

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

**“COMPREHENSIVE IMPROVEMENT PROJECT FOR THE GENERAL ROCA
RAILROAD, PLAZA CONSTITUCIÓN – LA PLATA BRANCH LINE”:
REFORMULATION AND ADDITIONAL FINANCING
(AR-L1337, 2982/OC-AR)**

**THIRD INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR
INVESTMENT PROJECTS (CCLIP)
(AR-X1018)**

LOAN PROPOSAL

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REQUIRED
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2. Monitoring and evaluation plan
3. Environmental and social management report
4. Procurement plan
OPTIONAL
1. Economic analysis of the project
2. Data on loan 2982/OC-AR works and activities and cost deviation
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4. Gender annex
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ABBREVIATIONS

AGN	Auditoría General de la Nación [Office of the Auditor General of the Nation]
CCLIP	Conditional credit line for investment projects
CNRT	Comisión Nacional de Regulación del Transporte [National Transportation Regulatory Commission]
DGPPSE	Dirección General de Programas y Proyectos Sectoriales y Especiales [Office of Special and Sector Programs and Projects]
EIRR	Economic internal rate of return
FCGR	Ferrocarril General Roca [General Roca Railroad]
GHG	Greenhouse gas
INDEC	Instituto Nacional de Estadística y Censos [National Statistics and Census Institute]
NPV	Net present value
PCR	Project completion report
PMR	Progress monitoring report
RMBA	Región Metropolitana de Buenos Aires [Buenos Aires Metropolitan Region]
SIGEN	Sindicatura General de la Nación [Office of the Comptroller General]
SNDC	Second Nationally Determined Contribution
SOFSE	Sociedad Operadora Ferroviaria, Sociedad del Estado [State-owned railroad operator]
SUBE	Sistema Único de Boleto Electrónico [One Electronic Ticket System]
UBN	Unmet basic needs
UGOFE	Unidad de Gestión Operativa Ferroviaria de Emergencia [Emergency Railway Operation Unit]

PROJECT SUMMARY

ARGENTINA

“COMPREHENSIVE IMPROVEMENT PROJECT FOR THE GENERAL ROCA RAILROAD, PLAZA CONSTITUCIÓN – LA PLATA BRANCH LINE”: REFORMULATION AND ADDITIONAL FINANCING (AR-L1337, 2982/OC-AR)

THIRD INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) (AR-X1018)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility ^(a)	
Argentine Republic			Amortization period:	25 years
Executing agency:			Disbursement period:	5 years
The borrower, acting through the Ministry of Transportation of the Nation			Grace period:	5.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital): ^(d)	130 million	100%	Credit fee:	(c)
Total:	130 million	100%	Inspection and supervision fee:	(c)
			Weighted average life:	15.25 years
			Currency of approval:	United States dollars
Project at a Glance				
Project objective/description: The general objective of the project is to promote the recovery of the metropolitan railroads, contributing to the improvement of public transportation services in the Buenos Aires Metropolitan Region (RMBA) and to the quality of life of the population through renovation and electrification of the passenger rail service on the Plaza Constitución – La Plata branch line of the General Roca Railroad, increasing this branch line's share of passenger ridership on the Buenos Aires – La Plata corridor. The specific objectives are to: (i) shorten travel times; (ii) lower accident rates; (iii) improve reliability and comfort of the service; and (iv) reduce the rail line's greenhouse gas emissions.				
Special contractual conditions precedent to the first disbursement: A special contractual condition precedent to the first disbursement will be the approval and entry into force of the updated version of the program Operating Regulations for loan 2982/OC-AR on the terms previously agreed upon with the Bank (see paragraph 3.3).				
Special contractual conditions for execution: See the socioenvironmental contractual conditions in Annex B of the environmental and social management report (ESMR) (required link 3).				
Exceptions to Bank policies: A partial exception is requested with respect to: (i) the Policy on Additional Financing of Cost Overruns for Operations in Progress (document GN-2329), in terms of its condition to “maintain the original ratios approved in the project financing matrix,” since the borrower lacks the resources to maintain the local contribution percentage included in the financing matrix for the original loan (loan 2982/OC-AR); and (ii) the policy on conditional credit lines for investment projects (CCLIPs) (document GN-2246-7), which requires that for an operation to be financed through a CCLIP, “previous projects under the credit line” must meet certain eligibility criteria, requesting in this case that these requirements apply only with respect to the original loan 2982/OC-AR and not to the immediately preceding project under the line (loan 4265/OC-AR) (see paragraph 2.10).				
Strategic Alignment				
Challenges: ^(e)	SI <input type="checkbox"/>		PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(f)	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>	IC <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) 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.
- (d) In accordance with document AB-2990, the disbursement of the Bank financing 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 the loan operation is approved by the Board of Executive Directors (see paragraph 2.2).
- (e) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (f) GD (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale

- 1.1 **Passenger transportation in the Buenos Aires Metropolitan Region (RMBA).** The demand for mobility rose in the wake of economic growth in recent decades from around 16 million daily trips in 1996 to nearly 29 million in 2014. In this scenario, mass transit systems were only able to maintain demand at around 9 million daily trips, reducing their share of total trips from 56% to 31% (CAF, 2014).
- 1.2 **Railroads.** The rail system is comprised of seven lines covering 967 kilometers¹ and linking five terminal stations located in the Autonomous City of Buenos Aires with the municipios of Buenos Aires Province. The State-owned railroad operator, Sociedad Operadora Ferroviaria, Sociedad del Estado (SOFSE), operates five lines, and the remaining two lines are concessioned to private-sector operators.² The metropolitan railway system as a whole transported 514 million passengers in 2018³ and has a 10% share of public transportation ridership in the RMBA.⁴
- 1.3 **Infrastructure and service quality.** Because of its age and size, the metropolitan railway system includes components built with several different technologies and currently in varied states of repair. In recent decades, low investment levels⁵ have contributed to the system's deterioration, creating negative impacts on service quality and operational safety. According to data from the National Transportation Regulatory Commission (CNRT) for 2016, 51% of the tracks were in fair or poor condition. Only 40% of the network has electric automatic signaling; the rest still uses mechanical systems dating from the early twentieth century. To reverse this situation, in 2012 the Government of Argentina launched a rail infrastructure and new rolling stock investment plan.
- 1.4 Between 2005 and 2015, changes in the management model,⁶ a decline in investment levels, and the accident at the Plaza Once train station⁷ adversely impacted the performance of the metropolitan railroads. Sales of train tickets fell from 448 million in 2008 to 330 million in 2015 after bottoming at 236 million in 2013. Service quality declined: whereas around 3% of scheduled trains were canceled in 2009, 9% were canceled in 2015 after peaking at 15% in 2013.⁸ The

¹ Twenty-nine percent of this network is electrified. [CNRT](#), 2018.

² SOFSE: Mitre, Roca, Sarmiento, San Martín, and Belgrano Sur lines; Metrovías: Urquiza line; and Ferrovías: Belgrano Norte line.

³ [CNRT, 2018](#).

⁴ [Ministry of Transportation of the Nation](#), 2018.

⁵ According to estimates by the Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento [Center for Implementation of Public Policies for Equity and Growth], US\$50 million was invested annually in the metropolitan railroads between 2003 and 2010, whereas the annual amount necessary to maintain them was approximately US\$450 million.

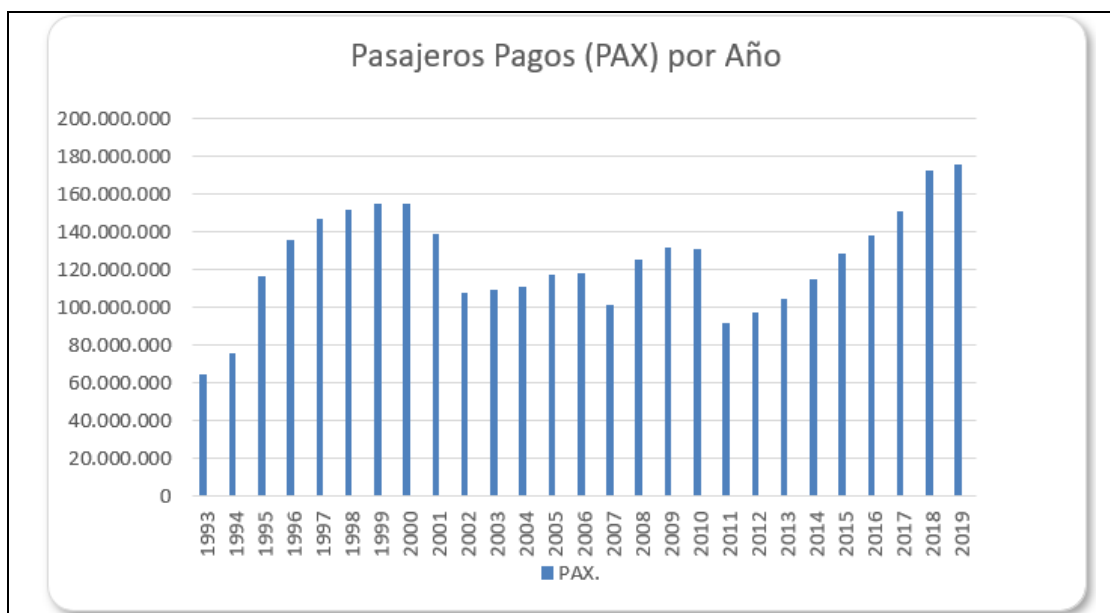
⁶ [IDB, 2013](#).

⁷ In 2012, a train on the Sarmiento line collided at the Plaza Once station. Fifty-one people died, and more than 700 were injured.

⁸ Lower indicators than the internationally accepted standards for efficient railway services.

deterioration in these indicators has many different causes, ranging from the poor condition of train cars and infrastructure to operational management challenges.

Figure 1. Paying passengers transported, metropolitan railway system



Source. [CNRT, 2020](#).

