

ARGENTINA

SUPPORT FOR THE PLAN FAMILIAS PROGRAM

(AR-L1006)

LOAN PROPOSAL

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ANNEXES

Annex I Logical framework

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Electronic Links and References	
Basic socioeconomic data	http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata
Portfolio in execution	http://ops.iadb.org/approvals/pdfs/ARen.pdf
Tentative lending program	http://opsgsl/ABSPRJ/tentativelending.ASP?S=AR&L=EN
Information available in the RE1 technical files	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=597390

ABBREVIATIONS

ACC	Área Staff de Comunicación y Capacitación [Staff area for communication and training]
AWP	Annual work plan
BNA	Banco de la Nación Argentina
CALS	Centros de Atención Local [Local service centers]
CAPS	Centros de Atención Pública de la Salud [Public health-care centers]
CBCs	Contenidos Básicos Comunes [Basic common contents]
CESI	Committee on Environment and Social Impact
CGP	Coordinación General del Programa [General program coordination]
DGFAFI	Dirección General de Fondos de Administración Financiera Internacional [General Directorate of International Financial Management Funds]
DNI	Documento Nacional de Identidad [National identity document]
ECPI	Encuesta Complementaria de Pueblos Indígenas [Complementary Survey of Indigenous Peoples]
ECV	Encuesta de Condiciones de Vida [Standards of living survey]
EGB	Educación General Básica [General basic education]
ETL	Equipo Técnico Local [Local technical team]
ETP	Equipo Técnico Provincial [Provincial technical team]
IDH	Ingreso para el Desarrollo Humano [Income for Human Development]
MDS	Ministry of Social Development
MTEYSS	Ministry of Labor and Social Security
NAPs	Núcleos de Aprendizajes Prioritarios [Priority learning units]
UBN	Unmet basic needs
NGO	Nongovernmental organization
GDP	Gross domestic product
PJJHD	Plan Jefas y Jefes de Hogar Desocupados [Unemployed Heads of Household Plan]
TOR	Terms of reference
UAF	Unidad de Administración y Finanzas [Management and finance unit]
UGO	Unidad de Gestión Operativa [Operational management unit]
UPFC	Unidad de Promoción Familiar y Comunitaria [Family and community promotion unit]
USM	Unidad de Supervisión y Monitoreo [Supervision and monitoring unit]

PROJECT SUMMARY

ARGENTINA SUPPORT FOR THE PLAN FAMILIAS PROGRAM (AR-L1006)

Financial Terms and Conditions ¹				
Borrower: Republic of Argentina Executing agency: Ministry of Social Development (MDS)			Amortization period:	25 years
			Grace period:	3 years
			Disbursement period:	3 years
Source	Amount US\$	%	Interest rate:	LIBOR
IDB (Ordinary Capital)	700,000,000	70	Inspection and supervision fee:	0%
Local	300,000,000	30	Credit fee:	0.25%
Total	1,000,000,000	100	Currency:	US dollar from the Single Currency Facility
Project at a glance				
<p>Project objective:</p> <p>The program's general objective is to reduce the intergenerational transmission of poverty by expanding and consolidating a program of subsidies targeted at the poorest families.</p> <p>Special contractual conditions: See paragraph 3.33</p> <p>(a) Precedent to the first disbursement: (i) establishment of General Program Coordination, including the appointment of the Chief of the CGP line units and areas, the Chief of the team responsible for implementing the institutional improvement plan, and the Chief of the team attached to the CGP exclusively for purposes of handling coordination, and the Chief of the Financial Administration Area (DGGAFI); (ii) approval of the Operating Regulations, including the manuals needed for implementation; (iii) presentation of terms of reference, consulting firms shortlist, and request for proposals to select and contract the following consulting services: (a) development and implementation of the program's integrated information system; (b) the program financial/operational and operations audit; (c) design of the program communications strategy; and (iv) evaluation of program outcomes and impact. (b) precedent to the transfer of funds to Banco de la Nación (BNA) for the payment of subsidies via bank card: an agreement between the MDS and BNA must have been signed and master manual must have been issued; (c) precedent to the disbursement of more than 70% of the budgetary allocation for subsidies to be financed out of the loan proceeds: fulfillment of intermediate targets in relation to operational optimization and evaluation of component II as described in paragraphs 3.8 and 3.9; and (d) before component II is implemented in more than 60 municipalities, the milestones for operational optimization and evaluation and consolidation of component II must have been reached. Concurrent, operational, and financial of the program will be required (paragraph 3.34 and 3.35).</p> <p>Single-source selection: See paragraphs 3.27 and 3.28.</p> <p>Project consistent with country strategy: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Project qualifies as: SEQ <input checked="" type="checkbox"/> PTI <input type="checkbox"/> Sector <input type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input checked="" type="checkbox"/></p> <p>Procurement: See paragraphs 3.23 to 3.28.</p> <p>Verified by CESI on: The document was reviewed by CESI on 2 September 2005.</p>				

¹ The interest rate, credit fee, and inspection and supervision fee mentioned in this document are established pursuant to document FN-568-3 Rev. and may be changed by the Board of Executive Directors, taking into account the available background information, as well as the respective Finance Department recommendations. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed 1% of the loan amount.*

* With regard to the inspection and supervision fee, in no case will the charge exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. FRAME OF REFERENCE

A. The sector

1. Incidence and profile of poverty in Argentina

- 1.1 Argentina has traditionally been the country with the highest social indicators in Latin America. Nonetheless, its socioeconomic situation has steadily deteriorated over the last few decades, with sustained increases in poverty and inequality even in periods of economic expansion. For example, between 1992 and 1998, the economy expanded by 25%, but the indigence rate doubled to 7.6%, and poverty grew by 50% to afflict 28.3% of the population. Income inequality measured by the Gini coefficient also increased from 0.445 to 0.496 in the same period.
- 1.2 Since 1998, conditions have worsened, as the country entered a recessionary phase culminating in the economic crisis of 2001 and 2002, which raised poverty and extreme poverty to extremes (57.5% and 27.5%, respectively). The situation improved in the wake of a vigorous economic recovery in 2003 and 2004, when GDP grew by nearly 9% per year, yet by the end of 2004 poverty and indigence rates were still very high (40.2% and 15%, respectively). These results are consistent with studies by the Bank that reveal a low elasticity of poverty with respect to growth in Argentina, and they projects a high incidence even in continued scenarios of economic recovery.¹
- 1.3 A significant feature of the population living in poverty is large family size with numerous dependents in each household. The average family in indigent households has 5.2 members, compared with 4.5 for poor households, and 2.7 in nonpoor households. As a result, poverty affects children living in these numerous families disproportionately. Over 70% of children under 14 years of age are below the poverty line, while the incidence falls to 66% for persons between 15 and 22 years of age, and 51% between 23 and 64 years old, reaching their lowest level (30%) among those over 65. The presence and number of children under 18 years of age in the family is the leading predictor of poverty, alongside the mother's level of schooling.²
- 1.4 The poverty situation correlates very strongly with quality of access to education and health services, reducing poor people's chances of accumulating human development assets. In education, for example, although primary school coverage in Argentina is practically universal, tardiness, grade repetition, and school dropout indicators all rise with the level of poverty. On average, the poorest students repeat at least two more years than non-poor students, and then drop out of school

¹ Inter-American Development Bank (2004), "Argentina- Poverty and Inequality," Mimeo.

² See Epele and Dowbley, "Identificación y caracterización de los potenciales beneficiarios del programa familias," April 2005.

altogether. In the 6-14 year age cohort, 21% of children have repeated at least one grade and are therefore attending primary school behind the rest of their age group. Nonetheless, while this situation affects 9.5% of children from families in the highest income quintile, the figure rises to 30.5% in the poorest quintile. Generally speaking, estimates show that the poorest students display the worst school performance. According to a report by the Ministry of Education on student evaluations in the third year of Polymodal education in 2000, test scores in mathematics of young people from low socioeconomic strata were 21% below those of students from a high socioeconomic level (54.2% compared with 68.5%).³

- 1.5 Possession of health insurance is a decisive factor for accessing and using health services, since it reduces the cost of the service. Data from the Standard of Living Survey (ECV) show that just 22% of people from the lowest income quintile had health insurance in 2001, compared with 89% in the highest. In the same year, children between 0 and 12 years of age in the poorest quintile had 40% fewer doctors' visits than those in the highest (31.9% compared with 53.8%). For children under two years of age, 69.6% in the poorest quintile had four doctors' visits, compared with 95% of children in the wealthiest quintile.

2. Social safety-net system

- 1.6 In response to the crisis in late 2001, the national government adopted a social security protection strategy based on fast-implementing programs aimed at alleviating the impact of the crisis. In this context, spending on social assistance grew by over 35% in real terms, based on direct delivery of benefits—both monetary (mostly conditional monetary transfers) and nonmonetary (food and medicine programs).
- 1.7 In addition to mitigating the economic impact of the crisis on beneficiary households, the new conditional monetary transfer programs displayed results that were consistent with similar programs elsewhere in the region: among other things, they correctly targeted the poor, promoted school attendance, and improved food consumption. Nonetheless, unlike other similar programs, in Argentina they were implemented in a critical situation requiring rapid expansion, with poverty and indigence rates that were way above their historical levels. As will be seen below, this led to: (i) population groups of widely differing socioeducational characteristics being treated homogeneously, despite needing differentiated strategies and support to improve their socioeconomic situation; and (ii) shortcomings in the management of programs that impaired the efficiency of the actions undertaken.

