

ARGENTINA

**PROGRAM TO SUPPORT SOCIAL INVESTMENT IN THE PROVINCE
OF BUENOS AIRES**

(AR-L1007)

LOAN PROPOSAL

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CONTENTS

PROJECT SUMMARY

I.	FRAME OF REFERENCE	1
A.	Socioeconomic framework.....	1
B.	The social sectors in the province and the impact of the crisis on education, health care, and social development.....	2
C.	The province's post-crisis strategy.....	7
1.	Fiscal sustainability strategy	7
2.	Social strategy	8
D.	Bank strategy with the country.....	10
E.	Lessons learned	11
F.	Coordination with other lending agencies	12
II.	THE PROGRAM.....	13
A.	Objectives and description.....	13
B.	Program structure	13
1.	Physical infrastructure and equipment in education, health care, and social development.....	13
2.	Sector strengthening for the delivery and management of education, health care, and social development services	15
C.	Program size	16
D.	Cost, financing, and duration of the program	17
III.	PROGRAM EXECUTION	19
A.	Execution.....	19
1.	The executing agency	19
2.	The coexecuting agencies	19
3.	The interministerial program committee.....	20
B.	Operating Regulations	21
C.	Procurement.....	21
D.	Maintenance of the investments.....	23
E.	Disbursement period and disbursement schedule.....	23
F.	Financial administration and auditing	24
G.	Monitoring and evaluation.....	25
1.	Programming and monitoring.....	25
2.	Annual, final, and impact evaluations	26
3.	Monitoring the fiscal goals	26
IV.	FEASIBILITY AND RISKS	28
A.	Institutional feasibility	28

B.	Technical and economic feasibility	28
C.	Social feasibility	29
D.	Fiscal and financial feasibility	30
	1. Fiscal impact	30
	2. Impact of the investments on recurrent expenditures	30
E.	Environmental impact	31
F.	Benefits and beneficiaries	32
G.	Risks	33

ANNEXES

Annex I Logical framework

Proposed resolution

Electronic Links and References	
Basic Socioeconomic Data	http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata
Status of loan in execution and loans approved	http://ops.iadb.org/approvals/pdfs/ARsp.pdf
Tentative lending program	http://opsgsl/ABSPRJ/tentativelending.ASP?S=AR&L=SP
Information available in the RE1/SO1 technical files	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=607710
Procurement table	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=607823

ABBREVIATIONS

AWP	annual work plan
BGE	basic general education
CDS	Sector steering committee
CDU	child development unit
CESI	Committee on Environmental and Social Impact
<i>Conurbano</i>	Outlying areas of the city of Buenos Aires
COU	coordination unit
DEIS	Dirección de Estadísticas e Información de Salud [Directorate of Health Statistics and Information]
DGCyE	Dirección General de Cultura y Educación de la Provincia [provincial Directorate of Culture and Education]
GDP	gross domestic product
IDECE	Instituto para el Desarrollo de la Calidad Educativa [Quality of Education Development Bureau]
INDEC	Instituto Nacional de Estadística y Censos [National Statistics and Censuses Bureau]
MDH	Ministerio de Desarrollo Humano [provincial Ministry of Human Development]
ME	Ministerio de Economía de la Provincia de Buenos Aires [provincial Ministry of Economic Affairs]
MECT	Ministerio de Educación, Ciencia y Tecnología [Ministry of Education, Science and Technology]
MMES	management, monitoring and evaluation system
MSP	Ministerio de Salud de la Provincia [provincial Ministry of Health]
NGO	nongovernmental organization
ONE	Operativo Nacional de Evaluación [National Evaluation Operation]
PHC	primary health care center
PMV	Plan Más Vida [brighter life program]
PTI	poverty-targeted investment
SAE	Servicio Alimentario Escolar [school food service]
SAF	Programa de Servicio Alimentario Familiar [Family Food Service Program]
SGG	Secretaría General de la Gobernación [General Secretariat of the Interior]
UBNs	unmet basic needs
UNDP	United Nations Development Programme

PROJECT SUMMARY

ARGENTINA

PROGRAM TO SUPPORT SOCIAL INVESTMENT IN THE PROVINCE OF BUENOS AIRES (AR-L1007)