- 1.5 **The government's strategy.** In 2012, the government launched an investment plan to modernize the RMBA railway system. Between that time and 2016, approximately US\$2.0 billion was invested in rail infrastructure and new rolling stock. Under the conditional credit line for investment projects (CCLIP) for the Metropolitan Railroads Recovery Program (AR-X1018), the Bank supports these investment efforts with the following operations: Comprehensive Improvement of the General Roca Railroad: Plaza Constitución – La Plata Branch Line (loan 2982/OC-AR) (see paragraph 1.11), approved in 2013 for US\$500 million (IDB financing: US\$300 million; local counterpart: US\$200 million), and General San Martín Railroad Improvement Project: Retiro – Pilar Branch Line (loan 4265/OC-AR), approved in 2017 for US\$522 million (IDB financing: US\$400 million; local counterpart: US\$122 million).
- 1.6 **General Roca Railroad (FCGR).** With its 370 kilometers of tracks and nine branch lines, the General Roca Railroad is the most extensive in the RMBA and transports the largest number of passengers. In 2018, demand for this line totaled 172 million paying passengers,⁹ approximately 40% of the total for the entire rail system.¹⁰ Like

⁹ Total estimated demand: 190 million passengers. [CNRT, 2018](#).

¹⁰ [Ibid.](#)

the rest of the railroad system, service quality on the FCGR has been deteriorating for some time, with equipment and systems at the end of their useful life.¹¹

- 1.7 The Plaza Constitución – La Plata branch line, which is part of the FCGR, covers 52.8 km between the Plaza Constitución and La Plata endpoints and its 17 intermediate stations. From a demand perspective, it has three clearly defined segments emanating from the terminal station of Constitución, which is the main point of departure and destination of travel. The first segment, which is the densest in terms of population and has the highest demand, extends to the Quilmes station. The second segment, with a relatively lower population density but still ongoing urban development, runs to Berazategui. The third segment, which is virtually rural, runs to the city of La Plata, whose outskirts are becoming more and more dense in terms of population. There is a supplementary branch line known as Constitución – Bosques (via Quilmes)¹² that operates along the same route and uses the same stations as the Plaza Constitución – La Plata branch line between Constitución and Berazategui. From there, a double track 7 km long (known as Vía Circuito) runs to the Bosques station. In 2012, both branch lines provided passenger service and operated with diesel traction, experiencing substantial delays and low service quality.¹³

¹¹ [Between 2009 and 2013, on-time service declined from 97% to 88%, and absolute regularity from 89% to 66%.](#)

¹² Constitución – Quilmes – Bosques – Temperley – Constitución circle route using the Constitución – Bosques (via Temperley) branch line.

¹³ Absolute regularity of service (trains on time/trains scheduled): 63% in 2012.

- productivity and competitiveness, reduces greenhouse gas (GHG) emissions, creates sustainable jobs, and improves income distribution ([optional link 8](#)). The publication “[DIA 2020 – The Path to Better Infrastructure in Latin America and the Caribbean](#)”¹⁶ highlights the importance for the governments in the region to prioritize strategic infrastructure projects that can contribute to the economic recovery.
- 1.10 **Poverty.** Ten percent of households in the municipios adjacent to the route of the Plaza Constitución – La Plata branch line have unmet basic needs, which exceeds the provincial average of 8%.¹⁷ According to data from the ENMODO mobility survey,¹⁸ 49% of FCGR users belong to the lowest two income quintiles.
 - 1.11 **Loan 2982/OC-AR.** This is the first operation under CCLIP AR-X1018 (see paragraph 1.5). It is a “brownfield project”¹⁹ encompassing several different, interrelated works ([optional link 2](#), Component 2) to electrify and improve the existing diesel passenger trains in service at the time the abovementioned loan was signed.
 - 1.12 **Progress to date.** The project has made significant progress. The planned electrification works have been completed. Electric trains have been in service between the Plaza Constitución and La Plata stations since October 2017 and between the Plaza Constitución and Bosques stations since October 2018.²⁰ Other important works have been completed: a railroad viaduct, a rail yard/repair shop for light train maintenance, a new telecommunications system, and raising of platforms at 21 stations. Two originally planned large works, train signaling and control and track renewal, are respectively in execution and close to being awarded (see paragraph 1.19 and [optional link 2](#)). IDB financing is 100% committed and 92% disbursed, with the last disbursement slated for December 2021.²¹
 - 1.13 **New electric rolling stock.** In 2013, the government purchased electric rolling stock for approximately US\$354 million²² to operate on the FCGR and reinforce other lines. This procurement was funded with own resources outside loan operation 2982/OC-AR. The new trains were put into service progressively, beginning in June 2015, on the FCGR’s electric branch lines.²³ Recently, the government

¹⁶ [IDB, 2020](#).

¹⁷ [National Statistics and Census Institute \(INDEC\), 2010](#).

¹⁸ Transportation Department, 2009.

¹⁹ Already existing.

²⁰ Service was suspended on 7 September 2015 due to the electrification works.

²¹ The government informed the Bank that it would request a 24-month extension, which would enable it to disburse the balance of the local counterpart under the original loan, which had met with constraints due to a fiscal crisis that was then aggravated by the pandemic.

²² [A total of 300 cars were purchased for the electric branch lines of the FCGR](#), with an estimated investment of US\$120 million for the Plaza Constitución – La Plata and Constitución – Bosques (Quilmes) branch lines.

²³ [Télam, 2015](#).

purchased further rolling stock for US\$278 million and plans to allocate some of the cars to the line.²⁴

- 1.14 **Partial results.** The Ministry of Transportation of the Nation conducted a [partial impact assessment](#) when the electrical works were completed and the electric cars went into service in 2017 (see paragraph 1.13). The assessment showed substantial improvements in terms of service reliability²⁵ and accident reduction²⁶ with respect to 2015. In addition, 87% of users surveyed said their travel experience had improved since the electrification. In 2017 the downward trend in demand was reversed, and in 2019 the number of train tickets sold at the branch line's stations surpassed the 2014 figure by 45%.²⁷ The average travel time between Plaza Constitución and La Plata was shortened by 10 minutes out of a total 80 minutes. These improvements resulted from the larger capacity and better performance of the electric trains with respect to the diesel trains²⁸ and from lower failure rates owing to the new rolling stock. Even without having completed all the planned works, the program was on the way to meeting its general and specific objectives.
- 1.15 **Request for additional financing.** The executed electrification works involved higher costs than envisaged under the original loan contract (loan 2982/OC-AR). In the first place, at the time of the bidding process, the bids turned out to be 111% higher than the initially estimated budget. It is worth noting that the last time works of similar characteristics had been built in the country was in the 1980s,²⁹ so both the market and the relevant government agencies had limited experience in their design and execution. In addition, the plans for these works had to be adjusted,³⁰ since the densely populated urban setting, involving space constraints and interference with public services, made executing them more complex than expected. These adjustments increased the amount of the subcomponent contracts by 27%. Lastly, after the works had begun, the executing agency proposed adding the electrification of 7 kilometers of the Vía Circuito to the original plan, to increase the operational flexibility of the line (see paragraph 1.7), which raised the contracted amount by 13%.
- 1.16 The repair shop and rail yard subcomponent originally envisaged relatively small works consisting of refurbishing an existing repair shop and yard. However, given the requirements of the growing fleet of electric rolling stock on this line (see paragraph 1.13), a light maintenance shop-yard was ultimately built and equipped with entirely new tracks and facilities (laboratories, warehouse, wheel

²⁴ [Ministry of Transportation of the Nation, 2019.](#)

²⁵ Improvement of 13% in on-time service according to the relative regularity indicator (trains on time/trains running).

²⁶ Estimated reduction of 9 to 11 accidents per month.

²⁷ [CNRT, 2018.](#)

²⁸ Electric trains increased transportation capacity by approximately 30%. The new trains have air conditioning, which makes them more comfortable, and achieve higher average running speeds.

²⁹ FCGR branch lines to Ezeiza and Alejandro Korn.

³⁰ The originally planned overhead feeder cables for the entire catenary system were instead laid underground, to avoid interferences.

lathe, wash plant, etc.). This entailed a 104% deviation from the amount allocated to this subcomponent under the loan contract.

- 1.17 Under the signaling and telecommunications subcomponent (now in execution), work on Vía Circuito was added the start of the bidding process, which raised the contract amount by 21% with respect to the original loan.
- 1.18 The market's response to the bidding processes, the above-described project modifications, and adjustments to the prices in the respective contracts are the reasons for the higher costs of executed works, which are now making it impossible to finance works and activities included in the original project (see paragraph 1.19). The executing agency prepared the modifications and expansions of the works described above, which were analyzed and approved by the Bank. The higher costs due to increases in quantities³¹ on completed works amount to approximately US\$65 million, while the higher costs due to changes in contracted prices³² represent US\$59.8 million, for a total of US\$124.8 million. [Optional link 2](#) provides a detailed analysis of the changes in prices and quantities with respect to the original project, broken down by work and execution stage.
- 1.19 **Scope of additional financing.** The additional financing will increase the Bank's contribution to the project in the two original components of loan 2982/OC-AR (see paragraph 1.41). Component 2 will finance the following works: (i) train signaling and control, now in execution; (ii) track renewal, soon to be awarded;³³ (iii) improvements to the Santillán and Kosteki station, soon to begin; and (iv) fencing, soon to begin. It will also fund new studies³⁴ and new small urban works (US\$5.2 million), as part of existing items under Components 1 and 2, in response to challenges identified during the execution of the existing project and arising from the COVID-19 pandemic ([optional link 3](#)).

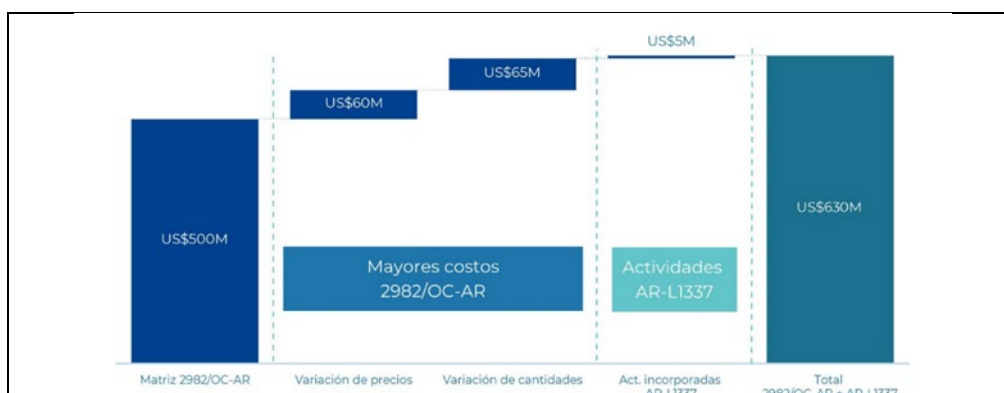
³¹ Scope expansions and project changes during the construction process.