³ IDECE (2001), "Operativo Nación de Evaluación. Informe de resultados para el año 2000," National Ministry of Education.

- 1.8 The largest-scale program launched during the crisis was the Unemployed Heads of Household Plan (PJJHD), implemented by the Ministry of Labor and Social Security (MTEySS) and partly financed by the World Bank. At the peak of its coverage in May 2003, this program was benefiting 2 million households. The PJJHD pays benefits to unemployed heads of household with children of up to 18 years of age. Until the Government of the Republic of Argentina closed the program to new beneficiaries in 2003, heads of household could apply for admission spontaneously (self-selection) in their municipalities; and, once their eligibility had been confirmed, they would start to receive monthly economic assistance equivalent to roughly US\$50 (150 pesos). The program requires its beneficiaries to participate in productive projects, community services, or training (*workfare*). Its annual outlays in 2003 amounted to slightly over US\$1 billion (roughly 45.2% of national government social assistance expenditure, and 0.7% of GDP).
- 1.9 As another response to the crisis, the *Income for Human Development (IDH) program was created in early 2002*. This operates with Bank funding within the domain of the Ministry of Social Development (MDS), seeking to promote development and health, and to keep children in the education system. The IDH program provides subsidies, subject to family counterpart commitments in terms of health and schooling, to families living in poverty with a least one child under 19 years of age; and it takes steps to facilitate beneficiaries' access to basic health and education services. In contrast to the PJJHD, the IDH targets an index of variables (proxy means) to estimate income and thus determine family eligibility. Although the amount varies according to the number of children in the family, the average subsidy is US\$54 (162 pesos). At the present time, the IDH is benefiting roughly 231,070 families, with annual outlays of roughly US\$100 million in 2003.
- 1.10 Evaluations using income poverty as a targeting criterion show that over 95% of PJJHD and IDH beneficiaries come from poor families. This compares favorably with the country's other social programs, which, excluding the social security system, reach on average less than 50% of poor households. The IDH targets more effectively, albeit marginally, households living in extreme poverty. With regard to gender differences, over 71% of households benefiting from the PJJHD and over 90% of those receiving benefits from the IDH are headed by women. As many as 94% of IDH beneficiaries have not completed secondary school.
- 1.11 Although the PJJHD had limited success in job creation, it achieved positive results in terms of poverty reduction. Although one half of all beneficiaries found employment as a result of the program, over one half of them were inactive before being admitted to the program. This is probably explained by the fact that many women seem to have entered the labor market through the program. In terms of poverty reduction, while the PJJHD had a limited effect on overall poverty rates, it acted as a social safety net by cushioning the drop in income that households would have suffered in the absence of the transfer.

- 1.12 Like the PJJHD, the IDH helped to reduce the economic impact of the crisis on its beneficiaries. The program mostly impacted household food consumption (on average 70% of the subsidy is spent on food), substantially improved children's school attendance, and had a positive influence in persuading young beneficiaries to enroll in secondary school once they have completed primary school.
- 1.13 Although, as mentioned above, PJJHD beneficiaries are overwhelmingly poor, the use of unemployment as an eligibility criterion in a labor market in crisis resulted in undifferentiated inclusion of beneficiaries with widely differing educational, employment, and family characteristics. For example, while nearly 20% of beneficiaries have at least a secondary education, another 20% have incomplete primary education or less. In terms of activity status, 41.9% of beneficiaries are employed, while 29.3% are inactive, 87% of them women. As to the number of children, nearly 40% of beneficiary families have three children or more, and the same percentage have just one child. This heterogeneity makes it difficult to adopt strategies for social protection and advancement in the post-crisis period.
- 1.14 The urgency with which these programs were implemented also led to management failings. For example, an independent study shows that at the end of 2004 the IDH had a family database that was not kept up to date, and its maintenance systems were poorly defined; payments were made manually based on out-of-date family data; and there were no processes established to oversee the counterpart commitments, or for internal monitoring and control functions. In the case of the PJJHD, by late 2003 only 68% of beneficiaries were fulfilling any counterpart activity; 28% no longer satisfied the eligibility conditions; and weaknesses persisted in the information and monitoring system, which, among other things, made it difficult to keep the program's payment records up to date.

B. The country's strategy in the sector

- 1.15 The government is implementing a new medium- and long-term social policy. The strategy aims to distinguish between population groups with different socioeconomic profiles and improve the management of conditional transfer programs, so as to raise their efficiency and impact especially those families least likely to benefit from the economic recovery. In this scenario, the emphasis is shifting from providing a safety net for families during a period of socioeconomic crisis, toward focusing more on short-term social protection and escape from poverty in the medium and long-terms.
- 1.16 The most critical area of this policy involves the reorganization and redesign of the conditional subsidy programs, and reform of the PJJHD in particular given its budget, coverage, heterogeneous beneficiaries, and political visibility. As an initial step, the government approved Decree 1506/04, which provides for the reorganization of the PJJHD, distinguishing between beneficiaries who are immediately employable (either through entry to the formal labor market or through

participation in community activities) and those displaying greater vulnerability. The first group of beneficiaries would remain in the PJJHD operated by the MTEySS, while the second would move to the new MDS *Plan Familias*, which would also take over the current IDH beneficiaries. Based on this division, the two ministries will take steps to specifically address the problems faced by these population groups.

- 1.17 At the same time, the government began to improve the PJJHD and IDH management systems to ensure that beneficiaries fulfill the specified eligibility criteria and permanency conditions. As a result, the number of PJJHD beneficiaries dropped from 2 to 1.6 million between May 2003 and September 2004. Over one half of the dropouts occurred as a result of tighter administrative control of the program, while the remainder reflected labor market entry. In January 2005, the IDH embarked upon an incipient managerial reorganization process. Among other things, these actions have made it possible to almost completely update the database and start payment of the subsidy through a debit card. The government envisages the reorganization of conditional transfer programs and improvement of their administrative controls as a precondition for future expansion aimed at encompassing all families living in situations of structural poverty.

C. Program strategy

- 1.18 The proposed operation will support implementation, consolidation, and expansion of the MDS *Plan Familias* program, based on conditional monetary transfers to protect the most vulnerable population groups and support their accumulation of human and social capital. In an initial phase, the government has decided that the program will prioritize the poorest families in the current PJJHD, who voluntarily choose to transfer, along with the current IDH beneficiaries. The program will also promote families' social participation, facilitating access to education, health, employment, and citizens rights. The main value added brought by the program is its support for a difficult process to reform social assistance programs (monetary subsidies) that were created during the country's economic crisis.
- 1.19 The *Plan Familias* program will stress investment in the human and social capital of beneficiary families, complementing the subsidy payment with other key actions that respond to the profile and needs of the most vulnerable population groups. The program therefore includes school support actions to deal with repetition, drop out, and performance problems among the school-age children of beneficiary families; and it provides monetary and nonmonetary incentives for students to complete their school education, as well as for job skill development and professional training. The program also broadens the concept of human capital creation, based on the premise that the acquisition of life skills is a fundamental step in complementing labor market and educational strategies, in addition to family and community development.

- 1.20 Drawing on other experiences in the region (e.g. Chile Solidario), the program also includes a strategy of personalized services for beneficiary families, taking account of the needs of all members of the family group. Part of this strategy involves analyzing the supply of existing services to which these families have access in each locality. It will also employ facilitators who will maintain direct contact with the families, identifying their needs and directing beneficiaries toward official institutional programs that can satisfy them.
- 1.21 The program will also develop strategies to target short-, medium- and long-term actions on particularly vulnerable groups, one of which consists of undocumented people who, as such, are excluded from most social programs since they do not have the means to pay for registration⁴. This is particularly critical, given the prevalence of such situations in areas with high poverty indices.⁵ A second group needing attention consists of indigenous peoples. As a result of phase I, the program will propose specific actions aimed at identifying and incorporating eligible beneficiaries of indigenous origin.

D. The Bank's strategy in the sector

- 1.22 This program is consistent with the goals of the Bank's strategy with Argentina for 2004-2008 (document CP-2785), and it is specifically included among the priorities of the social protection area. The strategy area of poverty reduction and rebuilding of human capital prioritizes actions leading to comprehensive consolidation of the social safety-net programs implemented during the emergency. In addition, the Bank is expected to provide support for the design and implementation of a program of conditional subsidies targeting poor and indigent families.
- 1.23 The operation is also aligned with the Strategy for Poverty Reduction and Promotion of Social Equity (document GN-1894-7), which describes programs of conditional monetary subsidies as key elements in combating structural poverty and inequality. The Bank has provided financing and technical support for programs of this type in Mexico, Honduras, Nicaragua, Ecuador, Jamaica, Colombia, and recently Brazil. All of these programs have undergone rigorous evaluations that revealed positive results in terms of increased family consumption, more schooling, and the use of basic health services. Also, under this operation the conditional monetary subsidies would complement a school support program to improve child learning and prevent failure in schools. There is evidence to suggest that, in the

⁴ Harbitz, Mia; Duryea, Suzanne. "Consecuencia en relación al acceso a derechos y servicios sociales y a la implementación de programas de reducción de pobreza en 5 países de Latinoamérica". *Mimeo*. Evidence from five countries in the region shows that there is a strong correlation between not having an identity card and not having access to basic rights and services.

⁵ Roughly 15% of migrant families in the pilot schemes needed help in processing the DNI.

region and other parts of the world as well, programs of this kind have a positive, although moderate, impact on a child's academic performance⁶.