Financial Terms and Conditions ¹				
Borrower: Province of Buenos Aires			Amortization period:	25 years
Guarantor: Government of the Argentine Nation			Grace period:	6 years
Executing agency: Provincial Ministry of Economic Affairs			Disbursement period:	6 years
Source	Amount	%	Interest rate:	Adjustable
IDB (Ordinary Capital)	US\$230 million	69.8	Inspection and supervision fee:	0%
Local	US\$100 million	30.2	Credit fee:	0.25%
Total	US\$330 million	100.0	Currency:	US dollars from the Single Currency Facility
Project at a glance				
<p>Project objective: The objective is to improve the coverage and quality of education, health care, and human development services, particularly those targeted to the very poor in the province of Buenos Aires.</p> <p>Special contractual conditions: <i>Conditions precedent to the first disbursement:</i> (i) the provincial decree defining the structure of program execution and the responsibilities of the participating provincial agencies (paragraph 3.1); (ii) appointment of the executive coordinator (paragraph 3.3); (iii) appointment of the sector specialists to sit on the sector steering committees (paragraph 3.5); (iv) entry into force of the program's Operating Regulations and their annexes (paragraph 3.8); and (v) evidence that the operational and financial management module of the program's management, monitoring, and evaluation system has been completed and placed in effect (paragraph 3.25). <i>Other special contractual conditions (see paragraphs 3.28 to 3.30):</i> (i) Within 90 days after the end of each fiscal year, the borrower will present to the Bank the program evaluation reports to be prepared by an independent institution; and (ii) prior to the final disbursement, the borrower will present to the Bank a final program evaluation, to be financed with loan proceeds and conducted by an independent organization.</p>				
<p>Project consistent with country strategy: Yes [X] No []</p> <p>Project qualifies as: SEQ [X] PTI [X] Sector [X] Geographic [] Headcount []</p> <p>Procurement of goods, works, and services: Will be carried out in accordance with Bank procedures (see paragraphs 3.9 to 3.14).</p> <p>Verified by CESI on: 7 October 2005</p>				

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

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

I. FRAME OF REFERENCE

A. Socioeconomic framework

1.1 The province of Buenos Aires is one of the federated provinces of the Argentine Republic and its government is responsible for delivering public services to the population, including public education and health care. With more than 14 million inhabitants, the province is home to nearly 40% of the country's population. More than eight million of them (63%) live in *municipios* in the *conurbano bonaerense* [outlying areas of the city of Buenos Aires] and a large number work in the nearby federal capital.

1.2 The percentage of poor and indigent households in the province is higher than the national average (Table I-1) and, has increased as a result of the economic crisis and the drop in employment levels that affected the country between 1998 and 2002. Although the levels of unmet basic needs (UBNs) have not changed significantly during this period, average poverty rose: between 1998 and 2003, the percentage of households living below the poverty line in the province rose from about 21% to 50% and in the capital's outlying areas, the percentage of people living in indigence doubled between 2001 and 2002, rising from 15% to 30%.¹

Table I-1: Selected demographic and socioeconomic indicators		
Indicator	Country	Province
Total population (2002)	37.9 million	14.5 million
0-6 years (2001)	13.11%	12.26%
13-21 years (2001)	16.09%	15.54%
65 years and over (2002)	9.67%	10.26%
Urban population (2001)	89.4%	96.4%
% households under the poverty line (2003)	36.5	50.5
% households under the indigence line (2003)	15.1	21.4
Human Development Index (1996)	0.826	0.820%
Population with UBNs	17.7	15.8
% under 14 years non-indigent poor (2004)	32.3	34.8
% under 14 years indigent poor	24.1	25.9
Households with UBNs	14.3	13%
Population with running water (2001)	77.0%	67.6%
Population with sewer service (2001)	42.5%	38.7%
Early education coverage (*)	78%	77%
BGE coverage (6 to 12 years)	99%	99%
BGE coverage (13 to 15 years)	93%	97.4%
Infant mortality rate (2003) (**)	16.5	16.2
Population dependent on the public health care system (2001)	48%	49%

(*) National data for 2001 and provincial data for 2005.

(**) Per 1,000 live births.

Sources: Instituto Nacional de Estadística y Censos (INDEC) and Dirección de Estadísticas e Información de Salud (DEIS), National Ministry of Health and Environment, and DGCyE of the province of Buenos Aires.

¹ INDEC, Permanent Household Survey, October 2001 and October 2002.

