

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**ARGENTINA**

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP)  
INTEGRATED URBAN SOLID WASTE MANAGEMENT PROGRAM  
(AR-O0018)**

**FIRST INDIVIDUAL OPERATION:  
INTEGRATED URBAN SOLID WASTE MANAGEMENT PROGRAM II  
(AR-L1342)**

**LOAN PROPOSAL**

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## **ABBREVIATIONS**

AGN	Auditoría General de la Nación [National Auditor General's Office]
CCLIP	Conditional Credit Line for Investment Projects
CQS	Selection based on the consultant's qualifications
EIB	European Investment Bank
EIRR	Economic internal rate of return
EPH	Encuesta Permanente de Hogares [Permanent Household Survey]
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMS	Environmental and Social Management System
ESRS	Environmental and Social Review Summary
ICB	International competitive bidding
MAYDS	Ministry of Environment and Sustainable Development
NDC	Nationally determined contribution
PISO	Plan de Inclusión Social [Social Inclusion Plan]
SAE	Secretaría de Asuntos Estratégicos [Department of Strategic Affairs]
SCyMA	Secretaría de Control y Monitoreo Ambiental [Environmental Control and Monitoring Department]

## PROJECT SUMMARY

### ARGENTINA CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) INTEGRATED URBAN SOLID WASTE MANAGEMENT PROGRAM (AR-O0018)

### FIRST INDIVIDUAL OPERATION: INTEGRATED URBAN SOLID WASTE MANAGEMENT PROGRAM II (AR-L1342)

Financial Terms and Conditions					
<b>Borrower:</b> Argentine Republic			<b>Flexible Financing Facility</b> <sup>(a)</sup>		
<b>Executing agency:</b> The borrower, through the Ministry of Environment and Sustainable Development (MAYDS)			<b>Amortization period:</b>	25 years	
<b>Loan modality:</b> Multiple works program under a Conditional Credit Line for Investment Projects (CCLIP)			<b>Disbursement period:</b>	5 years	
			<b>Grace period:</b>	5.5 years <sup>(b)</sup>	
<b>Financing</b>	<b>CCLIP</b>		<b>First individual operation</b>		<b>Interest rate:</b>
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Credit fee:</b>
<b>IDB (Ordinary Capital)</b> <sup>(c)</sup>	300,000,000	80	70,000,000	51	(d)
<b>Local contribution</b> <sup>(e)</sup>	75,000,000	20	67,500,000	49	<b>Inspection and supervision fee:</b>
Co-financing <sup>(f)</sup> from the European Investment Bank (EIB)			50,000,000		
National budget			17,500,000		<b>Weighted average life:</b>
<b>Total:</b>	375,000,000	100	137,500,000	100	<b>Currency of approval:</b>
United States dollar					
Project at a Glance					
<b>Project objective/description:</b> The general objective of the CCLIP and the first individual operation is to help improve integrated urban solid waste management in Argentina. The specific objectives of the first operation are: (i) to increase the proper final disposal of urban solid waste; (ii) to improve the recovery of urban solid waste, with a social inclusion perspective; and (iii) to mitigate the negative environmental impacts of open-air dumps.					
<b>Special contractual conditions precedent to the first disbursement of the loan proceeds:</b> The borrower, acting through the executing agency, will present evidence, to the Bank's satisfaction, of the following: (i) appointment of the general coordinator and core technical team mentioned in paragraph 3.2, under the terms previously agreed upon with the Bank; and (ii) approval and entry into force of the <a href="#">Program Operating Regulations</a> (paragraph 3.8). For other socioenvironmental conditions, see Annex B to the environmental and social review summary ( <a href="#">ESRS</a> ).					
<b>Special contractual conditions for execution:</b> Before adding a project to the program, the borrower, acting through the executing agency, will sign an agreement with the provincial or municipal governments regulating the participation of the respective beneficiary and specifying the terms and conditions of execution and transfer, in order to ensure the operational and financial sustainability of the corresponding work(s) and/or asset(s), pursuant to the provisions of the <a href="#">Program Operating Regulations</a> (paragraph 3.9). For other socioenvironmental conditions, see Annex B to the environmental and social review summary <a href="#">ESRS</a> .					
<b>Exceptions to Bank policies:</b> A partial waiver is requested of the provisions set out in the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (document GN-2349-15, paragraph 1.8) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15, paragraph 1.13), to enable firms, individuals, and goods originating from countries that are not members of the Bank to participate in the selection, procurement, and contracting processes to be co-financed with EIB resources (paragraph 3.123.12).					

Strategic Alignment							
<b>Challenges:</b> <sup>(g)</sup>	SI <input checked="" type="checkbox"/>	PI <input checked="" type="checkbox"/>			EI <input type="checkbox"/>		
<b>Crosscutting themes:</b> <sup>(h)</sup>	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>			CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>		IC <input checked="" type="checkbox"/>	
<b>Sustainable Development Goals:</b> <sup>(i)</sup>	SDG1 <input type="checkbox"/>	SDG2 <input type="checkbox"/>	SDG3 <input type="checkbox"/>	SDG4 <input type="checkbox"/>	SDG5 <input type="checkbox"/>	SDG6 <input type="checkbox"/>	SDG7 <input type="checkbox"/>
	SDG8 <input type="checkbox"/>	SDG9 <input type="checkbox"/>	SDG10 <input type="checkbox"/>	SDG11 <input checked="" type="checkbox"/>	SDG12 <input checked="" type="checkbox"/>	SDG13 <input checked="" type="checkbox"/>	SDG14 <input type="checkbox"/>
	SDG15 <input type="checkbox"/>	SDG16 <input type="checkbox"/>	SDG17 <input type="checkbox"/>				

- (a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- (c) In accordance with document AB-2990 (Enhancing Macroeconomic Safeguards), the pace of disbursement by the IDB of the loan proceeds will be subject to the following restrictions: (i) a maximum of 15% in the first 12 months; (ii) a maximum of 30% in the first 24 months; and (iii) a maximum of 50% in the first 36 months, counted in all instances from the date on which the loan operation is approved by the Board of Executive Directors. These restrictions may not apply if the requirements established in the relevant Bank policy have been met, provided that the borrower has been notified in writing.
- (d) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.
- (e) This amount represents the total financing to be contributed by the borrower, which may include resources to be provided by the EIB in each individual CCLIP operation and, for this individual operation, under the arrangements described in paragraphs 2.1 and 2.2 below.
- (f) The borrower is negotiating with the French Development Agency (AFD) with a view to joint co-financing of this or subsequent CCLIP operations. Once the amount of any such funding and the operation to which it would be allocated have been determined, the mechanism by which it will be assigned to the respective operation will be established pursuant to the Guidelines to Register and Report Co-financing (document GN-2911).
- (g) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (h) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).
- (i) SDG (Sustainable Development Goal) Further information on the SDGs can be obtained [here](#); and the IDB Group SDG Project Classification Methodology can be consulted [here](#).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problem addressed, and rationale

- 1.1 **Background.** The Argentine Republic, comprising 23 provinces and the Autonomous City of Buenos Aires, has a population of 47,327,407 inhabitants,<sup>1</sup> with a high concentration in urban areas (92%). Urban solid waste is generated at a rate of 1.15 kg per person per day, and collection coverage is 94.8%.
- 1.2 **Problem.** The urban solid waste sector in Argentina faces several challenges: (i) low rates of proper disposal; (ii) low rates of waste recovery and high levels of informality in recycling activities; and (iii) a large number of open-air dumps, representing environmental hazards.<sup>2</sup> While 62.5% of urban solid waste is disposed of in sanitary landfills, some 16,400 tons<sup>3</sup> is disposed improperly every day.<sup>4</sup> This generates pollution and adverse health and social effects,<sup>5</sup> and the solution involves large-scale investments. Moreover, the coverage of proper final disposal is geographically uneven, with lower rates in the northern provinces (50%) and in Cuyo and Mesopotamia (15%), compared with 79% in the rest of the country. Open-air dumps have been identified as one of the country's most urgent environmental problems since they are a leading source of greenhouse gas emissions. The urban solid waste management process generates 5% of greenhouse gases emitted worldwide. This is mainly caused by methane emissions from sanitary landfills, controlled waste reception centers, and open-air dumps. In the latter case there are no controls that would make it possible to detect and abate emissions. Moreover, the current linear economic model generates large volumes of urban solid waste, of which only 6% is usefully recovered.<sup>6</sup>
- 1.3 **Institutional and legal framework.** Urban solid waste management is regulated by Law 25.916 of 2004, which sets minimum quality standards for service delivery and provides an adequate framework for integrated waste management. In addition, the provinces may issue supplemental regulations since they have authority and policing powers for solid waste management. The Ministry of Environment and Sustainable Development (MAyDS), through its Environmental Control and Monitoring Department (SCyMA), defines policies, provides technical assistance, and co-finances investments for this sector. To this end, it has been promoting a policy and the coordination of environmental management functions with the provinces and municipios. This role is complemented at the provincial level with a number of environmental entities (ministries, departments, or agencies) that fulfill environmental protection and prevention functions in their

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<sup>1</sup> National Population, Household, and Housing Census, 2022.

<sup>2</sup> According to [Farreras \(2017\)](#), the closure of open-air dumps contributes to improving water and air quality, thereby remedying the causes and spread of intestinal diseases.

<sup>3</sup> [Waste generated by 35% of the population; 9.9% to controlled landfills and 24.6% to open-air dumps, IDB \(2015\)](#).

<sup>4</sup> [IDB \(2015\)](#).

<sup>5</sup> [IDB \(2009\)](#) and [ABRELPE ISWA \(2015\)](#). Improper disposal can cause respiratory and gastrointestinal diseases. A study in Brazil showed that the health and environmental costs thus generated could exceed the cost of closing all dumps.

<sup>6</sup> [World Bank \(2018\)](#).