³² Different unit costs from those envisaged in the matrix of loan 2982/OC-AR, price adjustment formulas under the contracts, and exchange rate variations.

³³ Provides for contingencies in the form of price variations and addenda for items (i) and (ii).

³⁴ Two gender equity studies and one environmental study.

Figure 3. Higher costs and scope of additional financing



Source: Prepared by the author ([optional link 2](#)).

1.20 Rationale. The aforementioned cost increases³⁵ (see paragraphs 1.15 to 1.18) were covered with proceeds of loan 2982/OC-AR and have resulted in the need for additional resources to finance works and activities already envisaged under the project,³⁶ as well as the newly planned ones (see paragraph 1.19). Financing the pending works through the supplemental loan will make it possible to obtain the marginal benefits that will be added to the results already achieved ([optional link 3](#)), contributing to the originally planned objectives: (i) the new train signaling and control system will make it possible to improve the speed,³⁷ capacity,³⁸ and quality³⁹ of the service and is essential for the operational safety of the branch line through avoidance of accidents due to human error, since it includes automatic train braking equipment; (ii) track renewal affects train speed, enhances comfort, and prevents reduction of the rolling stock's useful life;⁴⁰ (iii) the improvements to the Santillán and Kosteki station will have an impact on operational safety⁴¹ and comfort; and (iv) the perimeter fencing is critical for reducing accidents in the area adjacent to the tracks, especially in urbanized areas. The factors described above in terms of partial results achieved (see paragraph 1.14), the socioeconomic characteristics of users (see paragraph 1.10), the reasonableness of the total project costs (including the additional financing) with respect to comparable projects,⁴² and the economic

³⁵ Covered thus far with proceeds from loan 2982/OC-AR.

³⁶ According to the Ministry of Transportation of the Nation, the balance of IDB financing covers funding needs until February 2022.

³⁷ Travel time shortened by 10% with respect to 2019.

³⁸ Passengers/year increased by 13 million with respect to 2019.

³⁹ Improvement of five and seven percentage points, respectively, in schedule compliance and relative regularity with respect to 2019.

⁴⁰ The current maintenance cost is an estimated 30% higher than the cost to be recorded with the renewed tracks.

⁴¹ The temporary platforms installed are at the [end of their useful life and create difficulties for riders](#).

⁴² The cost per kilometer of electrified tracks for similar (brownfield) projects is approximately US\$10 million, without including the purchase of rolling stock, which is consistent with the costs of this project.

viability of the project (see paragraphs 1.47 and 1.48) support the need for this operation.

- 1.21 **Fulfillment of conditions.** As required by the Bank's policy on Additional Financing of Cost Overruns for Operations in Progress (document GN-2329), the original project was analyzed considering adjustment alternatives or alternative sources of financing to ensure that the project objectives are achieved. Except as indicated in paragraph 2.10, this operation satisfies the required conditions, inasmuch as: (i) the additional financing is being requested before the disbursement period expires;⁴³ (ii) the project is proceeding satisfactorily (see paragraph 3.4);⁴⁴ (iii) the cost overruns were the result of exceptional circumstances beyond the borrower's control (see paragraphs 1.15 to 1.18); (iv) reducing the project scope or physical targets to fit the funding available would seriously jeopardize achieving the proposed objectives, since that would make it impossible to complete all the planned works (see paragraphs 1.19 and 1.20); (v) increasing the financing in the proposed amount will make it possible to achieve the stated objectives (see paragraph 1.40) without adversely affecting the economic, financial, institutional, and environmental feasibility of the operation (see paragraphs 1.47, 1.48, and 2.4); (vi) given the current global economic crisis, the government is constrained in its ability to contribute its own resources and obtain financing from other sources at costs comparable to the Bank's; and (vii) the country is current on its debt service to the Bank.
- 1.22 **Reformulation.** In addition to the additional financing due to cost variations, the proposal reformulates the original project by adjusting the language of the original objective of the project⁴⁵ to clarify the scope of the specific objectives and add a new one, on reduction of greenhouse gas emissions (see paragraph 1.40(iv)), to reflect the pillars of the second Update to the Institutional Strategy (UIS) 2020-2024 (document AB-3190-2). The Results Matrix has been adjusted as set out in paragraph 1.46. Aside from these adjustments, there are no substantive changes to the vertical logic of the project. The objective, amended as indicated above, will apply to both the original loan and the proposed additional financing (see paragraph 3.6).
- 1.23 **Urban integration.** The branch line runs through densely populated urban areas, characterized by high unmet basic needs, along nearly 50% of its length (see paragraph 1.10). Fostering integration between the stations and their surroundings, so that the stations can become development hubs, is especially important in areas with the aforementioned socioeconomic characteristics. The already completed platform raising works and works to improve the stations' urban environment have contributed to this objective and facilitated railroad accessibility for persons with reduced mobility. During the execution of the original project, a potential was identified for new, small urban works around stations that have yet to be targeted.

⁴³ The government submitted its request in October 2020, within the time limit for the last disbursement (30 December 2021).

⁴⁴ Satisfactory score in the progress monitoring report (PMR), January to December 2019.

⁴⁵ Loan [2982/OC-AR](#).

- 1.24 **Persons with reduced mobility.** The prevalence of persons with disabilities six years of age or older in Argentina is estimated at 10.2%.⁴⁶ Fully 38.7% of persons with disabilities in Buenos Aires report that trains have barriers and obstacles that hinder them from accessing or using them.⁴⁷ Barriers to accessibility of urban transportation and infrastructure adversely affect the population with disabilities and reduced mobility, making it difficult for them to access services and opportunities such as employment, education, health care, and housing.
- 1.25 **Digitalization and innovation.** Digital management of infrastructure and its services significantly improves the quality of life of citizens. The challenges imposed by the pandemic on the public transportation systems have underscored this point. Knowing the actual demand for railroad stations makes it possible to: (i) develop operating plans and services better suited to users' needs; (ii) provide users with information on the occupancy level of the service, allowing them to adjust their itineraries and travel schedules; and (iii) mitigate operational and system control problems.
- 1.26 A study⁴⁸ done in the area served by the FCGR applied segmentation and clustering techniques to data from the One Electronic Ticket System (SUBE) and identified the short trips made by users to reach the stations. This analysis shows that 1.75 million daily trips to and from the stations can potentially be made by bicycle, if interventions and improvements are made to the road and station infrastructure. Low-cost studies like these complement traditional planning techniques, contributing to more effective mobility policies.
- 1.27 **Gender.** In 2019, despite having more years of schooling on average, Argentine women were less likely to be employed than men.⁴⁹ Prior to the pandemic, 52% of women who worked had part-time jobs, 36% had informal jobs, and 29% had low-skilled jobs (compared to 25%, 32%, and 13% of men, respectively).⁵⁰ Additionally, the gross gender wage gap was 25%, strongly associated with the occupational segregation and glass ceiling effects faced by women.⁵¹ Women are underrepresented in more productive sectors, such as the transportation, warehousing, and communications sector and the construction sector, where they account for only 13.1% and 3.4% of the total workforce, respectively.⁵² This is compounded by the gender biases and cultural barriers that women have to overcome to join male-dominated industries.

⁴⁶ [Office of the President of Argentina, 2018.](#)

⁴⁷ [National Office of Statistics and Censuses, 2018.](#)

⁴⁸ González, F. and Anapolsky, S. "Análisis de viajes de corta distancia con datos de la tarjeta electrónica de pago para transporte público (SUBE)." Forthcoming.

⁴⁹ [INDEC, 2020.](#)

⁵⁰ [Ministry of Labor, 2018.](#)

⁵¹ [Idem.](#)

⁵² International Labor Organization (ILO) and author's calculations. Employment by gender and economic activity – modelled estimates. 2019.

- 1.28 In the Buenos Aires Metropolitan Region (RMBA), 58% of daily trips using public transportation⁵³ are made by women. Due to the roles and the social and cultural norms attributed to each gender, women's mobility patterns and transportation needs are different from those of men. Unlike men, women prioritize safety over speed and cost when selecting their modes of transportation.⁵⁴
- 1.29 **Climate change.** Transportation accounts for approximately 14% of GHG emissions in Argentina. The country presented its [Second Nationally Determined Contribution \(SNDC\)](#) in December 2020, setting a GHG emissions reduction target consisting of not exceeding 359 megatons of carbon dioxide equivalent (359 MtonCO₂e)⁵⁵ by 2030. The SNDC sets out the country's commitment to craft a long-term development strategy with low emissions with a view to achieving carbon-neutral development by 2050. Mitigation actions in the transportation sector are key to meeting the targets.
- 1.30 **Transparency in public works.** Public works, at the international level, run into integrity risks when they involve complex projects with large budgets that depend on institutions of varying capacities. The government employs different strategies to manage these risks, including InvestmentMap, which provides public information on works execution, a Corporate Integrity and Transparency Registry, and others. In this program, the Bank and the executing agency will adjust the Operating Regulations so that program operation reflects best practices in integrity risk management (see paragraph 3.3).
- 1.31 **Lessons learned.** Lessons will be taken into consideration from operation 2982/OC-AR⁵⁶ on the importance of fostering integration of the railroad with its urban environment by improving the stations and making them more accessible (see paragraphs 1.35 and 1.36), as well as the importance of strengthening mechanisms for structuring dialogue among the stakeholders involved by setting up working groups to streamline and formalize decisions on execution (see paragraph 2.9). In addition, lessons will be taken into consideration from the project "Quito Metropolitan Transportation System" (loan 2882/OC-EC) on works inspection and technology use in urban transportation planning (see paragraph 1.37). The Bank's supplementary financing operations in the sector, specifically the "Meerzorg – Albina Corridor Rehabilitation Project. Supplementary Financing" (loan 2887/OC-SU) and "Supplementary Financing Program for the Integrated Mass Transit System (IMTS) for Santiago de Cali" (loan 1659/OC-CO-1), yield lessons for mitigating potential additional cost increases by strengthening works inspection and the management capacity of the executing agency.
- 1.32 **The Bank's country strategy.** The project is aligned with the IDB Group Country Strategy with Argentina 2021-2023 (document GN-3051) by assisting in reducing

⁵³ IBD Transport Gender Lab. n.d. Presentation: Gender Strategy and Transportation – Argentina.

