for selecting (on a competitive basis) Eligible SMEs; (ii) the terms, conditions, safeguards considerations, and other specific obligations under which Subloans shall be provided to Eligible SMEs; (iii) investment guidelines for the funds deposited in the AEEF; (iv) the procedures, acceptable to the Bank, for procurement of goods, works and services required under Part 1(b) of the Project and to be financed out of the proceeds of the AEEF; (v) the Environmental Management Framework, including environmental safeguards applicable to EE Subprojects to be financed by the Subloans and the measures to be implemented for any such EE Subprojects which could possibly have negative environmental and/or social impacts; and (vi) the administrative and financial terms of the AEEF scheme, including sustainability measures, governance structure, transition measures, risk management considerations, and other specific matters relevant for the adequate functioning and sustainability of the AEEF; (d) the criteria for designing and approving the pertinent plan referred to in Part 2 (b) (i) of the Project; (e) the criteria for selecting the laboratories under Part 3 (b) (iii) of the Project; (f) the structures, functions and responsibilities of the PCU (as defined above); (g) the Project's chart of accounts and internal controls; (h) the format of: (A) the
unaudited interim financial reports referred to in Section II.B.2 of Schedule 2 to this Agreement; and (B) the Financial Statements; (i) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (j) the Project indicators (including the results framework); (k) the measures to dispose of used incandescent lamps under Part 2 (a) (ii) of the Project; and (l) the Project disbursement and procurement procedures, as said manual may be updated and/or amended from time to time with the agreement of the World Bank.

20. “PCU” means the Project coordination unit within SE (as defined below) referred to in Section I.G of Schedule 2 to this Agreement, which structure is further detailed in the Operational Manual, or any successor thereto acceptable to the World Bank.


22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 14, 2008 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


26. “SEPyME” means Secretaría de la Pequeña y Mediana Empresa y Desarrollo Regional, the Recipient’s Secretariat of Small and Medium Enterprises and Regional Development, established within the Recipient’s Minister of Industry, or any successor thereto acceptable to the World Bank, which, inter alia, is the authority with jurisdiction over the application of FONAPyME’s Law pursuant to the Recipient’s Decree No. 964/2010.

28. "Subloan" means any debt financing made or proposed to be made by the Recipient through the AEEF to an Eligible SME to finance expenditures incurred by said Eligible SME for goods, minor works or services under an EE Subproject; all in accordance with the terms and conditions set forth in the Operational Manual (all terms as defined in this Appendix).

29. "Subsidiary Agreement" means the agreement referred to in Section I.D. of Schedule 2 to this Agreement.