- jurisdictions, as well as environmental control and management of service delivery.
- 1.4 **Service delivery.** The municipios are responsible for organizing collection and disposal services, for which they have autonomy and authority to charge fees and other contributions and to issue regulations. Fifty-four percent of the population is covered by outsourced collection services, while the remaining 46% are served directly by their municipio. In the latter case, the service generally suffers from lack of regulatory and interjurisdictional coordination, and lack of knowledge, trained personnel, and resources, which has a direct impact on the results presented in paragraph 1.2.
- 1.5 **Sector financing.** Investments in integrated urban solid waste management in the largest cities (Autonomous City of Buenos Aires, Córdoba, Rosario, and Mendoza) are financed mainly with municipal and/or provincial funds. In the other cities, investment in expansion is largely financed with MAYDS resources, including the construction of final disposal sites, separation plants, transfer stations, and equipment to improve the coverage and quality of services. The operation and maintenance of the final disposal sites, along with collection and street sweeping and cleaning, are financed from municipal and/or provincial funds, obtained largely from revenues from the fees collected for street lighting, sweeping, and cleaning, or other charges, which, in addition to urban solid waste, covers other urban property services. Only a few municipios charge a specific integrated urban solid waste management fee. On average, municipios allocate 13% of their budget to urban solid waste and urban cleaning services; and, although most have established fees, on average they cover barely 30% of the cost of the service. For example, the urban solid waste management levy covers 20% of the cost of the service in Santiago del Estero/La Banda, 70% in Miramar, and 9% in the Alto Valle municipios.
- 1.6 **Social, gender, and diversity inequalities, and disability.** The urban solid waste sector is a major source of jobs (the sector generated 10.1% of total employment in 2020),<sup>7</sup> although the underemployment rate is 25% (9.4% nationally), informality is 81% (versus 50% nationally), and the education level is below the national average.<sup>8</sup> Of the sector's total workforce, 82% are workers and operators (compared with 21% nationally), and only 6.3% are professionals and technicians (versus 24% nationally). Evidence shows that informal workers, with low education levels, along with the self-employed and/or small businesses, are less likely to gain access to training, which is not always of high quality, or to obtain formal recognition of their skills ([SFD Skills, 2020](#)). This shows the potential and opportunities that exist for improving work-training paths in the municipios, encompassing managerial levels to operators and technicians who handle equipment and machinery.

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<sup>7</sup> Data from Information System on Labor Markets and Social Security (SIMS-IDB), Permanent Household Survey (EPH) 2020, corresponding to the construction, water, gas, and electricity sector.

<sup>8</sup> 41.6% have eight or fewer years of schooling (compared with 20.5% nationally), and 48.6% have between 9 and 13 years of education (versus 51.6% nationally).



- 1.7 In terms of gender, in 2021 the female labor market participation rate was 50.4%, almost 20 points below the male rate of 69%.<sup>9</sup> In addition, women are subject to higher levels of informality (36% versus 34.2% for men) and unemployment (10.8% versus 8.9%). This is explained partly by a lack of opportunities, owing to gender biases and stereotypes, especially in highly male-dominated sectors (construction or sanitation), but also by the care burden. Women in Argentina perform 76% of all unpaid domestic work and spend six hours per day in caregiving (almost twice as much as men). As a result, they tend to work part-time (with working weeks that are 25% shorter than those of men) and, consequently, earn less and have more precarious jobs.<sup>10</sup> Women represent approximately 35% of the total number of waste pickers working in the waste dumps included in the project sample; and their average age is around 30 years old, just when the burden of childcare is generally considerable.
- 1.8 In relation to disability, 10% of Argentina's population between 14 and 65 years of age has a disability.<sup>11</sup> The activity rate of persons with disability is 35.9%, and only 32% are employed; women with disabilities have an activity rate almost 15 points lower than that of men. Law 25.689 establishes a 4% employment quota for persons with disability both in firms and in the public sector. Although there are no specific data on the percentage of waste pickers who have some type of disability, many of those working at the sites are covered by assistance programs, including disability pensions, which reveals this as a significant problem among this population group.
- 1.9 **Innovation and digitalization.** Digitalization is generating new approaches to sanitary landfill management, driven by increased access to technologies and data (collection, logistics, treatment plants, business models, and data tools), both in the phase of collection and sorting of reusable waste, as well as information on markets for its commercialization.<sup>12</sup> There are smart, solar-powered containers that emit signals when they are full or activate automatic compaction,<sup>13</sup> which can reduce costs by up to 80%. In addition, plants that recover waste for reuse deploy robotics to separate waste categories more efficiently (ISWA, 2019). Digital technologies in works supervision and machinery monitoring improve the reliability and sustainability of the investments; however, municipios and firms do not exploit this potential. Innovations in integrated urban solid waste management also rely on developments in behavioral science, where there is plenty that the general public can do to improve waste separation and reduction rates.
- 1.10 **Climate change and environmental sustainability.** Argentina is vulnerable to the impacts of climate change owing to its socioeconomic conditions and orographic, climate, and geographic characteristics. Between 1960 and 2010, increases in annual average temperature have been recorded nationally, rising

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<sup>9</sup> INDEC (2021). *Mercado de Trabajo. Tasas e indicadores socioeconómicos (EPH)*. Third quarter, 2021.

<sup>10</sup> D'Alessandro, M. et al (2020). *Las brechas de género en la Argentina: Estado de situación y desafíos*. Ministry of Economy.

<sup>11</sup> National Study on the profile of persons with disability (2018).

<sup>12</sup> Sarc et al, 2019.

<sup>13</sup> [Water and Sanitation Sector Framework Document. IDB, 2021.](#)

- by up to 1°C in some parts of the Patagonian region. Precipitation rates have also risen across almost the entire country, with the greatest increases in the east and in some semiarid areas. Intense precipitation has also increased in both frequency and intensity throughout the country, particularly in a group of regions that include the humid coastal zone. The urban solid waste infrastructure must take these changes into account to prevent flood damage.
- 1.11 The wastewater and solid waste subsectors generate about 3% of the country's greenhouse gas emissions according to the [2019 National Greenhouse Gas Inventory](#). In this context, Argentina's second nationally determined contribution (NDC) proposes to reduce greenhouse gas emissions by 27% with respect to the earlier (2016) NDC commitment not to exceed 359 million tons of CO<sub>2</sub>e), and preparation of the national long-term low-emission development strategy, with the aim of achieving carbon-neutral development by 2050. Law 27,520, on minimum climate change adaptation and mitigation budgets, created the National Climate Change Office, to coordinate and generate interministerial agreements for achieving the NDC targets. It also defined two central policy frameworks involving the MAYDS: (i) the National Climate Change Adaptation and Mitigation Plans, to integrate adaptation and mitigation actions into the work plans of the various ministries; and (ii) the long-term decarbonization strategy. The present loan operation seeks to reduce greenhouse gas emissions and contribute to biogas capture.
- 1.12 **Program strategy and rationale for the CCLIP.** The MAYDS has identified investment needs in this sector totaling more than US\$500 million over the next five years. Substantial financing, in excess of this amount, is needed to universalize integrated urban solid waste management, to accompany the improvement of investment planning and execution capacities in the provinces and municipios and to strengthen and improve the efficiency of the municipios in integrated urban solid waste management. A CCLIP is proposed as a financing mechanism, which would provide the borrower with timely funding to underpin the long-term continuity of its policy and identified investment plan.
- 1.13 Both the CCLIP and its first operation will finance works and the provision of equipment that contribute to increasing proper disposal of urban solid waste and improving its recovery and beneficial reuse with a focus on social inclusion, together with actions to develop innovative institutional and management instruments.<sup>14</sup> The program will seek to attract resources from climate funds to support the financing of the necessary investments, and it will develop policies, strategies, and projects prepared under the standards required by the pertinent international organizations. In addition, steps will be taken to promote the social and labor-market inclusion of recyclers, developing quality learning and employment paths (training in new technologies and greener jobs/skills with a gender-diversity-disability focus).
- 1.14 **The country's strategy in the sector.** The MAYDS is implementing the [Integrated Urban Solid Waste Management Plan](#), which includes a crosscutting strategy, in conjunction with provinces and municipios, to promote environmental

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<sup>14</sup> Evidence of similar interventions executed with the 3249/OC-AR loan, as presented in paragraph 1.15.

sanitation and optimize resources to ensure modern and efficient urban solid waste management, under the circular economy paradigm. This plan includes an investment program structured with the aim of eradicating open-air dumps, improving final disposal of urban solid waste, and providing urban waste pickers with better working conditions. To implement this plan, the MAYDS has formed and consolidated a technical team under SCyMA leadership,<sup>15</sup> benefiting 125 municipios<sup>16</sup> between 2020 and 2021 and helping another 54 municipios make progress in developing integrated urban solid waste management plans. The CCLIP provides the MAYDS with secure long-term financing and enables it to provide strengthening tools to the municipios and providers of these services.

- 1.15 The Bank's experience in the sector and country.** The Bank has extensive experience in preparing and implementing urban solid waste programs. In the last decade the project portfolio in the sector<sup>17</sup> has included a variety of interventions: generation, characterization, and feasibility studies; management improvement plans; construction of sanitary landfills; closure of open-air dumps; purchase of machinery; construction of transfer stations; inclusion of waste pickers; institutional strengthening; implementation of combined use and final disposal systems; incorporation of recycling and composting plants; innovative urban solid waste pilot projects in remote areas; construction of biodigesters; awareness campaigns; and selective collection. In Argentina, this will be the third integrated urban solid waste management program,<sup>18</sup> following the same line of work that has been implemented under loan 3249/OC-AR and incorporating best practices and lessons learned from it (paragraph 1.161.16).
- 1.16 Lessons learned.** The program draws on lessons identified in similar programs, both in Argentina and elsewhere in the region ([Water and Sanitation Sector Framework](#)), including: (i) strengthening executing agency capacities by hiring technical staff with experience in implementing urban solid waste projects (paragraph 1.14); (ii) having a portfolio of eligible projects that can be tendered in the initial years of implementation to speed up the commitment of resources, for which there are more than 10 projects designed under loan 3249/OC-AR; (iii) improve coordination with the provinces and municipios, particularly in regional projects, for which they are expected to participate actively in defining the scope and design of the project (paragraph 3.7), thereby making it possible to reach agreements on responsibilities for the operation and maintenance of the

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<sup>15</sup> This team is partially financed by loan 3249/OC-AR and is technically responsible for its execution.

