

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

**CONTINGENT LOAN FOR NATURAL DISASTER AND PUBLIC HEALTH EMERGENCIES
PROPOSAL TO REFORMULATE LOAN AR-O0008**

(AR-O0016)

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CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING.....	1
A.	Country request for reformulation	1
B.	Background, problem addressed, and rationale	1
C.	Objectives, components, and cost.....	8
D.	Key results indicators.....	9
II.	FINANCING STRUCTURE AND MAIN RISKS.....	10
A.	Financing instrument	10
B.	Environmental and social safeguard risks	12
C.	Fiduciary considerations	13
D.	Other key risks and issues	13
III.	IMPLEMENTATION AND MANAGEMENT PLAN.....	13
A.	Summary of implementation arrangements for the reformulation	13
B.	Summary of arrangements for monitoring results	17
IV.	RECOMMENDATION.....	17

APPENDICES

Proposed resolution

ANNEXES	
Annex I	Development Effectiveness Matrix (DEM) – Summary
Annex II	Results Matrix
Annex III	Fiduciary Agreements and Requirements

REQUIRED LINKS	
Required link 1	Monitoring and evaluation plan

OPTIONAL LINKS	
Optional link 1	Project economic analysis
Optional link 2	Program Operating Regulations (draft)
Optional link 3	Automatic redirection list (ARL)
Optional link 4	Technical paper. Contribución a la Adaptación al Cambio Climático [Contribution to Climate Change Adaptation]
Optional link 5	Bibliography
Optional link 6	Technical paper. Alineación con el Tema Transversal de Equidad de Género [Alignment with the Crosscutting Theme of Gender Equality]
Optional link 7	Integrated Natural Disaster Risk Management Plan (INDRMP)
Optional link 8	Definitions, formulas, and sources for Results Matrix indicators

ABBREVIATIONS

ARL	Automatic redirection list
CCF	Contingent Credit Facility for Natural Disaster and Public Health Emergencies
INDRMP	Integrated Natural Disaster Risk Management Plan
COFESA	Consejo Federal de Salud [Federal Health Council]
DRM	Disaster risk management
DPYPEESA	Dirección de Programas y Proyectos Especiales con Enfoque Sectorial Amplio [Office of Special Programs with a Sector-wide Approach]
FONAE	Fondo Nacional de Emergencias [National Emergency Fund]
FONGIR	Fondo Nacional para la Gestión Integral del Riesgo [National Fund for Integrated Risk Management]
iGOPP	Index of Governance and Public Policy in Disaster Risk Management
IHR	International Health Regulations
IMF	International Monetary Fund
JGM	Jefatura de Gabinete de Ministros de la Nación Argentina [Office of the Chief of the Cabinet of Ministers of the Argentine Nation]
MSAL	Ministry of Health
MSEG	Ministry of Safety
NPV	Net present value
PNRRD	Plan Nacional de Reducción del Riesgo de Desastres [National Plan for Disaster Risk Reduction]
POAGIR	Programas Operativos Anuales para la Gestión Integral del Riesgo y la Protección Civil [Annual Work Programs for Integrated Risk Management and Civil Protection]
SAOCOM	Satélite Argentino de Observación con Microondas [Argentine Satellite for Microwave Observation]
SGRPC	Subsecretaría de Gestión del Riesgo y Protección Civil [Office of the Undersecretary for Risk Management and Civil Protection]
SINAGIR	Sistema Nacional para la Gestión Integral del Riesgo y la Protección Civil [National System for Integrated Risk Management and Civil Protection]
SINAME	Sistema Nacional de Alerta y Monitoreo de Emergencias [National Emergency Warning and Monitoring System]
SPAR	State Party Self-assessment Annual Reporting platform
WAL	Weighted average life
WHO	World Health Organization

PROJECT SUMMARY
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Financial Terms and Conditions ^(a)						
Borrower: Argentine Republic					Flexible Financing Facility^(b)	
					Amortization period:	25 years ^(c)
Executing agency: Office of the Chief of the Cabinet of Ministers of the Argentine Nation (JGM)					Grace period:	5.5 years ^(c)
					Original WAL:	15.25 years ^(c)
Source	Original amount ^(d) (US\$ million)	Reformulated amount ^(d) (US\$ million)		%	Disbursement period:	5 years ^(e) (f)
IDB (Ordinary Capital)	300	Modality I	300	75	Interest rate:	SOFR-based
		Modality II	100	25	Inspection and supervision fee:	(g)
		Total	400	100	Disbursement fee:	(h)
					Currency of approval:	U.S. dollar
Project at a Glance						
Objective of the reformulated project: The general objective is to help buffer the impact that a severe or catastrophic natural disaster or public health event could have on the nation's public finances. The specific objective is to improve the financial management of natural disaster and public health risks by increasing stable, cost-efficient, and rapidly accessible contingent financing to cover extraordinary public expenditures to aid the population affected by natural disaster and public health emergencies.						
Special contractual condition of general eligibility to request disbursements: The approval and entry into force of the program Operating Regulations on the terms previously agreed upon with the Bank (paragraph 3.5).						
Special contractual conditions precedent to the first disbursement for each eligible event: (a) Disbursements under Modality I (natural disasters): (i) the Bank has verified the occurrence of an eligible event according to the parameters defined in the program Operating Regulations ; and (ii) the Integrated Natural Disaster Risk Management Plan (INDRMP), previously agreed upon with the Bank, is being implemented to the Bank's satisfaction (paragraph 2.8); (b) Disbursements under Modality II (natural disasters): (i) the Bank has verified the declaration of a national emergency due to the occurrence of an eligible natural disaster as defined in the program Operating Regulations ; (ii) the INDRMP , previously agreed upon with the Bank, is being implemented to the Bank's satisfaction (paragraph 2.8); and (iii) the Bank has verified compliance by the borrower, through the Ministry of Safety (MSEG), with the agreed complementary risk retention financing measures and conditions; and (c) Disbursements under Modality II (public health events): (i) the Bank has verified the declaration of a national health emergency due to an eligible pandemic or epidemic as defined in the program Operating Regulations ; (ii) the borrower, through the Ministry of Health (MSAL), has submitted evidence that it is up to date with its progress reporting to the World Health Organization (WHO) on compliance with the International Health Regulations (IHR); (iii) the borrower, through MSAL, has submitted evidence to the Bank's satisfaction that it has a national preparedness and response plan for the specific event, in line with the recommendations of the WHO and/or Pan American Health Organization (PAHO), to address the event; and (iv) the Bank has verified compliance by the borrower, through MSAL, with the agreed complementary risk retention financing measures and conditions. In addition to the aforementioned contractual conditions, the borrower will have submitted, within 90 calendar days after the occurrence of an eligible event, one or more disbursement requests specifying the amount(s) of such disbursement(s) and, for disbursements under Modality I and Modality II for public health events, whether such disbursement(s) will be drawn from the regular lending program, undisbursed balances from the automatic redirection list (ARL), or a combination of these two sources. In the case of loans from the ARL , the request will identify the loans in question and the respective amount to be utilized (paragraphs 2.2, 3.6, and 3.7). For special contractual conditions for execution, see Annex III.						
Exceptions to Bank policies: None.						
Strategic Alignment						
Challenges: ⁽ⁱ⁾		SI <input checked="" type="checkbox"/>		PI <input type="checkbox"/>		EI <input type="checkbox"/>
Crosscutting themes: ⁽ⁱ⁾		GE <input checked="" type="checkbox"/> and DI <input type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input type="checkbox"/>		IC <input checked="" type="checkbox"/>

^(a) Financial terms and conditions of the contingent loan under the Contingent Credit Facility for Natural Disaster and Public Health Emergencies (document GN-2999-4, approved by the Board of Executive Directors pursuant to Resolution DE-40/20 of 12 May 2020).

- (b) 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.
- (c) Amortization periods, weighted average life, and grace periods are counted from the date of the first disbursement of the financing for each eligible event.
- (d) Amount approved by the Board of Executive Directors pursuant to Resolution DE-2/19 of 9 January 2019. This reformulation proposal recommends that the resolution be amended.
- (e) The disbursement period or coverage period (equivalent terms), running from the effective date of the amendatory contract for the reformulated loan, may be extended for up to five additional years at the Bank's discretion following a request from the borrower.
- (f) Disbursements of the financing will be contingent on the availability of sufficient resources from the ARL or the Bank's regular lending program for Argentina, as applicable, when the disbursement is requested (paragraph 2.6).
- (g) The 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 the relevant policies.
- (h) The fee is not charged if the loan is not used. The Bank will charge only a one-time disbursement fee of 50 basis points at the time of disbursement, applicable solely to the amount disbursed against resources from the regular lending program. This fee is applicable to each disbursement. The drawdown fee will be subject to periodic review by the Board of Executive Directors, as with all lending charges. The fee does not apply to amounts disbursed from loans included in the ARL.
- (i) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (j) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Country request for reformulation

- 1.1 The purpose of this document is to present the proposal to reformulate the Contingent Loan for Natural Disaster Emergencies (loan AR-O0008) for Argentina, approved by the Bank for US\$300 million under the Contingent Credit Facility (CCF) for Natural Disaster Emergencies (documents GN-2502-2 and GN-2667-2), in order to structure financial coverage for earthquakes and severe urban flooding. The contingent loan, which went into effect on 6 May 2019, is now in execution with no disbursements made.
- 1.2 In November 2019, the Bank expanded the CCF instrument to include a new modality (Modality II) to cover the risks of disasters that cannot be parametrized and slowly evolving natural threats (document GN-2502-7). Lastly, in response to the COVID-19 pandemic, in May 2020, the Bank approved a new expansion of the instrument to include public health risks under Modality II (document GN-2999-4).
- 1.3 Given Argentina's high exposure and vulnerability to different natural risks and public health events, in August 2021 it asked the Bank to expand the coverage provided under loan AR-O0008 by up to an additional US\$100 million, corresponding to the cap established for CCF Modality II, to include other risks not covered by the original operation.¹ Additionally, while this reformulation was in preparation, the country asked the Bank to change the project executing agency,² designating the Office of the Chief of the Cabinet of Ministers of the Argentine Nation (JGM) as the new executing agency.