- 1.24 The Bank is currently financing programs targeting vulnerable groups with actions that will be coordinated with this program. Apart from the IDH, it is supporting education and health programs that complement support for poor families from the supply side. These include the education system improvement program (1345/OC-AR), which finances infrastructure, teacher training, educational texts and technology, giving preference to the poorest jurisdictions, as well as 350,000 educational scholarships for poor students enrolled in primary and secondary school. In health, the actions of the primary health-care reform program (1193/OC-AR) include financing the supply of medicines to over 5,000 public health-care centers (CAPs), which deliver basic health services to the poorest segments of the population. The Bank is also supporting operations to strengthen the supply of social services in Mendoza and Buenos Aires (AR-L1003 and AR-L1007).

E. Coordination with other donors

- 1.25 The proposed operation complements a number of World Bank operations, both ongoing and in preparation. These include the sector adjustment program for maternal-child health insurance, and the first phase of the mother-child insurance investment program, which will fund basic input packages for primary health-care among poor populations. The World Bank is also developing a second stage of the heads of household program, which will complement and be implemented alongside the *Plan Familias*. This second stage will keep transfers conditional on labor activity, and will focus on redesign of the program, emphasizing training actions and completion of education to make it easier for beneficiaries to enter the labor market. In addition, operations proposed by the European Commission in health, education, and social development also support this operation.

⁶ Bodilly, Susan and Beckett, Megan (2005) "Making out-of-school time matter: Evidence from an action agenda", No. RB-9108-WF, Education and Labor and Population, RAND Corporation, California. Yapa, Yoon-Tien; et al. (2002), Limiting Child Labor Through Behavior-Based Income Transfers: An Experimental Evaluation of the PETI Program in Rural Brazil.

II. THE PROGRAM

A. Objectives and description

- 2.1 The general objective of the program is to reduce the intergenerational transmission of poverty by expanding and consolidating a program of subsidies targeted at the poorest families. The specific objectives are: (i) to implement and consolidate the Families Program to provide conditional monetary transfers efficiently and effectively to all eligible families; (ii) to improve the capacity of beneficiary families to gain access to social services that help strengthen their human, social, and family capital; and (iii) to strengthen and consolidate the program's management capacity.

B. Program structure

- 2.2 A multiphase program is proposed, to be implemented over roughly seven years, costing an estimated US\$2 billion in two phases of US\$1 billion each. In accordance with document GN-2085-2, the multiphase modality is justified because the program, among other things: (i) supports a long-term effort to allow for the creation of human capital among the poorest families; and (ii) requires monitoring by stages even in the framework of well-defined development goals, given the need to evaluate new mechanisms for the targeting, identification, and incorporation of beneficiaries, and social and family promotion activities that are new to conditional transfer programs.
- 2.3 **Eligibility criteria.** Current IDH beneficiary families will be eligible for inclusion in the program, along with PJJHD families (subject to the benefit recipient being the woman not the man), provided they satisfy the following requirements: (i) they must reside in one of the 500 municipios identified as priorities or in municipal partnerships as established in the Operating Regulations; (ii) they must have at least two children (or dependent minors) under 19 years of age, and/or disabled children of any age; and (iii) the mother or male beneficiary (in the case of a single-parent family) must not have completed secondary school education. In the case of current male PJJHD beneficiaries that satisfy the eligibility conditions, the name of the subsidy recipient will effectively need to be changed to that of the spouse or mother of the children in order to qualify for the transfer.
- 2.4 Following the migration of PJJHD beneficiaries and adoption of current IDH beneficiaries it is hoped to cover roughly 450,000 families by the end of phase I. This level of coverage accounts for approximately 30% of families living in poverty with two or more children, whose mothers have less than secondary education—factors that together are predictors of a higher level of family indigence. The priority municipios in which the program will operate will be chosen on the basis of the following criteria: (i) the number of potential families to be transferred from the

PJJHD; (ii) the percentage of households below the poverty line in the locality; and (iii) total size of the local population.⁷

- 2.5 The program consists of three components: (i) nonwage incomes; (ii) promotion of the family and local community; and (iii) public information and dissemination, addressing beneficiary needs, and institutional strengthening.

1. Component I. Nonwage incomes (US\$853.3 million in phase I)

- 2.6 The aim of this component is to improve the quality of life of beneficiary families currently living below the poverty line with children or dependent minors under 19 years of age. To this end, a nonwage income will be provided to reduce their social vulnerability and help them acquire human and social capital.
- 2.7 The specific objectives are: (i) to provide nonwage support to beneficiary families on a monthly basis, paid through a bank debit card; (ii) to promote an increase in human capital by setting conditions in terms of health care and education; and (iii) to maintain a transparent beneficiary listing that promotes the social inclusion of vulnerable families. Although comprehensive actions will be undertaken with the whole family, mothers will be the actual recipients of the monetary support.
- 2.8 The program will use loan funds to partly finance the cost of the subsidies for all participating families. As in the IDH, the amount of the subsidies will depend on the number of dependent children under 19 years of age, but the average values of the IDH are expected to be maintained. The subsidy amount is calculated as a minimum of 100 Argentine pesos monthly for one child or expectant mother, plus 25 pesos for each additional child, up to a maximum of five children and 200 Argentine pesos per family. The average amount to be received per family is 156 Argentine pesos, with the payment being made on a monthly basis through a bank debit card.
- 2.9 Payment of the subsidy will depend on the fulfillment of eligibility conditions and four-monthly verification of the permanency conditions (conditionalities). The following conditionalities for beneficiaries will apply in phase I: (i) in health, fulfillment of the National Immunization Plan for Children and Dependent Minors as indicated by the National Ministry of Health, and bimonthly checkups for expectant mothers; and (ii) in education, initial enrolment and continued fulfillment of regular student status according to current regulations in each province, for each child between five and 19 years of age dependent on the benefit recipient, or completion of secondary or polymodal education, whichever occurs first.

⁷ This indicator was compared with another ranking that used the unmet basic needs (UPN) index by locality as one of its weights, which produced similar rankings.

- 2.10 If the program's conditionalities are not fulfilled, the benefit will be totally or partially suspended on a provisional basis until continued compliance with the condition in question is demonstrated. Nonfulfillment of the program's eligibility criteria will be grounds for exclusion, as will receipt of income which, when added to the nonwage subsidy, is greater than the minimum wage (Salario Mínimo Vital y Móvil) established by the Ministry of Labor and Social Security. In this way, labor market participation will not be discouraged, and protection for families whose incomes are below the poverty line will be maintained. Families will also remain eligible if beneficiary mothers complete secondary education after entering the program.
- 2.11 This component will also finance the costs of the migration operation, including technical assistance for setup and startup. In particular, funding will cover operational support, together with communication and dissemination activities, and furnishing and equipment.

2. Component II. Promotion of the family and local community (US\$97.3 million in phase I)

- 2.12 This component will strengthen the human capital development strategy and promote family social integration by making it easier for them to access social services and strengthening full exercise of their rights. The component includes three lines of activities that will be devoted exclusively to the needs of *Plan Familias* beneficiaries: (i) school support; (ii) workshops to promote family and community development; and (iii) removal of access barriers to job skill development services, professional training, and completion of education.
- 2.13 **School support.** School support aims to alleviate and prevent situations of school failure stemming from discrepancies between the cultural capital possessed by families and that which is valued and transmitted in the schools. School support will enable children of beneficiary families to gain access to learning experiences out of school hours, in order to: (i) strengthen their mastery of spoken and written language skills and logical-mathematical concepts, in keeping with their ages and educational levels; and (ii) consolidate civic formation and stimulate socialization capacities. It will also give families tools to stimulate student development and interact with schools and teachers.
- 2.14 School support will consist of courses for school-age children to be held outside class hours, complemented by workshops for parents and teachers. Potential participants in these activities will include all the program beneficiary children who are currently in general basic education (EGB) and polymodal/secondary education, along with their parents and teachers, whether in public or private schools. These activities are expected to benefit roughly 150,000 children and their parents and teachers. Although participation in this activity will be voluntary, the program will use a variety of strategies to stimulate demand, including the training of program

facilitators, together with the communications and dissemination strategy, and promotion in schools and in the local service center (CAL) and other media. Courses will be organized by educational level, and by subject in cases of polymodal and/or secondary education. Even if there is sufficient demand, courses will not be opened by grade.

- 2.15 Despite being of a universal nature, the following groups will be considered priorities given that there are supply restrictions caused by implementation times and other hindrances: (i) first grade entrants that have not completed the initial level, and children that have already repeated first grade or are at risk of doing so; (ii) children who are well overage in the second cycle (two or more years behind); and (iii) children enrolled in EGB3. These groups display the greatest repetition and dropout risks.
- 2.16 In content terms, school support activities will have two modules: one containing minimum obligatory contents applicable to all beneficiaries, and another module that can be adapted to more specific pedagogic needs. The minimum general obligatory contents to be imparted by trained teachers will be drawn from the priority learning units (NAPs) or the common basic contents (CBCs). NAPs and CBCs defined by the National Ministry of Education, Science, and Technology form a common basis for teaching throughout the country, certified by the provincial education authorities. In the case of the adaptable module, the teacher in charge will identify additional contents and/or activities suited to the learning needs of the different student subgroups, assigning to this module up to 25% of the time allotted for contact with the students. A diagnostic test will be performed at the start and end of each course to identify difficulties. The diagnostic tests will be designed centrally by the Family Promotion and Community Unit (UPFC), and their results will be used in class planning.
- 2.17 Specific activities to support students will be complemented by workshops for parents and teachers. These workshops will have the following objectives among others: (i) to establish the family-school support-school linkage, to enhance the children's education and foster better conditions of teachability; (ii) to gather information on the learning difficulties noted in the household and in the classroom; and (iii) to reflect on the problems of classrooms in conditions of social vulnerability.
- 2.18 Funding will be provided for experts in pedagogy and/or education to establish minimum general content and a methodology for detecting and addressing the specific needs of program beneficiaries. These definitions will be a condition for contracting school support activities. Funding will be provided for roughly 7,500 courses per year, for 10 to 20 participants each, covering the costs of human resources (teaching and non-teaching), production and printing of materials, insurance for students and teachers, light meals, transport, and access to recreational activities.