<sup>16</sup> A total of 114 municipios have received equipment to improve waste management, and 11 municipios have benefited from the design and construction of environmental centers.

<sup>17</sup> Recent experiences: Belize ([2056/OC-BL](#) approved in 2008 for US\$11.5 million and [3684/OC-BL](#) approved in 2016 for US\$10 million); Mexico ([GRT/FM-16409-ME](#) approved in 2017 for US\$13.7 million); Peru ([2759/OC-PE](#) approved in 2012 for US\$15 million and [4291/OC-PE](#) approved in 2017 for US\$30 million); Brazil ([ATN/OC-17056-BR](#) approved in 2018 for US\$500,000); Uruguay ([ATN/OC-18298-UR](#) approved in 2020 for US\$150,000); Colombia ([3610/OC-CO](#) approved in 2015 for US\$231,400); Bolivia ([2880/BL-BO](#) approved in 2012 for US\$20 million); and Argentina ([1868/OC-AR](#) approved in 2007 for US\$60 million and [3249/OC-AR](#) approved in 2014 for US\$150 million).

<sup>18</sup> The first operation financed under loan 1868/OC-AR benefited approximately 160,000 households in 15 municipios through the management and proper disposal of their solid waste ([project completion report](#)).

environmental centers; (iv) strengthen municipal and provincial capacities to ensure adequate operation and maintenance, for which purpose design-build-operate arrangements are envisaged (paragraph 1.20), as well as activities aimed at improving the management of the municipios (paragraphs 1.21 and 1.371.21); (v) foster community participation with education and behavioral change programs to persuade households to assume the responsibility of separation at source (paragraph 1.211.21); (vi) advance processes of communication and ongoing participation by the population, to anticipate and address potential complaints and claims about the projects, for which a stakeholder participation plan and an environmental and social management framework (ESMF) have been developed (paragraph 1.32) and will form part of the Operating Regulations (paragraph 3.3), including requirements to prevent or minimize the types of complaints that have been received before in similar projects;<sup>19</sup> and (vii) the social inclusion of informal waste recyclers in the waste management system, with a gender perspective, is seen as a crosscutting issue, considering cultural aspects and the role of women in family and work domains (paragraph 1.26).

- 1.17 **CCLIP eligibility criteria.** The proposed CCLIP complies with paragraph 3.2 of Annex III to document GN-2246-13 and paragraph 3.6 of the CCLIP Operational Guidelines (document GN-2246-15) inasmuch as its objective is among the priorities defined in the IDB Group Country Strategy with Argentina 2021-2023 (document GN-3051), specifically in two of its priority areas. The first of these is “poverty reduction and social protection for the most vulnerable,” which includes actions to improve habitat and improve the employability of women and vulnerable groups (paragraph 3.13), supported by the program. The second is “economic recovery and productive development,” for its contribution to a resilient, low-carbon economy (paragraph 3.22).
- 1.18 **Eligibility criteria for the first operation.** The first individual operation satisfies the eligibility criteria specified in paragraphs 3.5 (i) through (iv) of Annex III to document GN-2246-13 and in paragraph 3.6 of the CCLIP Operational Guidelines (document GN-2246-15), considering the following: (i) an analysis of the MAYDS, using the simple evaluation mechanism of the institutional capacity analysis platform,<sup>20</sup> rated the ministry’s institutional capacity as satisfactory, while also making some strengthening recommendations, which will be financed with program funds (paragraph 1.381.38); (ii) the objective of the operation contributes to the sector objective of the CCLIP (paragraph 1.191.19); and (iii) the operation is included in the CCLIP sector and components (paragraphs 1.20 and 1.21).

## **B. Objective, components, and cost**

- 1.19 **Objective and scope.** The general objective of the CCLIP and the first individual operation is to help improve integrated urban solid waste management in

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<sup>19</sup> The main complaints received in loan 3249/OC-AR relate to: (i) lack of timely information on the projects; (ii) location of the environmental centers; (iii) increased vehicle flow; (iv) leachate management; and (v) mitigation of odors.

<sup>20</sup> A simplified institutional capacity assessment was applied to the MAYDS since it is currently executing loan 3249/OC-AR in a satisfactory manner.

Argentina. The specific objectives of the first operation are: (i) to increase the proper final disposal of urban solid waste; (ii) to improve the recovery of urban solid waste, with a social inclusion perspective; and (iii) to mitigate the negative environmental impacts of open-air dumps. The first operation has two components:

- 1.20 **Component 1. Environmental sanitation systems (US\$102.69 million).** This component will contribute to all the specific objectives of the first operation, by improving the quality of final disposal, increasing urban solid waste recycling and recovery rates, and supporting the closure, cleanup, and/or conversion of open-air dumps. It will finance the following and other related activities: (i) the design<sup>21</sup> and construction of sanitary landfills and complementary works, including the design and installation of biogas capture systems that also facilitate the eventual use of that gas as an energy source, and support for the operation of such facilities under design-build-operate contracts; (ii) the construction of plants for the separation, transfer, recovery, and/or treatment of urban solid waste; (iii) the procurement of machinery and equipment for processing reusable materials or improving urban hygiene services, with remote monitoring instruments; (iv) infrastructure and basic equipment to support the integration of recycler cooperatives into activities to recover and sort recyclable material; (v) complementary infrastructure to support proper development of the activities of the environmental centers (restrooms, changing rooms, interpretation centers, nurseries with breastfeeding facilities, and access controls).
- 1.21 **Component 2. Sector strengthening and environmental and social management (US\$33.16 million).** This component will contribute to all the specific objectives of the first operation, by improving the operational and management capacity of the municipios, supporting the formal employment and inclusion of waste pickers, increasing the recovery of urban solid waste, and promoting environmental sustainability with climate change considerations. It will finance the following: (i) equipment to increase the recovery of urban solid waste and improve the operation and maintenance of final disposal sites, with remote monitoring instruments; (ii) studies on the generation and characteristics of urban solid waste; (iii) the design and implementation of a comprehensive capacity improvement plan, including coordinated and progressive actions for education and training in the use of machinery, together with operational management, financial management, and socioenvironmental education activities, with an approach that encourages participation by women and persons with disability; (iv) social inclusion plans for informal waste pickers and capacity-building for their organizations at sorting plants, with an approach that encourages participation by women and persons with disability; (v) communication strategies; (vi) financial sustainability studies, comprehensive evaluations of organizational performance and development, strategic planning, and performance monitoring systems; and (vii) the development of information systems, increasing the digitalization of information to support the design of policies and programs.

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<sup>21</sup> It is envisaged that all environmental center designs will use Building Information Modeling.

- 1.22 **Administration and evaluation (US\$1.65 million).** This component will finance administrative and supervision costs, external auditing, and program evaluations, including the strategic evaluation with the Department of Strategic Affairs (SAE).
- 1.23 **Key results indicators, benefits, and beneficiaries.** The program will directly benefit approximately 910,000 inhabitants, equivalent to 227,500 households with an average of four members each, located in locales in the selected provinces where the projects for environmental centers, transfer plants, and equipment delivery will be executed, in order to improve integrated urban solid waste management. The specific benefits correspond to the separation and commercialization of recovered products, the closure of open-air dumps and elimination of associated negative environmental impacts, and the proper disposal of urban solid waste in sanitary landfills. These projects also have a social inclusion focus, benefiting waste pickers by providing them with better working conditions. The main results indicators are: (i) households in the targeted municipios whose urban solid waste is recovered and/or properly disposed of; (ii) the percentage of recyclers employed formally; (iii) the proportion of open-air dumps closed with monitoring and follow-up by the municipios; and (iv) the percentage of environmental centers financed by the program at which at least 25% of the biogas theoretically generated at the end of the useful life of the sanitary landfills is captured and used for energy purposes (greenhouse gas emissions avoided).

### **C. Strategic alignment**

- 1.24 The program is consistent with the Second Update to the Institutional Strategy (document AB-3190-2) and aligns with the development challenge of “Social Inclusion and Equality,” by promoting the social inclusion of waste pickers, women, and persons with disabilities in the program’s various activities and by improving the final disposal and environmental conditions for all households in the beneficiary municipios. It is aligned with the “Productivity and Innovation” challenge by improving final disposal, using technology and innovation for its implementation and operation. It is also aligned with the crosscutting themes of: (i) Institutional Capacity and Rule of Law, by contributing to improved municipal service management; (ii) Gender Equality and Diversity, by promoting and improving working conditions for women and people with disabilities; and (iii) Climate Change and Environmental Sustainability. The program is aligned with the IDB Group’s Vision 2025 since it fosters actions on climate change (paragraph 1.29; **Error! No se encuentra el origen de la referencia.**), gender mainstreaming (paragraph 1.26; **Error! No se encuentra el origen de la referencia.**), and digitalization (paragraph 1.28; **Error! No se encuentra el origen de la referencia.**). In addition, the program contributes to the emissions avoided indicator of the Corporate Results Framework, by financing the closure of open-air dumps and increasing recycling and biogas capture (paragraph 1.29). The program is also aligned with the Water and Sanitation Sector Framework Document (GN-2781-13), specifically with Line of Action 1, which seeks to promote universal access to the respective services, including solid waste management where it seeks to increase recovery rates and ensure proper disposal.