B. Background, problem addressed, and rationale

- 1.4 **Description of proposed modifications.** In response to the country's request, this document presents the proposal to reformulate contingent loan AR-O0008 and amend Resolution DE-2/19, approved by the Board of Executive Directors on 9 January 2019 to: (i) increase the amount of the loan by US\$100 million to a total of US\$400 million from the CCF, consisting of US\$300 million under Modality I and US\$100 million under Modality II (paragraphs 1.34 to 1.36); (ii) include forest fires as perils to be covered under Modality I (in addition to the earthquakes and severe urban flooding presently covered) and under Modality II, droughts, volcanic eruptions, epidemics, and pandemics (paragraphs 1.35 to 1.36); (iii) adjust the general and specific objectives of the contingent loan, specifically to include a reference to public health risks (paragraph 1.32); (iv) modify the project implementation arrangements, establishing, at the country's request, the JGM as the executing agency and designating the Ministry of Health (MSAL) as subexecuting agency³ for public health emergencies (paragraph 2.1); (v) update

¹ [Country request](#).

² The executing agency of the original loan was the Ministry of Finance through the Office of Special Programs with a Sector-wide Approach (DPYPEESA), which reports to the Office of the Undersecretary for International Financial Relations. As a result of the national public sector restructuring in 2019-2020 and the reassignment of functions, the Office of the Chief of the Cabinet of Ministers of the Argentine Nation (JGM), which chairs the National Council of the National System for Integrated Risk Management and Civil Protection (SINAGIR), will absorb the responsibilities related to this operation.

³ The subexecuting agency for natural disasters will remain the Ministry of Safety (MSEG), the same as for the original loan AR-O0008.

the terms and conditions of the contingent loan to reflect the provisions of the recent update of the CCF (document GN-2999-4), i.e., the period for recognition of expenditures and its possible extension (paragraph 3.10), charging of a disbursement fee (paragraph 2.3), and the possibility of requesting replenishments of funds disbursed up to the total approved amount of coverage; and (vi) add a concurrent reasonable assurance audit as a special contractual condition for execution (paragraph 3.11), among other changes.

- 1.5 With the proposed reformulation, the country will continue to strengthen its financial management of natural disaster risks and increase its financial resilience to public health events.

1. The country's vulnerability to natural disasters and climate change

- 1.6 Argentina is highly exposed and vulnerable to natural disasters [1].⁴ Given where the country and its main urban areas are located geographically, Argentina is exposed to a large number of natural hazards of severe or catastrophic magnitude: mainly flooding and, less frequently but still significantly, earthquakes, droughts, volcanic eruptions, and forest fires.
- 1.7 The most serious historical events include: (i) the floods in 1982 and 1983 that affected more than six million people and caused damage equivalent to 1.6% of GDP; (ii) the San Juan earthquake in 1944 that caused nearly 10,000 deaths; (iii) the Puyehue-Cordón Caulle Volcanic Complex eruption in 2011 that impacted livestock, electricity and water supplies, the communications network, and ground and air transportation; (iv) the historic low water levels in the Paraná River basin in 2021 that resulted in a hydroelectricity emergency owing to a drought in seven provinces; and (v) the forest fire in Corrientes that same year that affected approximately one million hectares.[2]
- 1.8 **Climate change.** The recurrence of extreme climate phenomena in the country could intensify due to the effects of climate change.[3] Episodes of heavy precipitation, as well as major floods in the River Plate basin, have become increasingly frequent, and this trend will continue or worsen in a scenario of global warming.[4] [5] At the same time, the frequency of extreme El Niño-Southern Oscillation events is expected to increase.[6] Projections also indicate more severe and/or lengthy droughts.[7] The forest fire season is expected to be longer in all exposed zones with more days of conditions favoring the spread of fires.[8]
- 1.9 **Gender and natural disasters.** Disasters tend to disproportionately impact the most vulnerable groups, particularly women, [9] who have fewer means of coping with such events, especially in developing countries.[10] Women are exposed to violence when disasters cause displacement. Gender-based violence prevention in disaster situations remains a challenge for Argentina. Women's economic vulnerability is also apparent in the postdisaster recovery, since they have greater difficulty finding income-earning activities.[11] Mitigating disaster risks with a gender lens is essential for reducing their impact on women ([optional link 6](#)).

⁴ See Bibliography ([optional link 5](#)).

2. The country's vulnerability to public health events

- 1.10 The country is also exposed to public health risks. The following stand out in recent decades: (i) in 1992, a cholera epidemic caused 72 deaths; (ii) in 2009, the H1N1 influenza virus caused 626 deaths, and the dengue fever epidemic in the north led to five deaths and affected more than 26,000 people; and (iii) the COVID-19 pandemic caused by the SARS-CoV-2 virus led to the declaration of a national health emergency on 12 March 2020 via Decree 260/2020. As of 23 June 2022, 9.37 million cases and 129,070 deaths from COVID-19 had been confirmed in Argentina. The country is conducting a national vaccination campaign that has reached 89.5% of the public with at least one dose of the COVID-19 vaccine, while 81.5% are fully vaccinated.[12]

3. Financial vulnerability to natural disasters and public health events

- 1.11 Economic activity in Argentina dropped off sharply between 2018 and 2020 (14% cumulative), aggravated by COVID-19. Even after recovering 10.3% in 2021, GDP remains 5.2% below its 2017 level. Growth of 3.2% is expected in 2022. The primary fiscal deficit reached 6.4% of GDP in 2020, fell to 3% in 2021, and is projected to be 2.5% in 2022. In March, the country signed a new agreement with the International Monetary Fund (IMF) to refinance balances due under the previous program and provide additional financing.
- 1.12 In this scenario of limited fiscal leeway, severe natural disasters or public health events would complicate the government's efforts for continued fiscal gains. A severe natural disaster with a once-in-100-years recurrence interval could lead to losses of 1% of GDP.[13] Future pandemics also pose significant contingent fiscal liabilities. For example, extraordinary public expenditures for the COVID-19 response are estimated at 0.42% of 2021 GDP.[14]⁵ Given these risks, it is crucial for the country to strengthen its fiscal resilience.

4. Natural disaster risk management in Argentina⁶

- 1.13 Taking a forward-looking approach to disaster risk management (DRM), the National System for Integrated Risk Management and Civil Protection (SINAGIR) was created in 2016 under Law 27287. SINAGIR's National Council is chaired by the JGM and assisted by the Office of the Executive Secretary of the Ministry of Safety (MSEG), which also chairs the Federal Council consisting of one representative from each province and the Autonomous City of Buenos Aires. The same law created the National Fund for Integrated Risk Management (FONGIR), to finance risk prevention and mitigation actions, and the National Emergency Fund (FONAE), to finance emergency response actions.
- 1.14 **Governance and development of the governing framework.** The main progress has been the regulations implementing the SINAGIR (Decree 383/2017) and development of the National Plan for Disaster Risk Reduction (PNRRD) for the period 2018-2023 and the corresponding Annual Work Programs for Integrated Risk Management and Civil Protection (POAGIR). Further progress could involve

⁵ The total public expenditure for the pandemic response, including economic measures, was 3.3% of GDP in 2020 and 1.04% in 2021.

⁶ See the Integrated Natural Disaster Risk Management Plan ([INDRMP](#)) for more details.

regulatory modernization to coordinate the PNRRD with other crosscutting policies such as water resources, climate change adaptation, or land management.

- 1.15 **Risk identification and awareness.** The country has made progress in publishing information on disaster risk prevention and reduction via the National Emergency Warning and Monitoring System (SINAME). One pending challenge is to broaden the coverage of probabilistic disaster risk studies for municipios and sectors where critical infrastructure is concentrated.
- 1.16 **Disaster risk reduction.** Regulations implementing FONGIR represent progress on financing the disaster risk reduction activities established in the PNRRD and the corresponding annual work programs. The main challenge is to increase the number of provincial governments that adopt and implement disaster risk reduction plans.
- 1.17 **Emergency preparedness.** The Office of the Undersecretary for Risk Management and Civil Protection (SGRPC) of MSEG's Federal Security Coordination Department is responsible for coordinating human and material resources for disaster mitigation, response, and reconstruction. The PNRRD proposes to make more information available on postdisaster damages and the affected population and strengthen institutional response, rehabilitation, and recovery capabilities.
- 1.18 **Financial risk management.** The regulations implementing FONAE, implementation of the National Forest Fire Management Fund (Forest Fire Management Law 26815, Article 30), and the contingent loan from the Bank (loan AR-O0008) are the main recent advances in structuring ex ante financial coverage for extraordinary public expenditures caused by disasters. Nonetheless, the country has no integrated financial protection strategy to manage these risks. Moreover, given its vulnerability to multiple natural hazards, it is important to broaden the coverage available for other risks. For that reason, the Argentine government asked the Bank to reformulate contingent loan AR-O0008 (paragraphs 1.3, 1.4).