⁵⁴ [World Bank, 2020](#).

⁵⁵ According to the SNDC, the country's GHG emissions in 2016 totaled 364 MtonCO₂e.

⁵⁶ Paragraph 1.14.

infrastructure gaps. The operation is included in Annex III to the 2021 Operational Program Report (document GN-3034).

- 1.33 **Strategic alignment.** The project is consistent with the second Update to the Institutional Strategy 2020-2024 (document AB-3190-2) and aligned with the development challenge of productivity and innovation by providing adequate, reliable, and affordable infrastructure and public services. The project also has three new alignments with crosscutting areas not reflected in the original project: (i) gender equality, by promoting and expanding opportunities for women's workforce participation in the infrastructure sector and increasing their access to quality infrastructure services; (ii) diversity, by seeking to make the FCGR more accessible for persons with disabilities; and (iii) climate change and environmental sustainability, by promoting a mode of transportation with low GHG emissions. Under the [multilateral development banks' joint methodology for tracking climate finance](#), an estimated 99.99% of the operation's resources are invested in mitigation activities in the form of construction and upgrading of railroad infrastructure. These resources contribute to the Bank's climate finance goal (30% of the volume of annual approvals). The operation will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) in terms of "roads built or upgraded (km)" and "emissions avoided (annual tons CO₂ equivalent)."
- 1.34 The project is consistent with: (i) the IDB Infrastructure Strategy: Sustainable Infrastructure for Competitiveness and Inclusive Growth (document GN-2710-5), since it focuses on promoting socially and environmentally sustainable infrastructure; (ii) the sector framework documents for (a) Transportation (document GN-2740-12), by supporting the development of affordable, sustainable, and safe urban transportation; (b) Housing and Urban Development (document GN-2732-11), by fostering the railroad's integration into its urban surroundings; and (c) Climate Change (document GN-2835-8), by promoting a sustainable mode of transportation; and (iii) the following action plans: (a) Gender Action Plan for Operations 2020-2021 (document GN-2531-19) and (b) Diversity Action Plan for Operations 2019-2021 (document GN-3001), by supporting issues related to gender and persons with reduced mobility.
- 1.35 **Urban integration actions.** The operation envisages small urban interventions aimed at ensuring that the branch line's stations and their surroundings are safe, healthy, sustainable, and more integrated with the city. These interventions will be in five major areas: (i) accessibility, through improvements of the pedestrian environment and crossings; (ii) inclusion in terms of diversity (see paragraph 1.36) and gender (see paragraph 1.38); (iii) connectivity, through development of a cycling network and intermodality at stations; (iv) integration and connection with green spaces in the areas served by the stations; (v) upgrades for better climate adaptation of infrastructure; and (vi) complementarity of uses and diversification of activities in the stations and their surroundings ([optional link 3](#) and [optional link 6](#)).
- 1.36 **Actions for inclusion of persons with reduced mobility.** The designs for interventions in stations and their surroundings (see paragraphs 1.35 and 1.44) will incorporate international standards of accessibility and universal design ([optional link 3](#) and [optional link 9](#)).

- 1.37 **Digitalization and innovation actions.** The program will install special people-counting cameras at the entrances to the main stations of the branch line. Specific analysis algorithms will be applied to this information to: (i) create a tool to study and monitor passenger demand with a view to improving operational efficiency and information for users; and (ii) implement a system to detect problems in controlling entry to the stations ([optional link 3](#) and [optional link 7](#)).
- 1.38 **Gender equity actions.** The operation will diagnose gaps in women's integration into the railroad operator's workforce and will conduct: (i) a training pilot for women workers to help them develop technical skills that can improve their career paths; and (ii) awareness-raising workshops for decision-makers associated with SOFSE, aimed at breaking free from biases and barriers that limit women's inclusion in the sector. The designs for the Santillán and Kosteki station and for other small urban interventions (see paragraph 1.35) will adopt a gender perspective to: (i) create safe spaces in stations and their surroundings, providing adequate lighting and preventing blind spots; and (ii) ensure the inclusion of baby changing facilities in men's, women's, and handicapped-accessible restrooms ([optional link 3](#) and [optional link 4](#)).
- 1.39 **Climate change actions.** Electrification of the FCGR ([optional link 5](#)) is in line with Argentina's SNDCs. Electrification will enable the GHG emissions generated by the railroad to be reduced by approximately an annual 14,000 tons of CO₂ by shifting the power source from diesel to electricity and will encourage users to switch from automobile to railroad transportation by improving travel conditions.

B. Objectives, components, and cost

- 1.40 The general objective of the project is to promote the recovery of the metropolitan railroads, contributing to the improvement of public transportation services in the Buenos Aires Metropolitan Region (RMBA) and to the quality of life of the population through renovation and electrification of the passenger rail service on the Plaza Constitución – La Plata branch line of the General Roca Railroad, increasing this branch line's share of passenger ridership on the Buenos Aires – La Plata corridor. The specific objectives are to: (i) shorten travel times; (ii) lower accident rates; (iii) improve reliability and comfort of the service; and (iv) reduce the rail line's greenhouse gas emissions.
- 1.41 The additional financing will provide resources for the following components:
- 1.42 **Component 1. Engineering and administration (US\$900,000).** This component will include: (i) technical, economic, and socioenvironmental studies; (ii) administration, monitoring, evaluation, and audits; (iii) an analysis of gaps in women's integration into SOFSE's workforce, as the basis for a strategy and action plan to foster greater women's representation in male-dominated positions at the company; (iv) awareness training for sector decision-makers, to foster women's inclusion in male-dominated positions; and (v) a technical training pilot for women, to improve their career paths at the company and/or access to higher-quality and better-paid jobs, based on the identified gaps (see paragraph 1.38).

- 1.43 **Component 2. Works, supervision, and technical support (US\$129.1 million).**⁵⁷
- 1.44 **Subcomponent 2.1. Construction and upgrading of rail facilities and superstructures (US\$127.7 million).** This subcomponent will finance the following works: (i) train signaling and control; (ii) track renewal; (iii) upgrading of the Santillán and Kosteki station and its urban surroundings with a gender and disability lens (see paragraphs 1.35 and 1.36); (iv) improvement of the urban surroundings of stations targeted or not targeted in the original operation; (v) system to monitor entry to the stations by means of cameras (see paragraph 1.37); and (vi) construction of perimeter fencing along the branch line.
- 1.45 **Subcomponent 2.3. Supervision (US\$1.4 million).** This subcomponent will consist of consulting engagements for works supervision.

C. Key results indicators

- 1.46 The operation's key results indicators correspond to those in the Results Matrix for the original loan with adjustments in terms of definitions, targets, and means of verification. A new outcome indicator was added, associated with the specific objective of reducing GHG emissions on the branch line (see paragraph 1.22). The changes are reflected in the Results Matrix, which for evaluation purposes will apply to this additional financing as well as to the original loan (see paragraph 3.10).
- 1.47 **Economic feasibility.** The economic evaluation quantified the project's costs and benefits in terms of lower operating expenses, time saved for users, and accidents and GHG emissions reduced as a result of its implementation. The period of analysis was 30 years. The project has favorable economic indicators, with a net present value (NPV), discounted at 12%, of US\$196.01 million⁵⁸ and an economic internal rate of return (EIRR) of 22.9%.⁵⁹ This evaluation used the one conducted in 2013 for the original program as a point of departure. Assumptions were verified regarding the: (i) alignment to the actual costs of investments already made and inclusion of the amount budgeted as of 2020 for pending investments; (ii) the supply of services currently in operation (number of daily services and travel time) and the projection, once the works in execution are completed; and (iii) levels of demand (passengers currently transported) and future demand projection. Significantly, the condition without the project includes investments in tracks, junctions, viaducts, rolling stock, platform raising, repair shops, and signaling, all of which are necessary to ensure the operational safety of the diesel service under the current scenario.
- 1.48 Additionally, the sensitivity analyses showed that the operation is robust: (i) a 20% increase in investment costs would yield an EIRR of 22%; (ii) a 20%

⁵⁷ Subcomponents 2.2 and 2.4 of the original loan operation will not require additional financing and are therefore not discussed in this paragraph.

⁵⁸ Estimated NPV of the original operation: US\$313 million. The reduced amount was the result of the increase in the project's costs.

⁵⁹ Estimated EIRR of the original operation: 21.2%. The deferment of some of the investments and the early materialization of some of the expected benefits prevented the EIRR from being reduced as a result of the increase in costs.

decrease in benefits would yield an EIRR of 20.5%; and (iii) a combined scenario of a 20% increase in investments and a 20% decrease in benefits would yield an EIRR of 19.6%. Lastly, a sensitivity analysis was performed that considered a postponement of all works for one year and for five years, respectively yielding an NPV of US\$190.29 million and an EIRR of 22.7%, and an NPV of US\$177.22 million and an EIRR of 22.3%. The analysis leads to the conclusion that the project is economically worthwhile, sound under critical sensitivity scenarios, and, if postponed, would result in lower overall returns, and there are reasons of timing for completing the remaining works ([optional link 1](#)).

- 1.49 **Beneficiaries.** The beneficiaries of this operation will be the population residing along the route of the Plaza Constitución – La Plata and Plaza Constitución – Bosques (via Quilmes) branch lines: 671,000 people living within the operation's area of direct influence and 2.1 million people living within the area of indirect impact.⁶⁰ Additionally, an analysis of SUBE card use records showed that approximately 100,000 people make daily use of the improved FCGR services as direct users.⁶¹ These users make around 190,000 daily trips.⁶²

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 Within the framework of the CCLIP AR-X1018 (see paragraph 1.5), the operation will be executed as an investment loan under the specific works project modality, to contribute additional financing due to cost overruns on an operation in execution.
- 2.2 The total amount of the additional financing is US\$130 million, to be financed from the Bank's Ordinary Capital resources. The disbursement period will be five years. In accordance with document AB-2990, the pace of disbursement of the Bank financing from the Ordinary Capital resources will be subject to the following restrictions: (i) a maximum of 15% of the total amount of the financing approved by the Bank can be disbursed in the first 12 months; (ii) a maximum of 30% of the total amount of the financing approved by the Bank can be disbursed in the first 24 months; and (iii) a maximum of 50% of the total amount of the financing approved by the Bank can be disbursed in the first 36 months. These lengths of time will be counted in all instances from the date the loan operation is approved by the Board of Executive Directors. These restrictions may not apply if the requirements set by Bank policy regarding those restrictions have been met, provided that the borrower has been notified in writing.

