Loan Agreement
(Forests and Community Project)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 21st, 2015
LOAN AGREEMENT

Agreement dated 21 SET 2015, between ARGENTINE REPUBLIC ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

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

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifty eight million seven hundred sixty thousand Dollars ($58,760,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

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

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are February 15 and August 15 in each year.
2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

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

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower, through SAYDS, and with the assistance of RDAs, shall carry out the Project in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following, namely that any RDA shall have failed to comply with any of its obligations under the pertinent RDA Agreement.

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

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consist of the following, namely, that the UNDP Agreement has been executed in a manner satisfactory to the Bank.

5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister of Economy and Public Finance.

6.02. The Borrower’s Address is:

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

Cable: MINISTERIO
Telex: DE ECONOMIA 121942-AR
Facsimile: (5411) 4349-8815
Baires

6.03. The Bank’s Address is:

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

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

ARGENTINE REPUBLIC

By

Authorized Representative

Name: DR. AXEL KILLOF

Title: Minister of Science and Technology

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: JESÚS KIVTEI

Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to improve forest management and increase access to markets and basic services by small forest producers (including indigenous people and Campesinos) in Selected Northern Provinces.

The Project consists of the following parts:

**Part A: Sustainable Livelihoods**

Improve the livelihood of small forest producers and promote sustainable forest landscape management, with special emphasis on the Chaco Ecoregion, through:

1. The preparation of Integrated Community Plans ("PICs") including: (a) the carrying out of forest landscape management planning, mapping, and consultations to produce PICs in approximately two hundred and fifty communities; and (b) the identification and design of activities to be included in said PICs.

2. The implementation of PICs, including, *inter alia*: (a) the provision of technical assistance to approximately two hundred and fifty communities to support the implementation of PICs; and (b) the carrying out of activities under the PICs, including, *inter alia*: (i) forest management planning; (ii) enhanced resilience and productivity of agricultural and livestock management; (iii) forest and agricultural product processing and packaging; (iv) land tenure strengthening activities and pilots; (v) the installation of wells for potable water and rain water harvesting systems; (vi) the installation of alternative energy and wood energy systems (including improved wood stoves and improved charcoal kilns).

3. The design and implementation of Subprojects.

**Part B: Natural Forest Management and Civil Society**

Carrying out of a national forest and climate awareness campaign to expand and maintain support for the implementation of the Forest Law, through the establishment and/or expansion of existing community radio stations in approximately fifty locations to distribute information locally (in Spanish and/or in native languages) on sustainable natural resources management, climate resilience and indigenous rights.

**Part C: Skills Development and Technology Transfer**

Strengthening the technical and managerial skills of: (a) indigenous and Campesino community members; (b) small forest producers; and (c) technical service providers and extension agents working in the Selected Northern Provinces, through the provision of short training courses including both classroom and community level instruction, and financing of scholarship grants.
Part D: Forest Monitoring

Expanding SAyDS technical and institutional capacity to manage forest information and monitor changes in forest cover, including:

1. The expansion of coverage of the forest administration, control and verification system to at least ten Selected Northern Provinces;

2. The establishment of a national deforestation and forest degradation early warning system; and

3. The establishment and monitoring of a national grid of permanent sample plots.

Part E: Project Management and Impact Monitoring

1. Provision of support for the technical and administrative coordination of the Project, including the hiring of consultants to staff the NEU and LEUs.

2. The development of an impact evaluation system to identify changes in outcomes directly attributable to Project activities.

3. The development and implementation of a grievance redress mechanism to identify and resolve Project related grievances.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through SAyDS, shall:

   (a) maintain, throughout Project implementation, a unit ("NEU") with structure, functions and responsibilities acceptable to the Bank as set forth in the Operational Manual, including inter alia, the responsibility of the NEU to implement, monitor and supervise the carrying out of the Project (including its financial and procurement aspects);

   (b) ensure that the NEU is, throughout Project implementation, headed by an Executive Project Director, and staffed with adequate professional, fiduciary, administrative and technical personnel (including social and environmental specialists), all with qualifications, experience and terms of reference acceptable to the Bank, as set forth in the Operational Manual;

   (c) establish (not later than the dates defined in the Operational Manual), operate and maintain throughout the execution of the Project, local implementation units (the LEUs), with functions and responsibilities acceptable to both the Borrower and the Bank and with staff in number and with qualifications and experience acceptable to both the Borrower and the Bank.