5. Public health risk management in Argentina

- 1.19 The Ministry of Health (MSAL) is the lead agency that develops health care regulations, guidelines, and protocols for the provinces and provides funding to strengthen the operation of provincial and municipal health services. The Federal Health Council (COFESA), composed of MSAL and the top public health authorities from each province, analyzes health problems common to the whole country and agrees on public health actions.
- 1.20 Argentina has signed the International Health Regulations (IHR),⁷ agreeing to develop and improve its capacity to detect, evaluate, notify the World Health Organization (WHO), and respond to internationally significant public health events in the country, according to its requirements. In the country's most recent annual

⁷ The IHR represent an agreement among the 196 members of the WHO to work together on public health risk prevention and response. The [IHR Annual Report](#) assesses country capacity and response. In the case of the COVID-19 pandemic, the WHO estimated that Argentina has level-3 preparedness and response status (with 1 being the lowest and 5 the highest).

reporting, the main challenges were found to be: (i) the national health emergency framework; (ii) communication of risks; and (iii) delivery of health services.

- 1.21 Given these challenges, the COVID-19 pandemic response focused on readying the health system through actions that included strengthening epidemiological surveillance systems and the laboratory network, managing supplies and equipment, and boosting service capacity at different levels of care, particularly by equipping and increasing the number of intensive-care units.[15] These actions required strong interjurisdictional coordination under the federal health care system. Emergency operating committees were set up in each province, following guidelines issued by MSAL, for integrated coordination of the pandemic response strategy (paragraph 3.3).

6. Risk finance and transfer programs for natural disaster and public health emergencies

- 1.22 Natural disasters and public health events give rise to lasting economic and social costs. The CCF seeks to facilitate significant liquid resources to the borrowing member countries immediately after an emergency, to cover extraordinary public expenditures. The Bank has made progress in improving the region's financial resilience to natural disasters (paragraph 1.27). In 2020 with the COVID-19 pandemic, the facility's coverage was expanded to include public health risks (document GN-2999-4), since they are similar natural disaster risks in their unpredictable shocks and low probability of occurrence, are not correlated with economic factors, tend to cause a great impact on the most vulnerable population, and are a major source of contingent fiscal liabilities.
- 1.23 The design of the CCF under a broader program to finance and transfer the risks of natural disasters and public health events assumes the existence of budgetary and financial constraints, meaning that no single instrument can effectively cover all levels of risk by itself. Several different instruments must be used that can be adapted to cover given layers of risk, depending on the probability of occurrence and the magnitude of the expected impact.[16] Accordingly, the use of reserves is recommended to cover events of lesser magnitude that recur often. The use of long-term contingent debt instruments and risk transfer instruments such as catastrophe insurance and/or bonds is promoted for events of severe magnitude and lesser probability of occurrence.[17]
- 1.24 The availability of ex ante financial coverage for emergencies allows countries to partially reduce the risk of even worse scenarios in terms of a disaster's impact on the public accounts and the vulnerable population by providing rapid access to finance for the costs of emergency response. This has been verified in studies by the Bank [18] and other multilaterals such as the IMF.[19]

7. The operation in the Bank's sector and country strategy

- 1.25 **The Bank's support in integrated disaster risk management and lessons learned.** The Bank has assisted in the country in DRM through: (i) Technical cooperation project "Integrated Management Plan for Drainage and Flood Control in the Arroyo Medrano Watershed" (operation [ATN/LA-15934-AR](#), approved in 2016 for US\$600,000 as operational support) and the "Emergency Program for an Immediate Response to the Flooding in Argentina" (loan [3688/OC-AR](#), approved in 2016 for US\$20 million, completed), and "Emergency Program in Response to

the Puyehue Volcano Eruption” (loan [2594/OC-AR](#), approved in 2011 for US\$20 million, completed), which supported the rehabilitation of road, water, and public building infrastructure and the reestablishment of basic services such as water and electricity in the affected areas. As a lesson learned, coordination between the federal, provincial, and municipal governments was crucial for emergency response (paragraphs 3.3, 3.4). (ii) The technical cooperation project “Support for Formulation of the Disaster Risk Management Program in Provinces and Municipios” (operation [ATN/OC-16645-AR](#), approved in 2018 for US\$1 million as operational support), which includes risk studies and the design of risk prevention smart solutions in vulnerable municipios. (iii) The “Program for the Development of a Satellite System and Applications Based on Earth Observation (PROSAT)” (loan [1777/OC-AR](#), approved in 2006 for US\$100 million, completed), which has provided partial financing for the Argentine Satellite for Microwave Observation (SAOCOM).⁸ (iv) The Information System on Drought for Southern South America, financed through technical cooperation operation [ATN/OC-17023-RG](#) (approved in 2018 for US\$550,000 as client support). (v) Diagnostic assessment of governance for DRM in Argentina through application of the Index of Governance and Public Policy in Disaster Risk Management (iGOPP),⁹ financed by technical cooperation operations [ATN/MD-13090-RG](#) (approved in 2011 for US\$1 million as research and dissemination) and [ATN/MD-15712-RG](#) (approved in 2016 for US\$500,000 as research and dissemination), which identified goals and challenges for the INDRMP.

- 1.26 **The Bank’s support in the public health sector and lessons learned.** The Bank is supporting the health sector in Argentina through: (i) the “Immediate Public Health Response Project in the Context of the COVID-19 Pandemic to Contain, Control, and Mitigate Its Impact on Public Health Service Delivery in Argentina” (loan [5032/OC-AR](#), approved in 2020 for US\$470 million), 65.5% disbursed. These funds financed equipment and supplies to treat COVID-19 patients at 250 public hospitals, rapid tests, equipping of laboratories, purchase of vaccines, storage centers, and supplies for the vaccination campaign. Digitalization of diagnostic services and telemedicine and the reactivation of basic health services were also supported. Sector coordination and intersector dialogue were crucial to this support (paragraph 3.3, 3.4). (ii) The “Program for the Strengthening and Integration of Health Networks in the Province of Buenos Aires (PROFIR I)” (loan [4821/OC-AR](#), approved in 2019), as the first individual operation under a conditional credit line for investment projects (CCLIP) for US\$150 million, 100% disbursed.
- 1.27 **Good practices and lessons learned from the CCF.** The Bank has approved 17 loans from the CCF,¹⁰ with four disbursements for natural disasters for a total

⁸ SAOCOM was designed to provide information, such as maps on soil moisture, flood monitoring, earth movement detection, etc., under all meteorological conditions. The information can be used in agriculture, hydrology, and disaster prevention, providing public agencies with information on fires, eruptions, earthquakes, avalanches, and landslides.

⁹ The iGOPP measures whether a country satisfies the legal, institutional, and budgetary conditions for implementation of a public policy in DRM. It was applied in the IDB’s 26 borrowing member countries [13] and endorsed by the United Nations through its [Regional Evaluation Report](#).

¹⁰ The total amount of active contingent loans with available coverage is US\$2.0245 billion.

of US\$291 million (loans [3670/OC-EC](#) in 2016, [4331/OC-DR](#) in 2017, [4853/OC-BH](#) in 2019, and [5195/BL-NI](#) in 2020, executed). The design of this operation incorporates the lessons learned and enhancements, such as: (i) refinement of the methods for calculating the triggers for Modality I loans (Annex I of the program [Operating Regulations](#)); (ii) strengthening of the mechanism for coordination and execution among the executing agency, the subexecuting agencies, and other institutions involved in emergencies (paragraph 3.4); and (iii) definition of operating guidelines to ensure effective and efficient supervision and execution of these operations ([Operating Regulations](#)). With the expansion of the CCF to include public health risks, the Bank has approved four CCF loans with coverage for COVID-19 and five CCF operations with coverage for public health risks, the special features of which are reflected in the loan documents. Consideration has been given, for example, to: (i) the disbursement conditions (paragraph 3.5); (ii) the importance of defining interagency coordination for public health emergencies (paragraph 3.3); and (iii) the country's legal framework and procedures for declaring a national public health emergency (Annex II of the program [Operating Regulations](#)).

- 1.28 The relevance and effectiveness of the instrument have been verified and supported by recent experience, and documented in the Country Program Evaluation: Ecuador 2012-2017, prepared by the Office of Evaluation and Oversight (OVE) [18], and the project completion reports validated by OVE on operations to respond to emergencies caused by the Manabí earthquake in 2016 in Ecuador (loan [3670/OC-EC](#)) and Hurricane María in 2017 in the Dominican Republic (loan [4331/OC-DR](#)). The main lessons learned, identified by OVE and incorporated into the project, are: (i) contracting an independent reasonable assurance audit, to mitigate the risk that the loan proceeds are not used according to the Bank's eligibility criteria (paragraph 3.11); and (ii) inclusion in section II of the program [Operating Regulations](#) of operational guidelines and procedures to strengthen early coordination between the executing agency and the Bank, to minimize potential difficulties in recording and reporting the necessary information to justify the use of disbursed resources.
- 1.29 **Strategic alignment.** This reformulation is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the development challenge of social inclusion and equality, by benefiting a larger number of people, particularly those in vulnerable conditions, through an increase in ex ante financial coverage for natural disaster and public health emergencies. The reformulation is also aligned with the crosscutting themes of: (i) climate change, as part of the adaptation strategy and consistent with the Bank's Vision 2025 (document AB-3266). According to the [joint methodology of the multilateral development banks](#), an estimated 25%¹¹ of the operation's resources are invested in climate change adaptation by financing activities that improve financial management of natural disaster risks. These resources contribute to the IDB's climate finance goal (30% of the volume of annual approvals); (ii) gender equality, by promoting the gender perspective in the country's DRM through activities included in the INDRMP and the gender action plan (paragraph 1.31); and

¹¹ Only the new resources of this reformulation (US\$100 million) under CCF Modality II, which covers droughts, will be booked. The resources of the original loan (US\$300 million) were already booked in the year in which the original operation AR-O0008 was approved.