⁶⁰ Those living within less than 1,000 meters from a station are considered to be within the area of direct influence, while those living within less than 2,000 meters from a station are considered to be within the area of indirect influence. The population estimates are for 2019, based on INDEC projections derived from 2001 and 2010 census data.

⁶¹ The analysis of SUBE data was performed for a typical business day in November 2019, with records showing that 98,000 unique card users paid for at least one ticket at one of the stations along the targeted branch lines.

⁶² According to the CNRT records, there were 191,000 daily trips on a typical business day in 2019.

Table 1. Cost table (US\$ millions)

Components	2982/OC-AR (1) First CCLIP operation			AR-L1337 (2) Third CCLIP operation		
	IDB	Local	Total	IDB	Local	Total
Component 1. Engineering and administration	5.7	2.2	7.9	0.9	0.0	0.9
Component 2. Works, supervision, and technical support	294.3	197.8	492.1	129.1	0.0	129.1
Subcomponent 2.1. Construction and upgrading of rail facilities and superstructures	270.1	156.1	426.2	127.7	0.0	127.7
Subcomponent 2.2. Construction and upgrading of rail infrastructure	17.3	38.4	55.7	0.0	0.0	0.0
Subcomponent 2.3. Supervision	6.9	3.2	10.1	1.4	0.0	1.4
Subcomponent 2.4 Environmental and social preparation (3)	0.0	0.0	0.0	0.0	0.0	0.0
Total	300.0	200.0	500.0	130.0	0.0	130.0

Notes: (1) Reflects actual execution of the project to date; (2) amounts at the subcomponent level are indicative; and (3) the envisaged activities were funded with own resources outside the operation at a cost 50% lower than planned, since the resettlement required was substantially less than expected. The originally envisaged amounts were reallocated within Component 2.

Table 2. Disbursement projection – AR-L1337 (US\$ millions)

Source/year	1	2	3	4	5	Total
IDB (Ordinary Capital)	14.63	23.96	26.05	51.00	14.36	130.00
%	11.3%	18.4%	20.0%	39.2%	11.1%	100%

2.3 Fulfillment of eligibility conditions under the CCLIP. In view of the required waiver (see paragraph 2.10(ii)), the eligibility requirements under the policy applicable to the CCLIP instrument (document GN-2246-7)⁶³ have been satisfied, inasmuch as: (i) this operation falls under the sectors and components defined under the CCLIP (see paragraph 1.5); (ii) its objectives are related to the country strategy, and the operation is included in the 2021 Operational Program Report (see paragraph 1.32); (iii) the executing agency⁶⁴ is the same as for the first individual operation (loan 2982/OC-AR), and its performance level continues to be satisfactory; (iv) the results obtained in the first individual operation are satisfactory, as reflected in the output and outcome indicators reported in the progress monitoring reports (PMRs), allowing the Bank team and the national authorities to project that the performance of the proposed project will be satisfactory; (v) in terms of financial execution of the first operation, the Bank has disbursed 92% of the funds (see paragraph 1.12); and (vi) the borrower and the executing agency have complied with the contractual conditions of loan contract

⁶³ This operation was prepared in accordance with the eligibility criteria established in document GN-2246-7 and the terms of the Agreement for Establishment of a CCLIP, entered into between the borrower and the Bank on 13 December 2013.

⁶⁴ Ministry of Transportation of the Nation, pursuant to a contract amendment dated 27 November 2017.

2982/OC-AR and the Bank's policies on disbursement and procurement of goods and services, including audited financial statements.

B. Environmental and social safeguard risks

- 2.4 In accordance with the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703), this project is classified as Category "B," maintaining the same category as the original operation, since it is a reformulation and supplemental operation. It will finance works from the original project that have not yet been executed, such as signaling, track renewal and improvement, fencing, and work at a railroad station, that have low and case-specific social and environmental impacts and risks, such as noise and vibrations, inconvenience for users of the station, disposal of waste and debris, work accidents, and workers' risk of contracting COVID-19. The works planned under the supplementary financing are not expected to adversely affect protected areas, critical natural habitats, or indigenous populations, nor require involuntary settlement or economic displacement. Track renewal will not involve track widening or expansion, nor require the purchase of land.
- 2.5 Preparation included a review of the environmental and social management plans ([ESMP](#)) for the actions under this operation, the environmental and social management framework ([ESMF](#)), and the original [strategic socioenvironmental assessment](#). These documents were published in accordance with the policy time frames. A social and environmental audit conducted in accordance with Directive B.12 of Operational Policy OP-703 identified moderate and minor social and environmental liabilities such as the failure to implement forestation activities as envisaged in environmental and social documents, dispose of and remove waste, realign embankments in the Tolosa coach yard, and others. A corrective action plan⁶⁵ was established to remedy these liabilities, and 60% of the priority actions under the plan have been implemented to date. They must continue to be implemented in accordance with the timetable in the corrective action plan.
- 2.6 The project includes an ongoing public consultation process. The public consultations were carried out under the original operation and relate to the underpass works in La Plata, the Quilmes electrical substation, and the Ringuet viaduct. This operation did not require specific consultations, in view of the environmental category of the works to be executed. The programs to be implemented by the executing agency and the contractors include an information and communication plan designed to inform the community and users about the works to be built and any potential modifications. This is expected to mitigate the impact of the works on the population as a whole and build a relationship of trust with stakeholder groups.
- 2.7 The operation's natural disaster risk is Type 1 moderate, inasmuch as one of the already completed works, the Ringuet viaduct, is located in a flood zone ([required link 3](#)).

⁶⁵ Funded with own resources.

C. Fiduciary risks

- 2.8 The Ministry of Transportation of the Nation, acting through the Office of Special and Sector Programs and Projects (DGPPSE), has the internal capacity to manage resources and sufficient experience to conduct procurement, disbursement, and the respective supporting documentation processes. Nevertheless, a medium-high risk was identified, associated with: (i) delays in project procurement and in the counterpart flow related to the local contribution for loan 2982/OC-AR, to be mitigated through adequate planning of the need for resources and timely management of the allocation of budgetary resources for project execution; and (ii) decision-making delays in the internal contract management processes by the Ministry of Transportation of the Nation, to be mitigated through a review of the approval level of the administrative process for contract management and approval by the ministry.

D. Other key risks and issues

- 2.9 The project has a high risk associated with: (i) internal processes: execution delays due to lack of coordination among government entities responsible for the oversight, execution, and approval of the works and railroad operations, to be mitigated by establishing a working group to expedite decision-making throughout project execution, comprised of the Ministry of Transportation of the Nation, the State-owned railroad operator SOFSE, and the works contractors and supervision firms, as applicable.⁶⁶ Medium-high risks were also identified, associated with: (i) planning: due to inconsistencies between the works execution plans, particularly the signaling and track renewal works, to be mitigated by: (a) harmonizing the work plans of the companies hired for the signaling and track works; (b) retaining a consulting firm to supervise the work; and (c) delivering status reports on these works as part of the six-monthly reports; and (ii) human resources: due to difficulties in adding technical staff at the executing agency to oversee and monitor the works, to be mitigated by reviewing the planning and hiring process for the staff necessary for these tasks. The Bank will monitor the implementation of the proposed mitigation measures through administration missions and will report on progress through the PMRs.
- 2.10 **Exception to Bank policies.** A partial exception is requested with respect to: (i) the Policy on Additional Financing of Cost Overruns for Operations in Progress (document [GN-2329](#)), in terms of its condition to “maintain the original ratios approved in the project financing matrix,”⁶⁷ since the borrower lacks the resources to maintain the local contribution percentage included in the financing matrix for the original loan (document 2982/OC-AR); and (ii) the policy on conditional credit lines for investment projects (CCLIPs) (document [GN-2246-7](#)), which requires that for an operation to be financed through a CCLIP, “previous projects under the credit line” must meet certain eligibility criteria, requesting in this case that these requirements apply only with respect to the original loan 2982/OC-AR and not to

⁶⁶ Up and running for the signaling works, and to be structured in early 2022 for the track renewal works.

⁶⁷ Along similar lines, see loan 1659/OC-CO-1.

the immediately preceding project under the line (loan 4265/OC-AR).⁶⁸ This request is justified, respectively, by the following: (i) the government is unable to make this contribution due to tight fiscal constraints, aggravated by the COVID-19 pandemic; and (ii) since this operation is for supplementary financing, the eligibility analysis should focus on the original project that will receive the additional funds, since knowing the status of that project is essential in determining whether it is appropriate to allocate further resources for its completion.

- 2.11 **Sustainability of the investments.** The railroad works under the project, both those already completed and still to be executed, are maintained by Ferrocarriles Argentinos, Sociedad del Estado,⁶⁹ whereas the National Transportation Regulatory Commission (CNRT) oversees infrastructure condition and the operational and safety standards of the service. The works in the areas surrounding the stations and the underpasses are maintained by the respective municipal governments, to ensure the continuity and maintenance of the investments.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower is the Argentine Republic, acting through the Ministry of Transportation of the Nation, which will serve as executing agency. The Office of Special and Sector Programs and Projects (DGPPSE) will coordinate the execution and administration of the project. The executing agency will be responsible for coordinating project activities, carrying out the necessary actions for full execution of the project's components, the procurement processes, financial administration, monitoring and supervision, and evaluation of the project results.
- 3.2 The responsibilities of the DGPPSE include: (i) contracting for the project activities and works supervision; (ii) programming and physical and financial monitoring of contracts; (iii) monitoring, supervision, and evaluation of project execution; (iv) maintaining effective controls and accounting and financial records for verification by the Bank and the external audit firm; (v) prepare and deliver disbursement requests to the Bank; and (vi) prepare and deliver the financial reports, project execution reports, and audited financial statements to the Bank.
- 3.3 **A special contractual condition precedent to the first disbursement will be the approval and entry into force of the updated version of the program Operating Regulations for loan 2982/OC-AR on the terms previously agreed upon with the Bank.** This condition is required because the program Operating Regulations will also apply to the proposed additional financing.

