

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

MULTISECTOR PROGRAM TO STRENGTHEN THE PUBLIC INVESTMENT CYCLE

(AR-L1332)

LOAN PROPOSAL

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ABBREVIATIONS	
AGN	Auditoría General de la Nación [Office of the Auditor General]
BIM	Building Information Modeling (methodology)
CABA	Ciudad Autónoma de Buenos Aires [Autonomous City of Buenos Aires]
DiGePPSE	Dirección General de Programas y Proyectos Sectoriales y Especiales [Directorate of Sector and Special Programs and Projects]
IMF	International Monetary Fund
INMIN	Ministerio del Interior de la Nación [Ministry of the Interior]
MOP	Ministerio de Obras Públicas de la Nación [Ministry of Public Works]
PEFA	Public Expenditure and Financial Accountability
PNIP	Plan Nacional de Inversiones Públicas [National Public Investment Plan]
SAE	Secretaría de Asuntos Estratégicos [Office of the Secretary of Strategic Affairs]
SDGs	Sustainable Development Goals of the United Nations
SGA	Secretaría de Gestión Administrativa [Office of the Secretary of Administrative Management]
SGO	Sistema de Gestión de Obras [Works Management System]
SOFR	Secured Overnight Financing Rate
SSRFID	Subsecretaría de Relaciones Financieras Internacionales para el Desarrollo [Office of the Deputy Minister of International Financial Relations for Development]

PROGRAM SUMMARY
ARGENTINA
MULTISECTOR PROGRAM TO STRENGTHEN THE PUBLIC INVESTMENT CYCLE
(AR-L1332)

Financial Terms and Conditions				
Borrower: Argentine Republic			Flexible Financing Facility^(a)	
Co-executing agencies: Office of the Secretary of Strategic Affairs (SAE), Ministry of Public Works (MOP), and Ministry of the Interior (INMIN)			Amortization period:	25 years
			Disbursement period:	5 years
			Grace period:	5.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	SOFR-based
IDB (Ordinary Capital):^(g)	37 million	85	Credit fee:	^(c)
			Inspection and supervision fee:	^(c)
Local:	6.5 million	15	Weighted average life:	15.25 years
Total:	43.5 million	100	Approval currency:	United States dollar
Program at a Glance				
Program objective/description: The program's general development objective is to enhance public investment efficiency at the different levels of government with the aim of promoting economic and social development, in accordance with the strategic priorities of the Argentine Republic. Its specific objectives are to: (i) increase the availability of viable, execution-ready public investment projects; (ii) narrow territorial coverage gaps with respect to available projects designed to promote territorial equity; and (iii) boost the efficacy of State actors by improving their capacity to manage the public investment project cycle at the various levels of government—national, provincial, and municipal.				
Special contractual conditions precedent to the first disbursement of the loan: (i) the co-executing agencies will have approved the program Operating Regulations and they will have entered into force, in accordance with the terms previously agreed upon with the Bank; (ii) each co-executing agency will have notified the Bank of the specialist it has appointed to be responsible for the technical facets of the program; and (iii) each co-executing agency will have notified the Bank of the individuals it has appointed to serve as a procurement specialist, a financial management specialist, and an environmental and social specialist for program implementation (paragraph 3.6). See additional special contractual conditions in the environmental and social management report , Annex B.				
Special contractual conditions for execution: See additional special contractual conditions in the environmental and social management report , Annex B.				
Exceptions to Bank policies: None.				
Strategic alignment				
Challenges^(d):	SI <input checked="" type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>	
Crosscutting themes^(e):	GE <input checked="" type="checkbox"/> y DI <input type="checkbox"/>	CC <input checked="" type="checkbox"/> y ES <input type="checkbox"/>	IC <input checked="" type="checkbox"/>	
Sustainable Development Goals^(f):	SDG1 <input checked="" type="checkbox"/> SDG2 <input type="checkbox"/> SDG3 <input type="checkbox"/> SDG4 <input type="checkbox"/> SDG5 <input checked="" type="checkbox"/> SDG6 <input checked="" type="checkbox"/> SDG7 <input type="checkbox"/> SDG8 <input type="checkbox"/> SDG9 <input type="checkbox"/> SDG10 <input type="checkbox"/> SDG11 <input checked="" type="checkbox"/> SDG12 <input type="checkbox"/> SDG13 <input checked="" type="checkbox"/> SDG14 <input type="checkbox"/> SDG15 <input type="checkbox"/> SDG16 <input checked="" type="checkbox"/> SDG17 <input checked="" type="checkbox"/>			

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Bank's lending charges, in accordance with the relevant policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and the Rule of Law).

^(f) Sustainable Development Goals (SDGs). Click [here](#) for more information about the SDGs, and [here](#) to consult the IDB Group project classification methodology based on the SDGs.

^(g) In keeping with document AB-2990, disbursement of the loan proceeds will be subject to the following maximum limits: (i) up to 15% during the first 12 months; (ii) up to 30% during the first 24 months; and (iii) up to 50% during the first 36 months, all from the date of approval of the loan by the Bank's Board of Executive Directors (paragraph 2.2).

I. PROGRAM DESCRIPTION AND RESULTS

A. Background, problems addressed, and rationale

- 1.1 **Macroeconomic context.** The complex macro-social situation in Argentina has been exacerbated by the COVID-19 crisis. Gross domestic product (GDP) fell by 9.9% in 2020. However, due to the economic rebound, GDP is projected to grow nearly 10% in 2021, while economic growth of 3% is expected in 2022. Inflation, moreover, began accelerating again in 2021 (estimated at 52%), after having peaked at 36.1% in 2020. Inflationary pressures in 2022 are expected to continue ramping up, and projected to reach nearly 60%. In order to contain the impact of the crisis, the government increased public spending. Moreover, the primary deficit amounted to 6.5% of GDP in 2020, and projections point to a primary deficit of 3.2% in 2021 (the total deficit was 8.5% and 4.5% for 2020 and 2021, respectively), and 2.8% in 2022.
- 1.2 Historically, public investment has been a pillar of Argentina's economic policy and a foundation for the economy's growth. Between 2003 and 2010, public investment increased 420% in constant pesos and tripled its impact on GDP from 0.93% to 3.22%, and reaching 4.6% in 2014. Since then, and together with the economic cycle [1],¹ public spending began slowing, standing at 1.1% in 2019.² However, the National Public Investment Plan (PNIP) 2021-2023 projects a resumption of public investment in 2021 that would "bring about a 1.1-percentage-point increase in GDP compared with 2019, representing a departure from the downward trend observed in public investment between 2016 and 2019."³
- 1.3 Different works have confirmed the importance of public spending, especially the role public investment plays in economic growth,⁴ and point out that infrastructure—water and sanitation, transportation, health, education, housing, and economic development—is key to promoting greater growth. Furthermore, "Public investment acts as a catalyst and a driver of private investment, as it contributes both directly and indirectly to the recovery of economic activity. In a context such as the one observed in 2020, the role public investment plays is directly related to the ability to provide an appropriate response to health needs" [4] and operationalize the government's low-carbon and resilience development targets.
- 1.4 **Progress and challenges of public investment management.** The first challenge facing government is how, in a context of fiscal and financial limitations, it can achieve its objective of "breaking the downward trend" observed in public investment and, with it, also reverse the decline in GDP performance. These limitations underscore the need to boost the efficiency of public investment management due to its multiplier effects [5]; however, its economic and social

¹ The bibliographical references can be consulted in [optional link 8](#).

² Between 2016 and 2018, capital expenditure in Latin America fell from 3.8 to 3.2% of GDP [2].

³ Public investment is projected to account for 1.5% of GDP in 2022.

⁴ Increases in public capital stock have a positive correlation with growth when controlled for the initial level of public capital [3].

impact will depend on the degree to which such investments are efficiently managed [6].

- 1.5 A second challenge is the lack of intergovernmental coordination, especially at the federal level, and the difficulties national governments have in fulfilling their role as the steering agents of public investment and for developing capacity at all levels of government. In fact, “most countries contend with considerable efficiency losses when it comes to infrastructure investments: on average, 30% of their potential impact is lost as a consequence of inefficient spending. More robust governance on the part of the institutions responsible for public investment would help optimize the returns on such investments by up to two thirds and double the impact of investment on global growth” [7].
- 1.6 Likewise, the vulnerability of infrastructure works to the impacts of climate change is a key challenge to improving the efficiency and sustainability of public investment. Owing to socioeconomic conditions and its climate and geographic characteristics (e.g. low lying coastal areas, arid and semiarid zones, and areas susceptible to disasters), Argentina is vulnerable to the impacts of climate change. According to its Third National Communication to the United Nations Framework Convention on Climate Change [8], the country has been witnessing changes in the climate since the second half of the last century, and heavy rain events have increased in both frequency and intensity. The immediate consequence was an increase in the number of flood events, especially in urban areas, causing heavy damage to housing and infrastructure [9]. Between 1970 and 2015, the country was affected by 97 large-scale natural disasters, 93% of which were hydrometeorological events, resulting in annual losses estimated at 0.7% of GDP. Climate change models are projecting increased precipitation and temperatures are expected to increase by between 0.5 and 1 degree centigrade by the end of the century. These events, coupled with rising sea levels, will continue to take a toll on infrastructure. Therefore, it will be imperative that future infrastructure works include adaptation measures to ensure their sustainability over time and reduce emissions.⁵
- 1.7 **Public investment with a gender perspective.** In the last two years, Argentina has made headway toward implementing the gender and diversity budgeting methodology [10]. Despite this progress, no disaggregated data are currently available to determine the amount of public investment budgetary resources that are being allocated to narrow gender gaps. Consequently, the inclusion of methodologies for mainstreaming gender equality into the investment cycle could help to identify and narrow these gaps. This would necessitate incorporating the priorities, needs, and use of infrastructure by gender into the design of infrastructure plans and projects, thereby making it possible to assess their differential impact.
- 1.8 **Institutional and strategic framework.** The Executive Branch implemented a series of measures to enhance public investment management, including the formation of the Office of the Secretary of Strategic Affairs (SAE) [11], the creation of the Ministry of Public Works (MOP), and effecting changes to the duties and responsibilities of the Ministry of the Interior (INMIN). SAE plays a key role in