- 2.19 **Workshops for family and community development.** The objective of this line of action is to foster the development of life skills among beneficiary families. The aim is thus to improve the position of beneficiaries vis-à-vis different situations that generate social exclusion and restrict full access to social services and exercise of their citizenship rights.
- 2.20 The thematic areas identified relate to family problems, promotion of citizenship and rights, and community participation. Specific workshops will be implemented in each of these areas, corresponding to the needs and interests of the beneficiaries. For phase I of the program, the workshops described in table 2.1 have been identified.

Table 2.1
Family and community development workshops

Workshop	Objective
1. Child and youth development	To provide tools to identify the children's development stages and how to approach and improve their upbringing.
2. Optimizing the use of resources available in the home	To provide tools to promote more efficient use of household resources (including nutrition).
3. Gender and sexual and reproductive health	To help identify the needs of men and women, and their gender relations, in relation to their rights and the acquisition of preventive behaviors in maternal, sexual, and reproductive health.
4. Rights and construction of citizenship	To help families identify, exercise, and respect civil, social, and political rights.
5. Prevention of domestic violence	To promote a culture of respect for the physical, emotional, and spiritual integrity of individuals.
6. Personal autonomy	To foster a strengthening of personal autonomy.
7. Prevention of social risks for young people	To promote the prevention of social risks such as drug addiction, violence, etc.
8. Young people as constructors of citizenship	To stimulate reflection among young people on their role as constructors of citizenship.

- 2.21 The workshops will last for different periods of time depending on their content, and will be offered based on demand, and more frequently in larger municipios and those where demand is greatest. Participation in all cases will be optional for the beneficiaries, but the facilitators and the ETL will promote the importance of the topics in order to encourage participation, and identify specific needs for participation by certain families. Once these workshops have been held, their relevance and the knowledge thus acquired will be evaluated in order to adjust contents to the needs of the beneficiary populations. Funding will be provided for up to 3,280 workshops per year, with a minimum of 30 participants each, covering the costs of human resources (coordinators and assistants), teaching materials, light meals, inputs for infant and child care, and transport support for the participants.

- 2.22 **Removal of barriers:** This line of action aims to reduce the cost of access to the existing local supply of services for completion of education, job training, or vocational training by benefit recipients, young people over 19 years of age and adult members of beneficiary families. Two complementary strategies are envisaged to achieve this objective: (i) publicize information on the existing supply of services for completion of education, job training, or vocational training; and (ii) partly finance the monetary cost of removing access barriers to training and education activities. Furthermore, the program will seek to identify and resolve cases of nondocumentation among potential program beneficiaries and all members of their family units.
- 2.23 Promotion of access to information on the local supply of social services will be the exclusive responsibility of the program's local teams working through their facilitators (see component III), and based on the survey of the local supply of social services (see 2.27 through 2.29). Emphasis will be placed on access to services that are aligned with program objectives, namely health services, basic education, job search, skills development for employment, and professional training.
- 2.24 If the beneficiaries or members of the family unit enroll in courses of education, skills development, or professional training given by officially recognized public institutions, the program will finance a stipend of 50 pesos per month to cover part of the costs of childcare, transport, and light meals. The amount of the stipend may not exceed 1,500 pesos per family during the first phase of the program. Continuity of the payment will be conditional on regular attendance throughout the course.
- 2.25 The pilot schemes for migration from the PJJHD to the *Plan Familias* program have revealed the existence of undocumented people, including children who have never been registered, adults who have lost their National Identity Document (DNI), and young people and adults who have never had documentation or identification. This deficiency not only makes it more difficult for beneficiaries to gain admission to the program, but also limits the degree to which they can exercise their citizenship rights. To address this matter, the program will finance auxiliary expenses involved in obtaining the DNI, including on-site legal assistance at migration points, photo cards, and other related procedural costs.
- 2.26 **Indigenous peoples** During phase I of the program a study will be funded to identify: (i) lines of action to build ethnocultural variables into the activities of component II; and (ii) institutional strengthening activities via awareness raising among program staff. The proposal for adjusted targeting in phase II will identify models for targeting indigenous populations.
- 2.27 **Information survey and local dissemination of the program.** The information survey will include actions to determine needs (demand) and resources (supply) at the local level. The potential demand to be established corresponds to the limited

and predefined set of activities of component II (school support, workshops, and completion of education, vocational training, and job training). On the supply side, priority will be given to collecting data relating to: (i) other social programs available locally that are considered suitable for the beneficiary population; and (ii) basic health and education services that may or may not count as fulfillment of counterpart commitments.

- 2.28 The methodology for the information survey and local dissemination of the program to be applied in each locality will consist of: (i) a plenary workshop to inaugurate and present the program; (ii) a survey of beneficiaries to complement the social characterization already included in the beneficiary lists, identification of demand, and planning of the activities of component II; (iii) characterization of the local supply of social services, establishing a roster of providers, equipment, and resources to which program beneficiaries could have access, and which would also provide guidance for the barrier removal strategy; and (iv) a workshop to communicate the program's benefits and obligations to the beneficiaries.
- 2.29 This process will be completed within a maximum of four weeks. Except for the wages and participation expenses in relation to the program's human resources (Central Unit, ETPs, and ETLs), all other costs will be financed out of the local counterpart funding.

3. Component III. Communications and dissemination, addressing the beneficiary's needs, and institutional strengthening (US\$25.3 million in phase I)

- 2.30 This component aims to create and/or strengthen the program's capacities to disseminate and communicate its objectives and rules of operation, improve its capacity to serve the needs of and monitor its beneficiaries, and fulfill administrative and financial management requirements.
- 2.31 **Communications and dissemination strategy.** Funding will be provided for the design and implementation of a comprehensive communications strategy for the program, to position it as an efficiently administered and transparently managed program, capable of promoting human and social capital development. The strategy will be designed on four levels: internal communications, interagency communications, public relations with beneficiaries, and external communications (public opinion). For the design of the strategy and its impact monitoring system, a diagnostic study will be made of the image of the IDH and the PJJHD, along with that created by the Familias program in the pilot schemes implemented for PJJHD beneficiaries.
- 2.32 Design of the strategy and its monitoring system will, at a minimum: (i) establish the objectives, segmentation by interest group, communication modalities, messages, dissemination plan, and strategy monitoring mechanism. These elements

- must also serve the specific needs of the different program components and activities, such as payment of the subsidy, control of counterpart commitments, transfer of PJJHD beneficiaries, workshops, removal of barriers, among others; (ii) prepare a plan for implementing the strategy, which would include programming with a critical path of activities and a detailed budget; and (iii) produce communication items (television and radio spots, press notices, flyers, posters, brochures or other dissemination material as may be proposed) and their dissemination guidelines.
- 2.33 Funding will be provided to hire a firm to design the strategy and its monitoring (in accordance with the TORs included in the Operating Regulations), and the activities of the plan for implementing that strategy, including the hiring of mass communications media and the monitoring and measurement of its impact.
- 2.34 **Facilitators.** Facilitators will be engaged in all program localities to establish direct contact with the beneficiary families and support the program's key activities. The facilitators will form part of the ETL, which will coordinate and supervise their tasks; they will collaborate in verifying fulfillment of counterpart commitments, dissemination of the activities of the program and other official programs, promotion and coordination of the supply of goods and services in the locality, and in monitoring the situation of the beneficiaries, looking for early signs of risk among the families in question.
- 2.35 At a minimum, facilitator candidates will need to provide evidence of having completed secondary school and, preferably, higher advanced studies in social policies, health, or similar areas. Each facilitator will serve approximately 300 families, working on a full-time basis in communities with more than 300 beneficiary families. In localities with fewer than 300 beneficiary families, one facilitator will be hired and the time spent working on the program will be adjusted according to the number of families to be served. The program's Operating Regulations contain a detailed description of the tasks and annual workload of the post in terms of time.
- 2.36 The facilitators' training will stress the acquisition of theoretical-technical tools to execute the different procedures pertaining to their functions, including, among other things: techniques and routines to facilitate strategic information on the supply of local services for beneficiary families, addressing and reporting on situations of social risk, techniques, and tools of participation in program follow-up, monitoring, and evaluation activities.
- 2.37 The program will finance the wages of up to 1,520 facilitators on a declining basis (80% in the first year, 60% in the second year, and 40% in the third). The wage scale will vary according to geographic area, with a minimum of 650 pesos per month. Funding will also be provided for training, including the design of modules, materials, logistic expenses, etc.