- 1.3 There was an improvement in the poverty indicators starting in 2004 although they continue to be much higher than in the pre-crisis period. Also, the increase in the levels of poverty and indigence—the so-called “new poor”—led to a rise in demand for public services and for emergency welfare services, at the same time as tax revenue was dropping, with negative consequences for public finances.
- 1.4 The fiscal deficit equivalent to 50% of its current income in 2001 and the shrinkage in budget execution in 2002 compared with the previous year of almost 47% in real terms resulted in budget cutbacks that affected investments in infrastructure and equipment, especially in the social sectors, while current expenditures were affected less strongly. Real investments in works—which had been shrinking since 1998—plunged by 65% between 2000 and 2002, meaning that real direct investment in 2002 accounted for about 16% of what had been invested in 1998. In the social sectors, investment plummeted by close to 93% over the same period (Table I-2).

Table I-2
Investment trends in the province of Buenos Aires

	1998	1999	2000	2001	2002
1998 = 100					
All sectors	100.0	80.8	45.2	30.2	15.6
Social sectors	100.0	170.5	37.5	21.5	2.7
2000 = 100					
All sectors			100.0	66.9	34.5
Social sectors			100.0	57.3	7.2

Source: Provincial Ministry of Economic Affairs.

B. The social sectors in the province and the impact of the crisis on education, health care, and social development

- 1.5 **Education.** The province’s formal education system has almost 4 million students: 575,000 in early education (60% in public preschools); almost 2.5 million in basic general education (72% in public schools); nearly 220,000 teenagers in upper secondary (72% in public schools); and 160,000 students in institutions of higher education (57% in public institutions). The formal public education sector administered by the provincial Directorate of Culture and Education (DGCyE) is responsible for close to 2.8 million students, 14,000 schools, and about 190,000 teachers and administrators.
- 1.6 The steps taken by the province, with the support of the federal government, to address the serious social situation created by the crisis made it possible to

minimize its potential negative impact on the education sector. Despite the increase in poverty and the budget cuts (26% between 2002 and 2001 and an additional 7.6% between 2003 and 2002), school attendance rates did not fall. Attendance in the 6-12 age group (basic general education 1 and 2) remained at 99%, for the 13-15 age group (basic general education 3) it was about 97%, and for the 16-18 age group (upper secondary school) it was 78%. However, the net coverage rate for early education for five-year-olds stagnated in the same period, after having climbed steadily between 1995 and 1999, and in the 16-18 age group there were worrying increases in the repeater rate (from 5.2% in 2001 to 8.5% in 2004) and in the interannual dropout rate (from 10.6% to 13.8% in the same period).

- 1.7 The resources for investment in education, which had recovered slightly in 1999 and 2000, were sharply cut back in 2001-2003, to about 0.5% of the DGCyE's total budget. As a result, there was no money to attend to the growing needs for expansion, rehabilitation, or improvement of the physical infrastructure and equipment in the province's public schools. The investments needed to increase the coverage of early education were postponed, modernization of school computer facilities was put off, and resources to attend to the decaying infrastructure or to replace or improve deteriorating schools were reduced to a minimum.
- 1.8 It has been years since the province's school infrastructure exceeded its maximum service capacity. In early education, in addition to the lack of infrastructure for achieving the goal of universal education for five-year-olds, one third of the existing establishments need to be replaced, 28% percent need rehabilitation, 35% require partial or total replacement of equipment, and just 300 (out of close to 1,700) are equipped to offer breakfast or a snack to the children. Basic general education (BGE) schools are in a similar situation: one fourth need to be replaced, 35% need rehabilitation, 35% require partial or total replacement of equipment, and 15% have no cafeterias. In addition, 60% of the schools have no computer laboratories.
- 1.9 The provincial investment plan which is intended to close the digital gap in schools has only been partly carried out. In the last period, the DGCyE equipped some of the schools; linked the use of computer tools to the curriculum in science, social studies, language, and mathematics; trained a percentage of teachers in the use of computers in the classroom; and developed information systems for school management. Although about 60% of public schools offering BGE and upper secondary studies have some kind of computer equipment, just 6% have actual computer laboratories. One fifth of those laboratories have broad band connections to the Internet, 55% are connected by telephone, and the remaining 25% have no connection. The 134 school districts and boards are partially outfitted with computer equipment but lack Internet connections and Intranet connections to the DGCyE. According to provincial data, 30% of installed

computer capacity in the schools is composed of equipment acquired in the last two years through federal programs, 35% of the equipment is older although it is still suitable for teaching purposes, but the remaining 35% is obsolete and needs to be replaced.