⁵ As set forth in Law 27,520/19 and the government's target of limiting carbon dioxide equivalent to no more than 359 megatons by 2030, according to its [Nationally Determined Contribution](#).

supporting the Office of the Presidency in defining and monitoring strategic management priorities. It also coordinates with the various government ecosystems and multilateral lending institutions to secure financing for development and for the eradication of poverty. MOP is the national government agency responsible for planning and executing resilient infrastructure works, with a view to promoting development with social inclusion. It is the main public investment executing agency at the national level and is also responsible for capital transfers. In 2021, MOP was responsible for nearly 35% of total investments (Arg\$291 billion in current pesos, of which 58% were for transfers). This is due to the weight the national government confers to the development of public infrastructure as an engine of growth [12]. INMIN plays a main role in relations with subnational governments, which, in turn, execute a high percentage of local investments. The Ministry promotes equitable and supportive development in the provinces based on equality of opportunities and improving the citizens' quality of life; it supports the design and execution of production-oriented projects, and provides coordination on financing for their implementation.

- 1.9 The **main problem** to be addressed by the program is the low level of public investment management efficiency, at both the national and subnational levels, taking into account the stages of the investment cycle.⁶ In fact, the Global Index of Public Investment Management, which takes into account the entire investment cycle, was 2.62 at the national level⁷ and 1.71 at the provincial level (on a scale from 0 to 4), which is quite significant considering that subnational governments account for approximately 64% of investments and the fact that their indices for each stage are much lower than those at the national level [15]. What this points to are ample possibilities for improving and enhancing efficiency.
- 1.10 Argentina's public finances were evaluated for the first time using the Public Expenditure and Financial Accountability (PEFA) methodology [16].⁸ Despite that, in general terms, "the PEFA assessment found that Argentina's public financial management system is reasonably aligned with international standards and good practices," and also noted that "[t]here is no rigorous and transparent arrangement for prioritizing and selecting projects included in the budget, nor is there registration of forward-looking capital and recurrent costs that are likely to be incurred over the life of the investment." This resulted in a score of 8.5 out of a possible 16 points in the "Management of Assets and Liabilities" pillar, whereas, specifically, it only scored 1.5 in the area of investment management and 2 in the area of public assets, out of a possible 8.5 points.⁹

⁶ The stages are: (i) planning, strategic guidelines, preinvestment studies, and ex ante evaluation of projects; (ii) project selection; (iii) implementation; (iv) ex post evaluation, audit, and asset management; and (v) crosscutting aspects of coordination, intergovernmental relations, financing, and information systems" [13].

⁷ The regional average is 2.5. [14].

⁸ The Public Expenditure and Financial Accountability (PEFA) program provides a framework to evaluate and present reports on the strengths and weaknesses of public financial management using a letter-grade scoring system to measure performance. The PEFA framework identifies 94 characteristics (known as dimensions) within 31 key components of public financial management (known as indicators) in seven broad areas of public financial management (known as pillars).

⁹ Whereas Colombia, for example, scored 3 and El Salvador, 2.5 [17].

- 1.11 The main causal factors associated with these low scores are shortcomings related to: (i) adequate compliance with strategic planning and conducting ex ante evaluations; (ii) having a portfolio of preinvestment studies; (iii) conducting ex post evaluations, audits, and administering and maintaining public assets; (iv) managing interagency and intergovernmental coordination; and (v) developing technology support systems for the entire cycle.
- 1.12 **Strategic planning.** Despite the progress made in this area, the country has not yet developed procedures, regulations, rules, and instructions for regulating the strategic planning processes of public investment management or for conducting ex ante evaluations. These planning weaknesses are due to the lack of mechanisms and methodologies for identifying infrastructure gaps at the subnational level, which would make it possible to identify, in coordination with all government levels, the investment needs and the types of infrastructure to be prioritized for each.¹⁰ This fact led to low scores at the national (1.8) and subnational (1.43) levels, which are below the 1.95 average for the region. In addition, the various criteria for guiding decision-making as to where public works investments should be made do not consider multidimensional indices that take into account the interrelationship between subregional gaps and gender disparities [18] (paragraph 1.32), nor do they consider the vulnerability to climate impacts of different areas. All this has led to considerable fiscal capital differences between the provinces,¹¹ and the uneven development of capacity to implement the various project stages.¹² These subregional heterogeneities are visible in two directions: on the one hand, there is a scarcity of final project designs and drawings for strategic works that the three levels of government need to address their development problems; and, on the other, the distribution of these designs is unequitable, which is exacerbated by the fact that the most disadvantaged provinces have substantially fewer of them.
- 1.13 **Preinvestment studies.** The availability of a portfolio of execution-ready preinvestment projects has been hindered by the lack of financing needed to cover the high average costs of maintaining teams with the requisite training needed to carry out the required studies.¹³ This hinders efforts to build the endogenous capacity needed to prepare investment proposals that, in addition to the requirement of being aligned with federal public works plans, must ensure that the works' are resilient to the growing climate impacts, as well as incorporate the corresponding final project designs, potential sources of financing, and ex ante

¹⁰ A tool is currently being developed based on an analysis of sector gaps, with the aim of operating as a framework of reference that political authorities can use to establish sector quotas.

¹¹ For example, while the national average of urban households with access to a sewer network is 65%, the corresponding figure in the Autonomous City of Buenos Aires (CABA) is 96.7%, and 28.4% in Misiones. Moreover, access to drinking water in urban areas of the CABA is 98.8%, dropping to 81.2% in the province of Buenos Aires [19].

¹² The efficiency of the public investment system in the provinces presents a high level of heterogeneity, ranging from 2.72 in the CABA to 1.4 in the Argentine northeast [Chaco, Corrientes, and Misiones provinces] and southern northeast [Catamarca, La Rioja, and Santiago del Estero provinces] regions. [20].

¹³ Most subnational governments lack human resources with the necessary qualifications to manage the processes and technical tasks associated with the project investment cycle [21].

evaluations.¹⁴ This situation is even further exacerbated upon taking into account the substantial increase in public investment the government has planned for the coming years. (paragraph 1.2).

- 1.14 **Ex post evaluation and asset management.** The complications associated with conducting evaluations, obtaining evidence for future investments, and taking into account lessons learned regarding risks that require mitigation, have an adverse impact on the efficiency of public investment as a whole and, consequently, on the volume of available resources necessary to maintain them. The absence of the necessary systems to manage the assets generated negatively impacts operation and maintenance costs, as well as decision-making regarding their use.¹⁵ These weaknesses are common throughout the region, which had an index of 1.80, whereas the corresponding indices for Argentina were 2.5 at the national level and only 0.86 at the subnational level.¹⁶
- 1.15 **Strategic coordination and information support systems.** The importance of strategic coordination and information support systems lies in the fact that their mainstreaming has an impact on the efficiency of managing everything undertaken in all other spheres. In this sense, improving the low indices—2.6¹⁷ at the national level and 1.68 at the subnational level—will have a positive impact on the rest of the chain. Because subnational governments account for nearly two thirds of investment, but depend largely on transfers from the national government (47%, 2017), appropriate coordination is needed to improve public investment management. Another determining factor is training and staff turnover at the agencies responsible for planning, executing, and evaluating public investment. Lastly, it is important to underscore the weaknesses of public investment management systems and technology support tools, as well as the lack of interoperability between national government agencies and subnational governments¹⁸ and external suppliers. Consequently, the subindex associated with these systems only amounted to 1.05 [26].
- 1.16 **Program design strategy.** Based on the principle of the importance of public investment as a vehicle to reactivate and provide sustainability for economic growth [27] and address the recessionary environment, the program's main

¹⁴ Two out of three investment projects prioritized by the provinces lack the respective final project designs and drawings. This shortcoming impacts the execution timeframes of the works, which can result in changes to the work initially selected for financing [22].

¹⁵ Improving the project preparation and selection processes and in the management of existing assets could result in savings of up to 40% for infrastructure projects [23].

¹⁶ The ex post evaluation of projects, audits, and asset management dimension has the lowest level of performance, with an average index of 0.86, ranging from a high of 3.07 in the CABA to a low of 0.0 in Catamarca, Chaco, Chubut, and Río Negro [24].

¹⁷ This score was obtained from the highest value of the subindex "role of legislation" with 3.9/4.