- (ii) institutional capacity and rule of law, by contributing to build the country's capacity to manage public resources through increased ex ante contingent financing and strengthened management of contingent fiscal liabilities (paragraph 1.12).
- 1.30 The reformulation is also aligned with the Corporate Results Framework 2020-2023 (document GN-2727-12), by contributing to the indicators of: (i) beneficiaries of enhanced disaster and climate change resilience, by increasing the population with enhanced resilience to natural disasters, epidemics, and pandemics when benefiting from the ex ante financial coverage provided by the loan; and (ii) countries with strengthened tax and expenditure policy and management, by building the country's capacity to manage public resources and contingent fiscal liabilities. The operation is consistent with the Bank's Disaster Risk Management Policy Guidelines (document GN-2354-5), the Climate Change Sector Framework Document (document GN-2835-8), and the Health and Nutrition Sector Framework Document (document GN-2735-12), by contributing to improve the country's financial management of climate, disaster, and public health risks. The operation is aligned with the IDB Group Country Strategy with Argentina 2021-2023 (document GN-3051) through the strategic objective to move toward environmental sustainability through the improved management of natural disaster risks. Lastly, the operation is included in the 2022 Operational Program Report (document GN-3087, Annex II-A, Argentina Country Program Document).
- 1.31 **Gender considerations.** The project will promote actions to incorporate the gender dimension into the country's DRM by (i) preparing a gender action plan, which will be an additional output of the operation (paragraph 1.37) and will include a diagnostic assessment and activities to address the main gender gaps identified in DRM (paragraph 2.9); and (ii) including actions to sharpen the focus on gender and vulnerable groups, including persons with disabilities, in the INDRMP. The actions included in the matrix of indicators for year one of the INDRMP (paragraph 3.14) focus on DRM governance, laying the groundwork of institutional structure and capacity for mainstreaming the gender perspective in DRM.
- C. Objectives, components, and cost**
- 1.32 **Objectives of the reformulated project.** The general objective is to help buffer the impact that a severe or catastrophic natural disaster or public health event could have on the nation's public finances. The specific objective is to improve the financial management of natural disaster and public health risks by increasing stable, cost-efficient, and rapidly accessible contingent financing to cover extraordinary public expenditures to aid the population affected by natural disaster and public health emergencies.
- 1.33 The reformulated operation provides additionality by contributing to enhance the country's integrated disaster risk management through improvements in the INDRMP's five major areas of strategic focus (paragraphs 2.8, 2.9), mainstreaming the focus on gender equality and vulnerable groups, including persons with disabilities.
- 1.34 **Sole component.** The reformulated operation consists of a US\$400 million sole component that will structure stable, efficient, and rapidly accessible ex ante

- financial coverage to provide timely funding for extraordinary expenditures that may occur during severe natural disaster and public health emergencies.
- 1.35 **Subcomponent 1.1. Coverage under Modality I (US\$300 million).** Under this modality (parametric coverage), coverage is provided for low-probability, rapidly evolving natural risks with severe or catastrophic impact, through predefined and measurable parametric triggers. The eligible events will be earthquakes, severe urban floods, and forest fires (paragraph 2.4).
- 1.36 **Subcomponent 1.2. Coverage under Modality II (US\$100 million).** Under Modality II (nonparameterized risks), coverage is provided for natural disaster and public health emergencies. The eligible events will be droughts, volcanic eruptions, and future epidemics and pandemics, excluding the current COVID-19 outbreak (paragraph 2.5).
- 1.37 The reformulated operation includes, as a specific output, preparation of an action plan to strengthen then gender perspective in the country's DRM, which will be financed by regional technical cooperation operation [ATN/OC-18888-RG](#) (paragraph 1.31).¹²
- 1.38 To gauge the extent of the country's financial needs to address severe or catastrophic natural disasters or public health events, the Bank analyzed the country's risk profile, the impact of historical events, and the increase in the frequency and severity of climate events due to climate change (paragraphs 1.6 to 1.8). The loan is the maximum allowable for this instrument (document GN-2999-9, paragraphs 4.4 to 4.7).¹³
- 1.39 **Beneficiaries.** The potential beneficiaries are, generally, Argentina's entire population and, specifically, the affected population that receives emergency assistance under the proposed coverage.

D. Key results indicators

- 1.40 In line with the specific objective of the reformulated operation (paragraph 1.32), the expected outcome is to improve the financial management of natural disaster and public health risks through an increase in stable and efficient contingent financing to cover extraordinary public expenditures during emergencies caused by natural disasters or public health events.
- 1.41 The following indicators will be monitored, to verify the improvements in the country's financial risk management: (i) the amount of ex ante financial coverage available to the country for response to natural disaster or public health emergencies; (ii) the potential beneficiaries of ex ante financial coverage available for natural disaster emergencies; (iii) the potential beneficiaries of ex ante financial coverage available for public health emergencies; (iv) the differential between the

¹² The regional technical cooperation operation [ATN/OC-18888-RG](#), "Promoting Institutional Capacity Building for the Mainstreaming of the Gender Perspective in Climate and Disaster Risk Management within the Framework of the CCF," seeks to build the capacity of public institutions to mainstream the gender perspective in the region's DRM and includes a specific component to finance the drafting of gender action plans and their subsequent implementation. The operation, approved in 2021 for US\$300,000 as research and dissemination, is financed by the Ordinary Capital Strategic Development Program for Institutions.

¹³ The coverage ceiling under Modality I is US\$300 million or 2.0% of the country's GDP, whichever is less. The coverage ceiling under Modality II is up to US\$100 million or 1.0% of GDP, whichever is less. According to the IMF, Argentina's GDP in 2021 is approximately US\$450 billion.

financial cost of the IDB loan and the cost of Argentina's long-term sovereign commercial external debt; (v) the financial savings ratio following the occurrence of an eligible event: cost of funds disbursed by the IDB relative to the cost of issuing sovereign debt, expressed in terms of net present value (NPV); and (vi) the speed of access to funds following the occurrence of an eligible event: number of days between the eligibility verification request and availability of the funds.

- 1.42 **Economic analysis.** The economic analysis ([optional link 1](#)) uses a cost-effectiveness methodology to evaluate a scenario where the full financial coverage provided by the US\$400 million contingent loan would be used following the occurrence of a catastrophic natural disaster and a public health event during the coverage period.¹⁴ The NPV of the IDB loan funding cost was compared to the cost of issuing long-term sovereign bonds. The results show that the cost of the contingent loan from the Bank is 34.4% of the cost of issuing debt. This makes it a considerably more efficient option, not only in terms of financial costs but also the speed with which the funds may be accessed.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instrument

- 2.1 This proposal is the reformulation of contingent loan AR-O0008 (paragraph 1.4) to increase the amount of financing under the Contingent Credit Facility (CCF) for Natural Disaster Emergencies (document GN-2999-9) through an investment loan of up to US\$400 million from the Bank. Of that amount, US\$300 million was already approved and will be utilized under Modality I (parametric coverage) for natural disasters, and up to US\$100 million will be utilized under Modality II for natural disasters and public health events. The executing agency for the reformulated loan will be the Office of the Chief of the Cabinet of Ministers of the Argentine Nation (JGM). All disbursements will be made from the Bank's Ordinary Capital resources.
- 2.2 For coverage under Modality I and under Modality II for public health risks, if an eligible event occurs, the country may choose to have disbursements come from either the regular lending program or from available undisbursed balances of investment loans already approved and identified in the automatic redirection list ([ARL](#)),¹⁵ or from a combination of these two options. For natural disasters eligible under Modality II, disbursements will come solely from the Bank's regular lending program with the borrowing member country (document GN-2999-9, paragraph 4.12).
- 2.3 Contingent loans under the CCF have specific financial terms and conditions (described in the Project Summary) to fully support the country at the critical time of an emergency, when public finances are impaired. The specific terms and

¹⁴ Other scenarios were evaluated, and the results indicate that the contingent loan would still be the most efficient option ([optional link 1](#)).