- 1.10 In general, the quality of education in the province has hovered consistently around the average for the country. According to information from the most recent National Evaluation Operation, students in grades 6 and 9 of BGE in the province had mathematics and language results similar to the national average.² Analyses of the relationship between academic achievement and school infrastructure indicate that the quality of education in the province could be affected by the poor condition of its school infrastructure. When the results for student achievement in the province are cross-referenced with socioeconomic variables and variables for the condition of school infrastructure, the results indicate that, other things being equal, when buildings are in poor condition, the probability of students passing is reduced by about 8%.³ Given the high percentage of schools with defective buildings, inadequate equipment, and digital gaps, there is a high risk that unless suitable corrective measures are taken quickly, the relative quality of education in the province will deteriorate.
- 1.11 **Health care.** The health sector in the province of Buenos Aires is organized into 12 health regions that are quite heterogeneous. While some regions cover large geographic areas and present rural characteristics with elderly, stable populations, others have younger populations and high birth rates and population density. The regions that cover the *conurbano bonaerense* districts tend to have the worst health indicators and supply of basic health care services.⁴
- 1.12 The province has made significant progress in decentralizing health care. Primary care is a municipal responsibility, while secondary and tertiary care come under provincial (principally) and federal responsibility. However, the territorial distribution of health care services has not responded historically to a planning rationale, which creates problems in the distribution and coverage of services, particularly in the *conurbano* regions where there are imbalances between supply and demand for public health services.

² See Operativo Nacional de Evaluación (ONE), Informe de Resultados 2000 [National Evaluation Operation, Report on Results 2000], Ministry of Education, Quality of Education Development Bureau].

³ These figures are taken from an analysis of the data from ONE 2000 for the province of Buenos Aires.

⁴ For example: (i) the infant mortality rate in 2003 was 17.4 deaths per 1,000 live births in the *conurbano* and 14.7 in the rest of the province; (ii) the supply of public hospital beds in the health regions of the *conurbano* is 2.6 beds per 1,000 people in the public system while the ratio for the rest of the province is 8.2; and (iii) the ratio between the population that depends on the public system/number of primate health care centers is 2.7 times higher on average in the *conurbano* than in the rest of the province.

- 1.13 Despite the good levels of care, there are shortcomings in care for pregnant women (early detection and little, no, or poor quality prenatal checkups), in the quality of care during delivery and the postnatal period, and in policies on sexual and reproductive health intended to reduce abortion. In 2002, 59% of neonatal deaths could have been avoided through timely treatment during pregnancy, delivery or the postnatal period.
- 1.14 The crisis has had a direct impact on the health sector. The increase in unemployment has meant that the percentage of people without health care coverage under publicly-funded health insurance or medical plans who are therefore dependent on public services was almost one half (49%) of the province's total population in 2001 and 52% of the population in the *conurbano*. In 1991, the figure was 37% (38.5% in the *conurbano*). This represents an increase of 45% (more than 2 million people) in the number of people who are dependent on the public system.
- 1.15 Pressure on public health services is reflected in the number of outpatient consultations and hospital discharges, which grew by approximately 33% and 11% respectively between 1999 and 2003 at a time when the funds available for investments in the sector were cut back. Real investments in health care in the province, which had already been shrinking since 1998, plummeted by almost 93% between 2001 and 2002, when total capital spending on the sector was only about 7% of investment spending in 2000 in real terms and 3% of the sums invested in the mid-1990s. Furthermore, the crisis compounded the problems of access to drugs and raised the costs of other imported inputs that are necessary for health care.
- 1.16 The lack of investment in physical infrastructure has led to deterioration of buildings, equipment, and furniture, and to inoperative sanitary and electrical systems and installations. A specific survey found that almost 60% of primary health care centers are in poor condition, without adequate functional conditions or space, which means that they cannot meet the needs for primary care in terms of infrastructure.⁵
- 1.17 These factors, added to the decline in the living conditions of the population, are directly reflected in the province's health indicators: (i) infant and maternal mortality rates that had been declining started to rise in the early years of the new millennium;⁶ and (ii) the increase in 2002 compared with 1995 in the number of cases of intrauterine growth retardation, premature birth, or low birth weight, and

⁵ The survey involved 1,401 out of 1,650 primary health care establishments.

⁶ The infant mortality rate rose from 14.8 per 1,000 live births in 2001 to 16.2 in 2003 and maternal mortality rose from 13 per 100,000 live births in 2000 to 31 per 100,000 in 2002.

smaller sized children in the second year of life indicates a worsening of nutritional condition in the province.