¹⁸ For example, during the life cycle of public works at MOP, multiple information systems were used that lacked interoperability, resulting in large-scale inefficiencies and errors [25]. According to the "[Evaluación Prospectiva de la Contratación de Obras Públicas en la Administración Pública Nacional](#) [Prospective Assessment of Public Works procurement in Argentina]," carried out under the Methodology for Assessing Procurement Systems (MAPS) in November 2020, concludes that it is a disjointed process managed in different information systems designed for different stages of the same process, and are not interrelated. Coupled with this are the information systems of external contractors and the systems of the various subnational governments, which, in addition to having been developed with different technologies, have different legal regulations as well as different budgetary and administrative systems.

strategy is to do more with either fewer or the same amount of resources. In other words, it aims to boost the efficiency of public investment management. The operation will therefore focus on the investment cycle, specifically on shortcomings that have the most adverse impact on public investment management and, simultaneously, on infrastructure investments¹⁹ that have a greater impact on growth [29] and on closing gaps. Specifically, the operation will primarily help finance a series of preinvestment studies contained in the PNIP that have been prioritized by the government based on a composite index ([optional link 4](#)). That index takes into account structural deficits and the well-being, vulnerability, and development of the population. The operation also includes support for the involved agencies with the aim of helping them conduct studies and diagnostic assessments through a technical-cooperation operation that is currently in preparation.

- 1.17 Reactivating public investment, especially in infrastructure, while simultaneously enhancing the level of efficiency of public investment management will bring about an expansion of markets, increased private investment, and lower production costs. In turn, this will lead to an increase in the useful life of public and private capital, greater utilization of economies of scale, as well as improvements in labor productivity and human capital [30]. As such, “[p]ublic investment acts as a catalyst and a driver of private investment, as it contributes both directly and indirectly to the recovery of economic activity” [31].
- 1.18 **The Bank’s experience.** The Bank has provided technical and financial support for the execution of similar projects. This operation complements the following programs that are currently in execution: (i) Program to Support Integrated Public Expenditure Management (loan 4802/OC-AR) for US\$40 million, approved in 2019; (ii) Program to Strengthen the Management Capacity of Buenos Aires Province (operation 4435/OC-AR) for US\$20 million, approved in 2017; (iii) Provincial Management Strengthening Program (operation 3835/OC-AR) for US\$120 million, approved in 2016; (iv) Provincial Management Strengthening Program II (operation 4753/OC-AR) for US\$150 million, approved in 2019, which INMIN is currently executing; (v) Multisector Preinvestment Program IV (operation 2851/OC-AR) for US\$20 million, approved in 2012; and the current program also draws on the experiences of projects that have been closed, including: (vi) Program for Strengthening the Preinvestment Cycle (loan 2585/OC-EC) for US\$40 million, approved in 2011; (vii) Public Investment Management Program (loan 3628/OC-PR) for US\$200 million, approved in 2015; and (viii) Institutional Strengthening of the Public Investment Unit (technical-cooperation operation ATN/OC-16721-AR) for US\$350,000, approved in 2018.
- 1.19 **Lessons learned.** Based on the experience from the above-mentioned operations and others executed by the Bank in the region [32], the following lessons were taken into account in designing this program: (i) the importance of maintaining and integral and balanced perspective of all stages of the project cycle; (ii) the need to understand the political and institutional contexts in which national public investment systems are instituted; (iii) the importance of focusing national

¹⁹ In 2021, Argentina will allocate 62% of its capital expenditure on infrastructure projects: 30% for transportation (Arg\$253.54 million); 18% for housing and city planning (Arg\$149.352 billion); and 14% for water and sewerage (Arg\$118.484 million) [28].

investments and policies with impact on correcting regional disparities, in coordination with the relevant national and provincial government agencies, thereby ensuring the crosscutting nature of the public investment cycle; (iv) the need to encourage provincial governments to take ownership in the identification of infrastructure problems, in the formation and retention of human resources, in strengthening government capabilities, and in guiding public and private investment; and (v) the importance of implementing new digital tools at all levels of processes, complementing the emphasis on technology and information systems, and developing the appropriate capacity and incentives for efficient management. These lessons are being applied when considering investments to strengthen the different stages of the cycle, especially the preinvestment studies stage; strengthening interagency and intergovernmental coordination arrangements, prioritizing those aimed at reducing disparities ([optional link 4](#)); strengthening the capacity of local governments and providing them with a central role in the selection of investments; and utilizing advanced technology tools, such as the Building Information Modeling (BIM) methodology and MapInvestments. With respect to the financing of preinvestment studies, the following needs were noted: (i) prioritizing the preparation of final project designs with the aim of ensuring a real impact on the population; (ii) identifying specific financing sources in advance; (iii) conducting studies on a regional basis using territorial criteria, rather than on isolated municipios; (iv) standardizing processes and procedures for the stages common to each preinvestment study, making it possible to address higher demand simultaneously; (v) standardizing terms of reference for conducting studies and including performance guarantee and penalty clauses associated with the deadlines, objectives, and quality of information; and (vi) systematizing preinvestment study evaluation reports, using objective scoring and compliance evaluation criteria for modular components. All these considerations were incorporated into the various activities set out in the program's components (see paragraphs 1.24, 1.25, and 1.26).

- 1.20 **Argentina's strategy in the sector.** The program aligns with the national government's policy priorities for territorial development and are supplemented with strategic territorial, provincial, and local development plans. In accordance with the proposed objectives, interventions will be undertaken for those projects that are framed by the government policies throughout the national territory, that are prioritized by the technical areas of the co-executing agencies, and that they must record, develop, and support. The projects are to be included in strategic or similar plans, provided that they align with the policies and/or priorities established in the relevant area at the national level, with a view to facilitating the timely execution of the investment [33]. At the strategic level, the current government promulgated the National Public Investment Plan (PNIP) 2021-2023, pursuant to Law 24,354, which was enacted in 1994. The present operation is aligned with the PNIP in that it provides financing for preinvestment studies for the public development projects identified in that plan.
- 1.21 **The Banks country strategy with Argentina.** The program is directly linked to the following strategic development objectives in the IDB Group Country Strategy with Argentina 2021-2023 (document GN-3051): reducing infrastructure gaps; and improving the technical and allocative efficiency of public spending. The operation

is also included in the Update of Annex III of the 2021 Operational Program Report (document GN-3034-2) and the 2022 indicative pipeline.

B. Objective, components, and cost

- 1.22 **Objective and scope.** The program's general development objective is to enhance public investment efficiency at the different levels of government with the aim of promoting economic and social development, in accordance with the strategic priorities of the Argentine Republic. Its specific objectives are to: (i) increase the availability of viable, execution-ready public investment projects; (ii) narrow territorial coverage gaps with respect to available projects designed to promote territorial equity; and (iii) boost the efficacy of State actors by improving their capacity to manage the public investment project cycle at the various levels of government—national, provincial, and municipal.
- 1.23 To that end, the public investment cycle will be strengthened at three key agencies—i.e. SAE, MOP, and INMIN—through the following three components that will finance activities at each of these agencies.
- 1.24 **Component 1. Strengthening SAE's strategic coordination in the public investment cycle (US\$5.81 million).** This component will help achieve specific objectives (i) and (iii) mentioned above. The component will finance two sets of activities, as follows:²⁰
- a. Support for preinvestment strategic management, including: (i) consulting services for strategic planning exercises; (ii) a study and the development of a prioritization methodology for sector and territorial projects, to include sustainability and climate change considerations ([optional link 4](#)); (iii) studies designed to generate knowledge on needs, management capabilities, and resources for different levels of government, as well as differences by sector and/or subsector ([optional link 4](#)); (iv) development of a methodology for standardizing terms of reference and procurement for modular and regional projects; (v) development and implementation of early-stage methodologies for assessing the economic viability of projects and for prioritizing their financing; (vi) implementation of integrated information systems;²¹ (vii) capacity building and/or strengthening at the different levels of government; and (viii) promote training activities designed to significantly increase women's participation in preinvestment management jobs of quality.
 - b. Carry out strategic preinvestment studies (e.g. prefeasibility, feasibility, as well as detailed designs and master plans) that incorporate a climate resilience and low greenhouse gas emissions approach ([optional link 4](#)).

²⁰ Some of these activities cut across the entire program, as described in the [program Operating Regulations](#) (paragraph 3.5).

²¹ Includes: interoperability of data between different existing systems, for example: Argentina's Database of Public Investment Projects (BAPIN), the information systems of MOP, INMIN, and those of the subnational governments.

- c. Component management and administration.²² The component will finance administrative and operational support for SAE in the areas of program administration monitoring, coordination, and supervision for program execution, as well as consulting services to support the strengthening of SAE technical capacity.