- 2.38 **Institutional improvement plan.** In order to reduce critical risks such as the complexity of the process of transferring PJJHD beneficiaries to the *Plan Familias* program and thus expand its coverage, funding will be provided for an institutional improvement plan to guarantee the efficiency and transparency of *Familias* program management in a framework of expanded coverage. The proceeds of the loan will be used to engage a team to implement the improvement plan and design and develop the integrated information system, including computer applications to support optimized processes and the equipment needed to operate that system.
- 2.39 **Activation of phase II.** Activation of phase II will depend on the attainment of the following strategic and operational milestones: (i) presentation of a report on the efficiency of targeting, to include: (a) errors of inclusion in the program, taking as a benchmark the fact that the proportion of families living in conditions of indigence should be 20% more in the *Familias* program than in the PJJHD; and (b) a proposal to adjust phase II, specifying models for targeting rural dwellers and indigenous populations (both urban and rural); (ii) presentation of the results of the first survey to monitor the impact (in relation to the baseline) of school support and workshops for promotion of the family and community; and (iii) a report on results and a proposal to fine-tune the family and community promotion workshops. **The operational milestones are:** (i) nominal attendance at health centers by at least 90% of beneficiaries; (ii) 90% of local service centers (CALs) up and running properly; (iii) 50% of the target for migration of eligible PJJHD families (equivalent to 95,000 families) transferred; (iv) 95% of beneficiaries collecting the subsidy via bank card every month; and (v) a minimum of 50% disbursement.
- 2.40 **Program management.** Roughly US\$20 million of the program's funding will be used in its management. Financing will be provided for equipment expenses, consulting services, and other activities relating to program implementation.

C. Cost and financing

- 2.41 Phase I of this investment program will cost a total of US\$1 billion, of which US\$700 million will be financed by the Bank, with the remaining US\$300 million coming from the local counterpart (table III-1).

**Table III-1. Project Costs
(US\$ million)**

Component	IDB	Local	Total
1. Nonwage incomes	598.1	255.2	853.3
Beneficiary families	589.8	250.2	840.0
Payment card fee	7.6	3.2	10.8
Transfer of beneficiaries	0.7	1.8	2.5
2. Promotion of the family and local community	66.4	30.9	97.3
School support	44.2	18.9	63.1
Workshops for family and community development	5.2	2.8	8.0
Removal of barriers	17.0	9.1	26.1
Survey of needs and other studies	0	0.1	0.1
3. Communications, dissemination, addressing the beneficiary's needs, and institutional strengthening	12.6	9.7	22.3
Facilitators	8.7	5.7	14.4
Social communications	2.1	0.9	3.0
Training of facilitators and ETP/ETL	1.1	1.0	2.1
Impact evaluation	0.4	0.2	0.6
Improvements plan	0.1	0.1	0.2
Information system	0.2	1.8	2.0
4. Program management	22.9	2.4	25.3
Consulting fees	13.5	1.4	14.9
Materials and supplies	0.6	0.1	0.7
Nonpersonnel services	4.1	0.5	4.6
Equipment	1.1	0.1	1.2
Financial and operational audit	3.0	0	3.0
Contingencies	0.6	0.3	0.9
Financial costs	0.0	1.8	1.8
Credit fee	0.0	1.8	1.8
Total	700	300	1,000

III. PROGRAM EXECUTION

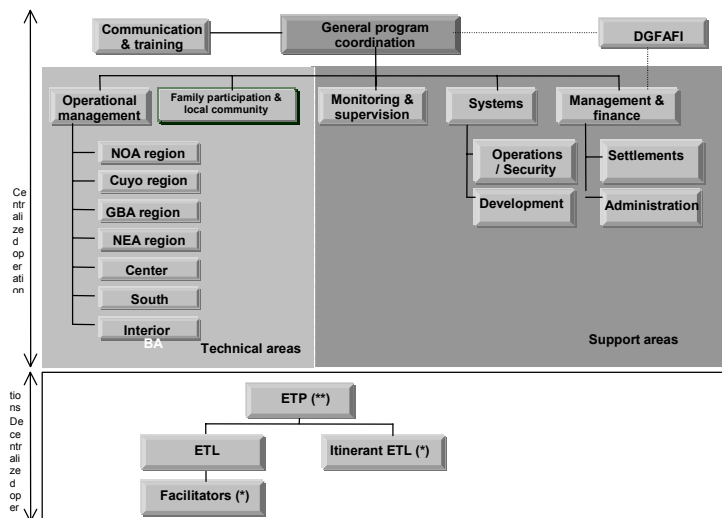
A. Borrower, guarantor and executing agency

- 3.1 The loan will be extended to the Republic of Argentina, and the executing agency will be the Ministry of Social Development (MDS), acting through the Social Policies and Human Development Secretariat and the Office of the Deputy Secretary of the Organization of Social Incomes, which has a general coordinating office for the program (CGP).

B. Project execution and management

- 3.2 Two technical management units will report to the CGP: (i) the Operational Management Unit (UGO), responsible for the implementation and functioning of the program at the decentralized level and the coordination of initiatives with other actors in the sector; and (ii) the Family and Community Promotion Unit (UPFC), responsible for the design and monitoring of school support activities, community development workshops, and the removal of barriers. This executing unit will be founded on the organizational structure of the IDH program's central executing unit, for which purpose a specialist firm was hired to perform an institutional analysis of the existing structure and prepare a new management model aimed at adjusting current capacities to the characteristics of the new program.

- 3.3 In addition, the CGP will have three support areas: (i) a Finance and Administration Area /DGFAFI (AAF), which is part of the General Directorate of International Financial Management Funds (DGFAFI) in the MDS and will be integrated into the CGP at an operational level. The AAF will be responsible for managing resources



- and the subsidy payment system, keeping manuals and procedures up to date, and preparing and executing the procurement plan;⁸ (ii) a systems area, responsible for application support (management of the beneficiaries database, control of counterpart commitments, payment spreadsheets, etc.), their physical and logical security, and their execution and maintenance; and (iii) an evaluation and monitoring area (AEM), responsible for coordinating, preparing, and monitoring the annual workplan, managing and monitoring process and outcome indicators, and exercising quality control over suppliers of school support services and workshops. Also included will be a staff area for communications and training (ACC), to assist the CGP in implementing the communication strategy and organizing internal training processes.
- 3.4 At the centralized level, there will also be seven regional coordinators reporting to the UGO and functionally dependent on the UPFC. These will be responsible for: (i) coordinating and supervising the performance of the technical teams; (ii) generating the information needed to evaluate the performance of their regions; (iii) keeping the various provincial and local technical teams (ETPs/ETLs) informed of all aspects of the program; (iv) carrying out the component actions in the region; (v) jointly coordinating with the ETP in the areas of health, education, and social development, at the national, provincial, and local levels; and (vi) ensuring performance aligned with the CGP by the whole decentralized team with responsibility in its region.
- 3.5 ETPs and ETLs will operate at the decentralized level. The former will report to the UGO and have the following functions: (i) coordinate with health and education services to facilitate fulfillment of coresponsibilities; (ii) provide technical assistance to the ETLs in dissemination, coordination, and training activities; and (iii) supervise activities executed locally. The functions of the ETLs will be to: (i) organize the functioning of local service centers (CALs); (ii) verify fulfillment of coresponsibilities with schools and health centers; (iii) supervise the facilitators' tasks; and (iv) serve the needs of beneficiaries in relation to program activities, and promote information, and facilitate access for beneficiaries to other national, provincial, and municipal programs. The facilitators, who form part of the ETL structure, will be selected through a specialist human resources firm, which will evaluate candidates for this function.
- 3.6 **Consolidation of the program's operating model - Improvements plan.** For preparation of this operation, a top-level specialized firm was hired to define an improvements plan for the purpose of consolidating the program's management

⁸ The analysis of institutional capacity undertaken by a specialist firm of consultants found that the DGFAFI, which is responsible for management of the IDH program's resources and procurement processes, has the capacities needed to satisfy the program's requirements in those areas. It recommended that an AAF be created as part of the DGFAFI and integrated into the CGP at an operational level through a team assigned exclusively for this purpose.

model by optimizing its key processes. The firm produced a proposal that was validated by the government and the Bank team.

- 3.7 To guarantee implementation and consolidation of the optimized processes, phase I will be executed in two stages: (i) operational optimization; and (ii) operational consolidation. The transition from each stage will depend on the attainment of intermediate operational optimization milestones and the evaluation of component II, certified by the operational audit provided for in the program. The indicators for each of these milestones are specified in the program's Operating Regulations.
- 3.8 The **intermediate operational optimization landmarks** are as follows: (i) optimized processes for new admissions, database maintenance, settlement and payment of beneficiaries, control of counterpart commitments, and the transfer of beneficiaries in accordance with the management model agreed upon with the Bank; (ii) 50% of CALs installed and operating adequately; and (iii) the information system with its process applications developed and operating. Until these landmarks are attained, the Bank will only recognize subsidy payments up to a maximum of 70% of the budget allocated for subsidies to be financed out of loan funds.
- 3.9 The **intermediate landmarks for evaluation and consolidation of component II** are as follows: (i) quality, including cost-efficiency, of the survey of needs and resources; (ii) degree of coordination with complementary sector-level programs; and (iii) validation of the operational framework of component II. Until these conditions are met and the minimum operational optimization landmarks attained, component II can only be implemented in a maximum of 60 of the program's municipios.
- 3.10 **Transfer of PJJHD beneficiaries to the *Plan Familias*.** Beneficiary transfer will take place from August 2005 until late 2006, in what will be one of the program's main activities. Skilled personnel will need to be hired in each locality to support these processes for a limited time. Pilot schemes in the localities of Ituzaingó, Buenos Aires province, and Santa Fé showed that university students are best suited to support this process. As they have the advantage of living in the localities where actions will be undertaken, the intention is to sign agreements to hire them directly through the National University closest to each locality, for contracts not exceeding US\$100,000. The university will thus provide a package of services to achieve the aims of the transfer, which will include the provision of support and supervision staff, transport, and light meals.
- 3.11 **Promotion of the family and community.** The school support activities and the community development workshops will be provided by executing organizations, whose services will be allocated according to provincial geographic coverage. The executing agencies will not act as resource management bodies, but as providers of

the services established for component activities; they will therefore be paid as services are rendered.