¹⁵ The ARL includes the Bank's investment loans in effect with the country that have uncommitted balances available for disbursements, which can be automatically redirected following an event (Annex I of document GN-2999-4, paragraph 4.12). In consultation with the borrower, the ARL will be updated periodically. If the disbursed resources are drawn in whole or part from ARL balances, the Bank will update the project management systems to reflect the corresponding changes in the selected loans.

conditions include the following: (i) the amortization period, weighted average life, and grace period are counted from the date of the first disbursement of the financing for each eligible event; (ii) the Bank will charge only a one-time disbursement fee of 50 basis points (reviewed periodically) on the date of each disbursement, applicable solely to the amount disbursed against resources from the regular lending program (i.e., not resources from the ARL); and (iii) the resource availability period (disbursement period) is five years, running from the effective date of the amendatory contract for the reformulated loan, and may be extended for up to five additional years at the Bank's discretion following a request from the borrower, as long as the Integrated Natural Disaster Risk Management Plan (INDRMP) is still in place and progressing to the Bank's satisfaction and/or the country, through the Ministry of Health (MSAL), is up to date with its progress reporting to the World Health Organization (WHO) on compliance with the International Health Regulations (IHR).

- 2.4 **Eligible events under Modality I.** The loan will provide coverage for rapidly evolving events with severe impact and low probability of occurrence under CCF Modality I. Eligible events will be earthquakes, severe urban floods, and forest fires, based on the parameters of intensity and affected population established in the coverage terms and conditions under Modality I (Annex I of the program [Operating Regulations](#)). The annex specifically details how the parametric triggers work to determine event eligibility, as well as the methodology for calculating the maximum coverage amount based on intensity and the percentage of the total population affected by each type of eligible event.
- 2.5 **Eligible events under Modality II.** The loan will provide coverage under CCF Modality II for: (i) volcanic eruptions and droughts resulting in a declaration of national emergency by the relevant authority (paragraph 1.13); and (ii) future pandemics and epidemics, including future outbreaks of the SARS-CoV-2 virus but excluding the current COVID-19 pandemic declared by the WHO in March 2020 (document GN-2999-4, paragraph 3.16), that result in a declaration of a national health emergency for an epidemic or pandemic, where the country has a preparedness and response plan for the specific event. Annex II of the program [Operating Regulations](#) describes specific aspects of the legal framework, scope, and procedure for declaring a national public health emergency.
- 2.6 Disbursements of the financing will be contingent on the availability of sufficient resources from the [ARL](#) or the Bank's regular lending program for Argentina, as applicable, when the disbursement is requested. If sufficient resources are not available at the time of the disbursement request, the Bank may disburse up to the maximum amount of available resources. In the event that no funds are available, the Bank will not be obligated to make any disbursements for as long as and to the extent that no resources are available. Once this situation has ended as determined by the Bank, it will notify the borrower.
- 2.7 **Disbursement limits per event.** The maximum amount that may be disbursed for each eligible event is subject to the lower of the following limits: (i) the available undisbursed balance of coverage available under the corresponding modality; and (ii) the limit for each disbursement method established in the program [Operating Regulations](#). For Modality I, the limit will also be subject to the maximum amount resulting from applying the parametric coverage model to the eligible event.

- 2.8 **Integrated Natural Disaster Risk Management Plan (INDRMP).** As an eligibility condition, the CFF provides that all of the Bank's borrowing member countries may receive financing through natural disaster coverage, provided they have an INDRMP satisfactory to the Bank. The [INDRMP](#) seeks to promote the effective development of a national DRM policy. Argentina has an INDRMP in effect making satisfactory progress in the Bank's opinion, so it meets this eligibility requirement. The INDRMP for the five-year period running from the effective date of the amendatory contract for the reformulated loan (Annex III of the [Operating Regulations](#)) is satisfactory to the Bank and will also address gender considerations.
- 2.9 To maintain the loan's natural disaster coverage, the country must ensure that the INDRMP continues to be implemented to the Bank's satisfaction by making progress toward meeting its targets. To track progress toward these targets, annual progress indicators are established for each strategic area of the INDRMP. The progress monitoring exercises will be carried out annually. For the first of these, annual indicators were agreed upon and are specified in Table I of Annex III to the program [Operating Regulations](#). Satisfactory execution will be determined by verifying that the country has made significant progress on all agreed progress indicators. For subsequent annual verification periods, new annual progress indicators will be identified in coordination with the government, including indicators for the gender action plan.
- 2.10 **International Health Regulations (IHR).** The CCF states that, to receive financing through CCF public health coverage, countries must be up to date with their reporting of progress against IHR compliance to the WHO.¹⁶ As reported in the State Party Self-assessment Annual Report platform ([SPAR](#)), Argentina satisfies this requirement, having completed its latest evaluation in 2021. During the coverage period of the reformulated loan, the Bank will monitor the annual compliance of the country, through MSAL, with reporting to the WHO on its capacity to respond to public health events.
- 2.11 **Complementary risk retention mechanisms.** The risk retention mechanisms available to be used in future emergencies and the Bank's contingent loan are principally the reallocation of budget items from the National Fire Management Fund (Law 26815, Article 30) and FONAE (Law 27287, Article 21), intended to be a first line of fiscal defense against disasters. The National Fire Management Fund receives a mandatory annual contribution of 0.3% of insurance premiums, except for life insurance, from insurers. FONAE is expected to be included in the national budget shortly, which will allow surplus funds from different sources, when available, to be channeled into this emergency fund.
- B. Environmental and social safeguard risks**
- 2.12 Operations financed under the CCF are exempt from the Bank's Environmental and Social Policy Framework (document GN-2965-23). No adverse environmental or social impacts are anticipated because the loan resources may only be used to finance expenditures to address emergencies, and the borrower must adhere to the country's environmental and social legislation. Moreover, the amendatory

¹⁶ Electronic instrument for IHR State Party Self-assessment Annual Reporting ([e-SPAR](#)).

contract and the program [Operating Regulations](#) include a list of the types of ineligible expenditures (negative list).

C. Fiduciary considerations

- 2.13 The reformulated operation will be consistent with the specific fiduciary control requirements and procedures of the CCF (document GN-2999-9) and Annex III, "Fiduciary Agreements and Requirements," supplemented by the Financial Management Guidelines for IDB-financed Projects (document OP-273-12).

D. Other key risks and issues

- 2.14 **Internal process risks.** A medium-high risk has been identified that, owing to insufficient information on expenditures made and shortcomings in the required documentation for the verification of eligible expenditures, expenditures may be rejected because they do not meet the eligibility criteria, thereby delaying disbursement of funds for emergency response. To mitigate this risk: (i) in the case of disasters, a manual for institutions executing FONAE funds includes requirements for documentation of expenditures; and (ii) the Bank will require independent verification of the use of the loan proceeds by an independent audit firm acceptable to the Bank (paragraph 3.11).
- 2.15 **Institutional environment risk.** A medium-high risk has been identified that, owing to delays in the relevant interagency coordination, resources disbursed for an eligible event may not be used within the stipulated disbursement period for the CCF (paragraph 3.10), making the emergency response less effective. As mitigation measures, the Bank will: (i) provide technical support to the executing and subexecuting agencies as part of the project supervision and implementation process, to strengthen their capacity to execute the loan; and (ii) promote institutional arrangements and coordination among the executing agency, the subexecuting agencies, and institutions tasked with responding to natural disaster and public health emergencies through the measures described in the program [Operating Regulations](#) (paragraph 3.3).
- 2.16 **Sustainability.** The country is expected to continue making progress in improving the DRM by implementing the National Plan for Disaster Risk Reduction (PNRRD) (paragraph 1.13), including the promotion of risk retention and transfer mechanisms, as well as the proposed budget for the financing of extraordinary public expenditures to respond to future emergencies in a timely way. Regarding public health risks, the country is expected to continue with its commitment to make progress under the IHR. Activities to improve the country's health sector preparedness and responsiveness to the COVID-19 pandemic, supported by the Bank, will also contribute to program sustainability (paragraphs 1.19, 1.20, 1.26).

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements for the reformulation

- 3.1 The borrower will continue to be the Argentine Republic. The new executing agency will be the Office of the Chief of the Cabinet of Ministers of the Argentine Nation (JGM). The contingent loan proceeds will be disbursed to the executing agency. The subexecuting agencies will be the Ministry of Safety (MSEG) for

natural disasters¹⁷ and the Ministry of Health (MSAL) for epidemics and pandemics.

- 3.2 Among other activities described in the program Operating Regulations, the executing agency will be responsible for: (i) ensuring compliance with the project's objectives and terms and conditions; (ii) handling and processing disbursement requests to the Bank; (iii) managing the timely allocation and transfer of resources to the subexecuting agencies; (iv) monitoring, through the subexecuting agencies, the fiduciary procurement, monitoring, and evaluation arrangements to safeguard timely and proper execution of resources; (v) providing justification of the use of loan proceeds in accordance with the loan contract and the program [Operating Regulations](#) through reports and documentation provided by the subexecuting agencies; (vi) retaining the necessary documents related to its area of responsibility, so that the Bank, at its sole discretion, can verify through additional independent external audits the appropriateness of the expenditures declared eligible; and (vii) participating in the closing process, including preparation of the project completion report. The contingent loan proceeds will be used by one subexecuting agency or the other, depending on the type of event, in coordination with the public agencies responsible for budget execution during natural disaster or public health emergencies (implementing entities).
- 3.3 **Policy framework for interagency coordination in natural disaster and public health emergencies.** The National Plan for Disaster Risk Reduction (PNRRD) 2018-2023 establishes coordination mechanisms to manage emergencies caused by disasters. Nationally, the strategic direction of emergency response is the responsibility of the National Council of the National System for Integrated Risk Management and Civil Protection (SINAGIR), chaired by the JGM, whereas the Office of the Executive Secretary of SINAGIR, which reports to MSEG, is responsible for operational coordination of response and reconstruction. For public health, MSAL coordinates the health response through the Federal Health Council (COFESA) and, in turn, is coordinator of the intersector network established as part of the COVID-19 emergency response, bringing together the health, education, transportation, tourism, labor, environment, social development, and other sectors by establishing information and referral circuits in each sector to coordinate implementation of the health recommendations, institute formal lines of technical cooperation, e.g., with SINAGIR, and coordinate the media communications strategy.
- 3.4 **Coordination mechanism for use of the loan proceeds.** To ensure timely execution of the loan proceeds for emergencies, an institutional coordination and execution mechanism is established, led by the subexecuting agencies (MSEG or MSAL, depending on the type of event), in coordination with the executing agency, to permit the timely flow of funds to the public institutions charged with resource execution and adequate traceability. This mechanism is described in the program [Operating Regulations](#), and the Bank will monitor its implementation by the executing and subexecuting agencies immediately after a contingent loan disbursement.