- 1.25 **Component 2. Building MOP's public investment management capacity at the national, provincial, and municipal levels (US\$20.9 million).** This component will help achieve specific objectives (i) and (ii) mentioned above. Accordingly, it will finance: (i) the preparation of preinvestment studies (e.g. prefeasibility, feasibility, as well as detailed designs, master plans, and strategic plans) that incorporate a climate resilience and low greenhouse gas emissions approach ([optional link 4](#)); (ii) specific studies to identify the climate vulnerability of works and the requisite adaptations measures, as well as measures to curb greenhouse gas emissions ([optional link 4](#)); and (iii) the design and implementation of a strategy for strengthening the project cycle, including: (a) support for MOP's digital transformation plan; (b) the strengthening and integration of existing information systems, such as the Works Management System (SGO) (paragraph 1.24(a)(vi)); (c) implementation of the BIM methodology;²³ (d) expansion of the MapInvestments platform, by incorporating data from other select jurisdictions; (e) the identification of public investments with an impact on climate; and (f) application of indicators disaggregated by gender that facilitate decision-making for gender policy development.²⁴ The component will also finance administrative and operational support for MOP²⁵ to strengthen administration, monitoring, coordination, and supervision for program execution, as well as consulting services to support the strengthening of MOP technical capacity.
- 1.26 **Component 3. Building INMIN's preinvestment capacity for the Federal Development Plan (US\$16.26 million).** This component will contribute to specific objectives (i) and (ii), by generating a project portfolio for the country's 23 provinces and the CABA. Accordingly, the activities it will finance include preinvestment studies and projects for the provinces and the CABA, as well as evaluations of the outcomes of investments. The component will also finance administrative and operational support for INMIN²⁶ to strengthen administration, monitoring, coordination, and supervision for program execution, as well as consulting services to support the strengthening of INMIN technical capacity.
- 1.27 **Program administration and management.** The program will finance the costs of audits and evaluations, for which purpose US\$530,000 has been allocated (see Table 1).

²² For these activities, US\$500,000 has been established for this component. Eligible expenditures to be financed by the program, for this and the other components, include specialized consulting services, as well as goods and nonconsulting services (including the procurement of equipment, software, and training).

²³ BIM is a set of methodologies, technologies, and standards that facilitate the collaborative design, construction, and operation of buildings and physical infrastructure through a virtual platform.

²⁴ Gender mainstreaming in the investment cycle and the development of preinvestment projects are measures that help in the search for equitable results for men and women in terms of access to infrastructure and the opportunities provided by society.

²⁵ For these activities, US\$1.08 million has been set aside.

²⁶ For these activities, US\$560,000 has been set aside.

- 1.28 **Main results indicators and program beneficiaries.** The expected impact of the operation are public investment efficiency gains, measured as better management scores for PEFA indicator ID-11. These gains will be attributable to the following outcomes: (i) an increase in the availability of viable, execution-ready public investment projects; (ii) a decrease in public investment gaps at the subnational level; and (iii) an increase in the efficacy of state actors (see the results matrix).
- 1.29 The program's implementation will bring about better strategic prioritization of public investments as a result of better quality preinvestment studies. Territorial, gender, and climate impact gaps will be considered, as will the measurement of economic viability. This will be attributable to improved capacity of national and provincial governments to conduct and/or commission, in a timelier manner, the studies necessary to ensure the efficiency of public investments, in line with strategic priorities. In turn, this will clear the way for elevated social returns for all the country's inhabitants. The focus, therefore, will be on disparities in infrastructure, which are evident throughout the national territory. These disparities, then, are one of the main problems standing in the way of removing obstacles to development, especially in the most backward areas [34].
- 1.30 **Beneficiaries.** The national, provincial, and municipal governments will be the program's direct beneficiaries, which will benefit from strengthened capacity to manage the public investment cycle, resulting in greater efficiency.²⁷ Citizens will be the indirect beneficiaries of the program, especially those residing in places or regions where the program activities are carried out, which, once successfully executed, will have a positive impact on their quality of life.

C. Strategic alignment

- 1.31 The program is consistent with the second Update of the Institutional Strategy 2020-2023 (document AB-3190-2) and aligns with the development challenges of: (i) social inclusion and equality, by helping reduce territorial asymmetries and thereby promote the country's economic and social development; and (ii) low productivity and innovation, by working to develop, transform, and adopt more efficient methods for the delivery of quality services. The program also aligns with the crosscutting themes of: (i) gender equity, by promoting training activities to increase the effective participation of women in the area of preinvestment management, and by fostering the inclusion of indicators disaggregated by gender that facilitate decision-making for the development of policies with a gender perspective; (ii) climate change, by identifying green investments on MapInvestments and making that information available on the platform; the financing of studies to establish measures of climate resilience and for reducing the greenhouse gas emissions of infrastructure; support for the drafting of MOP guidelines to establish public investment criteria that should be followed to ensure that works are resilient and low emitters. In all, 32.43% of IDB Group resources are invested in climate finance for the above-cited activities, in accordance with

²⁷ The companies contracted by the government to carry out the works included in the approved preinvestment studies will also be program beneficiaries, as they will benefit from more standardized contract models with clearly defined operating regulations and greater transparency in execution processes. Moreover, civil servants attached to SAE, MOP, and INMIN will be beneficiaries, as they will benefit from greater institutional capacity and technology tools to discharge their responsibilities.

the [joint methodology of the multilateral development banks for tracking climate finance](#), and are therefore contributing to the IDB target of increasing financing for climate-related projects to 30% of annual approvals (see the [climate change annex](#)); and (iii) institutional capacity and rule of law, by improving government capacity to manage the project investment cycle at the different levels of government. The program will also contribute to the following Level-2 indicators of the Corporate Results Framework 2020-2023 (document GN-2727-12): (i) *Agencies strengthened with digital technology and managerial capacity*, as it contributes to the number of “government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery;” and (ii) *Agencies with strengthened transparency and integrity practices*, as it supports the expansion of the MapInvestments platform, by incorporating information from the selected ministries.²⁸ Lastly, the program aligns with the IDB’s Vision 2025, in terms of strengthening good governance and the appropriate institutions for achieving sustainable and inclusive economic growth.

- 1.32 **Gender perspective.** Support will be provided to mainstream gender considerations into the operation’s preinvestment studies for care infrastructure.²⁹ This will include measuring situations of social vulnerability, encompassing dimensions such as single parent households headed by women, disparities in early childhood health [35], poverty, and unmet basic needs. Identifying alternative solutions to the problems of the program’s direct and indirect beneficiaries, detecting shortcomings in the preinvestment cycle differentiated by gender, and collecting disaggregated data can help narrow gender gaps in the access to and use of infrastructure, and in addition address existing social and economic gaps (see the [gender annex](#)).

D. Viability analysis

- 1.33 **Technical viability.** Public investment has played a historic role in Argentina’s economic development (paragraph 1.2) by generating a solid body of knowledge based on successes and failures. The program will therefore draw on a series of lessons learned (paragraph 1.19), in order to minimize the latter and capitalize on the former. This has paved the way for preinvestment studies, one of the program’s core activities, to be carried out using the best preinvestment techniques for ensuring compliance with internationally recognized and proven standards. This is also attributable to: (i) standardizing terms of reference, the process of selecting firms, and the content of contractual clauses, among others, for commissioning the studies; (ii) ensuring that studies are paired with sources of financing, master plans, and financial and management requirements to maintain the infrastructure that is created; and (iii) making sure that studies are subject to filtering to ensure they are aligned with national and regional strategic priorities. Accordingly, the proposals become technically viable and the most appropriate alternatives for the needs identified.

²⁸ MapInvestments is “an information platform to improve the transparency and efficiency of public investments.” See: [Initiatives: MapInvestments, IDB](#).

²⁹ Includes all infrastructure designed to ensure the well-being and effective exercise of rights, not only for persons receiving care (e.g. children, adolescents, older adults, and persons with disabilities) but also caregivers (workers, most of whom are women). It also includes the necessary preconditions for offering these types of care, such as basic services (see the [gender annex](#)).

- 1.34 **Socioeconomic viability.** The benefits of the program are attributable to the increase in public investments, which are made possible thanks to the improved quality, relevance, and number of preinvestment studies. In this sense, investing in preinvestment studies will help bring about an increase in the percentage of public investment projects that make it to the works stage and therefore generate socioeconomic benefits for the country. The ex ante economic analysis indicates a cost-benefit ratio of US\$1.53, an internal rate of return of 17% (exceeding the 12% threshold established by the Bank), and a net present value of US\$16.3 million. The sensitivity analysis, based on more conservative assumptions, yields results that exceed the thresholds for each indicator (see the [economic analysis](#)).
- 1.35 **Institutional and financial viability.** According to the institutional capacity analysis, the institutional capacity of the three co-executing agencies is satisfactory for the purposes of executing the program. The analysis also found that the administrative areas of the co-executing agencies would require additional support to ensure that all the envisaged activities are appropriately implemented, given the complexity they entail. The loan will therefore finance the hiring of technical support staff and a team of administrative-financial consultants at each of the co-executing agencies. Accordingly, each co-executing agency will have an individual responsible for the technical facets of the program for the component under the responsibility of each agency, as well as a unit chief. At minimum, the co-executing agencies will be strengthened with a procurement specialist and a financial management specialist. The unit chief will be responsible for planning and monitoring program activities and the program resources allocated to its institution.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Modality and financing structure.** This program has been structured as a specific investment loan, to be financed for up to US\$37 million from the Bank's Ordinary Capital resources and a local counterpart contribution of up to US\$6.5 million (see Table 1). This modality is justified on grounds that the program's activities are clearly defined. The disbursement period will be five years (see Table 2).