- 1.25 **The Bank's strategy with the country.** Both the CCLIP and this first operation are aligned with the IDB Group's Country Strategy with Argentina 2021-2023 (document GN-3051), in the priority areas of "Poverty reduction and social protection for the most vulnerable" and "Economic recovery and productive development 4.0," in which the expected outcomes include "Reduction of informality," "Improve the management of final disposal of urban solid waste," and "Reduce greenhouse gas emissions." It also contributes to the crosscutting theme of gender and diversity (paragraph 1.26).
- 1.26 **Gender and diversity.** The project aligns with the priority area of gender and diversity by implementing social inclusion plans (PISOs) for waste pickers (both male and female) and capacity-building plans for municipios, both with a gender focus, and by building childcare units with breastfeeding facilities in the environmental centers, where waste pickers and other families from the municipio working in the environmental centers can leave their children while they work. The PISOs will include actions to encourage waste pickers to transfer to the environmental centers, including the development of new skills and expertise such as administration, operation of machinery and trucks, and the registration and handling of recyclable materials.
- 1.27 **Employment and skills.** The capacity-building plan will include job training for municipal residents, and it will seek to prioritize training for women in traditionally male-dominated jobs related to waste management (construction, operation of machinery, etc.).
- 1.28 **Innovation and digital transformation.** This includes activities to improve urban solid waste management and monitoring: (i) GPS tracking and control of machinery and monitoring systems, making their supervision more effective; (ii) use of the CAPTUDATA application for the tracking and inspection of works, making monitoring and supervision more effective; (iii) survey platform and mobile application to detect waste dumps, digital tools that improve the effectiveness of policies and specific interventions; (iv) implementation of *Building Information Modeling* for project development, works control and maintenance, given that the design-build-operate contracting model will be used. The program will be able to finance pilot innovation and digital transformation initiatives that arise from the management capacity improvement and strengthening plans.
- 1.29 **Climate change.** The program finances actions that contribute to reducing greenhouse gas emissions: (i) infrastructure for biogas capture and use; (ii) closure of open-air dumps, (iii) recycling/recovery of urban solid waste and composting of a percentage of organic waste that could generate methane upon decomposition in the sanitary landfill. The methodology for quantifying the emissions that would be avoided with the project is described in the climate change annex ([Link 8](#)). Of the operation's total resources, 97.8% are invested in climate change mitigation activities according to the [joint methodology used by the multilateral development banks](#). These resources contribute to the IDB Group's target to increase climate change-related project financing to 30% of approvals by 2022.



## **D. Viability analysis**

- 1.30 **Representative sample analyzed.** Considering the loan modality, an analysis was made of the viability of a sample of works considered representative of typologies, geographic distribution, and locality size. The sample consisted of three projects to construct environmental centers (paragraph 1.31) located in: (i) Santiago del Estero - La Banda; (ii) Miramar - General Alvarado; and (iii) Alto Valle Region. These represent 45% of the total program amount and satisfy the eligibility criteria (paragraph 3.4). The conclusions of the different analyses are as follows:
- 1.31 **Technical viability.** The environmental centers analyzed involve separation and sorting plants, sanitary landfills, transfer stations, the closure of open-air dumps, equipment for the removal and cleanup of micro-dumps, waste sorting, among others. The proposals are technically viable, and they are aligned with the needs identified and with the capacity and quality objectives defined to reduce improper urban solid waste final disposal, increase the recovery of reusable waste, and ensure final disposal in sanitary landfills. The projects include a comparison and analysis of alternatives to ensure that cost-efficient solutions are chosen, as well as the engineering works and equipment needed to avoid or mitigate secondary environmental impacts and ensure proper urban solid waste management. Detailed designs will be developed before the corresponding works are executed, observing applicable national and international standards. The program Operating Regulations and other program documents will establish a commitment to gradually provide differentiated waste collection and thus ensure that the projects comply with the operational characteristics of the infrastructure, according to progressive recovery targets. The design of solutions for capturing biogas and reducing CO<sub>2</sub> emissions will be included in the detailed designs.
- 1.32 **Socioeconomic viability.** A socioeconomic assessment was made of the three sample projects, using a cost-benefit analysis. The main benefits quantified are: (i) increased value obtained from recycling; (ii) cost avoided as a result of less waste disposal; (iii) the social cost associated with the reduction of greenhouse gas emissions; and (iv) the rise in property values resulting from the closure of open-air dumps. The costs used in the calculation were investment and annual operation and maintenance costs. Using a discount rate of 12%, the three projects are socioeconomically viable with economic internal rates of return (EIRR) of 19% in Alto Valle, 38% in Santiago del Estero-La Banda, and 20% in Miramar. An aggregate cost-benefit analysis was also performed, including the cost of providing equipment.<sup>22</sup> This found the projects to be socioeconomically viable with an EIRR of 31%. The details of the analysis are presented in [Link 4](#).
- 1.33 **Social and environmental viability.** With the aim of satisfying the requirements of the environmental and social performance standards, the environmental and social management system (ESMS) ([Link 9](#)) for the operation includes environmental and social impact assessments (ESIAs) with environmental and social management plans (ESMPs) ([Santiago del Estero](#)) ([Miramar/Gral. Alvarado](#)) ([Alto Valle](#)) and preliminary PISOs ([Santiago del Estero](#))

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<sup>22</sup> The ex post economic analysis will include a specific analysis of equipment procurement.



- ([Miramar/Gral. Alvarado](#)) ([Alto Valle](#)) prepared for each sample operation; an ESMF ([Link 10](#)) for the out-of-sample works, a stakeholder participation plan ([Link 11](#)) that involves a pre-consultation strategy prior to works tendering, and a performance analysis of the MAYDS that recommends strengthening measures for handling complaints and grievances, as well as continuous improvement of its socioenvironmental management capacity during this and each individual operation under the CCLIP. The operation's eligibility criteria exclude category "A" works, which are defined as activities that lead to involuntary resettlement (either physical or economic) and/or impose negative impacts on indigenous peoples or critical habitats.
- 1.34 The environmental and social action plan agreed upon for the operation includes the following, among other actions: (i) development and agreement on a ESMF ([Link 10](#)), prior to the operation's eligibility, which establishes guidelines for the assessment and management of the socioenvironmental impacts of the out-of-sample works; and (ii) implementation of the performance analysis action plan; and (iii) a disaster and climate change management plan prior to the operation's eligibility.
- 1.35 As part of the stakeholder participation plan ([Link 11](#)), meaningful consultation processes were carried out on 20 May 2022 (Santiago del Estero - La Banda), 27 May 2022 (General Alvarado), and 3 June 2022 (Alto Valle), each with a high level of participation by stakeholders, including the waste pickers to be benefited. The comments made during the public consultations concerned sludge treatment, environmental education, the PISOs, the open-air dumps closure process, the contamination caused by landfills, social participation modalities, the creation of daycare centers, and hazardous waste. These issues were addressed satisfactorily by the MAYDS. The preliminary ESIAs, ESMPs, and PISOs were posted on the Bank's website on 11 May 2022 before the analysis mission; and the final ESIAs and ESMPs with public consultation reports were posted on 22 June 2022.
- 1.36 **Institutional and financial viability.** The financial evaluation of the sample projects found low levels of cost coverage with revenue from municipal taxes, ranging between 9% and 71%, and less if the operation and maintenance costs of the projected environmental centers are added. The revenue source is the municipal tax (which is also used to finance other services) and the public budget. Some municipios do not have a specific budget for urban solid waste management. The additional operation and maintenance costs of the environmental centers of Santiago del Estero and Alto Valle are significant (representing between 15% and 25%, respectively, of the existing costs). Consequently, the eligibility criteria for the projects will include commitments by the municipios to make budgetary appropriations to cover the incremental costs of operation and maintenance of works and goods, and to create the respective account headings (or cost centers) within the municipal accounting. The terms of reference for the financial evaluations of the projects, as well as the formulation criteria to be included in the Program Operating Regulations, should consider the current costs of the integrated urban solid waste management, the incremental costs arising from the projects, as well as the current and incremental revenues and sources of funding (such as provincial contributions, fees, current revenues, etc.) to underpin its operation.

- 1.37 The institutional analysis identified the need to strengthen the capacities of the municipios in strategic planning, monitoring and control of expenditures, the performance of urban solid waste management with adequate traceability, and the provision of staff training to ensure the sustainability of the projects. It also identified the need to strengthen communication strategies regarding service delivery and the associated costs to improve the perception of the service and the level of collection for financial sustainability.
- 1.38 The institutional capacity assessment applied to the MAYS showed that the executing agency has satisfactory institutional capacity, although the following measures will be necessary to close the shortcomings identified: (i) strengthen the internal control structure; (ii) include in the Program Operating Regulations a description of the specific technical and operational arrangements and coordination mechanisms for procurement, financial management, internal control, and program audit; and (iii) strengthen the project management team by hiring an environmental and social coordinator. These activities will be funded by resources from the "Administration and Evaluation" category.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 **Financing modality and structure.** Operation AR-O0018 will be structured under the sector CCLIP modality, in the framework of which three individual investment loan operations are expected to be financed over a utilization period of up to 12 years. The CCLIP will be funded with up to US\$300 million from the Bank's Ordinary Capital, plus a local counterpart contribution of up to US\$75 million. The first individual operation under the CCLIP will be structured as an investment loan, under the multiple works modality, since it will consist of independent but physically similar projects that can come on stream individually and will satisfy eligibility and prioritization criteria (paragraphs 3.4 and 3.5). The first operation will be financed by up to US\$70 million from the Bank's Ordinary Capital resources, up to US\$50 million from European Investment Bank (EIB) joint co-financing, and up to US\$17.5 million in local counterpart funding. As the EIB resources will be channeled directly to the Argentine government, the proceeds of the EIB loan contract will not be received by the Bank. Should the EIB financing fail to materialize or prove insufficient, the borrower assumes the commitment to contribute the EIB funding for the program from its own resources. The disbursement period for the first operation will be five years. The deadline for the physical start of the program works will be two years counting from the entry into force of the loan contract.
- 2.2 **Co-financing mechanism.** The first individual operation of the CCLIP will be co-financed by the EIB for up to US\$50 million, under the joint co-financing modality. The EIB contribution is expected to be approved by late November

2022.<sup>23</sup> The government is in the process of arranging additional funding of up to US\$50 million from the French Development Agency (AFD), which could co-finance this individual CCLIP operation or the next one. Its allocation to this first operation, especially for the purpose of scaling up and measuring its results, will be carried out in accordance with the Guidelines to Register and Report Co-financing (document GN-2911) and applicable Bank policies, and it would involve a modification of the total cost and expected results of the program.