   (d) not later than three months after the Effective Date, establish and maintain, throughout Project implementation, a National Project Consultative Committee (NPCC), chaired by SAyDS's Undersecretary of Planning and Environmental Policy and Forestry Director and comprised of senior representatives of RDAs, with functions and responsibilities acceptable to the Bank and defined in the Operational Manual, including: (i) the provision of political and strategic guidance and the carrying out of general oversight of the Project; and (ii) the carrying out of inter-institutional coordination to facilitate the participation and cooperation of public entities involved in Project implementation and other relevant RDAs and non-government organizations.

   (e) not later than three months after the date in which each LEU was created, establish and maintain, throughout Project implementation, Local Project Consultation Committees (LPCC) to operate with each LEU, comprised of: (i) public and private entities; and (ii) indigenous people and
Campesino’s community organizations, with functions and responsibilities acceptable to the Bank and defined in the Operational Manual, including the carrying out of coordinated and collaborative interventions at community level and the provision of support for the institutionalization of Project activities at provincial and local level.

2. RDA Agreement

For the purposes of implementing Parts A, B and C of the Project, the Borrower, through SAGyDS shall enter into an agreement with each RDA (the RDA Agreement), under terms and conditions acceptable to the Bank, setting forth each RDA’s respective role and responsibilities to assist in the implementation of said Parts A, B and C of the Project.

3. UNDP Agreement

The Borrower, through SAGyDS, shall enter into an agreement with UNDP (the UNDP Agreement), under terms and conditions acceptable to the Bank, setting forth UNDP’s obligation to act as a financial agent for the Project, including UNDP’s responsibility to carry out disbursement and payments under the Project on behalf of the Borrower. Except as the Bank shall otherwise agree, the Borrower, through SAGyDS, shall not assign, amend, terminate, abrogate, waive or fail to enforce the UNDP Agreement or any of its provisions.

B. Operational Manual

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower shall, and shall cause the RDAs and Beneficiaries (as the case may be), to carry out the Project in accordance with the provisions of a manual (the Operational Manual), acceptable to the Bank, which shall include, inter alia: (a) the procedures for the carrying out, monitoring and evaluation of the Project; (b) the organizational structure of the Project; (c) the Project procurement and financial management requirements and procedures; (iv) environmental guidelines for construction, including procedures to follow in case of unexpected findings of objects with possible cultural or archeological value; (d) guidelines for the adoption of an integrated pest management approach in all applicable activities to be developed under the Project; (e) the eligibility criteria for the selection of Beneficiaries under Subprojects; (f) the criteria for the approval, implementation and monitoring of the Subprojects; (g) the standard environmental provisions to be included in the bidding documents for investments to be carried out under the Project; (h) the Project’s chart of accounts and internal controls; (i) the indicators to be used for Project monitoring and evaluation.
2. Except as the Bank shall otherwise agree, the Borrower shall not amend, terminate or waive the Operational Manual or any of its provisions. In case of any conflict among the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

C. Anti-Corruption

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

D. Subprojects

1. For purposes of carrying out any given Subproject under Part A.3 of the Project, and prior to the carrying out of any Project activities under the pertinent Subproject, the Borrower, through SAYDS, shall: (i) provide grant financing from the Loan proceeds to an eligible Subproject Beneficiary in an amount not to exceed $10,000 equivalent, and (ii) enter into an agreement (the Subproject Agreement) with the corresponding Subproject Beneficiary, all under terms and conditions acceptable to the Bank, which shall include, inter alia, the obligation of each Subproject Beneficiary:

(a) to carry out the Subproject in accordance with the pertinent provisions of this Agreement, including technical, financial, administrative, environmental and fiduciary standards acceptable to the Bank;

(b) to provide the counterpart funds, facilities, services and other resources necessary or appropriate to carry out the corresponding Subproject;

(c) to comply with the provisions of the Environmental and Management Framework (EMF), the Resettlement Policy Framework (RPF), the Indigenous People Policy Framework (IPPF), and the Process Framework, as applicable, in accordance with their terms and those of this Agreement and the Operational Manual;

(d) to ensure that the pertinent Subproject is carried out in accordance with the provisions of the Anti-Corruption Guidelines;

(e) to take or permit to be taken all action to enable the Borrower, through SAYDS, to comply with its obligations referred to in this Agreement, as applicable to the carrying out of the pertinent Subproject;

(f) if applicable, to comply with the obligations referred to in Sections 5.04, 5.05, 5.06, 5.07 5.10 and 5.11 of the General Conditions (relating to insurance, land acquisition, use of goods, works and services, and maintenance of facilities, plans, documents and records, cooperation and consultations and visits, respectively) in respect of the respective Subproject; and
(g) not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Subproject Agreement or any provision thereof unless previously agreed by the Borrower, through SAnDS, and the Bank.

2. The Borrower, through SAnDS, shall exercise its rights and carry out its obligations under any Subproject Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower, through SAnDS, shall not assign, amend, terminate, abrogate, waive or fail to enforce any Subproject Agreement or any of its provisions.

E. Scholarships

For purposes of providing scholarship grants under Part C of the Project, the Borrower, though SAnDS, shall: (i) select the recipients of the scholarship grants in accordance with clear eligibility criteria acceptable to the Bank and set forth in the Operational Manual; and (ii) prior to the payment of any scholarship grant, the Borrower, through SAnDS, shall enter into an agreement with each recipient, detailing, inter alia, the grant amount and the expenditures to be financed by said scholarship grant.

F. Safeguards

1. The Borrower, through SAnDS, shall: (a) implement the Project in accordance with the Environmental Management Framework (EMF), including the procedures detailed in said EMF for environmental screening, evaluation, implementation and monitoring of the activities under the Project, as well as the procedures for the preparation of environmental management plans, when applicable; and (b) implement and/or cause to be implemented the pertinent environmental management plan, in accordance with its terms and in a manner acceptable to the Bank.

2. The Borrower, through SAnDS, shall: (a) implement the Project in accordance with the Resettlement Policy Framework (RPF) and the Process Framework, including the procedures detailed in said RPF for screening, evaluation, implementation and monitoring of the Project activities and Subprojects, as well as the procedures for the preparation of resettlement action plans, when applicable; and (b) implement and/or cause to implement the pertinent resettlement action plan in accordance with its terms and in a manner acceptable to the Bank.

3. The Borrower, through SAnDS, shall: (a) implement the Project in accordance with the Indigenous People Planning Framework (IPPF), including the procedures detailed in said IPPF for screening, evaluation, implementation, and monitoring of the activities under the Project, as well as procedures for the preparation of indigenous peoples plans, when applicable; and (b) implement the pertinent
indigenous peoples plan in accordance with its terms, and in a manner acceptable to the Bank.

4. The Borrower, through SAAyDS, shall ensure that implementation of those PICs under Part A of the Project which address implementation of forest management or harvesting by small scale holders shall be subject to the development of forest management plans acceptable to the Bank and compliant with the Borrower’s applicable regulations pertaining to the Forest Law.