Table 1. Estimated program costs (US\$ thousands)³⁰

Component	IDB	Counterpart	Total	%
Component 1. Strengthening SAE's strategic coordination in the public investment cycle	4,922	888	5,810	13.4
1.1 Preinvestment studies	2,930	537	3,467	8.0
1.2 Management systems	595	105	700	1.6
1.3 Strengthening management capabilities	1,397	246	1,643	3.8
Component 2. Building MOP's public investment management capacity at the national, provincial, and municipal levels	17,810	3,090	20,900	48.0
2.1 Preinvestment studies	11,900	2,100	14,000	32.2
2.2 Management tools	1,275	225	1,500	3.4
2.3 Strengthening management capabilities	300	00	300	0.7
2.4 BIM methodology	425	75	500	1.1
2.5 MOP guidelines to address climate impacts	85	15	1	0.0
2.6 Information systems for managing works	3,909	690	4,599	10.6
Component 3. Building INMIN's preinvestment capacity for the Federal Development Plan	13,818	2,442	16,260	37.4
3.1 Preinvestment studies for the Norte Grande region	8,283	1,462	9,745	22.4
3.2 Preinvestment studies for the rest of the country	5,534	981	6,515	15.0
Program audits and evaluations	450	80	530	1.2
Audits	170	30	200	0.5
Evaluations (midterm, final, impact, and strategic)	280	50	330	0.7
Total	37,000	6,500	43,500	100.0

- 2.2 **Disbursement schedule.** Pursuant to the document Enhancing Macroeconomic Safeguards at the Inter-American Development Bank (document AB-2990), the pace of Bank disbursements of loan proceeds will be subject to the following caps: (i) up to 15% in the first 12 months; (ii) up to 30% in the first 24 months; and (iii) up to 50% in the first 36 months, all as from the date the Bank's Board of Executive Directors approves the loan. These caps may not apply if the requirements set by Bank policy have been met, provided the borrower has been notified in writing.

³⁰ The amounts cited within the components are indicative.

Table 2. Disbursement schedule (US\$ thousands)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	5,050	5,509	6,975	9,113	10,353	37,000
%	14	15	19	24	28	100
Counterpart	861	1,055	1,414	1,592	1,578	6,500
%	13	16	22	25	24	100
Total	5,911	6,564	8,389	10,705	11,931	43,500
%	14	15	19	25	27	100

B. Environmental and social risks

2.3 The preinvestment studies to be financed through this operation focus on different sectors whose construction and operational stages could generate environmental and/or impacts that will be taken into account in their design. The studies to be conducted in this operation could pose socioenvironmental risks in the event the investment works designed are implemented. The co-executing agencies possess a high level of capacity to implement and monitor environmental and social instruments, and have staff specializing in the application of IDB policies and safeguards ([required link 2](#)).

2.4 In accordance with Directive B.13 of the Environment and Safeguards Compliance Policy (Operational Policy OP-703), this program does not require ex ante classification of potential impacts or socioenvironmental risks. A strategic environmental assessment as well as an environmental and social management framework have been developed for this program, which include procedures established by the co-executing agencies to ensure that all projects to be financed under the operation are subject to environmental and social analysis and management. The strategic environmental assessment contains the eligibility criteria, which stipulate that program proceeds cannot be used to finance projects that: (i) adversely impact critical natural habitats or critical cultural sites; (ii) negatively impact indigenous populations or their individual or collective rights; or (iii) cause significant adverse impacts as a result of physical resettlement. The strategic environmental assessment and environmental and social management framework ([optional link 7](#)) were published on the Bank's website. The aforementioned assessment and management framework form part of the [program Operating Regulations](#).

C. Fiduciary risks

2.5 In preparing the program, a medium-level fiduciary risk was identified: If difficulties were to arise in obtaining the budget allocations for the approved projects, their execution would not be achievable within the scope of the program. This situation could be mitigated by formulating budget allocation requirements on time and monitoring the estimate of resources needed for the planned execution. During the program execution period, the process of identifying risks and mitigation actions will remain in force.

D. Other risks and key issues

- 2.6 Three medium-to-high level program execution risks were considered, the first two being of a political/institutional nature, and the third is related to human resources. These are: (i) changes in the priority of strategic national or subnational planning for public investments, which could impact projects slated for execution and result in delays; (ii) a lack of information or coordination between the various national and subnational agencies, which could hinder the implementation of the proposed initiatives and result in delays; and (iii) difficulties associated with the processes of preparing preinvestment documents and/or preinvestment studies, which could trigger delays in execution. The following measures are proposed to mitigate those risks: (i) maintain ongoing dialogue on the part of SAE with the other institutions regarding the priorities of national strategic planning, with a view to anticipating any adjustments that may need to be made to specific projects; (ii) establish a clear process of communication and interaction between the co-executing agencies, and include that process in the [program Operating Regulations](#), and also reassure the co-executing agencies that they will be able to access the shared information systems and form technical coordination roundtables; and (iii) allocate resources to engage technical support services for the co-executing agencies, with the aim of preparing the documentation associated with the preinvestment studies. Lastly, a low-level institutional risk was detected: the potential for institutional changes at the co-executing agencies, since most of the financing is for preinvestment studies and, therefore, they do not need to be executed by the same executing agencies. Owing to its low level of risk, it will be monitored by the program. No risks were detected involving the preparation stage.
- 2.7 **Sustainability.** The technical and methodological progress resulting from the program will have an impact on the efficiency of all processes associated with public investment management, especially as a result of the robust investment in improving capabilities and ensuring coordination between the institutions responsible for them. At the financial level, the program is expected to generate fiscal savings due to improved management of the public investment cycle and preinvestment studies carried out using up-to-date methodologies, the implementation of international standards, and technical assistance received, as well as early evaluation of the investments' economic viability, and the requirements of financing and management for the long-term maintenance of public infrastructure. At the institutional level, the program is framed in the PNIP and within government priority lines of action for territorial development. At the technological level, it includes investments in the application of new tools, such as the expansion of the Works Management System (SGO), the BIM methodology, and the expansion of MapInvestments, which will have direct impacts on costs and execution timeframes for the works to be carried out.³¹ Because a very significant percentage of these are designed to improve the country's infrastructure, they will impact its economy over a much longer horizon than that of the program's execution. Lastly, the one of the core pillars for the

³¹ The performance of the projects published on MapInvestments has been better than those not published on the platform. Three months after their publication on MapInvestments, the financial performance of the projects uploaded to that platform increased by 18 percentage points, whereas their fiscal performance increased by 8 percentage points as compared with projects that had not been published [36]. Following the launch of *MapaRegalías*, public investment projects financed with royalties showed average efficiency gains of nearly 8 percentage points [37].

sustainability of the activities promoted by the program concerns real improvements in the well-being of the population, potential productivity gains in the country's different sectors, and their international competitiveness attributable to expanding communication infrastructure in the social sphere.

III. ARRANGEMENTS FOR EXECUTION, MONITORING, AND THE EVALUATION OF RESULTS

A. Execution Arrangements

- 3.1 **Borrower and co-executing agencies.** The borrower will be the Argentine Republic and the program's co-executing agencies will be SAE, MOP, and INMIN, which will be in charge of executing Components 1, 2, and 3, respectively. SAE will act through the Office of the Deputy Minister of International Financial Relations for Development (SSRFID), which is responsible for technical coordination and execution, and through the Office of Special Programs and Projects with a Sector-wide Approach (DPPEESA), an agency of the SSRFID, which is responsible for operational and fiduciary coordination; MOP will act through the National Preinvestment Office (DNPRI), an agency of the Office of the Secretary of Administrative Management (SGA), the former of which is responsible for technical coordination and execution, and the Directorate of Sector Programs and Projects, which is responsible for operational and fiduciary coordination; and INMIN will act through the Office of the Deputy Minister of Policy for Equitable Regional Development, an agency of the Office of the Secretary of the Provinces, which is responsible for technical coordination and execution, and through the Directorate of Sector and Special Programs and Projects (DiGePPSE), an agency of the Office of the Deputy Secretary for Administrative Management, which is responsible for operational and fiduciary coordination. The co-executing agency arrangement was considered the most appropriate, as each has its own program execution unit with the ability to execute its own expenditures,³² making it possible to leverage the cumulative experience of each co-executing agency and thus circumvent the need to create an additional management entity for the program's fiduciary processes. See the [program Operating Regulations](#).
- 3.2 In order to execute the components under their responsibility, each of the co-executing agencies will develop its own planning and operational and fiduciary management (procurement and financial management). Accordingly, each will be able to request disbursements from the Bank and justify advances received independently of the others. The co-executing agencies will also prepare and submit to the Bank separate multiyear execution plans (and/or annual work plans), procurement plans, semiannual progress reports, financial plans, and other instruments required by the Bank to supervise program execution.
- 3.3 All program audits will be contracted by SAE and each co-executing agency will be responsible for submitting its separate audit reports to the Bank. Program evaluations will be contracted by SAE, and submitted to the Bank by the co-executing agencies, which, in turn, are to provide inputs and offer their collaboration in a timely manner, to ensure that the deadlines for submitting evaluation reports to

³² However, none of them has capacity to assume responsibility for executing the activities of the rest of the involved entities, as established in the analysis of institutional capacity.

the Bank are met. SAE will also be responsible for implementing the activities associated with the strategic evaluation (paragraph 3.13).