**2.3 Cost and financing.** The costs and financing of the operation are as shown in Table 1.

**Table 1. Estimated program costs (US\$ millions)<sup>24</sup>**

Components	IDB	Local contribution		Total	%
		Local counterpart	EIB financing <sup>25</sup>		
<b>Component I. Environmental sanitation systems</b>	<b>54.083</b>	<b>0.400</b>	<b>48.204</b>	<b>102.687</b>	<b>74.68</b>
<i>Pre-investment studies</i>	1.444	0.200	1.950	3.594	2.61
<i>Construction of environmental centers</i>	43.793	0.200	39.028	83.021	60.38
<i>Technical closure of open-air dumps</i>	5.352	0	7.226	12.578	9.15
<i>Operation and maintenance of environmental centers</i>	3.494	0	0	3.494	2.54
<b>Component II. Sector strengthening and environmental and social management</b>	<b>14.368</b>	<b>17.000</b>	<b>1.796</b>	<b>33.165</b>	<b>24.12</b>
<i>Recycling equipment</i>	5.100	8.000	0.638	13.738	9.99
<i>Equipment for landfill management</i>	7.098	9.000	0.975	17.073	12.42
<i>Social inclusion plans</i>	1.515	0	0.184	1.699	1.24
<i>Other studies</i>	0.656	0	0	0.656	0.48
Administration and evaluation	1.549	0.100	0	1.649	1.20
<b>Total</b>	<b>70.000</b>	<b>17.500</b>	<b>50.000</b>	<b>137.500</b>	<b>100.00</b>

**2.4 Disbursement schedule.** Pursuant to document AB-2990 (Enhancing Macroeconomic Safeguards at the Inter-American Development Bank), the disbursement of the Bank loan proceeds will be subject to the following restrictions:<sup>26</sup> (i) a maximum of 15% in the first 12 months; (ii) a maximum of 30% in the first 24 months; and (iii) a maximum of 50% in the first 36 months, counted in all instances from the date on which the loan operation is approved by the Bank's Board of Executive Directors. These restrictions may not apply if the requirements established in the relevant Bank policy have been met, provided that the borrower has been notified in writing.

<sup>23</sup> The EIB will conduct the analysis mission during the first week of July. Inasmuch as the EIB funds would become available sometime after the date on which the MAYDS expects to tender the sample works, the latter would be financed from the IDB loan and a local contribution. Once the EIB resources become eligible, the joint co-financing mechanism would be followed.

<sup>24</sup> The disaggregated costs of both components are indicative.

<sup>25</sup> This corresponds to the financing of €40,000,000 provided by the European Investment Bank.

<sup>26</sup> Section IV of document GN-2753-7 (Operational Guidelines for the Implementation of Macroeconomic Safeguards at the Inter-American Development Bank).

**Table 2. Disbursement schedule (US\$ millions)<sup>1</sup>**

<b>Components</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
IDB	9.583	11.406	13.045	23.208	12.758	70.000
%	13.69	29.98	48.62	81.77	100.00	100.00
Local contribution	0.234	0.057	0.069	9.902	7.239	17.500
%	1.34	1.66	2.06	58.64	100.00	100.00
Co-financing	4.325	6.259	10.906	20.121	8.389	50.000
%	8.65	21.17	42.98	83.22	100.00	100.00
<b>Total</b>	<b>14.141</b>	<b>17.721</b>	<b>24.020</b>	<b>53.231</b>	<b>28.386</b>	<b>137.500</b>
<b>%</b>	<b>10.28</b>	<b>22.95</b>	<b>40.64</b>	<b>79.36</b>	<b>100.00</b>	<b>100.00</b>

## **B. Key issues and risks**

- 2.5 Environmental and social risks.** According to the Bank's Environmental and Social Policy Framework, and based on existing information, the program is classified as a category "B" operation in terms of its socioenvironmental impact. This is because the activities to be implemented could generate temporary negative environmental and social impacts related to infrastructure construction. Potential impacts include the generation of leachate that could contaminate groundwater and surface water resources; the production of odors and greenhouse gases such as methane; impacts on recyclers' livelihoods associated with the closure of open-air dumps; typical construction impacts such as noise, the use and handling of hazardous substances; and impacts on occupational and community health and safety. The socioenvironmental risk is rated "substantial," based on the aforementioned direct impact risks; contextual risks related to potential social opposition to the location of the works, which could generate conflict, complaints, and claims; and performance risks related to the potential for inconsistencies in organizational capacity during the execution of the operation. The disaster and climate change risk is rated "moderate", given the risk of flooding with and without climate change scenarios, as well as drought and water scarcity.
- 2.6 Fiduciary risks.** A medium-high risk was identified in relation to the economic and financial environment: should the budget appropriation during the life of the program be insufficient, including enough to cover the EIB contributions in case they fail to materialize, project execution could be delayed. This risk will be mitigated by verifying the approval status of EIB co-financing during the startup workshop and assessing the need to adjust the results matrix during same to ensure that it is consistent with available resources and the fulfillment of program objectives, with the comprehensive planning of activities in order to identify annual resource needs, adopting a strategy of active acceptance of projects in accordance with the expected results, and processing budget allocation with the corresponding authorities in a timely manner. Should budget amendments or increases be needed during each year's execution, the necessary steps will be taken in a timely manner.
- 2.7 Other risks and key issues.** Two medium-high risks were identified, as follows: (i) the possibility that insufficient human and financial resources are allocated by the municipios or provinces for proper operation and maintenance of the infrastructure, which could compromise the environmental sustainability of the investments and the expected results. As a mitigation measure, the agreement to be signed with the beneficiary will require a commitment to allocate sufficient

human and financial resources for proper operation and maintenance—a requirement that must be reported on and notified to the MAYDS every six months, once the works have been completed; and (ii) should inflation exceed the devaluation of the Argentine peso during program execution, this could cause the dollar costs of the projects to rise, which would affect the scope of the program. To mitigate this risk, a management strategy of active acceptance will be chosen, adjusting the scope of each of the program interventions.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### C. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Argentine Republic. The executing agency will be the borrower, acting through the Ministry of Environment and Sustainable Development (MAYDS), through its Environmental Control and Monitoring Department (SCyMA), which will be responsible for the general coordination of the program and for the technical aspects and fulfillment of its objectives, and through the Division for Externally Financed Projects and International Cooperation of the Administrative Management Division, which will be responsible for the coordination and administrative management of fiduciary matters. In addition, the Department of Strategic Affairs (SAE) will be responsible for the technical and methodological execution of the strategic evaluation of the program, while the executing agency will be responsible for the fiduciary execution of that evaluation.
- 3.2 The SCyMA will designate a coordinator to ensure proper execution of the program, who will be supported by a core technical team consisting of: (i) an urban solid waste specialist; (ii) an environmental specialist; (iii) a social specialist; and (iv) an institutional-financial specialist.
- 3.3 **Program Operating Regulations.** The program will be governed by the provisions of Program Operating Regulations which will include the following elements, at minimum: (i) a detailed execution mechanism, specifying the responsibilities of the executing agency, the SAE, and the participating municipios and provinces; (ii) eligibility and technical criteria for the projects, and the model agreements to be signed between the borrower and the participating municipios and provinces; (iii) criteria for prioritizing the actions to be financed; (iv) rules and procedures for the selection and contracting of works, goods, and services and for administrative and financial management; (v) the profiles and minimum number of specialists who will coordinate program activities; (vi) environmental and social procedures and requirements, including, as annexes, the ESMS, the ESMF for works not included in the representative sample, and the stakeholder participation plan; and (vii) operational aspects of the co-financing, including roles and responsibilities for interlocation between the executing agency and the EIB.
- 3.4 **Eligibility criteria.** Each project to be financed by the program must satisfy the following eligibility criteria: (i) be targeted to urban centers with a population of more than 10,000 inhabitants; (ii) provide reliable evidence of ownership, lease, or commodatum, ensuring at least 20-year availability of the land on which the works to be financed will be located; (iii) certify the non-flood-prone status of all

- the proposed land; (iv) a commitment to comply with the environmental and social aspects described in the program; (v) a commitment to have a legally constituted operating entity; (vi) a formal commitment to allocate the necessary budgetary and human resources to adequately operate and maintain the infrastructure and/or assets to be financed;<sup>27</sup> (vii) a commitment to develop a project that is technically, socially, institutionally, legally, and environmentally viable in accordance with the requirements established in the Program Operating Regulations ([Link 7](#)); and (viii) projects classified as category “A” operations under the Bank’s Environmental and Social Policy Framework will not be eligible.
- 3.5 **Prioritization criteria.** The prioritization criteria for the financing of projects that include the eradication of open-air dumps and the construction of environmental centers are grouped under four dimensions, as detailed in the Program Operating Regulations: (i) political-institutional (local institutional support; territorial planning framework; local-regional partnerships); (ii) environmental: proximity of the open-air dumps to environmental protection areas; conditions of the project site; waste dump risk; population with proper final waste disposal; contribution to the Sustainable Development Goals (SDGs) and the environmental agenda; (iii) economic-financial: volume of urban solid waste recovered; collectability; fiscal autonomy; integration with the local-provincial economy; and (iv) social: waste dump status; local job creation; priority according to social indicators; relationship with other projects.
- 3.6 In terms of eligibility for the procurement of equipment, the following criteria will be used to determine the corresponding prioritization and the types of equipment to be procured: (i) municipios with more than 10,000 inhabitants; (ii) municipios with ongoing integrated urban solid waste management actions; and (iii) municipios with open-air dumps surveyed by the MAyDS. To be able to access program financing, the municipios will need to commit to a Specific Operating Regulation that establishes the framework for using the equipment and the commitments they should assume in order to gain access to financing for the equipment.<sup>28</sup>
- 3.7 **Project cycle.** The project cycle, which will be described in the program Operating Regulations, consists of four stages: (i) identification of needs and eligibility: in this phase the province or municipio presents the need for the project to the executing agency, which reviews its eligibility; (ii) project formulation and inclusion in the program: in this phase the executing agency, the municipio, or province, with technical support from whom they appoint, design the project, agree on its execution stages, and sign an agreement committing to properly operate and maintain the infrastructure to be financed (paragraph 3.8); (iii) execution: in this phase the executing agency will be responsible for the procurement, execution, and payment processes of the work certificates and of the goods and services procured. It will also inspect or supervise the construction

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<sup>27</sup> A project is considered socioeconomically viable if it reports an EIRR greater than 12% in a cost-benefit analysis, or if the most cost-efficient alternative was selected under a cost-efficiency analysis following [IDB guidelines](#).