⁶⁸ This loan experienced delays in the commitment and disbursement of resources caused by interruptions in the bidding process for the work planned under the project.

⁶⁹ A [public enterprise](#) associated with the Ministry of Transportation of the Nation. In 2018, the investment in maintenance of the FCGR was US\$42 million.

- 3.4 **Institutional capacity.** An analysis of the executing agency's institutional capacity was performed during the project design process, reflecting the fact that it has been executing operation 2982/OC-AR in recent years. It confirmed that the executing agency's institutional capacity has a satisfactory degree of development for execution of this project, and specific measures will be taken to assist in closing the identified gaps, such as: (i) hiring additional staff to reinforce each of the different areas; (ii) strengthening the mechanisms for interagency coordination; and (iii) continuing to coordinate with the technical areas to obtain up-to-date information and consider it in preparing the budget for each fiscal year. The executing agency is considered to have the capacity to complete the actions identified in the evaluation in the short term and execute the operation satisfactorily.
- 3.5 **Procurement.** Procurements initiated⁷⁰ under this additional financing will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-15). Activities and works already begun or soon to be awarded under loan 2982/OC-AR that are to be partially financed through this operation (see paragraph 1.19) will continue to be governed by the version of the policies stated in the loan contract.⁷¹
- 3.6 **Modifications.** Loan contract 2982/OC-AR will be amended to reflect the reformulated objective (see paragraph 1.40) and update the description of components (see paragraph 1.41) and cost table (see paragraph 2.2). Other modifications will ensure consistency in the execution arrangements and alignment of reports and other supervision, monitoring, and evaluation instruments (see paragraphs 3.9 through 3.11) and enable the original local contribution to be used to supplement investments chargeable to the supplementary financing (see paragraph 1.12).
- 3.7 **Disbursements.** The Bank will disburse loan proceeds under the advance of funds modality or another modality established in document OP-273-12. Advances of funds will be based on a financial plan for the next six months or other reasonable period, when the payments have been made and properly documented. Subsequent disbursements may be processed, once 80% of the previous advances have been justified, and more flexible terms under document OP-273-12 may be considered, if necessary. The Online Disbursement platform will be used to manage disbursements with the Bank.
- 3.8 **Audits.** The borrower will deliver the project financial statements, duly audited by an independent audit firm acceptable to the Bank, annually to the Bank within 120 days after the close of the respective fiscal year. The cost of the audits will be financed with resources of the operation. Since this is a supplementary loan operation, the executing agency will deliver a single audited financial report for this project and loan 2982/OC-AR, while the latter is in execution.

⁷⁰ Perimeter fencing and improvement of the stations' surroundings and supervision (see paragraph 1.44).

⁷¹ Documents GN-2349-09 and GN-2350-09.

B. Summary of arrangements for monitoring results

- 3.9 **Monitoring.** Project execution will be monitored by means of six-monthly status reports delivered by the executing agency within 60 days after the end of each six-month period. The reports will use the results matrix as a reference and will be reflected in the progress monitoring reports (PMRs).
- 3.10 **Evaluation.** The evaluation will consist of: (i) the project completion report (PCR), including an ex post economic evaluation and a quasi-experimental impact evaluation based on the use of a synthetic control methodology; and (ii) audited financial statements. The main questions asked in this evaluation will look at whether the investments have contributed to the project objectives ([required link 2](#)). The requirement of preparing a PCR will be transferred from loan 2982/OC-AR to this operation, using the adjusted Results Matrix (Annex II).
- 3.11 **Project monitoring and evaluation.** The executing agency will be responsible for compiling data and monitoring fulfillment of the objectives ([required link 2](#)). The executing agency will commit to maintain a monitoring and evaluation system for all subcomponents, as a basis for preparing the reports to the Bank. For evaluation purposes, it will compile, store, and safeguard all information, indicators, and parameters necessary for preparing the PCR, including the annual plans and the final evaluation.

Development Effectiveness Matrix		
Summary		AR-L1337
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Productivity and Innovation -Gender Equality and Diversity -Climate Change	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Roads built or upgraded (km) -Emissions avoided (annual tons CO2 equivalent)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3051	Reduce Infrastructure Gaps
Country Program Results Matrix	GN-3034	The intervention is included in the 2021 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
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
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		B
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Accounting and Reporting, Internal Audit. Procurement: Information System.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
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		

Evaluability Assessment Note:

This US\$130mm project is the third individual operation of CCLIP AR-X1018 and reformulation and request for additional financing of project AR-L1158 (2982 / OC-AR), for the comprehensive improvement of the Gral. Roca Railway, Ramal Plaza Constitución- La Plata. The loan proposal adjusts the wording of the general development objective and sets out three original specific objectives: (i) reduce travel times; (ii) reduce accident levels; (iii) improve the reliability and comfort of the service; and adds a new one: (iv) reduce greenhouse gas (GHG) emissions from the railway branch. The AR-L1158 project reflects a high degree of progress, with electrification and other complementary works completed. Two other planned works are in execution or to be awarded, and IDB financing is 100% committed and 86% disbursed. The electrification works already carried out had higher costs than those budgeted in the original loan contract and their execution was more complex, due to their location in dense urban areas. The proposal shows in detail that there were higher costs due to increased amounts in works already executed (approximately US\$65mm) and due to variations in contracted prices (approximately US\$59.8mm), with a total cost increase of US \$124.8mm. (The difference with the total cost is due to the inclusion of new activities for US \$ 5.2mm). The proposal clearly presents the justification for the need to complete all the works to meet the objectives of the original project. The results matrix is reasonably modified to clarify the measurement of indicators associated with the original specific objectives (with changes of some goals, justified), and adds the measurement of the reduction in GHG, for the new specific objective (absent in the original proposal).

The updated economic analysis of the program is appropriate, with reasonable and standard assumptions and sensitivity analyzes. It also takes into account the impacts of the COVID-19 pandemic in a credible way. The updated net present value is US\$196.01mm and the internal rate of return is 22.9%.

The evaluation plan proposes to carry out an ex-post economic analysis and update a partial impact evaluation carried out by the executing agency, using the quasi-experimental synthetic control technique, which has already shown partial positive impacts of the project.

RESULTS MATRIX

Original project objective:	The first individual loan furthers the CCLIP's general objective through the renovation and electrification of the passenger rail service on the Plaza Constitución – La Plata branch line (52.6 km) of the General Roca Railroad. The project's specific objective is to help reduce travel times and accident rates, and improve the reliability and comfort of the service, thereby increasing this branch line's share of passenger ridership in the Buenos Aires – La Plata corridor.
Proposed new objective:	The general objective of the project is to promote the recovery of the metropolitan railroads, contributing to the improvement of public transportation services in the Buenos Aires Metropolitan Region (RMBA) and to the quality of life of the population through renovation and electrification of the passenger rail service on the Plaza Constitución – La Plata branch line of the General Roca Railroad, increasing this branch line's share of passenger ridership on the Buenos Aires – La Plata corridor. The specific objectives are to: (i) shorten travel times; (ii) lower accident rates; (iii) improve reliability and comfort of the service; and (iv) reduce the rail line's greenhouse gas emissions.
Rationale:	(i) Adjustments in language; and (ii) addition of new specific objective (reduction of greenhouse gas emissions).

EXPECTED IMPACT GENERAL DEVELOPMENT OBJECTIVE

Indicators	Unit of measure	Baseline (year)	Target	Source/Mean of verification	Comments	Changes to original matrix
General development objective: Promote the recovery of the metropolitan railroads, contributing to the improvement of public transportation services in the Buenos Aires Metropolitan Region (RMBA) and to the quality of life of the population through renovation and electrification of the passenger rail service on the Plaza Constitución – La Plata branch line of the General Roca Railroad, increasing this branch line's share of passenger ridership on the Buenos Aires – La Plata corridor.						
Branch line's share of passenger ridership on the Buenos Aires – La Plata corridor	%	32 (2012)	40	Baseline: Study of the Economic Viability of Electrification of the Plaza Constitución – La Plata Corridor, Roca Line. ¹ Responsibility: Executing agency.	The target will be verified six months after all works are completed. The target is based on parameters and assumptions used in the project's economic evaluation.	Changes in the Source/Mean of verification column. Rationale: Added entity responsible for obtaining the information.
Railroad passengers	Total annual passengers transported	29 million (2013)	60 million	Baseline: CNRT reports: Plaza Constitución – La Plata and Plaza Constitución – Bosques (via Quilmes) branch lines. Responsibility: Executing agency.		Indicator added in 2021. Rationale: Supplementary indicator added to measure improvement in rail service.

¹ This study was conducted in June 2013 by the consulting firm AC&A.

SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline (year)	Target	Source/Mean of verification	Comments	Changes to original matrix
Specific development objective 1: Shorten travel times						
Actual travel times on the Plaza Constitución – La Plata branch line on services with stops at all stations	Minutes	80.00 (2012)	63.00	Baseline: UGOFE – Service schedule. Responsibility: Executing agency.	The target will be verified six months after all works are completed. Considers travel time between the Plaza Constitución and La Plata stations for service on business days with stops at all stations.	Unchanged.
Wait time between trains on the Constitución – Berazategui segment (at peak hours)	Minutes	12.00 (2013)	11.00	Baseline: UGOFE – Service schedule. Responsibility: Executing agency.	The target will be verified six months after all works are completed. Considers the average interval between trains at afternoon peak hours.	Change in target. Original target: 8.50. Rationale: The target has been adjusted due to a change in the size of the trains. See monitoring and evaluation plan for details.

Indicators	Unit of measure	Baseline (year)	Target	Source/Mean of verification	Comments	Changes to original matrix
Specific development objective 2: Lower accident rates						
Safety: Rate of passenger accidents associated with moving trains	Number of passengers hit or fallen per million passengers transported	3.4 (2013)	0.3	Baseline: CNRT reports: Plaza Constitución – La Plata branch line. Responsibility: Executing agency.	The target will be verified six months after all works are completed. Only includes accidents occurring at stations that are exclusively part of the targeted branch lines (Santillán and Kosteki – La Plata segment).	Changes in name and unit of measure. Original indicator: Safety: Passenger accidents associated with moving trains. - Cases. Original baseline and target: The baseline was 91 accidents and the target was 98 accidents. The target is equivalent to a 15% reduction over projected accidents in 2025 (116 accidents) resulting from demand growth. Rationale: The unit of measure has been changed to make it more representative and include the change in number of passengers on the branch line. See monitoring and evaluation plan for details.
Specific development objective 3: Improve reliability and comfort of the service						
Reliability of service: on-schedule trains	Trains running/trains scheduled (annual average)	0.89 (2013)	0.95	Baseline: CNRT reports: Plaza Constitución – La Plata and Plaza Constitución – Bosques (via Quilmes) branch lines. Responsibility: Executing agency.	The target will be verified six months after all works are completed. Calculated as the annual average value of the indicator (total annual trains running/total annual trains scheduled).	Changes in name and unit of measure. Original indicator: Reliability of service: on schedule. Original baseline: 0.98 (2012). Original target: 0.98. Rationale: The way of computing the unit of measure has been changed to use the annual average instead of the value for a specific month. This change results in an indicator that is more representative of operational conditions. The baseline year has been changed to consolidate it with indicators 1 and 2.