- 3.4 A technical roundtable will be formed to facilitate coordination among the three co-executing agencies, in which the person responsible for the technical facets of the program for each co-executing agency will participate. At the roundtable, the timetables and work plans of each co-executing agency will be reviewed in an effort to identify complementarities and avoid any type of overlap. The roundtable will also be the venue for reviewing, *inter alia*: the terms of reference for similar activities; model contracts with their different clauses; lists of service providers with a proven track record of positive experiences; potential joint procurement operations involving similar goods in order to identify economies of scale; as well as problems and solutions found during execution. SAE will serve as the roundtable's technical secretariat, and will be responsible for documenting the agreements reached and monitoring them together with the other co-executing agencies. A detailed description of the program execution arrangements will be included in the [program Operating Regulations](#).
- 3.5 **Program Operating Regulations.** The [program Operating Regulations](#) will establish the program guidelines, regulations, and procedures, as well provide the details of its execution mechanism. They will include: (i) the program organizational structure, to include the mechanisms of coordination among the co-executing agencies and between those agencies and the other participating/beneficiary entities of the program (e.g. subnational governments); (ii) work flows and internal controls, specifying the requirements and procedures applicable to program execution; (iii) the specific responsibilities of each specialist responsible for the technical facets of the program and each of their team members; (iv) the programming, monitoring, and evaluation mechanism of the outcomes; (v) the guidelines for financial, audit, and procurement processes; (vi) the strategic environmental assessment and environmental and social management framework of the operations, specifying the processes of classification, due diligence, and the flowchart for the approval of the program financial studies; and (vii) crosscutting activities that could be carried out in all program components, particularly those related to preinvestment studies, methodologies, technical innovations, and for promoting women's participation. At minimum, the program annexes will include: (i) the results matrix; (ii) the fiduciary agreements and requirements; (iii) the [monitoring and evaluation plan](#); and (iv) the itemized budget.
- 3.6 **Special contractual conditions precedent to the first disbursement of the loan:** (i) the co-executing agencies will have approved the [program Operating Regulations](#) and they will have entered into force, in accordance with the terms previously agreed upon with the Bank; (ii) each co-executing agency will have notified the Bank of the specialist it has appointed to be responsible for the technical facets of the program; and (iii) each co-executing agency will have notified the Bank of the individuals it has appointed to serve as a procurement specialist, a financial management specialist, and an environmental and social specialist for program implementation. These measure are necessary since approval of the program Operating Regulations prior to the first disbursement contributes to organizing the operational aspects necessary for the successful implementation of the operation. Moreover, the appointment of the persons responsible for the technical facets of

the program at each of the co-executing agencies will help facilitate the necessary coordination between the agencies to achieve the program's development objectives.

- 3.7 **Procurement.** Procurement operations financed in whole or in part with loan proceeds will follow the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).
- 3.8 **Disbursements and audits.** The Bank will disburse resources under either the advance of funds modality or another established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-12). Advances of funds will be disbursed in accordance with a financial plan prepared for the subsequent six months or another reasonable period, provided that the payments made are eligible and duly documented. With the exception of the first advance of funds, subsequent advances may be processed upon justification of 80% of the total cumulative balance of funds advanced previously. If necessary, use of the flexible measures established in document OP-273-12 can be assessed. The "Online Disbursement" electronic platform will be used to manage disbursements with the Bank. Each co-executing agency may request disbursements from the Bank and justify advances of funds independently from the others. Each of the co-executing agencies will deposit the program proceeds in a bank account of the Central Bank of the Argentine Republic. Those funds will then be transferred to a special account for managing loan proceeds in Banco de la Nación de Argentina. The external audit of the program will be carried out by each co-executing agency, through an independent audit firm eligible to audit Bank-financed operations or by the Office of the Auditor General.
- 3.9 **Retroactive financing.** In accordance with the Bank Policy on Retroactive Financing, Recognition of Expenditures, and Advance Procurement (document GN-2259-1 /Operational Policy OP-507), the Bank may retroactively finance against the loan proceeds eligible expenditures made prior to the loan approval date in connection with goods, nonconsulting services, and/or consulting services for up to US\$5.05 million (equivalent to 13.65% of the proposed loan amount). In this case, such expenses or commitments will have resulted from procurement procedures, including advertising, that have complied with conditions substantially similar to those subsequently established in the loan contract and are consistent with the Bank's Core Procurement Principles, such that subsequent contracts are eligible for financing. The Bank will examine the process used, which the co-executing agencies undertake at their own risk. Such expenditures will have been made on or after 1 November 2021 (project profile approval date), but under no circumstances more than 18 months before the date the loan was approved by the Bank's Board of Executive Directors. The recognition of retroactive expenses against the local counterpart contribution is not anticipated.

B. Arrangements for monitoring and the evaluation of results

- 3.10 **Monitoring.** The co-executing agencies will be responsible for the monitoring and supervising all project management processes, to include, at minimum: (i) monitoring and reporting on the status of program execution; (ii) monitoring and

reporting on the program's performance in terms of compliance with annual fiscal and financial targets; (iii) monitoring the implementation of the [procurement plan](#); (iv) monitoring risk management documents; (v) monitoring the traceability of outputs and outcomes; (vi) preparing semiannual progress reports; (vii) updating the program's multiyear execution plan to be submitted to the Bank as part of each semiannual progress report; (viii) preparing the project completion report; and (ix) documenting good practices and lessons learned ahead of program closure. The Bank will meet annually with the co-executing agencies to discuss, *inter alia*: (i) the progress made on the activities listed in their annual work plans; (ii) the degree to which the indicators established for each component have been fulfilled; (iii) the annual work plan for the following year; and (iv) the procurement plan for the next 18 months and potential changes to the budget allocations by component ([monitoring and evaluation plan](#)).

- 3.11 **Evaluation.** The tools used for the program evaluation include the results matrix and the monitoring and evaluation plan. The program provides for a midterm and a final evaluation, which will address technical, administrative, and financial aspects of the three co-executing agencies as a whole. The midterm evaluation will be conducted once 50% of the loan proceeds have been disbursed or two and a half years after the effective date of the contract has elapsed, whichever occurs first. The midterm report will be presented to the Bank within 60 days of its completion. The main objectives of this evaluation will be to review the progress made in all activities programmed up to that point, any problems that have occurred, the causes of those problems, and the recommended corrective measures to be taken. It will also verify the intermediate outputs generated, occurrence of the risks identified in the corresponding results matrix, and the implementation of the measures to mitigate them.
- 3.12 The final evaluation will be submitted to the Bank within 180 days following the end of the original disbursement period or any extensions thereof. It will include: (i) the results of the physical-financial execution; (ii) the degree of fulfillment of the targets in the results matrix, to include a summary of the results compared with the baseline prepared in the first year of program execution; (iii) a summary of the results of the audits and of the improvement plans; (iv) a sustainability analysis of the program investments, especially with respect to their costs and human capital management; and (v) a summary of the main lessons learned. It will also include the evaluation of the before-and-after methodology and the economic evaluation, which will be carried out through an ex post cost-benefit analysis to be compared with the program ex ante economic analysis, using data compiled during execution and updating the data for comparators ([monitoring and evaluation plan](#)).
- 3.13 In addition, SAE will conduct a strategic evaluation of the program, for which it will coordinate with the other co-executing agencies. The arrangements and methodology for the design and implementation of the strategic evaluation will require the Bank's no objection. This evaluation will focus on generating evidence regarding the contribution of the international financing strategy with respect to: (i) the attainment of the Sustainable Development Goals; (ii) the priority guidelines for government management; and (iii) the achievements with respect to the institutional strengthening of the national government and the jurisdictions.

Development Effectiveness Matrix		
Summary		AR-L1332
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
1. The Strategic Alignment tab in convergence shows alignment on IDB Group Strategic Priorities. The Results Matrix tab lists flagged CRF indicators		
2. The Strategic Alignment tab in convergence shows information on alignment to Country Development Objectives		
II. Development Outcomes - Evaluability		Evaluability
3. Evidence-based Assessment & Solution		9.0
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		3.6
4. Ex ante Economic Analysis		7.5
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		0.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		7.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		3.5
III. Risks & Mitigation Monitoring Matrix		
6. Overall risks rate = magnitude of risks*likelihood		Medium High
The Environmental and Social Data tab in convergence shows the environmental and social risk classification of the project		
IV. IDB's Role - Additionality		
Annex III Fiduciary Arrangements describes project reliance on the use of country systems (VPC/FMP Criteria)		
7. Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

AR-L1332

Evaluability Assessment Note: Multi-Sector Program to Strengthen the Public Investment Cycle (AR-L1332)

The general development objective of the program is to improve the efficiency of Public Investment (PI) at the different levels of government to promote economic and social development, in harmony with the strategies and priorities of the Argentine Republic. To achieve this end, the loan defines a focus on three specific areas in which the project intervenes.

The first seeks to increase the availability of PI projects that are viable and in a position to be executed; the second, reduce gaps in territorial coverage of available projects aimed at promoting territorial equity and, the third, to increase the effectiveness of state actors through the improvement of capacities for the management of the PI project cycle in the different government areas: national, provincial and municipal.

The loan proposal presents a diagnosis of the problem based on the loss of efficiency in infrastructure investment. The proposed solutions focus on improvements to strategic coordination in the PI cycle, strengthening PI management at the three levels of government (national, provincial, and municipal), the financing of investment projects and evaluations of their results. This is important to reverse the downward trend in PI during recent years, potentially accentuated by the context of GDP contraction generated by the COVID-19 pandemic.