- 3.12 To select the executing agencies, the CGP will hold a competitive process at the national and provincial levels, for prequalification of universities, training institutes, NGOs, or other bodies related to social services with proven capacity and experience to provide the services envisaged in the component. An open database will be set up on the basis of this, with a permanent updating mechanism. Operating Regulations will be prepared for the database, establishing minimum criteria for prequalification and requirements in terms of the information that supplier entities must submit, among other relevant aspects. With the information from the database and an estimate of the demand for courses and workshops (obtained from the survey of needs and resources in each locality), and their respective costs, the CGP will shortlist prequalified institutions to be invited to submit proposals and prepare the geographic or provincial packages for selection and contracting of the executing agencies.
- 3.13 Between 40 and 50 executing agencies are expected to be hired nationally under the least-cost selection (LCS) method, considering that the service required (holding of standardized workshops and school support) will be precisely defined and have a reference budget.
- 3.14 **Removal of impediments barring access to existing public training services.**
The monetary allowance for the partial removal of access barriers to social services will be transferred and controlled using the same systems for subsidy payment and oversight of counterpart commitments as in component 1. This will ensure transparent and appropriate management of the allowance. A specific module will also be established for payment of this allowance, so as not to alter the subsidy transfer process. It will be forwarded as a complementary payment to Banco de la Nación Argentina (BNA), although the same beneficiary debit account could probably be used as well. This will ensure that the allowance and the subsidy are managed separately, thus facilitating financial control.
- 3.15 The beneficiary will be required to present the certificates of course enrollment, successful completion, and monthly attendance for verification. Upon verification of attendance and successful completion of the course, the beneficiary will receive the payment through the program's integrated system. If the certificates are not presented, the monetary allowance will be suspended. The beneficiary must be informed of the verification and penalty mechanism and agree to it in writing as a prerequisite for enrollment in the course. Also, if the external audit finds that the certificates of successful completion were not presented for more than 15% of the beneficiaries that have taken the course, the Bank will temporarily stop recognizing this assistance as chargeable to the financing. Once the audit has verified that this situation has been corrected, the Bank will resume recognition of assistance of this kind.

- 3.16 **Coordination with other sectors.** Program actions in education and health will be coordinated with regular services supplied by the National MECyT and the Ministry of Health and Environment. In order to promote effective coordination, framework cooperation agreements will be signed between ministries, setting out the general operating rules of the program, together with additional protocols in each locality/province, detailing the actions and services to which the program may direct beneficiaries on an organized basis. These mechanisms will not involve the transfer of funds, nor generate outlay for any of the parties to the agreements, nor give rise to any monetary credit between them.
- 3.17 In addition, an interministerial coordination group will be established to ensure this coordination takes place, by monitoring actions undertaken jointly by the *Familias* program and the ministries involved. The group will meet on a bimonthly basis and consist of persons responsible for sector programs; and it will be coordinated by the *Familias* program through two consultants working within the program structure: one in education, and the other in health.
- 3.18 **Evaluation of impact and outcomes.** The impact evaluation will help measure: (i) the impact of school assistance on repetition and dropout rates among school-age children, along with their school performance; (ii) the outcome of the workshops on the cognitive indicators of beneficiary families; and (iii) the efficiency of program targeting.
- 3.19 It will be possible to observe the impact of school assistance on repetition and dropout rates through an evaluation of school performance to measure the achievements of the participants before and after attending the workshop. The evaluation will be performed through tests in mathematics and language to give a more exhaustive impact assessment of school assistance. The tests may be repeated in month 12 and month 24 as part of the school support workshops.
- 3.20 Differentiated tools and methodologies are expected to be applied to efficiently capture information on these indicators, both quantitative (i.e. repetition rates) and/or qualitative (cognitive changes), as appropriate. To achieve these two objectives, a random selection of *Plan Familias* beneficiary households will be surveyed at three points in time (baseline, 18 months, and 36 months). The results of the baseline will be used to adjust the logical framework.
- 3.21 The program's targeting will be assessed in different ways. First, it will be evaluated according to whether the IDH eligibility criterion has been used (proxy-means) or the eligibility criterion for transfer from PJJHD to the *Familias* program (education, sex, and number of children), in terms of the relative poverty and indigence of the two family groups. Second, an assessment will be made of the need for alternative targeting methods, bringing in new beneficiaries through a system that internalizes the country's need to consider cases involving social risk and incorporate disperse populations. For that purpose, two sublists will be

produced: registration for social risk and/or registrations in municipios that are satellites of those of the program, with disperse populations. The criteria and conditions for incorporating these population groups will be specified in the Operating Regulations.

- 3.22 The baseline and the two monitoring surveys will be outsourced. The central executing unit will have a specialist evaluation team that will maintain contact with the firm or institution responsible for the evaluation; collect information supplied by it, analyze this and provide feedback on information needs as they arise. The TOR of the organization responsible for evaluation of the survey of a random group of beneficiaries will be included in the program's Operating Regulations.

C. Goods and services procurement

- 3.23 Goods and consulting services for the program will be procured in accordance with the provisions set out in the "Policies for the Procurement of Works and Goods Financed by the IDB" (document GN-2349-4), and "Policies for the Selection and Contracting of Consultants Financed by the IDB" (document GN-2350-4). Annex II contains the procurement plan for the first 18 months of execution.
- 3.24 International competitive bidding will be mandatory for goods procurements estimated to cost at least US\$500,000, whereas the shopping method can be used for amounts below US\$100,000. In procurement for consulting services in amounts estimated at less than US\$500,000, a shortlist of exclusively local firms can be used. In accordance with paragraph 3.6 of document GN-2350-4, the least cost selection method (LCS) will be used to select the program's executing organizations.
- 3.25 **Review by the Bank.** The Bank will use the prior review procedure for all procurement processes, as stipulated in appendix I of document GN-2350-4. Nonetheless, at the borrower's request and subject to prior evaluation of the procurement system implemented for the program by the DGFAFI and CGP, the Bank may authorize application of the post review procedure for procurements below the limits authorized for each type of procurement, as also envisaged in appendix I.
- 3.26 **Procurement plan.** Before the request for proposals or bids, or the procurement of any works, goods or consulting services, the borrower will present an 18-month procurement plan to the Bank, for its approval and review, including estimates of the cost of contracts, sources of financing, clustering of processes, procurement methods by process, and the procedures applicable for the Bank review. As envisaged in the policies mentioned in paragraph 3.23, each year the borrower will submit an 18-month update of this plan for Bank review and approval. All procurement processes will be undertaken in accordance with the most recent version of the procurement plan approved by the Bank.

3.27 **Single-source selection.** Pursuant to paragraphs 3.9 through 3.13 of document GN-2350-4, two cases of direct selection for the provision of services are envisaged: (i) hiring of the BNA to pay the subsidies; and (ii) hiring of UNICEF to train facilitators. The payment of the subsidy to PJJHD beneficiaries has been paid by the BNA by means of a bank debit card, thereby making it possible to fulfill the monthly payment on a regular basis. This practice was adopted by the IDH program in late 2004, and PJJHD beneficiaries transferred to the *Familias* program will continue to be paid in this way, even with the same bank debit card. Accordingly, in view of the advantages of national coverage, the positive experience of the service provided, and the need to maintain its continuity, the BNA will be directly hired to pay the subsidies to program beneficiaries, in order not to alter the payment cycle. As a condition precedent to recognizing the fee for this service, charged against the loan, the MDS will present the services contract signed with the BNA to the Bank's satisfaction.

3.28 The training of facilitators, envisaged in paragraph 2.36, will be carried out by an organization with proven experience of the issues required by the program, and wide-ranging experience of working with government organizations and social problems throughout the country, particularly those relating to the family and children. In this regard, it is considered important that UNICEF be directly hired to carry out this activity, since it is an organization with a long track record in this area, it is currently working with the MDS in the framework of the National Food Security Plan and the *Plan Familias*, and it has institutional coordination throughout the country—advantages that no other organization of its caliber can claim.

D. Execution period and disbursement timetable

3.29 The deadline for committing the program's loan resources will be 30 months, with a disbursement period of 36 months from the entry into force of the loan contract. The tentative disbursement timetable is shown in table III-1.

Table III-1
Estimated disbursement timetable (US\$ millions)

Source	Year 1	Year 2	Year 3	Total US\$	%
IDB	213	245	242	700	70%
Local	92	104	104	300	30%
Total	305	349	346	1,000	100%
% year	30%	35%	35%	100%	

E. Revolving fund

- 3.30 For execution of the operation, a revolving fund will be established and deposited in the specific bank account opened for the program by the borrower. Given the flow of funds projected for the implementation of activities and procurements, the revolving fund is expected to be for the equivalent of up to 10% of the loan amount. The CGP will present semiannual reports on the status of the revolving fund to the Bank, within 60 days following the end of each six-month period.