- 1.18 ***Social development.*** In the province, social development is the direct responsibility of the Ministry of Human Development (MDH), which is in charge of carrying out a series of actions for food security. The main ones include the Plan Más Vida [brighter life program] (PMV), the Servicio Alimentario Familiar [family food service] (SAF) and the Servicio Alimentario Escolar [school food service] (SAE). During the crisis, the province reported an increase in demand for these programs and there was a significant expansion in coverage, mainly in food benefits for children. The rations provided by the PMV, the SAF, and the SAE increased by 23.2% between 2000 and 2004.
- 1.19 The SAF transfers provincial funds to 22 municipios in the interior (which the PMV does not cover) to assist more than 100,000 at-risk children and mothers, with programs in nutrition and comprehensive assistance for families. In total, the coverage of the food benefits for children up to 14 and pregnant women in the province rose by 17.1% between 2000 and 2004, from 2,349,000 beneficiaries to 2,750,000, or just over half of the population under 14 and pregnant women, who totaled nearly 4 million in 2001. The SAE attends to the nutritional needs of 2 million children and adolescents who go to public schools in the province, to promote child development and improve the health and learning conditions of the school-age population.
- 1.20 The PMV has different lines of intervention: (i) provision of food with nutritional value; (ii) checkups and monitoring of nutritional status through the primary health care system; (iii) training of volunteer neighborhood workers (*manzaneras* and *comadres*), families, and community agents in subjects and activities that can contribute to stronger communities; and (iv) intersector and multiplayer management installed and supported by pertinent and timely information for effective implementation of the plan. The PMV covers 688,000 families and some 1.5 million people (pregnant and nursing women and their children up to six years of age) and for its daily activities it is supported by: (i) a social-family network based on neighborhoods, composed of more than 37,000 *manzaneras*, who distribute food each day in the 2,500 poorest neighborhoods in the 51 largest municipios. The total annual budget is an estimated US\$259 million; (ii) a network of more than 1,520 institutions financed in full or in part by the MDH. Just 22% (335) of them have physical installations and human resources of a quality compatible with a service model that reflects best practices in the sector.
- 1.21 The crisis showed up the province's difficulty in responding proactively and the fragility of the system on which delivery of the different services in this sector is based. The host of federal and provincial programs, poor coordination of the different actors and institutional levels, and the absence of adequate management

instruments have added management inefficiencies and difficulties in establishing mechanisms to monitor and control the services.

C. The province's post-crisis strategy

1. Fiscal sustainability strategy

- 1.22 With a view to a resumption of economic growth, the province has adopted a series of measures to bring investments back up to levels that will contribute to sustainable growth in the long term. In 2003 and 2004, with the increase in economic activity and greater efforts by the tax administration and in combating tax evasion, provincial and federal tax revenues exceeded budget forecasts. The improvement in revenues coupled with cost containment resulted in a surplus in the primary balance starting in 2003.
- 1.23 The data on budget execution for the first half of 2005 show a primary balance of US\$129 million as a result of total income of US\$2.9 million and spending of US\$2.8 million before paying interest on the debt. This primary balance is about the equivalent of one third of the balance reported in the same period in the previous year, which is explained by the strong relative growth in current expenditures, particularly for personnel. Provincial public employees have recouped much of the purchasing power of their salaries and certain sectors, such as teachers, health care workers, and security forces, have been able to obtain wage settlements that brought them a small increase in real wages compared to 2001.
- 1.24 In an effort to achieve fiscal balance, Law 13,295 was passed in January 2005, in which the province joined the Federal Fiscal Responsibility Regime (Federal Law 25,917) which will imply adjustments in the provincial budget process, including: (i) the requirement that growth in public spending should not be higher than growth in GDP; (ii) the introduction of multiyear budgets; (iii) the imposition of limits on taking new debt when debt service is higher than 15% of net current resources; (iv) the generation of a primary surplus when the debt level is above 15% of net current resources; and (v) submission of any debt operation to the federal Ministry of Economic Affairs and Production for prior approval.
- 1.25 In this sustained improvement in finances, the role played by the Programas de Financiamiento Ordenado (PFOs)—annual financing agreements with fiscal goals—agreed on with the federal government stands out. These bilateral agreements have formed the backbone of the new intergovernmental fiscal framework in the absence of a new federal tax revenue sharing arrangement. Last June, the province reached a new financial assistance agreement with the federal government for the current year—replacing the PFOs—which assures financial resources to cover its financing requirements for this fiscal year.