¹⁷ The same mechanism for execution and flow of resources for natural disasters established in the original operation AR-O0008 is maintained. See [proposed resolution](#).

- 3.5 **Special contractual condition of general eligibility to request disbursements.** The special contractual condition of general eligibility to request disbursements will be the approval and entry into force of the program [Operating Regulations](#) on the terms previously agreed upon with the Bank. The program [Operating Regulations](#) will include: (i) the reference framework, including the interagency coordination mechanism and the model subexecution agreements between the executing agency and subexecuting agency; (ii) operational provisions; (iii) the terms and conditions of coverage under each modality; (iv) the Integrated Natural Disaster Risk Management Plan (INDRMP); (v) the automatic redirection list ([ARL](#)); (vi) terms of reference for contracting the audit firm for independent verification of the use of the disbursed resources following the occurrence of an eligible event; (vii) templates for requesting advances and reimbursement; (viii) example of an indicative list of potential eligible expenditures for future pandemics; and (ix) the list of excluded expenditures (negative list).
- 3.6 **Special contractual conditions precedent to the first disbursement for each eligible event.** The special contractual conditions precedent to the first disbursement for each eligible event will be:
- a. Disbursements under Modality I (natural disasters): (i) the Bank has verified the occurrence of an eligible event according to the parameters defined in the program [Operating Regulations](#); and (ii) the [INDRMP](#), previously agreed upon with the Bank, is being implemented to the Bank's satisfaction (paragraph 2.8);
 - b. Disbursements under Modality II (natural disasters): (i) the Bank has verified the declaration of a national emergency due to the occurrence of an eligible natural disaster as defined in the program [Operating Regulations](#); (ii) the [INDRMP](#), previously agreed upon with the Bank, is being implemented to the Bank's satisfaction (paragraph 2.8); and (iii) the Bank has verified compliance by the borrower, through MSEG, with the agreed complementary risk retention financing measures and conditions; and
 - c. Disbursements under Modality II (public health events): (i) the Bank has verified the declaration of a national health emergency due to a pandemic or epidemic as defined in the program [Operating Regulations](#); (ii) the borrower, through MSAL, has submitted evidence that it is up to date with its progress reporting to the World Health Organization (WHO) on compliance with the International Health Regulations (IHR); (iii) the borrower, through MSAL, has submitted evidence to the Bank's satisfaction that it has a national preparedness and response plan for the specific event, in line with the recommendations of the WHO and/or Pan American Health Organization (PAHO), to address the event; and (iv) the Bank has verified compliance by the borrower, through MSAL, with the agreed complementary risk retention financing measures and conditions.
- 3.7 **In addition to the aforementioned contractual conditions, the borrower will have submitted, within 90 calendar days after the occurrence of an eligible event, one or more disbursement requests specifying the amount(s) of such**

disbursement(s) and, for disbursements under Modality I and Modality II for public health events, whether such disbursement(s) will be drawn from the regular lending program, undisbursed balances from automatic redirection list ([ARL](#)), or a combination of these two sources. In the case of loans from the ARL, the request will identify the loans in question and the respective amount to be utilized (paragraph 2.2). These contractual conditions were established as standard conditions for the execution of contingent loans in the CCF policy document (document GN-2999-9).

- 3.8 Each disbursement of the loan will be made in accordance with the financial terms and conditions established in the Project Summary, regardless of whether the resources are drawn in whole or part from the regular lending program, loans included in the [ARL](#), or a combination of the two sources, as applicable (paragraph 2.2).
- 3.9 **Eligible expenditures.** The loan proceeds may be used to finance extraordinary public expenditures that occur during emergencies resulting from eligible events and, pursuant to document GN-2999-9, paragraph 4.20(c): (i) are not explicitly excluded in the loan contract (negative list); (ii) are legal under the laws of the Argentine Republic; (iii) are directly related to the natural disaster or public health emergency for which the financing has been provided; (iv) have verifiable documented and clearly registered acquisitions and payments as evidence that the goods and services have been utilized; and (v) have been adequately dimensioned and priced. The program [Operating Regulations](#) include an indicative list of potential eligible expenditures and a list of excluded expenditures.
- 3.10 The Bank will recognize up to 100% of the cost of eligible expenditures effectively incurred and paid by the borrower from the day on which the eligible event began and for the immediately following 180 calendar days. Upon request from the borrower, the Bank, at its sole discretion, can extend this period for an additional 90 days (document GN-2999-9, paragraph 4.20(f)). Procurement and contracting will be governed by the rules established in the CCF policy document (document GN-2999-9). The borrower will utilize its national legislation on procurement of goods and contracting of works or services applicable to extraordinary fiscal expenditures in natural disaster and public health emergencies (Annex III).
- 3.11 **Reasonable assurance audits.** The Bank will require independent verification of expenditures financed by the loan, to assess compliance with the eligibility criteria established in the loan contract and the program [Operating Regulations](#). This independent reasonable assurance verification will be performed by an audit firm acceptable to the Bank. The Bank, as it sees fit, may request partial assurance reports on progress in executing expenditures, which may accompany the partial accountability reports or justifications of advances of funds (document GN-2999-9, paragraph 4.20(b)). This contracting of the audit firm will follow applicable Bank policies and procedures, and costs are eligible to be financed from the loan proceeds.
- 3.12 **Justification of the use of resources.** The borrower, acting through the executing agency, will produce a Consolidated Report on Adequate Use of Resources, to be prepared by the subexecuting agency corresponding to the type of event. This report will be delivered to the Bank within 365 calendar days after

the onset of the eligible event for which the Bank has disbursed the resources in question. It will be accompanied by the final report of the reasonable assurance audit commissioned by the borrower for the concurrent expenditure review. Once the report has been submitted, the Bank will determine the total amount of expenditures eligible for financing. If there are unjustified or ineligible expenditures, the Bank may require the borrower to reimburse the unjustified amount.

- 3.13 If necessary, as established in document GN-2999-9, and no later than two years after each disbursement, the Bank, at its sole discretion and without cost for the borrower, may conduct subsequent audits to verify the adequacy of the declared eligible expenditures, the findings of which may support a request for reimbursement of amounts deemed ineligible for financing.

B. Summary of arrangements for monitoring results

- 3.14 During the contingent loan coverage period, the Bank will periodically monitor progress of the [INDRMP](#) and the gender action plan, as well as perform annual evaluations of them (see [monitoring and evaluation plan](#)). If, as a result of these evaluations, the Bank finds that execution of the INDRMP is not progressing satisfactorily, based on the indicators established for such purpose, the borrower will be notified of the specific actions it must take within 90 days after the issue date of the notification, in order to maintain eligibility for natural disaster coverage, applying the provisions of document GN-2999-9, paragraph 4.25.
- 3.15 **Evaluation.** As indicated in the [monitoring and evaluation plan](#), the loan is evaluated following the occurrence of an eligible event that results in a disbursement, through a project completion report. The evaluation methodologies are: (i) a reflexive evaluation to assess the efficiency of the loan over the entire coverage period and whether the country accessed the loan resources rapidly enough. This evaluation is supplemented by a qualitative evaluation of the project's contribution to the country's emergency response; and (ii) an ex post cost-effectiveness analysis that compares the cost in net present value of the disbursed resources with the cost of other sources of financing, which would allow the financial savings ratio to be estimated for the country.

IV. RECOMMENDATION

- 4.1 Based on the analysis and information presented in this document, Bank Management recommends, as established in the Operations Administration Manual ("Substantial and Fundamental Changes to Operations"), paragraph 3.29(c) of the Regulations of the Board of Executive Directors of the Inter-American Development Bank (document DR-398-19), and paragraph 6 of the List of Matters to be Considered by the Board via Short Procedure. Update (document CS-3953-4), that the Board of Executive Directors approve, via short procedure, the reformulation proposal contained in this document, by adopting the attached proposed resolution.

Development Effectiveness Matrix		
Summary		AR-O0016
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Beneficiaries of enhanced disaster and climate change resilience (#) -Countries with strengthened tax and expenditure policy and management (#)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3051	Move toward environmental sustainability
Country Program Results Matrix	GN-3087	The intervention is included in the 2022 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		8.1
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		1.6
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		2.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.0
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	N.A.	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, Internal Audit.
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	Yes	ATN/OC-18888-RG. "Promoting Institutional Capacity Building for the Mainstreaming of the Gender Perspective in Climate and Disaster Risk Management within the Framework of the CCF" will provide technical assistance for the preparation of an action plan to strengthen the incorporation of the gender approach in disaster risk management within the framework of the contingent loan.