<sup>28</sup> This Operating Regulation is used for equipment procurement programs financed from national sources. It was approved in 2020 by Ministry resolution (RESOL-2020-416-APN-MAD).

of the works and, at the same time, monitor the implementation and development of the operational management component. This phase concludes with the reception of the contracted works and/or services; and (iv) transfer and operation and maintenance: this last stage begins with the delivery of the assets to the respective municipio or province, for their adequate use, management, and operation and maintenance. Specifically in the case of sanitary landfills, during the first two years of operation, the program will support the beneficiaries (municipios or provinces) by partially co-financing the costs of operation and maintenance under design-build-operate contracts. Prior to the execution stage of the respective project, the MAYDS will submit a project report for the Bank's no objection. This will include documentation on its technical, economic, environmental, social, financial, and institutional viability.

- 3.8 **Special contractual conditions precedent to the first disbursement of the loan proceeds.** The borrower, acting through the executing agency, will present evidence, to the Bank's satisfaction, of the following: (i) appointment of the general coordinator and core technical team mentioned in paragraph 3.2, under the terms previously agreed upon with the Bank; and (ii) approval and entry into force of the Program Operating Regulations. These conditions are considered essential to ensure proper execution and coordination of the program, as well as to have detailed guidelines on operational aspects.
- 3.9 **Special contractual conditions for execution.** Before adding a project to the program, the borrower, acting through the executing agency, will sign an agreement with the provincial or municipal governments regulating the participation of the respective beneficiary and specifying the terms and conditions of execution and transfer, in order to ensure the operational and financial sustainability of the corresponding work(s) and/or asset(s), pursuant to the provisions of the Program Operating Regulations.
- 3.10 **Procurement.** Procurements financed in whole or in part with Bank resources will be executed pursuant to the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15), or the policies in effect at the time of execution, provided the borrower agrees in writing to their application. No direct contracting is foreseen. In addition, the Bank and the EIB are expected to enter into a project-specific agreement under the mutual reliance agreement for procurement signed between them in April 2022, which will cover procurement management issues.
- 3.11 To promote a sustainable public procurement model, flexible instruments will be integrated into the procurement process to rate the proposed technical solutions and evaluate and weigh alternatives, for the purpose of incentivizing features related to energy efficiency, sustainability, carbon footprint, and sustainable working conditions, in line with best international practices.
- 3.12 **Partial waiver of the Bank's procurement and consultant policies.** Given the participation of the EIB as a source of co-financing for this first individual operation and considering that the IDB's procurement policies will be applied to all procurement processes inasmuch as the IDB will take the lead in supporting

implementation and monitoring of the program's procurement activities, a partial waiver is requested of the provisions set out in the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (document GN-2349-15, paragraph 1.8) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15, paragraph 1.13), to enable firms, individuals, and goods originating from countries that are not members of the Bank to participate in the selection, procurement, and contracting processes to be co-financed with EIB resources in the framework of the mutual reliance agreement for procurement signed in April 2022 between the EIB and the IDB.<sup>29</sup>

- 3.13 **Disbursements and audits.** The Bank will disburse resources under the advance-of-funds modality or any other modality specified in the Guidelines set out in OP-273-12. Advances of funds will be based on a financial plan generated for the subsequent six months, or some other reasonable period, when the payments made are fulfilled and duly documented. With the exception of the first advance of funds, subsequent advances may be processed when 80% of the total cumulative balance of funds already advanced has been substantiated. If necessary, use of the flexibilities established in OP-273-12 may be considered. The "Online Disbursement" platform will be used to process disbursements vis-à-vis the IDB. Program funds will be deposited in an account at the Central Bank of the Argentine Republic and then transferred to a special account at Banco de la Nación de Argentina. The annual and final external audits of the program will be performed either by an independent firm of auditors eligible to audit Bank-financed operations, or else by the National Auditor General's Office (AGN). The corresponding financial statements will be submitted to the Bank by the borrower, through the executing agency, no later than 120 days after the end of the fiscal year of the program and 120 days after the expiration of the original disbursement period or extensions thereof, respectively.
- 3.14 **Operation and maintenance.** In the first quarter of each calendar year, starting in the year following that in which the first work is completed and up to three years after the end of the disbursement period or extensions thereto, the borrower, through the executing agency, will provide the Bank with the maintenance plan for works and goods financed by the program and information on operation and maintenance carried out. The commitment to prepare these reports and provide them to the executing agency, so that the latter may consolidate them and deliver them to the Bank, will be included in the agreement to be signed between the executing agency and the participating provinces or municipios (paragraph 3.9).

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<sup>29</sup> "Procedural Framework between the European Investment Bank and the Inter-American Development Bank in respect of mutual reliance in procurement for jointly co-financed public sector projects in common countries of operations," of April 2022 (EIB-IDB Agreement). As indicated in paragraph 5.1 of the EIB-IDB Agreement, projects to be co-financed by the EIB and the Bank will not be subject to eligibility restrictions based on the country of origin of the firms or individuals to be contracted, or of the goods to be procured, if authorized by the Bank's Board of Executive Directors at the time of approval of each operation.



**D. Arrangements for monitoring and evaluating results**

- 3.15 **Monitoring.** The borrower, through the executing agency, will prepare reports on progress made toward, and achievement of, the results of the activities for which it is responsible. The monitoring plan will include the procurement plan, the program execution plan, the annual work plan, the results matrix, the progress monitoring report, and the risk management plan. Within 60 days after the end of each six-month period, the borrower, through the executing agency, will submit semiannual status reports to the Bank, describing the progress achieved, the results obtained, and an action plan for the following six months ([Link 3](#)).
- 3.16 **Evaluation.** The borrower, through the executing agency, will submit the following to the Bank: (i) a midterm evaluation, to be submitted 90 days after the date on which 50% of the program resources have been disbursed; and (ii) a final evaluation to be submitted 90 days after the date of the last disbursement of program funds. The proposed evaluation methodology will be “before and after,” which will consist of measuring the results indicators after the interventions have been implemented and comparing the measurements to verify achievement of the targets. As part of the final evaluation, an ex post economic assessment will be carried out, the methodology of which is specified in detail in the monitoring and evaluation plan ([Link 3](#)).
- 3.17 Following government guidelines, and complementing program evaluations, the executing agency, in coordination with, and supported by, the SAE, will conduct a comprehensive evaluation to “generate strategic information on the contribution of the financing to the conditions of operational and financial sustainability of the capacities installed by the program,” which will serve as inputs to improve implementation and complement the program’s monitoring and evaluation instruments.

Development Effectiveness Matrix		
Summary		AR-L1342
<b>I. Corporate and Country Priorities</b>		
<b>Section 1. IDB Group Strategic Priorities and CRF Indicators</b>		
1. The Strategic Alignment tab in convergence shows alignment on IDB Group Strategic Priorities. The Results Matrix tab lists flagged CRF indicators		
2. The Strategic Alignment tab in convergence shows information on alignment to Country Development Objectives		
<b>II. Development Outcomes - Evaluability</b>		<b>Evaluable</b>
3. Evidence-based Assessment & Solution		10.0
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		4.0
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
<b>III. Risks &amp; Mitigation Monitoring Matrix</b>		
6. Overall risks rate = magnitude of risks*likelihood		Medium Low
The Environmental and Social Data tab in convergence shows the environmental and social risk classification of the project		
<b>IV. IDB's Role - Additionality</b>		
<b>Annex III Fiduciary Arrangements</b> describes project reliance on the use of country systems (VPC/FMP Criteria)		
7. Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

AR-L1342

*Evaluability Assessment Note: The proposal presents an operation for a total of USD137,500,000 to be financed through a multiple works investment program loan within a CCLIP for USD70,000,000 (BL-L1036). The specific objectives of this operation will be: (i) to increase the adequate final disposal of Municipal Solid Waste (MSW); (ii) to improve MSW recovery rates with a social inclusion perspective; and (iii) to mitigate the negative environmental impacts of open dumps, including GHG emissions. These objectives will contribute to the overall objective of improving the integrated management of Municipal Solid Waste (MSW) in Argentina.*

*The proposal presents a solid diagnosis of the problem. Specifically, the main problems identified are low adequate disposal of MSW, low recovery of solid waste, and a high number of open dumps. The proposed solutions are appropriate to respond to the identified problems and their contributing factors and are related to the General Objective. The results matrix is congruent with the vertical logic of the project and includes appropriate indicators at the outcome level associated with the Specific Objectives and the General Objective. The outcome indicators are correctly defined to measure the program's achievements and the fulfillment of its three specific objectives, as well as the strategic alignment with the cross-cutting issues.*

*The proposal proposes a cost-benefit analysis for the three projects in the sample. Extrapolating the sample to the entire loan, including equipment provision costs, the IRR is 31%. Given that the benchmark rate is 12%, the aggregate analysis suggests that the project is socioeconomically viable. The methodology for monetizing the benefits consists of valorizing the recycled waste, the cost saved from reduced waste disposal, and the avoided social cost from reduced GHG emissions. For non-evaluated projects, a benefit-cost analysis will be performed, and the project can finance only projects with IRR above 12%.*

*The project includes a monitoring and evaluation plan that aligns with Bank standards. The effectiveness of the proposed intervention will be measured following two approaches: an ex-post cost-benefit analysis approach and a before-after comparison to verify the achievement of goals. For these analyses, it is foreseen to use information from external results verifications.*

## RESULTS MATRIX

<b>Project objective:</b>	The general objective of the CCLIP and the first individual operation is to help improve integrated urban solid waste management in Argentina. The specific objectives of the first operation are: (i) to increase the proper final disposal of urban solid waste; (ii) to improve the recovery of urban solid waste with a social inclusion perspective; and (iii) to mitigate the negative environmental impacts of open-air dumps.
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### GENERAL DEVELOPMENT OBJECTIVE

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
<b>General development objective: To help improve integrated urban solid waste management in Argentina</b>							
Households in the targeted municipios whose urban solid waste is recovered and/or disposed of properly	Households	0	2022	2027	227,500	Report from municipios on the percentage of beneficiaries whose urban solid waste is recovered and/or properly disposed of, relative to total households in the census	Four persons per household are assumed (INDEC 2010 Census).

### SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
<b>Specific development objective 1: To increase the proper final disposal of urban solid waste</b>											
1.1 Proportion of urban solid waste disposed of in sanitary landfills in the program areas	%	0	2022	0	0	0	35%	100%	100%	Executing agency reports, based on reports from municipios/provinces/consortia	Tons per year of urban solid waste disposed of in sanitary landfills / Tons per year of waste collected, minus recycled waste
<b>Specific development objective 2: To improve the recovery of urban solid waste, with a social inclusion perspective</b>											
2.1 Proportion of material recovered by plants in environmental centers	%	0	2022	0	0	0	0	25%	25%	Executing agency reports, based on reports from municipios/provinces/consortia	Tons per year of waste sent to recycling plants / Tons per year of waste collected. Recovered material consists of recyclables, tree and yard waste, aggregates, and tires.

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
2.2 Formal jobs created as a result of program interventions	Jobs	0	2022	0	0	71	214	361	361	Executing agency reports, based on reports from municipios/provinces/consortia	Work is considered formal when it is considered in the current legal framework.
2.2 (disaggregated) Formal jobs created as a result of program interventions and filled by women	Jobs	0	2022	0	0	5	43	127	127		Number of jobs for women at environmental centers / Total number of jobs created
2.3 Proportion of waste pickers employed formally as a result of technical closures of dumps	%	0%	2022	0	0	39%	84%	100%	100%	Executing agency reports, based on reports from municipios/provinces/consortia	Waste pickers with formal jobs / Total number of waste pickers registered in the Social Inclusion Plan (PISO) agency
2.3 (disaggregated) Proportion of female waste pickers employed formally as a result of technical closures of dumps	%	0%	2022	0	0	19%	79%	100%	100%	Executing agency reports, based on reports from municipios/provinces/consortia	Number of jobs for women waste pickers / Total number of jobs created for waste pickers
2.4 Increase in material recovered in municipios that receive equipment	%	0%	2022	0	0	0	35%	50%	50%	Information reported by the municipios in their Operating Regulations	Increase relative to the current situation indicated by each municipio in its Operating Regulations  Material recovered one year after delivery of machinery / Material recovered before delivery of machinery (baseline) -1
<b>Specific development objective 3: To mitigate the negative environmental impacts of open-air dumps</b>											
3.1 Proportion of open-air dumps closed and subject to monitoring and follow-up by the municipios	%	0%	2022	0	0	30%	80%	100%	100%	Executing agency reports, based on reports from municipios/provinces/consortia	Open-air dumps subject to post-closure monitoring and follow-up / Total open-air dumps identified and intervened by the program

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
3.2 Proportion of environmental centers financed by the program reporting at least 25% of greenhouse gas emissions avoided	%	0%	2022	0	0	0	0	60%	60%	Executing agency reports	<p>Avoided refers to greenhouse gas emissions associated with recycling, composting, and biogas capture and reduction activities that do not escape into the atmosphere.</p> <p>Emissions generated without the project and avoided with the project should be calculated using the methodology defined in the Climate Change Annex (<a href="#">Link 8</a>)</p> <p>Greenhouse gas emissions avoided with the project / Greenhouse gas emissions generated without the project.</p>
3.3 Annual rate of micro dumps cleaned up in municipios that receive equipment	%	5%	2022	0	0	0	10%	25%	25%	Information reported by the municipios in their Operating Regulations	Micro dumps cleaned up / Micro dumps identified each year

#### OUTPUTS

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
<b>Component 1: Environmental sanitation systems</b>											
1.1. Preinvestment studies prepared	Studies	0	2022	2	2	1	0	0	5	Executing agency reports	
1.2. Environmental centers built and equipped with changing rooms, interpretation centers, and childcare units with breastfeeding facilities	Environmental centers	0	2022	0	0	3	5	1	9	Works acceptance certificates	

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
1.3. Technical closure of open-air dumps completed.	Open-air dumps	0	2022	0	0	3	5	2	10	Executing agency reports	
1.4. Environmental centers with funding for operation and maintenance in the first two years	Environmental centers	0	2022	0	0	0	2	3	5	Executing agency reports	
<b>Component 2: Sector strengthening and environmental and social management</b>											
2.1. Recycling equipment delivered	Equipment	0	2022	0	0	50	50	100	200	Acceptance certificates signed with each beneficiary município	
2.2. Equipment for improved dump management delivered	Equipment	0	2022	0	0	25	25	50	100	Acceptance certificates signed with each beneficiary município	
2.3. Social inclusion plan for waste pickers prepared and approved, with a gender perspective and the inclusion of persons with disability	Plan	0	2022	2	2	1	0	0	5	Number of PISOs prepared and with the Bank's no objection.	
2.4. PISO in implementation	Plan	0	2022	0	0	0	1	2	3	Executing agency reports	
2.5 Communication strategies developed and in implementation	Strategy	0	2022	0	0	0	0	5	5	Executing agency reports	
Milestone 1: Communication strategies developed	Strategy	0	2022	0	2	1	2	0	5		
Milestone 2: Communication strategies in implementation	Strategy	0	2022	0	0	2	1	2	5		

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
2.6. Municipal capacity building plan prepared and implemented, with a gender perspective and the inclusion of persons with disability	Plan	0	2022	0	1	1	1	0	3	Executing agency reports	
2.7 Financial sustainability studies prepared	Study	0	2022	0	1	1	1	0	3	Executing agency reports	

Country: Argentina Division: WSA Operation No.: AR-L1342 Year: 05/05/2022

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

**Executing agency:** Ministry of Environment and Sustainable Development of Argentina (MAyDS)

**Operation name:** Integrated Urban Solid Waste Management Program II

### I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation (Any system or subsystem that is approved subsequently may be applicable to the operation, pursuant to the terms of the Bank's validation).

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

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Co-financing	The operation will have co-financing from the European Investment Bank (EIB) <sup>1</sup> of up to US\$50 million, under the joint financing modality. All works financed by the EIB will be co-financed by the IDB. This will be implemented within the framework of the EIB-IDB mutual reliance agreement for procurements. The IDB will take the lead on financing, with responsibility for tasks related to the preparation, implementation, and monitoring of procurements.
<input checked="" type="checkbox"/>	Specifics of fiduciary execution	The borrower will be the Argentine Republic, and the MAyDS will be the executing agency, with the latter responsible for the coordination and administrative management of fiduciary matters, through the Division for Externally Financed Projects and International Cooperation of the Administrative Management Division. The Environmental Control and Monitoring Department (SCyMA) of the Ministry of Environment and Sustainable Development (MAyDS) will be responsible for the general coordination of the program and for the technical aspects and fulfillment of its objectives.

3. Fiduciary capacity

Fiduciary capacity of the executing agency	An institutional capacity analysis performed on the MAyDS confirmed that the ministry has a satisfactory level of institutional development to execute the program. Following are opportunities for improvement and measures to address the gaps that were identified: (i) strengthen the internal control structure for program execution; (ii) describe, in the Program Operating
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<sup>1</sup> Regarded as a local counterpart contribution.



	Regulations, the specific technical and operational arrangements and coordination mechanisms for procurement, financial management, internal control, and auditing of the program; and (iii) strengthen the teams responsible for financial management and procurement as program execution proceeds. The MAYDS has experience executing Bank projects and is currently executing loan 3249/OC-AR. It is considered to have the capacity to carry out the actions identified in the short term and to execute the operation.
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4. Fiduciary risks and risk response

Risk taxonomy	Risk	Risk level	Risk response
Economic and financial	If there is insufficient budget allocation during the life of the program, including enough to cover the EIB contributions in case they fail to materialize, project execution could be delayed, resulting in under-execution of the resources.	Medium-high	This risk will be mitigated by verifying the approval status of EIB co-financing during the startup workshop and assessing the need to adjust the results matrix during same to ensure that it is consistent with available resources and the fulfillment of program objectives, with the comprehensive planning of activities in order to identify annual resource needs, adopting a strategy of active acceptance of projects in accordance with the results targets, and processing budget allocation with the corresponding authorities in a timely manner. Should budget amendments or increases be needed during each year's execution, the necessary steps will be taken in a timely manner.

5. Policies and guidelines applicable to the operation. For the financial management of the operation, the guidelines established in OP-273-12, as updated, and the Bank's current policies on procurement and on selection and contracting of consultants (documents GN-2349-15 and GN-2350-15, respectively) will be used.
6. Exceptions to policies and guidelines. A partial waiver is requested of the provisions set out in the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (document GN-2349-15, paragraph 1.8) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15, paragraph 1.13), to enable firms, individuals, and goods originating from countries that are not members of the Bank to participate in the selection, procurement, and contracting processes to be co-financed with EIB resources.

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

Special conditions precedent to the first disbursement. N/A
For the purposes of Article 4.10 of the General Conditions, the Parties agree that the applicable exchange rate will be the rate indicated in subsection (b)(i) of said Article. For the purpose of determining the equivalence of expenditures incurred in local currency against the local contribution, or the reimbursement of expenditures chargeable to the loan, the agreed-upon exchange rate will be the rate in effect on the first business day of the month in which the borrower, the executing agency or any other natural or legal person to whom the authority to make expenditures has been delegated makes the respective payments in favor of the contractor, supplier, or beneficiary. In addition, the exchange rate indicated in Article 4.10(b)(i) of the General Conditions will be used to recognize expenditures co-financed with IDB and local resources against the local contribution.
The program's audited annual financial statements will be submitted to the Bank by the executing agency within no more than 120 days after the close of each fiscal year of the program and will be duly audited by an independent firm of auditors acceptable to the Bank, or else by the National Auditor General's Office (AGN). The final audited financial statements will be submitted within 120 days following the date of the last program disbursement or any extensions.