- 1.26 Clearly one of the main challenges facing the province is the restructuring of the bonds and loans contracted under foreign legislation. The strategy adopted included, first of all, matching the times and procedures used by the federal government in the negotiating processes under the *Plan Canje*, in order to evaluate the market response and design a proposal consistent with the one negotiated by the national government. At present, the province is in the negotiating stage after making its offer public last 21 September. According to the provincial authorities, the offer was structured with the expectation that it would be a proposal that would satisfy the interests of all holders, reprofile the debt, and align debt service payments with the province's real capacity.
- 1.27 In this context of tighter control over provincial public spending, the Ministry of Economic Affairs is beginning to develop tools to permit the province to respond to the budget demands of the social sectors in a responsible fiscal framework. In particular, in relation to investments, the province intends to introduce a public investment system similar to the one used by the federal government, with a view to making the allocation of provincial resources more efficient.

2. Social strategy

- 1.28 After the height of the crisis had passed and after nearly a decade with little financial capacity, the current favorable context of economic recovery allows the province, in a setting of fiscal responsibility, to seek to recoup its capacity to make investments to reverse the deterioration and provide the infrastructure and equipment needed to attend to increases or changes in the demand for services and to support sector policies.
- 1.29 To implement this strategy, at the end of 2004 the province contracted a loan with the World Bank to support the recovery of its capacity to invest in water, sewerage, and provincial roads (see paragraph 1.42) and asked the IDB to support a program of investments in physical infrastructure, equipment, and institutional strengthening in the education, health care, and human development sectors, that reflects the priorities defined in its respective sector policies, which are described below.
- 1.30 In **education**, the province seeks to guarantee the right to education for all children and teenagers, particularly those that belong to the poorest groups. In particular, the DGCyE has proposed to: (i) move ahead with making education for five-year-olds universal (with coverage growing from 77% to 83% in the next four years) and expanding coverage for three- and four-year-olds; (ii) rehabilitate the infrastructure and equipment of schools on all levels, but especially in early education and BGE; and (iii) resume the process of modernizing information systems in the education system, through the provision of computer laboratories in schools, new equipment for the school district administrations, and Internet and Intranet connectivity for schools and district offices.

- 1.31 The DGCyE has a plan for investments in school infrastructure and equipment with financing from different sources, including national programs like the program to improve the education system financed by the IDB, the comprehensive program for educational equality, the 700 schools plan, the program for the development and improvement of secondary education financed by the World Bank and the province through the decentralized master fund for investments in infrastructure, the Law 13,010 Compensation Fund, and the budget allocated to the DGCyE. The DGCyE's investment plan seeks to respond, with the different sources of financing, to the need to rebuild school infrastructure and upgrade computer equipment after a number of years of disinvestment and neglect. The program with the Bank will provide close to 18% of the plan's financing and training and technical assistance for the proper use of the investments made. The DGCyE will draw on the lessons learned in recent years in linking the new information technologies to the BGE curriculum and core subjects in the schools that will benefit from the program's investments in computer laboratories.
- 1.32 In **health care**, once the most critical situation was contained, the province began to work again on deepening health policy with a systemic vision of the sector, stressing primary health care as the organizing strategy of the system and proposing to reorganize the system by defining a policy for referrals and cross-referrals that seeks to organize the links between the levels of care and to ensure the orderly flow of patients. These actions will address some of the problems in the system linked to access to adequate care, unnecessary spending on account of overlapping actions, delays, and lack of timeliness in the system's responses, and unnecessary overloading of services.
- 1.33 As for the rehabilitation of infrastructure, the provincial Ministry of Health is preparing a plan for the recovery of installed capacity at the second level of care, under the framework of project ARG 00/045 with the United Nations Development Programme, which basically involves actions for remodeling, refurbishing and/or maintenance and a methodology that promotes the preparation of master plans for each of the health care establishments included in the plan.
- 1.34 In **social development**, the MDH focuses its efforts on developing service models and improving the physical condition of the institutional apparatus, and on designing the management tools needed to properly carry out its responsibilities for the design and implementation of social policy for children and adolescents. These efforts will make it possible to move from the current model, focused almost exclusively on social welfare, to one focused on the concept of human development, based on services for children and adolescents, involving children and their families, the provincial and municipal governments, and health and education sectors and nongovernmental institutions.