5. The Borrower, through SAAyDS, shall ensure that the terms of reference for any consultancies related to the technical assistance provided under the Project, shall be acceptable to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirement of the Bank’s Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

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

B. Financial Management, Financial Reports and Audits

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

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank as part of the Project Report after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

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

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

4. Special Provisions. Without limitation to the other provisions in Section III.A 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) (A) standard bidding documents (which bidding documents in respect of works shall include, if applicable, a provision whereby the pertinent contractor must comply with the pertinent provisions of the corresponding environmental management and/or indigenous peoples' plan (including the provisions of any updated/adjusted version) or similar safeguards instrument referred to in Section I.F.1 of Schedule 2 to this Agreement); and (B) standard requests for quotations/proposals (as the case may be), 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 evaluation 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 a methodology, acceptable to the Bank, whereby the price of each said contracts shall be adjusted through the use of price adjustment formulas, in a manner acceptable to the Bank;
(c) a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and non-consulting services;

(d) 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;

(e) after the public opening of consultants’ proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.23 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;

(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 (except as provided in the standard bidding documents referred to in paragraph 4 (a) (i) (A) above); (ii) be required to have a representative in Argentina; and (iii) be required to be associated or subcontract with Argentine suppliers, contractors or consultants;

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

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

(i) references to bidders in one or more specialized magazines shall not be used by the Borrower, in determining if the bidder 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 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 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 apply to goods manufactured in the territory of the Borrower in respect of contracts for goods to be procured under International Competitive Bidding procedures;

(m) compliance by bidders with the norms issued by ISO with respect to any given good procured under the Project shall not be used as parameter for contract award;

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

(o) 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 Borrower, through SAYDS, to be qualified to perform the contract satisfactorily; and

(p) the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Borrower, in connection with the contracting of consultants' services provided by a firm and to be financed with the proceeds of the Loan.
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, subject to the additional provisions set forth in Section III. A.4 above; (b) Shopping; (c) Direct Contracting; and (d) under Subcomponent A.3, Community Participation procedures which have been found acceptable to the 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 contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

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</td>
<td>10,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>24,333,100</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultant’s services</td>
<td>2,820,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Non-consultant services</td>
<td>7,520,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Training and Scholarships</td>
<td>7,970,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Subprojects under Part A.3 of the Project</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Operating Costs</td>
<td>3,070,000</td>
<td>100%</td>
</tr>
<tr>
<td>(8) Front-end Fee</td>
<td>146,900</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>(9) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.08(c) of this Agreement</td>
</tr>
</tbody>
</table>

TOTAL AMOUNT 58,760,000

For the purposes of this Section the terms:

(i) "Operating Costs" means the following management and supervision costs, to the extent they would not have been incurred absent the Project: (a) costs for utilities, maintenance and consumable office supplies, printing services, communication services, and incidental costs associated with the Project; (b) logistics for workshops; and (c) travel expenses (air tickets and per diem); and

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

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $1,600,000 may be made for payments made prior to this date but on or after January 15, 2015 (but in no case more than one year prior to the date of this Agreement), for Eligible Expenditures.

2. The Closing Date is November 30, 2020.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15 Beginning on August 15, 2022 through February 15, 2047</td>
<td>1.96%</td>
</tr>
<tr>
<td>On August 15, 2047</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


2. "Bank Safeguard Policies" means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.worldbank.org/opmanual.

3. "Campesinos" means people from rural communities living in forest areas of the Selected Northern Provinces, as described in the definition of Comunidades Campesinas, included in Article 2 of the Borrower’s Decree No.91-2009, dated February 13, 2009, and duly published in the Borrower’s Official Gazette on February 16, 2009.

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

5. "Chaco Ecoregion" means Region Forestal Parque Chaqueño, the highly threatened forest ecosystem located in the Borrower’s north territory and comprising about thirteen provinces and about one million square kilometers of forests, wetlands, palm savannas, grassland and rangelands.


8. "Environmental Management Framework" or "EMF" means the Borrower’s framework, dated February 20, 2015, acceptable to the Bank which contains, inter alia the environmental protection measures in respect of the Project, including: (a) measures for chance findings of physical cultural property; (b) protection of natural habitats; (c) guidelines for the identification of existing environmental conditions and potential direct and indirect environmental impacts resulting from the carrying out of the Project (including Subprojects); (d) guidelines for the carrying out of environmental assessments and the preparation of environmental management plans and forest management plans, when applicable; (e) the recommendation of mitigation measures for each negative impact identified; and (f) measures for
enhancing each identified positive impact; as said framework may be updated and/or amended from time to time with the agreement of the Bank.