These solutions are appropriate to respond to the identified problems and their contributing factors. The results matrix is consistent with the vertical logic of the project. The result indicators are appropriately defined to measure the achievements of the program and the fulfillment of its specific objectives. All impact indicators are aligned with the general development objective.

The ex-ante economic analysis of the operation is appropriate under assumptions applicable to this type of project and according to reasonable sensitivity analyses. It is based on the potential benefits of greater quality, relevance, and quantity of pre-investment studies in water and basic sanitation projects. The analysis shows a positive net present value in the central scenario, as well as under various conditions included in the sensitivity analysis.

The monitoring and evaluation plan includes a before and after methodology, and an ex-post economic analysis. Administrative data will be used for all baseline variables. The monitoring and evaluation activities will be carried out by the co-executing agencies: Secretariat for Strategic Affairs, Ministry of Public Works, and Ministry of the Interior in coordination with the Bank.

RESULTS MATRIX

PROGRAM OBJECTIVES:	The program's specific development objectives are to: (i) increase the availability of viable, execution-ready public investment projects; (ii) narrow territorial coverage gaps with respect to available projects designed to promote territorial equity; and (iii) boost the efficacy of State actors by improving their capacity to manage the public investment project cycle at the various levels of government—national, provincial, and municipal. Achieving these objectives will contribute to the program's general development objective of enhancing public investment efficiency at the different levels of government with the aim of promoting economic and social development, in accordance with the strategic priorities of the Argentine Republic.
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GENERAL DEVELOPMENT OBJECTIVE

Indicator	Unit of measurement	Baseline	Baseline year	Expected year achieved	Target	Means of verification	Observations
General development objective: To enhance public investment efficiency at the different levels of government with the aim of promoting economic and social development, in accordance with the strategic priorities of the Argentine Republic.							
Public investment management score	Score	1.5 (D+)	2018	2026	2.5 (C+)	World Bank, 2019. Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report for Argentina	See monitoring and evaluation plan .

SPECIFIC DEVELOPMENT OBJECTIVES

Indicator	Unit of measurement	Baseline	Baseline year	End of program	Means of verification	Observations
1.1 Gap of works with an allocated budget that have deviated from program-financed detailed designs/total program-financed detailed designs	%	0	2021	45	Co-executing agencies' semiannual progress reports, based on the national budget executed	See monitoring and evaluation plan .
2.1 Territorial coverage gap for infrastructure preinvestment studies approved by the relevant area, for the purpose of promoting territorial equity	%	0	2021	65	Co-executing agencies' semiannual progress reports, based on the Federal Development Plan	See monitoring and evaluation plan .
3.1 Institutions with strengthened managerial and digital technology capacities	Number	0	2020	2	Semiannual progress reports of the Office of the Secretary of Strategic Affairs (SAE) and Ministry of Public Works (MOP)	See monitoring and evaluation plan .

Indicator	Unit of measurement	Baseline	Baseline year	End of program	Means of verification	Observations
3.2 Public investment information availability gaps with climate and gender impacts	%	0	2020	35	Co-executing agencies' semiannual progress reports and MapInvestments administrative reports	Pro-gender and climate change indicators See monitoring and evaluation plan
3.3 Capacity gaps for conducting preinvestment studies that identify the climate vulnerability of works, incorporate the necessary adaptation measures, and reduce greenhouse gas emissions	%	0	2020	55	Co-executing agencies' semiannual progress reports	Climate change indicator. See monitoring and evaluation plan
3.4 Capacity gaps for conducting preinvestment studies with a gender perspective	%	0	2020	40	Co-executing agencies' semiannual progress reports	Pro-gender indicator See monitoring and evaluation plan

OUTPUTS

Output indicator	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of Program	Means of verification	Observations
Component 1. Strengthening SAE's strategic coordination in the public investment cycle											
1.1 Strategic preinvestment studies completed	Study	0	2021	0	0	1	1	0	2	SAE semiannual progress report	Climate change indicator See monitoring and evaluation plan
1.2 Management systems implemented and operating	System	0	2021	0	0	0	1	0	1	SAE semiannual progress report	See monitoring and evaluation plan
1.3 Mechanisms and actions for strengthening public investment management capabilities implemented	Action	0	2021	0	1	1	1	1	4	SAE semiannual progress report	Pro-gender indicator. See monitoring and evaluation plan
Component 2. Building MOP's public investment management capacity at the national, provincial, and municipal levels											
2.1 Preinvestment studies finalized	Study	0	2021	10	10	10	20	20	70	MOP semiannual progress report	See 1.1
2.2 Methodologies for public works management developed	Methodology	0	2021	0	1	1	1	1	4	MOP semiannual progress report	Pro-gender and climate change indicators See monitoring and evaluation plan .
2.3 Training events for subnational entities completed	Training event	0	2021	0	1	2	1	1	5	MOP semiannual progress report	See monitoring and evaluation plan
2.4 Public works management strategy using the BIM methodology implemented	Strategy	0	2021	0	0	0	0	1	1	MOP semiannual progress report	See monitoring and evaluation plan
2.5 MOP guidelines establishing works criteria for strengthening the resilience of works to climate impacts and measures designed to reduce their greenhouse gas emissions	Guidelines	0	2021	0	0	0	0	1	1	MOP semiannual progress report and publication on its website	Climate change indicator
2.6. Works Management System (SGO) with capabilities for managing all MOP works	System	0	2021	0	0	0	0	1	1	MOP semiannual progress report	See monitoring and evaluation plan

Output indicator	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of Program	Means of verification	Observations
Component 3. Building INMIN's preinvestment capacity for the Federal Development Plan											
3.1 Preinvestment studies for el Norte Grande region completed	Study	0	2021	3	6	7	6	2	24	INMIN semiannual progress report	See monitoring and evaluation plan
3.2 Preinvestment studies for the rest of the country completed	Study	0	2021	2	3	5	4	2	16	INMIN semiannual progress report	See monitoring and evaluation plan

Country: Argentina

Division: IFD/ICS

Operation number: AR-L1332

Year: 2022

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Co-executing agencies: Office of the Secretary of Strategic Affairs (SAE), Ministry of Public Works (MOP), and Ministry of the Interior (INMIN).

Name of operation: Multisector Program to Strengthen the Public Investment Cycle

I. FIDUCIARY CONTEXT OF THE CO-EXECUTING AGENCIES

1. Use of country system in the operation (any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of validation by the Bank).

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input type="checkbox"/> National competitive bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input type="checkbox"/> Shopping	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Co-executing agencies/Subexecuting agencies	The borrower and guarantor will be the Argentine Republic and the co-executing agencies will be SAE, responsible for Component 1; MOP, Component 2; and INMIN, Component 3.
<input checked="" type="checkbox"/>	Specific features of fiduciary execution	<p>The borrower will be the Argentine Republic and the program's co-executing agencies will be SAE, MOP, and INMIN, which will be responsible for the execution of Components 1, 2, and 3, respectively. SAE will act through the Office of the Deputy Minister of International Financial Relations for Development (SSRFID), which is responsible for technical coordination and execution, and through the Office of Special Programs and Projects with a Sector-wide Approach (DPPEESA), which is responsible for operational and fiduciary coordination; MOP will act through the National Preinvestment Office (DNPRI), an agency of the Office of the Secretary of Administrative Management, the former of which is responsible for coordination and technical execution, and through the Directorate of Sector and Special Programs and Projects (DiGePPSE), which is responsible for operational and fiduciary coordination; and INMIN will act through the Office of the Deputy Minister of Policy for Equitable Regional Development, which is responsible for coordination and technical execution, and through the DiGePPSE, which is responsible for operational and fiduciary coordination.</p> <p>In order to execute the components under for which they are responsible, each co-executing agency will develop its own planning and operational and fiduciary management (procurement and financial management), and each will be able to request disbursements from the Bank and justify the advances received independently from the others. The co-executing agencies will also prepare and submit to the Bank their own multiyear execution plans (and/or annual work plans), procurement plans, semiannual progress reports, financial plans, and other instruments required by the Bank to supervise program execution.</p> <p>All program audits will be contracted by SAE and each co-executing agency will be responsible for submitting its audit reports to the Bank separately. A detailed description of the program execution arrangements will be included in the program Operating Regulations.</p>

3. Fiduciary capacity

Co-executing agencies' capacity	An institutional capacity assessment of the co-executing agencies were conducted. It confirmed that the three co-executing agencies have the satisfactory degree of development to execute the program. As a result of the assessment, the following opportunities for improvement and measures for addressing the gaps identified: (i) contract additional staff to strengthen different areas; (ii) define and establish interagency coordination mechanisms; and (iii) coordinate with technical areas to obtain up-to-date information and take it into account in preparing the planning and financial budgets for each accounting period. Based on the assessment, each of the co-executing agencies was found to have the capacity needed to address the actions it identified in the short term and able to undertake most of the operation's execution with satisfactory capacity. The specific technical and operational arrangements, together with the entities involved in coordinating financial management, internal control, and program audits, are described in the program Operating Regulations .
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4. Fiduciary risks and risk response

Risk taxonomy	Risk	Risk level	Risk response
Execution environment – economic-financial	If difficulties were to arise in obtaining the budget allocations for the approved projects, their execution would not be achievable within the scope of the program.	Medium/High	Mitigation. Formulate budget allocation requirements on time and monitor the estimate of resources needed for the planned execution.