Indicators	Unit of measure	Baseline (year)	Target	Source/Mean of verification	Comments	Changes to original matrix
						The name has been adjusted to reflect the designation used by the CNRT.
Reliability of service: relative regularity	Trains on time/trains running (annual average)	0.74 (2013)	0.95	Baseline: CNRT reports: Plaza Constitución – La Plata and Plaza Constitución – Bosques (via Quilmes) branch lines. Responsibility: Executing agency.	The target will be verified six months after all works are completed. Calculated as the annual average value of the indicator (total annual trains on time/total annual trains running).	Changes in name and unit of measure. Original indicator: Reliability of service: delays. Original baseline: 0.65 (2012). Original target: 0.98. Rationale: The way of computing the unit of measure has been changed to use the annual average instead of the value for a specific month. This change results in an indicator that is more representative of the branch line's general operating conditions. The baseline year has been changed to consolidate it with indicators 1 and 2. The name has been adjusted to reflect the designation used by the CNRT.
Comfort: occupancy level	Passengers/m ²	5 (2012)	4	Baseline: Economic evaluation. ² Responsibility: Executing agency.	The target will be verified six months after all works are completed.	Indicator unchanged.

² [Estudio de Viabilidad Económica de la Electrificación del Corredor Plaza Constitución – La Plata, Línea Roca](#) [Study of the Economic Viability of Electrification of the Plaza Constitución – La Plata Corridor, Roca Line].

Indicators	Unit of measure	Baseline (year)	Target	Source/Mean of verification	Comments	Changes to original matrix
Specific development objective 4: Reduce the rail line's greenhouse gas emissions						
Greenhouse gas emissions	tCO ₂ /year per million annual passengers transported	678 (2013)	80	Baseline: Economic evaluation. Responsibility: Executing agency.	The target will be verified six months after all works are completed. The calculation methodology will be the one used in the Study of the Economic Viability of Electrification of the Plaza Constitución – La Plata Corridor, Roca. The indicator only includes the trains in the Plaza Constitución – La Plata and Plaza Constitución – Bosques (via Quilmes) branch lines.	Indicator added in 2021. Rationale: An indicator associated with the new specific objective has been added.

OUTPUTS

Outputs	Unit of measure	Baseline 2013	Year						Target	Source/Mean of verification	Changes to original matrix
			Executed 2013-2020	2021	2022	2023	2024	2025			
Component 1: Engineering and administration											
Technical studies	Studies	0	10	0	2	0	1	0	13	Six-monthly reports prepared by the executing agency.	Pro-gender. Changes in target. Original: Baseline: 0 studies. Target: 6 studies. Rationale: The target has been changed to include two gender equity studies and one environmental study. See monitoring and evaluation plan for details.

Outputs	Unit of measure	Baseline 2013	Year						Target	Source/Mean of verification	Changes to original matrix
			Executed 2013-2020	2021	2022	2023	2024	2025			
Monitoring and evaluation/consulting engagements	Reports	-	-	-					-		Output eliminated. Original: Baseline: 0 reports. Target: 20 reports. Rationale: Replaced by the “Supervision engagements” output, which is more specific and more relevant for monitoring the works.
External audit/consulting engagements	Reports	-	-	-					-		Output eliminated. Original: Baseline: 0 reports. Target: 5 reports.
Technical training for women in currently male-dominated jobs and awareness training for decision-makers	Training	0	0	0	1	1	0	0	2		Pro-gender. Output added in 2021. Rationale for addition: An output associated with the gender component has been added.
Component 2: Works, supervision, and technical support											
Electrification: catenary system	Km	0	110	-					110	Execution will be verified by means of works status reports prepared by the supervision firm and approved by the executing agency. Targets will be verified in the final acceptance report on works execution. These figures will be fine-tuned and updated based on the technical studies.	Output already completed. Output with changes in target. Original: Baseline: 0 km. Target: 98 km. Rationale: The target has been changed to include the additional 12 km of the Berazategui – Bosques segment that have already been electrified.

Outputs	Unit of measure	Baseline 2013	Year						Target	Source/Means of verification	Changes to original matrix
			Executed 2013-2020	2021	2022	2023	2024	2025			
Electrification: transformer substation	Unit	0	1	-					1		Output already completed. Unchanged.
Electrification: small transformers	Unit	-	-	-					-		Output eliminated. Original: Baseline: 0 units. Target: 6 units. Rationale: The output has been eliminated due to a change in the design of the power supply system.
Signaling system	System	0	0	0	0	0	0	1	1		Output consolidated. Changes in unit of measure and schedule. Original outputs: Signaling and communications <ul style="list-style-type: none"> ▪ Design approved (target: 1 unit); ▪ Civil works completed (target: 1 unit); ▪ Warning lights, signals, mechanisms (target: 48 km); ▪ Provisional acceptance (target: 1 unit). Rationale: The outputs have been consolidated into a single "Signaling system" output to reflect changes in project scope (addition of the Berazategui – Bosques segment and other nodes) and stages. The schedule has been adjusted to reflect the current timetable.

Outputs	Unit of measure	Baseline 2013	Year						Target	Source/Mean of verification	Changes to original matrix
			Executed 2013-2020	2021	2022	2023	2024	2025			
Raising of station platforms based on universal accessibility and gender equity standards	Platforms	0	42	2	0	2	0	0	46		Pro-gender. Changes in name, target, and schedule. Original: Baseline: 0 platforms. Target: 42 platforms Rationale: The target has been adjusted to include platforms already raised in stations of the Berazategui - Bosques (Vía Circuito) segment. The schedule has been adjusted to reflect the current timetable. The output name is expanded to indicate that the works will take accessibility standards into account.
Improvement in station surroundings, considering universal accessibility standards and providing safe and inclusive spaces for women	Stations	0	2	1	0	11	0	0	14		Pro-gender. Output added in 2021. Rationale for addition: An output associated with works already completed and still to be executed to improve areas surrounding the stations has been added.
System to monitor entry to the stations by means of cameras	Stations	0	0	0	7	0	0	0	7		Output added in 2021. Rationale for addition: The output has been added as part of the improvements at the stations.

Outputs	Unit of measure	Baseline 2013	Year						Target	Source/Means of verification	Changes to original matrix
			Executed 2013-2020	2021	2022	2023	2024	2025			
Rolling stock (upgrade of doors and steps)	Cars	-	-	-					-		Output eliminated. Original: Baseline: 0 cars. Target: 45 cars. Rationale: This output has been eliminated due to design changes: the addition of new electric rolling stock removed the need for upgrading the existing, diesel rolling stock.
Track renewal and improvement: construction of tracks for overpass	Km (single track)	-	-	-					-		Output eliminated. Original: Baseline: 0 km. Target: 10 km. Rationale: This output has been eliminated due to design changes: one overpass track was eliminated due to the addition of works on the Berazategui – Bosques segment.
Track renewal and improvement: improvement of tracks	Km	0	11	0	16	16	0	0	43		Changes in target and schedule. Original: Baseline: 0 km. Target: 30 km. Rationale: The target has been adjusted due to changes in the final design: addition of works on the Berazategui – Bosques segment. The schedule has been adjusted to reflect the current timetable.

Outputs	Unit of measure	Baseline 2013	Year						Target	Source/Mean of verification	Changes to original matrix
			Executed 2013-2020	2021	2022	2023	2024	2025			
Track renewal and improvement: renewal of junctions	Unit	0	0	0	40	32	0	0	72		Changes in name, target, and schedule. Original: Baseline: 0 units. Target: 70 units. Rationale: The output name has been adjusted to reference the name of the contract under which it is executed. The target and schedule have been adjusted to reflect the new design and execution plan, which includes works on the Berazategui – Bosques segment.
Repair shops and rail yards	M ²	0	18,000	-					18,000		Output already completed. Output consolidated with a change in unit of measure and schedule. Original outputs: Repair shops – unit: m ² – target: 10,000. Rail yards - unit: m ² – target: 10,000. Rationale: The outputs are consolidated because the repair shops and rail yards were consolidated into a single work (Tolosa coach yard), which modified the originally envisaged scope.

Outputs	Unit of measure	Baseline 2013	Year						Target	Source/Mean of verification	Changes to original matrix
			Executed 2013-2020	2021	2022	2023	2024	2025			
Perimeter fencing	Km	0	0	0	0	0	0	60	60		Changes in schedule. Original: Baseline: 0 km. Target: 60 km. Rationale: The target will be adjusted once the fence layout on the Berazategui – Bosques segment has been surveyed. The schedule has been adapted to the new execution plan.
Full repair of concrete/masonry structures	Unit	-	-	-					-		Output eliminated. Original: Baseline: 17 units. Target: 87 units. Rationale: This output has been eliminated because the repair of concrete/masonry structures was added to the track renewal works.
Viaducts	Km	0	1.37	-					1.37		Output already completed. Changes in target. Original: Baseline: 0 km. Target: 3 km. Rationale: The target has been adjusted to the executed design, based on the hydraulic and hydrological requirements of the segment to be worked on.

Outputs	Unit of measure	Baseline 2013	Year						Target	Source/Mean of verification	Changes to original matrix
			Executed 2013-2020	2021	2022	2023	2024	2025			
Underpasses	Unit	0	1	0	0	1	0	0	2		Changes in schedule. Rationale: The schedule has been adjusted to reflect the temporary deferment of construction of the second underpass (see monitoring and evaluation plan for details).
Additional drainage works	Unit	-	-	-					-		Output eliminated. Original: Baseline: 0 units. Target: 2 units. Rationale: This output has been eliminated because the drainage works have been added to the track renewal works.
Supervision engagements	Firms	0	2	1	0	0	0	0	3		Output added in 2021. Rationale for addition: This output has been added to partially replace the Monitoring and evaluation/consulting engagements output.