The project is a Contingent Loan for Natural Disaster and Public Health Emergencies in Argentina. The project consists of the first reformulation proposal to loan AR-O0008, approved in 2019 and with no disbursements to date. Among others, the reformulation includes the following changes: (i) increase the loan amount by US\$100MM, up to a total of US\$400MM of the CCF comprised of US\$300 under Modality I and US\$100MM under Modality II and (ii) adding to the dangers of earthquakes and flooding to be covered under Modality I also forest fires under this modality; and under Modality II incorporating the dangers of droughts, volcanic eruptions, epidemics, and pandemics.

The general objective of the project is to contribute to mitigate the impact that a natural disaster or public health event of severe and catastrophic magnitude can have over the country's public finances. The specific objective is to improve fiscal management of natural disaster and public health risks by increasing contingent financing that is stable, cost-efficient, and rapidly accessible to cover public extraordinary expenses directed toward the attention of the population impacted by natural disaster or public health emergencies.

The diagnosis is solid and clearly identifies, based on empirical evidence, the main problem and the factors that determine it. The intervention proposal is clearly linked to the problems and factors identified. The results matrix reflects the objective of the program and captures a good vertical logic.

An ex-ante cost-effectiveness analysis is carried out and a monitoring and evaluation (M&E) plan is proposed in accordance with the DEM guidelines and the characteristics of contingent loans for natural disaster emergencies. The proposed evaluation seeks to assess the efficiency of the operation with an ex- post cost-effectiveness analysis in the event of the occurrence of an eligible natural disaster or public health emergency. Additionally, the M&E plan proposes a reflexive evaluation.

RESULTS MATRIX

Objective of the reformulated project:	The specific objective is to improve the financial management of natural disaster and public health risks by increasing stable, cost-efficient, and rapidly accessible contingent financing to cover extraordinary public expenditures to aid the population affected by natural disaster and public health emergencies. The general objective is to help buffer the impact that a severe or catastrophic natural disaster or public health event could have on the nation's public finances.
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General Development Objective

Indicator	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of Verification	Comments
General development objective: To buffer the impact of a natural disaster or severe public health event on the country's public finances.							
Indicator 1: ¹ Ex ante financial coverage relative to probable maximum expenditure during emergencies caused by natural disasters of catastrophic magnitude covered by the project.	%	21 ²	2022	5	24 ³	JGM	See optional link 8 .
Indicator 2: ¹ Ex ante financial coverage relative to probable maximum expenditure during national public health emergencies covered by the project.	%	0 ⁴	2022	5	4 ²	JGM	See optional link 8 .

¹ This indicator measures impact because it aggregates all the sources of contingent coverage vis-a-vis maximum expenditure.

² Argentina has ex ante financial coverage for natural disaster emergencies of US\$300 million from contingent loan AR-O0008, now in execution. The probable maximum expenditure estimate is based on a catastrophic natural disaster that occurs once every 100 years.

³ Assumes that no severe or catastrophic event occurs during the coverage period of the contingent loan and coverage of US\$400 million for disasters.

⁴ Argentina does not currently have ex ante financial coverage for emergencies caused by public health events. The probable maximum expenditure estimate in a national health emergency reflects extraordinary public expenditures in the health sector in response to the COVID-19 pandemic.

Specific Development Objectives

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Specific development objective: To improve the financial management of natural disaster and public health risks by increasing stable, cost-efficient, and rapidly accessible contingent financing to cover extraordinary public expenditures to aid the population affected by natural disaster or public health emergencies.											
Indicator 1. Availability and stability: Increase in the country's ex ante financial coverage for extraordinary expenditures during natural disaster or public health emergencies.											
Amount of ex ante financial coverage available to the country for response to natural disaster or public health emergencies.	US\$ million	300 ⁵	2022	400	400	400	400	400	400	JGM	See optional link 8 .
Indicators 2 and 3. Vulnerable people with enhanced resilience to natural disasters, epidemics, and pandemics when benefiting from the ex ante financial coverage provided by the contingent loan.											
Potential beneficiaries of ex ante financial coverage available for natural disaster emergencies.	Thousands of people	128 ⁶	2022	170 ⁶	170	170	170	170	170	MSEG	See optional link 8 .
Potential beneficiaries of ex ante financial coverage available for public health emergencies.	Thousands of people	0	2022	53 ⁷	53	53	53	53	53	MSAL	See optional link 8 .
Indicators 4 and 5. Financial cost: Contingent financial coverage is cost-efficient.											
Differential between the financial cost of the IDB loan and the cost of Argentina's long-term sovereign commercial external debt.	Basis points	1351 ⁸	2022	Cost diff.	Cost diff.	Cost diff.	Cost diff.	Cost diff.	200 or over	IDB Finance Department (FIN), Refinitiv Eikon JGM	See optional link 8 .

⁵ Argentina has financial coverage from the Bank's contingent loan.

⁶ Assumes average per person financial coverage of US\$2,340 (country's monthly per capita income) and available ex ante financial coverage of US\$300 million as the baseline, and US\$400 million in subsequent years.

⁷ Assumes average per person financial coverage of US\$1,863 (cost of care in each hospitalization for dengue fever) and available ex ante financial coverage of US\$100 million from the Bank's contingent loan.

⁸ See project economic analysis ([optional link 1](#)).

Specific Development Objectives

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Financial savings ratio following the occurrence of an eligible event: cost of funds disbursed by the IDB relative to the cost of issuing sovereign debt, expressed in terms of net present value (NPV).	%	66 ⁹	2022	20	20	20	20	20	20	FIN Refinitiv Eikon JGM	See optional link 8 .
Indicator 6. Speed of access: Contingent financial coverage is efficient in terms of how rapidly the country can access the loan proceeds to cover potential emergency expenditures.											
Speed of access to funds following the occurrence of an eligible event: number of days between the eligibility verification request and availability of funds.	Days	90 ¹⁰	2022	30	30	30	30	30	30	FIN JGM	See optional link 8 .

⁹ A cost-effectiveness analysis methodology was used that compares the net present value of the cost of financing of the IDB loan with the cost of issuing bonds. See [optional link 1](#).

¹⁰ Average time taken to authorize and process a sovereign bond issue on the international market for a country that performs this type of operation intermittently (subject to revision based on future issues).

Outputs

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification
1. Sole component: Contingent loan from the Bank to cover extraordinary public expenditures during natural disaster or public health emergencies.										
Subcomponent 1.1: Coverage under Modality I.	US\$ million	300	2022	300	300	300	300	300	300	JGM
Subcomponent 1.2: Coverage under Modality II.	US\$ million	0	2022	100	100	100	100	100	100	JGM
2. Gender action plan designed and monitored for strengthening the gender equality perspective in the country's DRM. ¹¹	Number	0	2022	0	1	0	0	0	1	Federal Safety Coordination Department. See monitoring and evaluation plan .

¹¹ This output will be financed with resources from regional technical-cooperation operation [ATN/OC-18888-RG](#).

Country: Argentina **Division:** IFD/CMF **Operation Number:** AR-O0016 **Year:** 2022

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: The Office of the Chief of the Cabinet of Ministers of the Argentine Nation (JGM).

Operation name: Contingent Loan for Natural Disaster and Public Health Emergencies. Proposal to reformulate loan AR-O0008

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation:

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

2. Fiduciary execution mechanism:

Special features of fiduciary execution	<p>The executing agency for the reformulated program will be the Office of the Chief of the Cabinet of Ministers of the Argentine Nation (JGM), which will be responsible for coordinating and monitoring the execution of resources. Given the special features of operations of this kind, the contingent loan resources will be used by the subexecuting agencies, i.e., the Ministry of Safety (MSEG) for natural disasters and the Ministry of Health (MSAL) for epidemics and pandemics, in coordination with the public sector institutions responsible for budget execution during natural disaster or public health emergencies ("the implementing entities"). Details on responsibilities and interagency coordination are described in the program Operating Regulations.</p> <p>The operation will consist of an investment loan from the Bank under the Contingent Credit Facility (CCF) for Natural Disaster and Public Health Emergencies (document GN-2999-9) for up to US\$400 million, comprised of: (i) up to US\$300 million under CCF Modality I; and (ii) up to US\$100 million under CCF Modality II.</p> <p>The project will be governed by the procurement and financial management guidelines indicated in section 9 ("Procurement and Financial Management Rules") of document GN-2999-9, supplemented by the Financial Management Guidelines for IDB-financed Projects (document OP-273-12).</p> <p>The basic national rules governing procurement and contracting are Delegated Decree 1023/2001 (National Government Contracting System) and Decree</p>
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	436/2000 (Regulations Governing the Procurement, Disposition, and Contracting of Goods and Services by the National Government), and National Law 13064/47, which governs public works.
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3. Fiduciary capacity:

Fiduciary capacity of the executing agency	<p>In accordance with the Bank's Risk Management Framework (paragraphs 7.1 and 7.3), contingent loans do not require use of the Institutional Capacity Assessment Platform. However, an institutional capacity assessment of DIPROSE was done in April 2021 as part of the design of operation 5364/OC-AR. Pursuant to that assessment, the executing agency's institutional capacity is considered to have a satisfactory degree of development to execute the program.</p> <p>The executing agency will be responsible for: (i) ensuring that the project's objectives and terms and conditions are met; (ii) handling and processing disbursement requests with the Bank; (iii) managing the timely allocation and transfer of resources to the subexecuting agencies; (iv) monitoring, through the subexecuting agencies, the fiduciary, procurement, monitoring, and evaluation arrangements to safeguard timely and proper execution of resources; (v) providing justification, with reports and documentation from the subexecuting agencies, of the use of the loan proceeds in accordance with the amendatory contract for the reformulated loan and the program Operating Regulations; (vi) retaining the necessary documents related to its area of responsibility, so that the Bank, at its sole discretion, can verify through additional independent external audits the appropriateness of the expenditures declared eligible; and (vii) participating in the closing process, including preparation of the project completion report.</p> <p>Regarding the subexecuting agencies, MSEG is subexecuting agency for contingent loan AR-O0008 and executing agency for loan 4113/OC-AR, while MSAL is executing agency for operation 5032/OC-AR and has recently executed loan 3772/OC-AR, so the two are considered to have sufficient capacity for: (i) ensuring that the project's objectives and terms and conditions are met; (ii) using the resources in a timely and appropriate manner, either themselves or in coordination with the implementing entities; (iii) providing justification of the use of the loan proceeds through reports and supporting documentation in accordance with the provisions of the amendatory contract and the program Operating Regulations; (iv) ensuring that planned and pending payments are made on a timely basis as part of execution of the amendatory contract; (v) in coordination with the executing agency, contracting a firm of independent auditors acceptable to the Bank to provide</p>
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	reasonable assurance services, and coordinating execution with the implementing entities; (vi) maintaining the necessary documents within its purview, so that the Bank, at its sole discretion, can verify through additional independent external audits the appropriateness of the expenditures declared as eligible; and (vii) participating in the closing process, including preparation of the project completion report.
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4. Fiduciary risks and response to risk: Not applicable under the current risk taxonomy.
5. Policies and guidelines applicable to the operation: The provisions of document GN-2999-9, supplemented by the Financial Management Guidelines for IDB-financed Projects (document OP-273-12), will apply to this operation.
6. Exceptions to policies and guidelines: For operations of this type, government agencies assigned to manage the emergency utilize national laws and regulations for their contracting, in accordance with document GN-2999-9.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

Special contractual conditions for execution: The borrower, through the executing agency, has submitted evidence, within 45 calendar days after the date of the first disbursement for each eligible event, that the audit firm has been contracted for independent verification of the use of the resources disbursed in relation to that eligible event, according to the terms of reference previously agreed upon with the Bank.

Exchange rate: The applicable exchange rate for justification of expenditures made in the local currency of the borrower's country, other than U.S. dollars, if any, will be option (b)(i) of Article 4.10 of the General Conditions of the loan contract. For the purpose of determining the equivalency of expenditures incurred in local currency in the case of reimbursement of expenditures against the loan proceeds, the agreed exchange rate will be the rate in effect on the effective date on which the borrower, the executing agency, the subexecuting agencies, or any other person or corporation with delegated authority to incur expenditures makes the respective payments to the contractor, vendor, or beneficiary.

Audit type: A final reasonable assurance report will accompany the report on adequate use of resources to be submitted by the borrower to the Bank (see section "External control"). The Bank, as it sees fit, may request partial assurance reports on progress in executing expenditures, which may accompany the partial accountability reports or justifications of advances of funds.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Records and files	The executing agency, the subexecuting agencies, and the implementing entities will be responsible for keeping the project's fiduciary records independently according to their jurisdiction, using digital and physical files, as well as for having procedures and instructions for proper record-keeping, to ensure that all expenditures are adequately supported and available for review upon request by the Bank or the auditors for a period of two years after the date of each disbursement.
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Main procurements: As this is a contingent loan, the contracting processes to be financed will be determined after the eligible event, so no preliminary procurement plan can be identified at the time of the operation's approval.

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programing and budget	The executing agency, the subexecuting agencies, and implementing entities are responsible for managing the reallocation or increase in size of their budgets through established procedures. The programmatic structures for identification of the investment program will be created within the budgets of the executing agency and each subexecuting agency for allocation of the corresponding budgetary credit.
<input checked="" type="checkbox"/>	Treasury and disbursement management	<p>Disbursement methods. The executing agency may submit disbursement requests within the period established for this operation under the following modalities:</p> <ul style="list-style-type: none"> (i) Advances of funds to finance future eligible expenditures up to a limit of 35% of total approved coverage. (ii) Reimbursements of eligible expenses incurred by the borrower using its own funds for up to 100% of total approved coverage. (iii) Direct payments made by the Bank to third parties in the name and at the request of the borrower for amounts agreed upon between the borrower and the Bank. <p>Designated account. The executing and subexecuting agencies will open a bank account for the exclusive, separate management of the resources.</p> <p>Accounting for funds advanced. For the borrower to be able to request a new advance of funds, it must justify to the Bank at least 60% of total cumulative balances pending justification. In accordance with OP-273-12, this permanent flexibility is justified by the need for liquidity to aid the population affected by natural disaster and public health</p>

		<p>emergencies and the execution mechanism established to finance such actions.</p> <p>Eligible expenditures. Expenditures actually incurred and paid for goods and services actually used within 180 days after the date of the eligible event and meeting the eligibility criteria established in the loan contract. Upon a formal request by the borrower, the Bank, at its sole discretion, may extend this period for an additional 90 days, up to a total of 270 days.</p> <p>Projection of prioritized expenditures. Prior to each request for an advance, the borrower will provide the Bank with a projection of financial needs and prioritized eligible expenditures consistent with the amount of the requested advance and based on the cash flow model, to be submitted to the Bank on a timely basis. The Bank will perform a preliminary review of the information delivered according to the applicability criteria in relation to the list of prioritized expenditures, as well as proportionality in relation to the allocation of the requested resources. If necessary, the Bank may propose changes to the borrower.</p> <p>Declaration of expenditures financed with own resources. The borrower will include a declaration letter signed by the executing agency in the reimbursement request, expressly indicating that the expenditures to be reimbursed by the Bank were financed exclusively with treasury resources.</p>
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	<p>The executing and subexecuting agencies will utilize the UEPEX system as the financial information system, which identifies program funds and sources of financing. Accounting will be on a cash basis and will follow the International Public Sector Accounting Standards (ISPAS), where applicable, in accordance with the established country criteria.</p> <p>Reports. Statements of expenditures related to the emergency will be prepared by the subexecuting agencies and will be consolidated and submitted by the executing agency. The items included in the statement of expenditures must be sufficiently detailed to allow the Bank to distinguish the expenditures incurred and to facilitate the expenditure assurance report process. Each item listed in the statement of expenditures must have, at a minimum, the breakdown of information agreed upon with the Bank. The Bank will provide the corresponding formats.</p>
<input checked="" type="checkbox"/>	Internal control and internal audit	<p>Project execution is based on the application of national policies; accordingly, relevant provisions will be applied to the country's internal control systems, supplemented by the program Operating Regulations.</p>

<input checked="" type="checkbox"/>	<p>External control and financial reports</p>	<p>The borrower, acting through the executing agency, will deliver a statement of adequate use in the form of the Consolidated Report on Adequate Use of Resources, accompanied by the final report of the reasonable assurance audit issued by a Bank-eligible external audit firm in the country, to the Bank within 365 calendar days after the eligible event.</p> <p>The contracting of the reasonable assurance audit will be chargeable against the financing of this operation and will follow applicable Bank policies and procedures.</p> <p>The audit firm will express a conclusion, with a reasonable degree of assurance, as to whether the expenditures submitted by the borrower are sufficiently compliant with policies, procedures, characteristics, records, and supporting documents to be declared eligible as stipulated in the loan contract and applicable policies.</p> <p>The Bank, as it sees fit, may request partial assurance reports on progress in executing expenditures, which may accompany the partial accountability reports or justifications of advances of funds.</p> <p>Additionally, the Bank, at its sole discretion and without cost to the borrower, may verify the appropriateness of the expenditures declared as eligible by means of independent external audits. Such audits will be performed no later than two years after the end of the disbursement period of the corresponding contingent loan.</p> <p>If the Bank finds ineligible expenses as a result of the assurance reports or loan audit, it may require that the borrower immediately remedy the situation or reimburse the disputed amounts.</p>
<input checked="" type="checkbox"/>	<p>Financial supervision of the operation</p>	<p>Financial supervision will be conducted through visits, working meetings, and/or a review of the assurance reports or other audited financial reports.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

Argentina. Proposed Reformulation of Loan AR-O0008
“Contingent Loan for Natural Disaster Emergencies”

(Amendment of Resolution DE-2/19)

The Board of Executive Directors

RESOLVES:

To approve the proposed reformulation of Loan AR-O0008 “Contingent Loan for Natural Disaster Emergencies”, in accordance with the terms and conditions established in document PR-____ and, consequently, amend Resolution DE-2/19 as follows:

“That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as borrower, for the purpose of granting it a Contingent Loan for Natural Disaster and Public Health Emergencies. Such contingent loan will be for an amount of up to US\$400,000,000 from the resources of the Bank’s Ordinary Capital, subject to the availability of resources from the regular lending program with the Argentine Republic or from the Automatic Redirection List, as the case may be, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary established in document PR-_____.”

(Adopted on ____ 2022)