10. “Integrated Community Plans” or “ICPs” means the plans for forest and land management which have the objective of raising incomes and improving the quality of life of small forest producers and increasing resilience to drought through demand-driven investments in the Selected Northern Provinces.

11. “Indigenous People Policy Framework” or “IPPF” means the Borrower’s indigenous peoples framework, dated February 20, 2015, acceptable to the Bank, setting forth the indigenous peoples policy framework applicable to all the activities to be carried out under the Project and the basis and procedures to prepare specific indigenous peoples’ plans or related instruments during Project implementation; as said framework may be updated and/or amended from time to time with the agreement of the Bank.


13. “LEUs” means the local implementation units referred to in Section I.A.1(c) of Schedule 2 to this Loan Agreement.

14. “LPCC” means Local Project Consultation Committee, the committee referred to in Section I.A. 1 (e) of Schedule 2 to this Agreement.

15. “NPCC” means National Project Consultative Committee, the committee referred to in Section I.A. 1 (d) of Schedule 2 to this Agreement.

16. “NEU” means the unit referred to in Section I.A.1 (a) of Schedule 2 to this Loan Agreement.

17. “Process Framework” means the access restriction process framework, dated February 23, 2015, satisfactory to the Bank, which sets forth, the governing measures and actions to be taken during the implementation of the Project to restore or ensure alternative livelihoods and to assist the affected persons and the arrangements for their implementation, as said framework may be revised from time to time with the prior approval of the Bank.

19. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 26, 2015 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.

20. “Rural Development Agency” or “RDA” means any government entity which is operating in any of the Selected Northern Provinces and meets the eligibility criteria for assisting in the implementation of Parts A, B or C of the Project, as set forth in the Operational Manual.

21. “RDA Agreement” means the agreement between the Borrower, through SAVDS, and any RDA, referred to in Section I.A.2 of Schedule 2 to this Agreement.

22. “Resettlement Policy Framework” means the Borrower’s document dated February 20, 2015, specifying the population resettlement policies, planning principles, institutional arrangements, procurement arrangements and design criteria that shall apply to the preparation and carrying out of the action plans for the resettlement of population under the Project.

23. “SAyDS” means Secretaría de Ambiente y Desarrollo Sustentable de la Nación, the Borrower’s Secretariat of Environment and Sustainable Development, under the Jefatura de Gabinete de Ministros de la Nación.

24. “Scholarships” means the scholarship grants to be awarded in accordance to the provisions of Section I.E of Schedule 2 to this Agreement.

25. “Selected Northern Provinces” means any of the following Borrower’s provinces: (i) Salta; (ii) Santiago del Estero; (iii) Chaco; (iv) Misiones; and (v) Jujuy or any other province, in addition or substitution therefore, selected between the Borrower and the Bank.


27. “Subproject” means a set of activities to be implemented by a Subproject Beneficiary or group of Subproject Beneficiaries, consisting of small-scale productive investments, including, inter alia, the processing and marketing of timber and non-timber forest products and/or agricultural products, which Subproject is selected, approved and implemented in accordance with the requirements of the Operational Manual.
28. "Subproject Agreement" means the agreement between the NEU and each Subproject Beneficiary referred to in Section I.D.1 of Schedule 2 to this Agreement.

29. "Subproject Beneficiary" means a group formed by small-scale forest producers, wood workers, small-scale entrepreneurs of the wood, or non-timber product productive chains, organized in associations, cooperatives, unions or any other form of incorporation with a legal personality (persona juridica), duly established in the Borrower’s territory in accordance with the applicable laws, and/or local residents and communities (organized as associations, cooperatives, unions or any other form of incorporation with a legal personality) eligible for receiving financing from the Loan proceeds for carrying out a Subproject under Part A.3 of the Project.


31. "UNDP Agreement" means the agreement to be entered between the Borrower, through SAvYDS, and UNDP, referred to in Section I.A.3 of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:
1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.

[Signature]