- 1.35 To bring about these changes, the ministry seeks to: (i) boost its managerial capacity, to increase efficiency in the delivery of the services and benefits for which it is responsible; (ii) develop suitable mechanisms for providing decentralized services based close to where they are needed, with participation by community organizations or agencies based in the community; (iii) consolidate an information system for the management of social programs that will permit the province's social policies and actions and their beneficiaries to be monitored, thereby improving its capacity to identify the changing needs and formulate specific responses.
- 1.36 The MDH sets out three main lines of action for the proposed program. First, it will support improvements in the Plan Más Vida, so that, in addition to stable and effective food supplies, opportunities will be extended to the mothers in the areas of training on parenting, nutrition, and health, applying community participation and organization methodologies specifically geared to women, to make such training sustainable and build a foundation for other developmental and participatory activities. (optimization of procurement processes and timely distribution of food, education for families and community agents, information system, monitoring and evaluation).
- 1.37 Second, it will support the province in installing and starting up a services model: the child development units, which consolidate an integrated proposal in a single appropriate physical space, including psychopedagogical, nutritional, and medical assistance for children from birth to age five, and training for their families.
- 1.38 Third, it will support the installation of the local and zonal children's rights protection services, which address the requirements of Law 13,298 (on the Promotion and Protection of Children's Rights) passed on 29 December 2004, with implementing regulations issued in March 2005, which revokes the previous model in place for children in conflict with criminal law or children referred to children's courts because they need social services. Instead it creates a system for the promotion and protection of the rights of children that links organizations, entities, and services under the authority of the MDH. In this system, the local and zonal children's rights protection services become deconcentrated agencies for the coordination of actions that seek to facilitate access for children whose rights have been threatened or violated to specific programs and plans available in their community.

D. Bank strategy with the country

- 1.39 The Bank's strategy with Argentina for 2004-2008 has the main objective of supporting the country in achieving sustainable and more equitable growth through actions in three strategic areas: (i) institutional strengthening for better governance and fiscal sustainability; (ii) a more favorable climate for investment and productivity growth, to enhance the country's competitiveness; and

(iii) poverty reduction, rebuilding of human capital, and promotion of sustainable and inclusive social development. The actions in these three areas will include loans for the subnational governments (provincial and municipal). The proposed program responds to these objectives by building up the capacity of the province and its public institutions in the provision of social services and in the development of effective social program management tools to achieve greater efficiency and effectiveness in their delivery to the public.

E. Lessons learned

- 1.40 The Bank and the country have a long history of cooperation in the social sectors, particularly support for the social and health emergency plans, through the programs for grants, income for human development, reform of primary health care, and barrio improvement and, recently, the education system improvement program (1345/OC-AR) and the “Argentina Avanza” social sector loan (1606/OC-AR), among others. In recent years, with the impact of the crisis, the Bank’s program with the country has been marked by sector and emergency loans. The country’s resumption of economic growth also allows the Bank to resume support for longer-term investments such as the proposed program and other national programs being prepared at this time, such as the program of support for Plan Familias (AR-L1006), whose general objective is to reduce the intergenerational transmission of poverty by expanding and consolidating a program of subsidies targeted to the poorest families.
- 1.41 The evaluations of the social investment programs financed by the Bank indicate that they have mainly benefited poor families and have helped to attenuate the impact of the economic crisis on the beneficiaries, have improved school attendance, and have had a positive impact (in the case of the program on income for human development) on decisions by beneficiaries to enroll in secondary school after completing primary school. The evaluations also indicate that access to education and health care services has a high positive correlation with surmounting poverty and boosting the capacity of the population to accumulate human development assets. These programs also have limitations. The same evaluations point to difficulties in matching demand for services with the supply and improving equity in access to them, mainly at times when the capacity to invest in maintaining or expanding coverage of the services is reduced.
- 1.42 In operational terms, experience points to the importance of taking the following into account in the program design: (i) the execution and management capacity of the areas in charge; (ii) the evaluation of the level and types of risks in the context in which the program will be carried out; and (iii) the need for an information system and baseline data suitable for managing, monitoring, and evaluating the impact of the actions financed.

- 1.43 On the provincial level, the Bank financed the support program for modernization of the State and fiscal strengthening in the province of Buenos Aires (979/OC-AR). This loan has experienced delays in execution caused by institutional aspects and the duplication or overlapping of provincial internal controls on the procurement processes, which make them slow and inefficient. The lessons learned suggest, among other aspects, the importance of: (i) defining a policy and a strategy for the program that reduces the impact of future turnover in provincial authorities in the participating ministries; (ii) estimating the impact of the investments on recurrent expenditures, with a view to their fiscal sustainability in the medium term; (iii) agreeing in advance on the bid documents to be used and training the human resources involved in the procurement and disbursement processes; and (iv) defining explicit criteria for cost eligibility.
- 1.44 In terms of project monitoring, the program will also draw on the successful experience of the Bank-financed Paraná Urbano II program (loan 1405/OC-BR), which will provide technical advisory services for the province in implementing a similar system (see paragraph 2.16) in the provincial Ministry of Economic Affairs of the Province of Buenos Aires (ME).