## III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	<p>For the procurement of works, goods, and nonconsulting services executed in accordance with the procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB), the Bank's standard bidding documents (SBDs) or those agreed upon between the executing agency and the Bank for the procurement in question will be used. Similarly, the selection and contracting of consulting services will be conducted in accordance with the consultant selection policies (document GN-2350-15), using the standard request for proposals (SRP) issued by the Bank, or as agreed upon between the executing agency and the Bank for the selection in question. In application of the rules on co-financing with the EIB, the bidding documents will include the environmental and social requirements of both institutions, together with the integrity covenant.</p> <p>The project sector specialist will be responsible for reviewing the technical specifications and terms of reference of procurements during preparation of selection processes, and the review will be carried out in coordination with the EIB's technical team, as appropriate.</p>
<input checked="" type="checkbox"/>	Special procurement provisions applicable to the operation	<p>In the case of procurements and contracting co-financed jointly with the EIB:</p> <ul style="list-style-type: none"> <li>The applicable policies will be those of the IDB (GN-2349-15, GN-2350-15); the IDB will be the lead co-financing agency. The thresholds applicable to ICB or the selection of consulting firms will be €5,000,000 for works and €200,000 for goods and services (both consulting and nonconsulting), or the equivalent thereof. General and specific procurement and contracting notices will be published in a national newspaper or the Official Gazette and also in UNDB online, the Official Journal of the European Union OJEU, and the IDB website.</li> </ul>

		<p>Contract awards will be published in UNDB Online, the OJEU, and on the IDB's website, at minimum.</p> <ul style="list-style-type: none"><li>▪ In accordance with the EIB's Anti-Fraud Policy and the IDB's Prohibited Practices, all selection or bidding documents will include a covenant of integrity. Should any bidder issue a positive statement on this covenant, the institutions will agree on the steps to be taken, pursuant to their own policies and procedures, including ruling on contract financing or ineligibility of the bidding firm.</li><li>▪ All protests will be dealt with collaboratively between the two institutions, with the IDB taking the lead in processing them. If the EIB receives a protest, it will forward it to the IDB for review and final decision.</li><li>▪ The operation will also apply the mutual agreements between the IDB and the EIB regarding the exchange of information on investigations of prohibited conduct and practices, protests, and procurement-related information.</li><li>▪ In all international proceedings, the standstill period will apply.</li><li>▪ Amendments to contracts exceeding 15% of the original contract value or exceeding €5,000,000 for works and €200,000 for goods or services will only be eligible with a joint no objection from the IDB and the EIB.</li></ul>												
<input checked="" type="checkbox"/>	Procurement supervision	<p>The supervision method will be ex post, except in cases where ex ante supervision is warranted. Procurements executed through the country system will also be supervised through that system. The supervision method, whether (i) ex ante, or (ii) ex post, will be determined for each selection process in the procurement plan. Ex post reviews will be conducted each year in accordance with the project supervision plan, subject to change during execution. The benchmark threshold amounts for ex post review are as follows:</p> <table><tr><th>Executing agency</th><th>Works</th><th>Goods/services</th><th>Consulting services</th></tr><tr><td>MAyDS</td><td>US\$10,000,000</td><td>US\$1,500,000</td><td>US\$400,000</td></tr><tr><td>MAyDS with EIB co-financing</td><td>€5,000,000</td><td>€200,000</td><td>€200,000</td></tr></table>	Executing agency	Works	Goods/services	Consulting services	MAyDS	US\$10,000,000	US\$1,500,000	US\$400,000	MAyDS with EIB co-financing	€5,000,000	€200,000	€200,000
Executing agency	Works	Goods/services	Consulting services											
MAyDS	US\$10,000,000	US\$1,500,000	US\$400,000											
MAyDS with EIB co-financing	€5,000,000	€200,000	€200,000											
<input checked="" type="checkbox"/>	Records and files	<p>For the Bank's ex ante or ex post supervision, the executing agency will keep digital copies, in formats that can be consulted or requested later by the Bank and the EIB.</p>												

#### Main procurements

Description of procurement	Selection method	New procedures/ Tools	Estimated date	Estimated amount (US\$)
Works				
DBO works, environmental centers (several processes, between 10 and 15)	National competitive bidding (NCB)		January 2023	To be confirmed
Strengthening of management operational capacity	Selection based on the consultants' qualifications (CQS)			160

Description of procurement	Selection method	New procedures/ Tools	Estimated date	Estimated amount (US\$)
Strengthening of communication in three areas (3 processes)	Selection based on the consultants' qualifications (CQS)		May 2023	160

#### IV. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL MANAGEMENT

<input checked="" type="checkbox"/>	Programming and budgeting	The MAYDS, acting through its Administrative Management Division, will be responsible for the annual budget formulation and programming process and for all procedures involved in consolidating the annual budget for approval. As the need arises for additions to, or reallocations of, appropriations, the Division requests the corresponding amendments and is responsible for getting them to approval. Budget appropriations are executed through quarterly and monthly commitment installments, which are assigned by the National Budget Office (Ministry of Economy). In the case of the local contribution, the source will be identified, and its availability when needed will be guaranteed.
<input checked="" type="checkbox"/>	Treasury and disbursement management	<p><b>Bank accounts.</b> In its capacity as executing agency, the MAYDS will manage and control any bank accounts opened in dollars and local currency for the exclusive and separate management of the IDB's financing and EIB co-financing, as well as their bank reconciliation.</p> <p><b>Financial plan.</b> Disbursements will be made on the basis of a detailed financial plan based on the program's actual liquidity needs.</p> <p><b>Disbursement methods.</b> The Bank will disburse resources under the advance-of-funds modality or any other modality specified in the Guidelines set out in OP-273-12. Advances of funds will be based on a financial plan generated for the subsequent six months, or some other reasonable period, when the payments made are fulfilled and duly documented. With the exception of the first advance of funds, subsequent advances may be processed when 80% of the total cumulative balance of funds already advanced has been substantiated. If necessary, use of the flexibilities established in OP-273-12 may be considered. The "Online Disbursement" platform will be used to process disbursements vis-à-vis the IDB.</p> <p>Pursuant to document AB-2990, since Argentina does not have a current Independent Macroeconomic Assessment, the pace of disbursement by the IDB of the loan proceeds drawn against the IDB's Ordinary Capital will be subject to the following restrictions: (i) a maximum of 15% in the first 12 months; (ii) a maximum of 30% in the first 24 months; and (iii) a maximum of 50% in the first 36 months, counted in all instances from the date on which the loan operation is approved by the Board of Executive Directors. These restrictions may not apply if the requirements established in the relevant Bank policy have been met, provided that the borrower has been notified in writing.</p> <p><b>Flow of program funds.</b> The program funds to be executed will be deposited in an account opened to receive IDB disbursements at the Central Bank of the Argentine Republic, and then transferred to a</p>

		special account at Banco de la Nación de Argentina for managing the loan proceeds. Use of the Treasury Single Account is not anticipated.
<input checked="" type="checkbox"/>	Accounting, information systems, and report generation	The MAYDS will use the External Loan Executing Unit (UEPEX) system as the financial administration system, which allows for the identification of program funds and sources of financing. This system records the program's investments by cost table component, in accordance with the chart of accounts approved by the IDB. The accounting records will be kept on a cash basis and will abide by International Financial Reporting Standards as applicable, in accordance with established national criteria.
<input checked="" type="checkbox"/>	Internal control and internal audit	Internal control is the responsibility of the Office of the Comptroller General of the Nation (SIGEN). Internal auditing is done by the MAYDS Internal Audit Unit, which reports directly to the ministry's top authority.
<input checked="" type="checkbox"/>	External audit and financial reporting	The program's external audit may be performed by an independent firm of auditors eligible to audit Bank-financed operations, selected and contracted pursuant to the terms of reference and model contract previously agreed upon with the Bank. It may also be carried out by the National Auditor General's Office (AGN), if previously authorized by the Bank and if its workload allows, since the National External Control Subsystem has been validated.
<input checked="" type="checkbox"/>	Financial supervision of the operation	The financial supervision plan will be based on the risk and fiduciary capacity assessments made of the MAYDS and will include on-site supervision visits and "desk" monitoring, as well as analysis and follow-up of the findings and recommendations of the audits of the program's annual financial reports.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/22

Argentina. Conditional Credit Line for Investment Projects (CCLIP)  
Integrated Urban Solid Waste Management Program (AR-O0018)

The Board of Executive Directors

RESOLVES:

1. To authorize the President of the Bank, or such representative as he shall designate, to enter into such agreement or agreements as may be necessary with the Argentine Republic, to establish the Conditional Credit Line for Investment Projects (CCLIP) Integrated Urban Solid Waste Management Program (AR-O0018) (the “Line”) for an amount of up to US\$300,000,000, chargeable to the resources of the Ordinary Capital of the Bank.

2. To establish that the resources allocated to the Line shall be used to finance individual operations under the Line, in accordance with: (a) the objectives and regulations of the Conditional Credit Line for Investment Projects approved by Resolution DE-58/03, as amended by Resolutions DE-10/07, DE-164/07, DE-86/16 and DE-98/19; (b) the provisions set forth in documents GN-2564-3 and GN-2246-13; and (c) the terms and conditions included in the proposal for the corresponding individual operation.

(Adopted on \_\_\_ 2022)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/22

Argentina. Loan \_\_\_\_/OC-AR to the Argentine Republic. Integrated Urban Solid Waste Management Program II. First Individual Operation Under the Conditional Credit Line for Investment Projects (CCLIP) Integrated Urban Solid Waste Management Program (AR-O0018)

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 the Integrated Urban Solid Waste Management Program II, which constitutes the first individual operation under the Conditional Credit Line for Investment Projects (CCLIP) Integrated Urban Solid Waste Management Program (AR-O0018), approved by Resolution DE-\_\_\_/22 on \_\_\_\_ 2022. Such financing will be for the amount of up to US\$70,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_\_ 2022)