Country: Argentina

Division: TSP

Operation No.: AR-L1337

Year: 2021

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: The borrower, acting through the Ministry of Transportation of the Nation.

Operation name: “Comprehensive Improvement Project for the General Roca Railroad, Plaza Constitución – La Plata Branch Line”: Reformulation and Additional Financing

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country system in the operation:¹

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input checked="" type="checkbox"/> National competitive bidding (NCB)
<input type="checkbox"/> Cash flow	<input type="checkbox"/> Internal control	<input checked="" type="checkbox"/> Price comparison	<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"/>	Special features of fiduciary execution	The Ministry of Transportation of the Nation will be responsible for project execution, acting through the Office of Special and Sector Programs and Projects (DGPPSE). As executing agency, the DGPPSE will be responsible for financial management and procurement under the project. This program is a supplementary loan for loan 2982/OC-AR, and the two are expected to coexist executing over an estimated period of two years.
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	An analysis was performed of the institutional capacity of the executing agency, Ministry of Transportation of the Nation, reflecting the fact that it has been executing the first operation, loan 2982/OC-AR. It confirmed that the executing agency's institutional capacity has a satisfactory degree of development for execution of this project. The following measures are proposed to address the identified gaps: (i) hiring additional staff to reinforce each of the different areas; (ii) strengthening the mechanisms for interagency coordination; and (iii) continuing to coordinate with technical areas to obtain up-to-date information and consider it in preparing the budget for each fiscal year. The executing agency is considered to have the capacity to complete the actions identified in the evaluation in the short term and execute the majority of the operation satisfactorily.
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¹ Any subsequently approved system or subsystem may be applicable to the operation, in accordance with the terms of the Bank's validation.

4. Fiduciary risks and risk response

Area (Financial management/ Procurement)	Risk	Risk level	Risk response
Procurement	Decision-making delays in the internal contract management processes by the Ministry of Transportation of the Nation could delay the start of critical contracts and lead to an extension of the project's timeline, rework, and loss of equipment and system guarantees.	Medium-high	Review of the approval level of the administrative process for contract management and approval by the ministry.
Financial management	An insufficient budgetary credit allocation related to the local contribution under loan 2982/OC-AR could result in a temporary funds availability problem leading to a delay in progress on the works and an extension of the project's timeline.	Medium-high	Adequate planning for the need for resources and timely management of the allocation of budgetary resources for project execution.

5. Applicable policies and guidelines

The Financial Management Guidelines for IDB-financed Projects (document GN-2811, OP-273-12) will apply to financial management of the operation.

Procurement initiated under this additional financing will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the IDB (document GN 2349 15) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN 2350 15). Activities and works already begun or soon to be awarded under loan 2982/OC AR that are to be partially financed through this operation, will continue to be governed by the version of the policies stated in the loan contract.

6. Exceptions to policies and guidelines: None.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

1. In accountability reporting for the use of program resources, the exchange rate to be used will be the effective exchange rate at the date of the conversion of the funds denominated in the currency of approval or the currency of disbursement into the local currency of the borrowing country, in accordance with subparagraph (b)(i) of Article 4.10 of the General Conditions of the loan contract. In order to determine the equivalency of expenditures incurred in the local currency that are chargeable against the local contribution or the reimbursement of expenditures chargeable against the loan proceeds, the agreed exchange rate will be the rate in effect on the first working day of the month in which payment is made. Due to the limitations of the Financial Accounting System for Externally Funded Projects (UEPEX), the exchange rate indicated in subparagraph (b)(i) of Article 4.10 of the General Conditions will also be used.

2. The program's audited annual financial statements will be delivered to the Bank within 120 days after the close of each fiscal year of the executing agency, duly audited by an independent audit firm acceptable to the Bank or by the Office of the Auditor General of the Nation (AGN). The final audited financial statements will be delivered within 120 days after the date of the last disbursement of the program. Since this is a supplementary loan operation, the executing agency will deliver a single audited financial report for this project and loan 2982/OC-AR, while the latter is in execution.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	Procurement for works, goods, and nonconsulting services conducted in accordance with the Bank's procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB) will use the Bank's standard bidding documents (SBDs) or those agreed upon by the executing agency and the Bank for a specific procurement process. Similarly, selection and contracting of consulting services will be conducted in accordance with the Bank's contracting policies (document GN-2350-15) and will use the standard request for proposals (RFP) issued by the Bank or those agreed upon by the executing agency and the Bank for a specific selection process. The project's sector specialist will be responsible for reviewing the technical specifications and terms of reference for procurement during the preparation of selection processes. This technical review may be conducted ex ante and is separate from the procurement review method.		
<input checked="" type="checkbox"/>	Single-source selection and contracting	Not applicable.		
<input checked="" type="checkbox"/>	Procurement supervision	Procurement supervision will be based on ex post reviews, except in cases where ex ante reviews are warranted. For procurement processes carried out through the country system, supervision will be conducted using the country's national supervision system. The supervision method (ex ante, ex post, or country system) will be determined case by case for each selection process. Ex post reviews will be conducted each year in accordance with the annual supervision plan, which is subject to changes during execution, and will include at least one visit.		
		The thresholds for ex post review are as follows:		
		Works	Goods/Services	Consulting services
		US\$25 million	US\$1.5 million	US\$1 million
<input checked="" type="checkbox"/>	Records and files	The DGPPSE will be responsible for keeping the original files of all procurement and financial management carried out within the framework of project execution.		

Main procurements

Procurement description	Selection method	New procedures/ tools	Estimated date	Estimated amount (US\$)
Goods				
Works				
Construction of perimeter fencing	NCB		12/01/2022	10,673,130.71
Nonconsulting services				
Firms				
Individuals				

To access the procurement plan, click [here](#).

IV. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL MANAGEMENT

<input checked="" type="checkbox"/>	Programming and budget	The executing agency is responsible for formulation and programming of the annual budget. It also performs all the necessary procedures for the consolidation of the annual budget prior to its approval. When the need arises for an increase or reallocation in a given budget line item, the execution unit submits the request for that modification and takes the necessary steps to secure its approval. Budget credits are executed in the form of quarterly commitment quotas and monthly accrual quotas that are assigned by the National Budget Office, an agency of the Ministry of the Economy.
<input checked="" type="checkbox"/>	Treasury and disbursement management	<p>Bank accounts. The executing agency will handle and oversee the bank accounts to be opened in dollars and local currency exclusively for the management of loan proceeds, as well as the bank reconciliation process for these accounts.</p> <p>Financial plan. Disbursements will be made pursuant to a detailed financial plan based on the project's actual liquidity needs.</p> <p>Disbursement methods. The Bank will disburse loan proceeds under the advance of funds modality or another modality established in document OP-273-12. Advances of funds will be based on a financial plan for the next six months or other reasonable period, when the payments have been made and properly documented. Subsequent disbursements may be processed, once 80% of the previous advances have been justified, and more flexible terms under document OP-273-12 may be considered, if necessary. The Online Disbursement platform will be used to manage disbursements with the Bank.</p> <p>In accordance with document AB-2990, the pace of disbursement by the Bank of the Ordinary Capital resources will be subject to the following restrictions: (i) a maximum of 15% of the total amount of the financing approved by the Bank can be disbursed in the first 12 months; (ii) a maximum of 30% of the total amount of the financing approved by the Bank can be disbursed in the first 24 months; and (iii) a maximum of 50% of the total amount of the financing approved by the Bank can be disbursed in the first 36 months. These lengths of time will be counted in</p>

		<p>all instances from the date the loan operation is approved by the Board of Executive Directors. These restrictions may not apply if the requirements set by Bank policy regarding those restrictions have been met, provided that the borrower has been notified in writing.</p> <p>Project cash flow. The project's funds will be deposited into an account of the Central Bank of the Argentine Republic to be used for receiving IDB disbursements, and will then be transferred to a special account for managing the loan proceeds at Banco de la Nación de Argentina.</p>
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	For financial management, the executing agency will use the UEPEX system, ² which allows identifying the project's funds as well as the sources of financing. The UEPEX system sets out project investments by cost table component in accordance with the chart of accounts approved by the Bank. Accounting records will be kept on a cash basis, and International Financial Reporting Standards will be followed, as applicable, in line with the established country criteria.
<input checked="" type="checkbox"/>	Internal control and internal audit	Internal control will be carried out by the Sindicatura General de la Nación [Office of the Comptroller General] (SIGEN). The internal audit unit of the Ministry of Transportation of the Nation will be responsible for internal auditing of the executing agency.
<input checked="" type="checkbox"/>	External control and financial reports	External audit of the project may be conducted by an independent audit firm eligible to audit Bank-financed operations that has been selected and contracted in accordance with the terms of reference and model contract previously agreed upon with the Bank. Since the country external control subsystem has been validated, external project auditing may also be conducted by the AGN, insofar as its workload allows, with the Bank's prior agreement.
<input checked="" type="checkbox"/>	Financial supervision of the operation	The financial supervision plan will be based on risk assessments and evaluations of the fiduciary capacity of the executing agency and will include in situ inspection visits, desk reviews, and analysis and tracking of the findings and recommendations of the audits of the program's annual financial statements.

² <https://www.argentina.gob.ar/economia/sechacienda/dgsiaf/uepex>.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

Argentina. Loan ____/OC-AR to the Argentine Republic. Comprehensive Improvement Project for the General Roca Railroad, Plaza Constitución – La Plata Branch Line: Reformulation and Additional Financing. Third Individual Operation under the Conditional Credit Line for Investment Projects (CCLIP) AR-X1018. Metropolitan Railroads Recovery Program

The Board of Executive Directors

RESOLVES:

To approve the amendments to the Comprehensive Improvement Project for the General Roca Railroad: Plaza Constitución – La Plata Branch Line: (Loan Contract No. 2982/OC-AR) approved by Resolution DE-102/13, as described in document PR-____ and to authorize the President of the Bank, or such representative as he shall designate, 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 an additional financing to cooperate in the execution of the project. The additional financing will be for an amount of up to US\$130,000,000 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 ____ 2021)