F. Management of resources, accounting records, and control of disbursements

- 3.31 The CGP will be responsible for signing and administering all goods and services contracts, as well as making and recording payments arising therefrom, and maintaining financial records of transactions and disbursements during program execution.
- 3.32 In coordination with the DGFAFI administration and finance unit, the CGP will also be responsible for: (i) maintaining separate and specific bank accounts for administering the proceeds of the Bank loan and local counterpart; (ii) presenting disbursement requests and justifications for eligible expenses on a timely basis; (iii) maintaining adequate information systems for program financial and management accounting, integrated with official accounts, together with a system of contract administration and project control, and the corresponding structure of internal control for the management of Bank and local counterpart funds, in accordance with the Bank's requirements; (iv) preparing and presenting financial reports on the project and on the revolving fund every six months, as well as other financial reports as requested by the Bank, including the program's audited financial statements; and (v) maintaining a suitable filing system of documentation in support of eligible expenses for subsequent verification by the Bank and the external auditors.

G. Special conditions precedent to the first disbursement

- 3.33 In addition to the general conditions precedent to the first disbursement established in the general loan contract, the CGP must demonstrate to the Bank that the following special conditions precedent to the first disbursement have been fulfilled: (i) formal appointment of the program's General Coordinator, and the Chiefs of the CGP line units; (ii) hiring and formation of the team responsible for implementing the improvement plan and establishing the Financial Administration Unit/DGFAFI exclusively for the CGP integrated program, as agreed with the Bank; (iii) approval and implementation of the Operating Regulations with the text previously agreed with the Bank; (iv) presentation, to the Bank's satisfaction, of terms of reference, the shortlist of consulting firms and auditors, and the request for proposals for the selection and procurement of the following consulting and audit services: (a) development and implementation of the integrated information system;

(b) financial/operational and operations audit; (c) design of the communications strategy; and (v) presentation to the Bank's satisfaction of the terms of reference for evaluating outcomes and impacts.

H. Operational and financial audit

- 3.34 The borrower, acting through the DGFAFI and CGP, will present annual financial statements for the program during the execution period. The program's external audit will be performed by a firm of independent auditors acceptable to the Bank, and in accordance with the latter's requirements (documents AF-100 and AF-300). The process of selecting and hiring the audit firm will follow the procedures established in the documents on bidding for external audits (document AF-200); and the process will be carried out on the basis of guidelines established in the terms of reference for the external audit of projects financed by the IDB (document AF-400), as previously approved by the Bank. The program's annual financial statements will be submitted within 120 days after the end of the fiscal year, and its closing statements within 120 days following the final disbursement. Audit costs will be included as program expenses and will be financed out of the loan proceeds.
- 3.35 The audits described in the previous paragraph will also include: (i) concurrent audits, which involves reviewing each disbursement request and its respective supporting documentation, after presentation to the Bank, to certify that the expenses in question are eligible for Bank financing or local counterpart funding. The basic aim of this review is to check that expenses are appropriately supported by reliable vouchers, were duly authorized by the executing agency and are acceptable under the terms of the loan contract, correspond to monetary subsidies or procurements made in accordance with agreed procedures, and were duly recorded in the accounts; and (ii) a semiannual operational and financial audit of the program, to be presented to the Bank by the executing agency within 60 days following the end of each six-month period. This operational audit will assess the achievement of program targets by evaluating fulfillment, in time and form, of the implementation of the agreed improvement plan, the operation of optimized processes, and verification of the operational status and security of the program's information systems. The firm that will undertake these audits will be procured following the procedures set out in the previous paragraph.

I. Monitoring and evaluation

- 3.36 The CGP will submit semiannual reports containing information on the following: (i) status of each component's objectives and outcomes, including the analysis and monitoring of risks affecting them and mitigating measures implemented; (ii) degree of progress in execution of the annual work plan (AWP); (iii) status and situation of the procurement plan; (iv) fulfillment of the clauses of the loan contract; and (v) status of financial execution of the program's budget, by investment category and source of financing. At a minimum, this will include

cumulative investments at the start of the six-month period, those undertaken during the period being reported, and cumulative investments at the end of that period, together with the balance available for execution, including the revolving funds. The report corresponding to the second half of each calendar year will also include: (i) the AWP for the following year; (ii) the updated procurement plan for the next 18 months as appropriate; and (iii) actions envisaged to implement recommendations made by the external audit. The Bank's Country Office in Argentina will supervise project performance, with technical assistance from the project team. Each year the team will undertake a technical supervision mission to verify that the program's activities and evaluation are making progress.

IV. VIABILITY AND RISKS

A. Institutional viability

- 4.1 The institutional framework of the Families Program and its attachment to the MDS are backed by Executive Decree 1506/04, which calls for the reorganization of social plans; and also by MDS Resolution 825/05 which incorporates into the *Plan Familias*, by social inclusion, the program to address the needs of vulnerable groups (IDH subprogram), and the subset of the Unemployed Heads of Household Program whose beneficiaries satisfy the eligibility requirements and voluntarily choose to transfer.
- 4.2 Within the MDS, the projected increase of over 300,000 beneficiaries and 300 new municipios covered by the national ministry (compared with current coverage of the IDH) poses a major challenge for this institution, whose structure is in its early development. In view of this reality, the proposed operation presents a new model of program management with strengthened decentralized structures; promotes reengineering of operational, administrative, management, information, oversight, and payment systems; and has developed a scheme for implementing the plan to strengthen the program's institutional capacity.
- 4.3 Outside of the MDS, the development goals of the *Plan Familias* represent an opportunity for coordination between national, provincial, and municipal institutions. Firstly, coordination with the Ministry of Labor (the executing agency of the PJJHD) is essential to ensure a successful transition. In this regard, the institutional framework for the migration is already in place through joint MDS and MTEySS Resolution 336 and 155/05, which assigns responsibilities for coordinating, planning, and establishing procedures and a timetable for the migration process. To ensure coordination with other authorities, the program will sign agreements and establish detailed coordination mechanisms in the Operating Regulations.

B. Socioeconomic viability

- 4.4 The use of category variables for targeting promotes the cost-efficient use of resources, ensuring that the lowest income groups benefit. The combination of variables used (sex, number of children, education level) successfully captures the most vulnerable population groups: 44% of children under 19 are indigent and 77% are poor. Of households with three or more children, 57% are indigent and 85% poor. PJJHD statistics show that in the case of beneficiary women with incomplete secondary schooling and three or more children, 71% of families are indigent and 96% poor.

- 4.5 The school support subcomponent and the educational conditionality are expected to help improve the academic performance of children and young people, thereby reducing the risk of failure that leads to dropping out of school. The aim is thus to increase the human capital of children and reduce social inequalities. The workshops provide tools for developing life skills, and improving their position in relation to situations of social exclusion. Greater knowledge on how to prevent illnesses, addictions, and domestic violence, and where to turn to in such cases, has a medium-term impact on individual and family well-being.
- 4.6 The use of category variables for targeting will make it possible to: (i) distinguish the most vulnerable families of the PJJHD, with the least possible error, since these variables significantly affect the likelihood of poverty and extreme poverty; (ii) minimize the political and social pressure that is anticipated as a result of the reorganization of the PJJHD, and give maximum legitimacy to the *Plan Familias* at the outset, because support for the mothers of poor families with several dependent children enjoys high social legitimacy in Argentina; and (iii) encourage the creation of incentives to stimulate voluntary migration of PJJHD beneficiaries with transparent rules and easy communication and verification.

C. Technical viability

- 4.7 Pilot tests were carried out in 2005 in two localities, Ituzaingó and Santa Fe, to assess the proportion of eligible beneficiaries choosing to transfer. The transfer encompassed PJJHD recipient mothers with two or more children under 19 years of age, and male recipients responsible for the household in the absence of a mother. The pilot scheme operated acceptably: 56% of the estimated population attended and 73% chose migration. Results differed across localities, however; the dissemination strategy in the locality of Ituzaingó persuaded 94% of the estimated population to apply, but less than 50% in Santa Fé.
- 4.8 The pilot scheme generated lessons that have been drawn upon in this operation and will make it possible to improve beneficiary capture. The main lessons were that the communication and dissemination strategy is crucial to the process; that migration processes should be undertaken with fewer service points but open for longer periods of time; and that providing information and awareness raising workshops are very important. Once the lessons learned from the pilot scheme have been incorporated, it is estimated that percentage capture rates will be improved, and will reach the target scale.

D. Financial viability

- 4.9 The *Plan Familias* is virtually budgetary neutral in terms of the national budget since its beneficiaries are already receiving subsidies from the PJJHD or the IDH. Given the average size of the families most likely to migrate (3.6 children) and the fact that the amount of the subsidy depends on the number of children, the average

size of the transfers for migrants from the PJJHD is expected to increase by 20 pesos, signifying an extra outlay of roughly US\$6 million per year. In view of this, the draft national budget for 2006 already provides for the gradual transfer of appropriations corresponding to the beneficiaries from the Ministry of Labor to the MDS, as well as the expected increase in the amount of the item in terms of subsidies.

- 4.10 This increase is consistent with the slow but steady annual increase in spending as a share of social assistance, which grew by 2% between 2002 and 2004, and also with the expansion of IDH and PJJH expenditure. In 2002, the PJJH accounted for 45.2% of total government social assistance expenditure, and 0.7% of GDP, reaching a level of US\$586.7 million in the first half of 2003. For its part, expenditure of the IDH grew by almost 500%, rising from US\$8.8 million in the second half of 2002 to US\$51.1 million in the first half of 2003.
- 4.11 Administration costs are expected to absorb 4% of the total cost of this operation, including wages and salaries for operation of the CGP at the central and decentralized levels (6.61%), and costs related to the beneficiary payment (0.79%). Other conditional transfer programs that the Bank is currently supporting, such as in Mexico (*Oportunidades*, ME-0244), Colombia (Social safety net - *Familias en Acción*, CO-0247) and Nicaragua (Social safety net, NI-0161), have kept their administration costs between 6% and 10% of total program costs.