5. Policies and guidelines applicable to the operation. Financial Management Guidelines for IDB-financed Projects (document OP-273-12), Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15), the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15), and the Bank Policy on Recognition of Expenditures, Retroactive Financing, and Advance Procurement (document GN-2259-1/OP-507).

6. Exceptions to policies and guidelines: None.

II. **CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT**

1. To render accounts for program resources, the effective exchange rate on the date the approval currency or disbursement currency is converted to the borrower's local currency will be used, as provided for in Article 4.10(b)(i) of the General Conditions. To determine the equivalency of expenses incurred in local currency chargeable to the local contribution or the reimbursement of expenditures from the program, the agreed exchange rate will be the rate in effect on the first working day of the payment month. Moreover, the exchange rate indicated in subparagraph (b)(i) of Article 4.10 of the General Conditions will also be used for recognition of the local contribution.
2. The annual audited program financial reports are to be presented to the Bank within no more than 120 days following the close of each fiscal year of the program, duly audited by an independent auditing firm acceptable to the Bank or by Argentina's Office of the Auditor General. The final audited financial reports will be presented within 120 following the date of the last program disbursement.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	For procurement of works, goods, and nonconsulting services conducted in accordance with the procurement policies (document GN-2349-15), subject to international competitive bidding (ICB), the Bank's standard bidding documents or those agreed upon between the co-executing agencies and the Bank for individual procurement will be used. The selection and contracting of consultants will be conducted in accordance with the Policies for the Selection and Contracting of Consultants (document GN-2350-15), and the standard request for proposals issued by the Bank or agreed upon between the co-executing agencies and the Bank will be used for the selection of individuals. For national public bidding and shopping for goods and nonconsulting services, the Bank's standard bidding documents for Argentina will be used along with the corresponding standard evaluation reports. The project sector specialist will be responsible for reviewing the technical specifications and terms of reference of the procurement operations during the preparation of selection processes). This technical review may be conducted ex ante and is independent of the procurement review method.						
<input checked="" type="checkbox"/>	Use of Country Systems	The information system will be used. The COMPR.AR system, which was approved as an electronic support system for processes under IDB policies, will be used for the procurement of goods and nonconsulting services for up to US\$1.5 million.						
<input checked="" type="checkbox"/>	Recurrent expenditures	The recurrent expenditures required to make the project operational will be approved by the Project Team Leader and made in accordance with the administrative procedures of the co-executing agencies, which are spelled out in the program Operating Regulations . These procedures will be reviewed and accepted by the Bank, provided that they do not violate the principles of economy, efficiency, and competition (document GN-2331-5).						
<input checked="" type="checkbox"/>	Advance procurement/ retroactive financing	The Bank may retroactively finance, against the loan proceeds, eligible expenditures of the co-executing agencies made prior to the loan approval date in connection with goods, nonconsulting services, and/or consulting services for up to US\$5.05 million (equivalent to 13.65% of the proposed loan amount). In this case, such expenses or commitments will have resulted from procurement procedures, including advertising, that have complied with conditions substantially similar to those subsequently established in the loan contract and are consistent with the Bank's Core Procurement Principles, such that subsequent contracts are eligible for financing. The Bank will examine the process used, which the co-executing agencies undertake at their own risk. Such expenditures will have been made on or after 1 November 2021 (project profile approval date), but under no circumstances more than 18 months before the date the loan was approved by the Bank's Board of Executive Directors. The recognition of retroactive expenses against the local counterpart contribution is not anticipated.						
<input checked="" type="checkbox"/>	Procurement supervision	<p>The supervision method will be ex post, except in cases where ex ante supervision is warranted, which are indicated in the procurement plan. Ex post reviews will be conducted in accordance with the project supervision plan, subject to changes during execution. The ex post review reports will include at least one physical inspection visit, selected from among the procurement processes subject to ex post review. The thresholds for ex post review are as follows:</p> <table border="1"> <thead> <tr> <th>Works</th><th>Goods/Services</th><th>Consulting services</th></tr> </thead> <tbody> <tr> <td>US\$0</td><td>SAE: US\$500,000 INMIN: US\$1.5 million MOP: US\$500,000</td><td>SAE: US\$200,000 INMIN: US\$1 million MOP: US\$500,000</td></tr> </tbody> </table>	Works	Goods/Services	Consulting services	US\$0	SAE: US\$500,000 INMIN: US\$1.5 million MOP: US\$500,000	SAE: US\$200,000 INMIN: US\$1 million MOP: US\$500,000
Works	Goods/Services	Consulting services						
US\$0	SAE: US\$500,000 INMIN: US\$1.5 million MOP: US\$500,000	SAE: US\$200,000 INMIN: US\$1 million MOP: US\$500,000						

<input checked="" type="checkbox"/>	Records and files	The three co-executing agencies, SAE, MOP, and INMIN, will be responsible for maintaining files and supporting documentation of procurement processes, competitive application processes, investments, and vouchers for payments made with program resources. Physical files and digital records will also be kept for the same purpose and for Bank supervision, in accordance with the indications for this purpose spelled out in the program Operating Regulations.
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Main procurements

Procurement description	Selection method	Estimated date	Estimated amount (US\$)
Firms			
Itiyuro Water Treatment Plant expansion study	Quality and cost-based selection (QCBS)	February 2022	350
Study for the development of sewerage draining system in Merlo	QCBS	April 2022	650
Integrated Management Plan for Water Resources of the Arroyo Pavón Basin - Santa Fe	QCBS	April 2022	425
Road widening study of National Route 9, Santiago del Estero-Tucumán segment	QCBS	April 2022	600
Individuals			
Individual consultants for actions to strengthen public investment management capacities 2023	Selection of individual consultants (3CV)	January 2023	250
Individual consultants to provide technical assistance to government agencies	3CV	April 2024	950

See [procurement plan](#).

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	Each co-executing agency for the formulation and programming of the annual budget and will carry out procedures conducive to consolidating the annual budget for its approval. In the event that the need to extend or reassign budgets arises, the co-executing agencies will request the necessary modifications and will be responsible for managing their approval. Budget appropriations are executed through quarterly and monthly accrued commitment installments, which are allocated by the National Budget Office (Ministry of the Economy).
<input checked="" type="checkbox"/>	Treasury and disbursement management	Bank accounts. The executing agency will manage and control the bank accounts opened in dollars and in local currency exclusively for the separate management of loan proceeds, as well as the bank reconciliation of those accounts. Financial plan. Disbursements will be made in accordance with a detailed financial plan based on actual program liquidity needs.

		<p>Disbursement methods. The Bank will disburse resources under the advance of funds modality or another modality established in the guidelines in document OP-273-12. Funds will be advanced based on a financial plan for the next six months or another reasonable period, provided the payments are made and duly documented. Subsequent disbursements may be processed once 80% of prior advances has been substantiated. If necessary, use of the flexible measures established in document OP-273-12 can be examined. The “Online Disbursement” electronic platform will be used to manage disbursements with the Bank. Each co-executing agency may request disbursements from the Bank and justify advances of funds independently from the others.</p> <p>Pursuant to document AB-2990, the pace of Bank disbursements of loan proceeds from the Ordinary Capital resources will be subject to the following caps: (i) up to 15% in the first 12 months; (ii) up to 30% during the first 24 months; and (iii) up to 50% in the first 36 months These periods will be counted from the time the loan operation is approved by the Board of Executive Directors. These caps may not apply if the requirements set by Bank policy have been met, provided the borrower has been notified in writing.</p> <p>Flow of program proceeds. The proceeds of the program will be deposited in a bank account of the Central Bank of the Argentine Republic, which has been set up to receive IDB disbursements, and later transferred to a special account for managing loan proceeds in Banco de la Nación de Argentina. Use of the Treasury Single Account is not anticipated.</p>
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	The executing agency will use UEPEX ¹ as the financial administration system, which makes it possible to identify project funds and sources of financing. In accordance with the chart of accounts approved by the Bank, the UEPEX assigns the program investments by component from the cost table. Cash-basis accounting will be used and the International Financial Reporting Standards followed, where applicable, in accordance with national criteria.
<input checked="" type="checkbox"/>	Internal control and internal audit	The Office of the Comptroller General is responsible for internal control. The internal audit units of each co-executing agencies will be responsible for the internal audit.
<input checked="" type="checkbox"/>	External control and financial reports	The external audit of the program will be carried out by each co-executing agency, through an independent audit firm eligible to audit Bank-financed operations, to be selected and contracted in accordance with the terms of reference and model contract previously agreed upon with the Bank. The Office of the Auditor General may also conduct the audit, since the National External Control subsystem has been validated, to the extent that its workload permits, and will require a previous agreement with the Bank.
<input checked="" type="checkbox"/>	Financial supervision of the operation	The financial supervision plan will be based on risk assessment and fiduciary capacity evaluations of the co-executing agencies and will take into account onsite supervision visits and desk reviews, as well as the analysis and monitoring of results and recommendations of the audits of the program’s annual financial reports.

¹ <https://www.argentina.gob.ar/economia/sechacienda/dgsiaf/uepex>.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

Argentina. Loan ____/OC-AR to the Argentine Republic. Multisector Program to Strengthen the Public Investment Cycle

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as borrower, for the purpose of granting the former a financing aimed at cooperating in the execution of the Multisector Program to Strengthen the Public Investment Cycle. Such financing will be for the amount of up to US\$37,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____ 2022)