E. PTI/SEQ

- 4.12 Because the program targets families living below the poverty line, it qualifies as a social equity enhancing project, as described in the indicative targets mandated by the report on the Bank's Eighth General Increase in Resources (document AB-1704). The operation also qualifies as a poverty-targeted investment (PTI). Justification for the PTI classification is based on the "headcount" criterion, since over 50% of beneficiaries are classified as poor.

F. Environmental and social impact

- 4.13 As the program will not finance physical investments, it is not expected to have a direct impact on the environment. Its social impact will be significant, however, given the investments in strengthening human capital and improving family income, which will reduce poverty and inequality. Programs to keep students in school will encourage an improvement in educational indicators, including a reduction in the over-age phenomenon, and longer time spent in the education system. In addition, sanitary controls responding to the epidemiological needs of the beneficiary population will promote improvements in prevention and health promotion. The compilation of information on the beneficiaries' ethnic origin (of indigenous peoples), and detection of needs in indigenous communities, will have a positive impact on the current perception of the program and its future design. The

documentation subcomponent will have a positive impact on the beneficiaries' social capital by giving them the basic right of identity.

G. Benefits and beneficiaries

- 4.14 Phase I of the *Familias* program will include beneficiaries from current programs, of whom over 95% are poor and almost 60% are extremely poor. This targeting will be improved in phase I by including eligibility variables such as the mother's education (up to secondary incomplete), number of children, and making the woman the named beneficiary. In this way, it is hoped to reach the most vulnerable families with limited income generation in the short term, and to achieve maximum return on investment in terms of human capital accumulation. The program will have different types of benefits. First, an improvement is expected in the short term in income and access to key services, guaranteed by the health and education conditionalities.
- 4.15 The program is also expected to have an impact in the short and medium term on the beneficiaries' education and health status. The following educational benefits are expected: better academic performance, lower repetition and over-age rates, and a higher proportion of young people between 14 and 17 years of age enrolled in the education system. In the health area, improvements are expected in the health status of families in the medium and long term, as a result of prenatal checkups and immunization plans.
- 4.16 To estimate the expected impact on poverty and indigence, a prior analysis was made of the effect of increasing the beneficiaries' years of education, based on the 2003 EPHC and using microsimulations. The methodology is based on Ferreira and Leite (2001)⁹ and Bourguignon, Ferreira and Leite (2002)¹⁰ and it consisted basically of selecting a group of individuals with the following characteristics: (i) over 18 years of age; (ii) income below the poverty line; and (iii) secondary schooling incomplete. This group was given an educational shock of two extra years (which would be the result of applying the program while they were children/young people). The new characteristics of the beneficiaries were estimated using "ordered probit" estimation models, and the resultant income level was obtained through Mincer equations. The results indicate that indigence would be reduced in the target population by 17% (from 50.4% to 41.8%), and poverty by 10% (from 98.8% to 89.2%). In addition, a sharp reduction is expected in the

⁹ Ferreira, Francisco H.G. and Leite, Philippe G., 2001. The Effects of Expanding Education on the Distribution of Income in Ceará: A Micro-simulation, PUC, Rio de Janeiro.

¹⁰ François Bourguignon & Francisco H.G. Ferreira & Phillippe G. Leite, 2002. Ex-ante Evaluation of Conditional Cash Transfer Programs: The Case of Bolsa Escola. William Davidson Institute, Working Papers Series 516, William Davidson Institute at the University of Michigan Business School.

indigence and poverty gaps, with an estimated a 61% fall in the first case and 13.2% in the second.

- 4.17 Other impacts on gender are also expected: according to the literature, an increase in the monetary income received by women in the home (through the subsidy) improves their bargaining power within the family. The program will also help to empower women through the knowledge they acquire in the workshops. For example, in the health area, they will gain greater awareness of family planning and the use of contraceptive methods, as well as information on how to prevent sexually transmitted diseases.

H. Risks

- 4.18 One of the risks of the operation is that the *Familias* program targeting mechanism may be subject to larger inclusion errors than current conditional transfer programs, especially in a dynamic context of economic recovery. The design of the operation mitigates this risk by building in category variables of a structural type, such as the mother's education and the number of children, and incorporating the efficiency of targeting as an activating element for phase II.
- 4.19 Another risk is that public education and health supply for program beneficiaries may be inadequate. The program seeks to mitigate this risk by promoting coordination and planning of the potential supply of programs addressing similar population groups to that of the *Familias* program, and by preparing and disseminating nominal data education and health risks among beneficiaries.
- 4.20 Lastly, there is a risk that the public perception of the program may be undermined if it is associated with cronyism and administrative shortcomings. The analysis performed by the government-hired consulting firm identified the following main risks as likely: (i) transparency, because of a lack of clear regulations that define functions and responsibilities and minimize discretion in the decision-making process; (ii) reputation, related to the process of transferring beneficiaries from a program with image problems such as the PJJHD; (iii) interference from external actors as result of exposure to the political dynamic of negotiation at all levels of the national political structure; (iv) inefficiency stemming from the lack of an adequate operational structure, processes, and systems to support the increase in the number of beneficiaries and program coverage; and (v) vulnerability of the beneficiaries database resulting from inadequate controls and security measures in information management.
- 4.21 To mitigate those risks, once the risk analysis and new program management model has been validated by the government and the Bank, the firm is completing an improvement plan to strengthen the capacities of the CGP, align its systems with the new coverage, and implement a risk control system. Also a communications strategy will be designed and implemented to support the development of program

components and maintain a favorable impression of the program for the beneficiaries and the general public.

ARGENTINA
SUPPORT FOR THE PLAN FAMILIAS PROGRAM
(AR-L1006)

LOGICAL FRAMEWORK

Summary	Indicators	Means of verification	Assumptions
Goal			
To help reduce structural and intergenerational poverty.	<ul style="list-style-type: none"> Poverty and indigence incidence and gap. 	Permanent Continuous Household Survey(EPHC) / INDEC.	
Purpose			
Program of transfers targeting women and children from the poorest families, expanded and consolidated.	<p>By the end of phase I, for the target population:</p> <ul style="list-style-type: none"> Poverty rate decreases from 98.8% to 89.2%.^{*†} Indigence rate decreases from 50.4% to 41.8%.^{*†} 20% reduction in overage children in first and second grade of primary school.^{**†} 10% increase in average schooling of young people between 14 and 17 years of age.^{***†} 15% reduction in repetition rate in the first and second grade of primary school.^{**†} 27% reduction in dropout rate for children in EGB3.^{**†} 	Impact evaluation and administrative data from the program's integrated information system.	<p>Macroeconomic stability.</p> <p>Adequate supply of health and education services exists for program beneficiaries.</p> <p>Conditional transfer programs maintain objective practices to deliver monetary benefits.</p>

* Index estimated on the basis of microsimulations, using the methodology of Ferreira and Leite (2001) and Bourguignon, Ferreira, and Leite (2002). Its relevance will be checked against the baseline measurement.

† The baseline will be obtained from the survey of *Familias* program beneficiary households.

** Estimates based on 2002 annual DINIECE survey.

*** Estimates based on the 2001 ECV.

Summary	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> Improvement in educational performance among beneficiary children, compared to the control group. 13.7% increase in the children's average immunization rate.***† 		
Components and subcomponents			
Component I: Nonwage incomes expanded to PJJHD migrants and delivered.	By the end of phase I: <ul style="list-style-type: none"> 100% of migrated beneficiaries fulfill eligibility criteria for the transfer. 95% of beneficiaries are receiving the monthly subsidy using bank card. 180,000 families migrated from the PJJHD to the Familias program. 	Administrative data from the program's integrated information system. Operational and financial audit report.	Conditional transfer programs continue to be a priority for the government as a poverty reduction policy.
Component II: Access to the supply of social services increased and social and family capital strengthened.	By the end of phase I: <ul style="list-style-type: none"> 150,000 children and young people of school age participating in the school support program. Contracts awarded for: <ul style="list-style-type: none"> 6,975 support courses for EGB1 6,525 support courses for EGB2 5,400 support courses for EGB3 3,600 support courses for polymodal education 15% of beneficiaries from the target population register in each workshop. 60% of beneficiaries registered in workshops complete all of them. 20,000 beneficiaries participate in job skills development workshops and/or school completion programs. 80% of undocumented children and young people receive the corresponding documentation. 	Administrative data from the program's integrated information system. Operational and financial audit report.	Consensus created with provincial and municipal governments.

Summary	Indicators	Means of verification	Assumptions
Component III: Program management strengthened.	By the end of phase I: <ul style="list-style-type: none"> 90% of beneficiaries nominally registered in health centers. 100% of beneficiaries not fulfilling program conditionalities are suspended, subject to review. Integrated information system with its process applications developed and functioning. 95% of CALs installed and operating adequately (baseline 411 CALs). Communications and dissemination strategy implemented according to the design prepared by the specialist firm. 	Administrative data from the program's integrated information system. Operational and financial audit report.	Consensus created with provincial and municipal governments.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION

Argentina. Loan ____/OC-AR to the Argentine Republic
Support for the “Familias” Program

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 it a financing aimed at cooperating in the execution of support for the "Familias" program. Such financing will be in the amount of up to US\$700,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Executive Summary of the Loan Proposal.