F. Coordination with other lending agencies

- 1.45 Program preparation has taken into account the strategy adopted by the World Bank in its program to support sustainable investments in provincial infrastructure, approved at the end of 2004. This loan, for US\$467 million in two stages (see paragraph 1.29), is intended for investments in physical infrastructure (roads and water and sewerage) and is also targeted to the poorest parts of the province. The concern of both Banks with the fiscal sustainability of the investments in the two loans has led them to agree to jointly monitor the province's fiscal goals, in order to ensure that the basic conditions for sustaining the financed investments exist.

II. THE PROGRAM

A. Objectives and description

- 2.1 The objective is to improve the coverage and quality of education, health care, and social development services, particularly those targeted to the very poor in the province of Buenos Aires.
- 2.2 To achieve this objective, the program will finance physical works and equipment, and institutional strengthening in the social areas through the DGCyE and the ministries of health care, human development, and economic affairs. The program will consist of two components: (i) physical infrastructure and equipment in education, health care, and social development; and (ii) sector strengthening for delivery and management of education, healthcare, and social development services.
- 2.3 The conceptual structure of the program, as reflected in its logical framework can be consulted in Annex I.

B. Program structure

1. Physical infrastructure and equipment in education, health care, and social development (US\$213.2 million)

- 2.4 The objective of this component is to finance the rehabilitation and construction of buildings and the procurement of equipment to enable the province to improve the coverage of education, health care, and social development services in order to meet the demand for those services, which sharpened with the 2001 crisis.
- 2.5 **In education (US\$87.5 million)** the following will be financed: (i) construction of 35 new preschools; (ii) replacement of 50 preschools; (iii) construction of 20 new BGE schools; (iv) replacement of 20 BGE schools; (v) provision of computers to set up or complement computer laboratories in 4,500 BGE schools; (vi) provision of equipment to establish local networks in each school (servers, printers, switches, etc.); (vii) provision of equipment to connect the BGE schools to the Internet and the DGCyE's Intranet (broad band connections); and (viii) provision and installation of computer equipment and connectivity in the province's school district offices.
- 2.6 **In health care (US\$100.2 million)** the following will be financed: (i) rehabilitation and equipment for 360 existing primary health care centers (PHCs); (ii) construction and equipment for 54 new PHCs to replace existing units in extremely poor condition or that need to be relocated and 38 new PHCs to expand primary health care coverage; (iii) investments in works and equipment to

repair, rehabilitate, and expand mother and child health care services in 22 hospitals in the public system; (iv) construction of and equipment for a new general hospital (stressing mother and child services) with a 160-bed capacity; (v) financing of diagnostic and therapeutic equipment for the secondary and tertiary care levels in the provincial hospital system; and (vi) financing of hardware and software to support implementation of the provincial master health information system, which includes a master database on patients, a hospital management system, a statistical database, a referral and cross-referral system, and the development and implementation of a unified information system for monitoring programs on the provincial level (see the document on information systems in the files of RE1/SO1).

- 2.7 **In social development (US\$25.5 million)** the following will be financed: (i) construction, furniture, and educational equipment for 72 child development units (CDUs); (ii) construction and furniture for 17 local (municipal) children's rights protection services; (iii) construction and furniture for 12 zonal children's rights protection services; and (iv) procurement of computer equipment for 100 CDUs, 30 local service units, 12 zonal services, and the centralized information management system.
- 2.8 **Targeting.** Geographic targeting will be used for the infrastructure works, based on the UBN indicator for the province's census tracts.⁷ In the Buenos Aires *conurbano* and in the Bahía Blanca, La Plata, and General Pueyrredón districts (which have the highest population density), the works are to be located in census tracts with UBNs of 17% or more. In the districts in the interior of the province (where the population is less concentrated), works will only be financed in tracts with UBNs of 11% or more. A list of the tracts and their UBNs will be included in the program's Operating Regulations. Hospitals will not be included in this targeting approach because their location is based on other criteria related to the nature and area of coverage of their services.
- 2.9 There are three exceptions to the above targeting criteria. First, based on the scattered population in the interior, new PHCs can be built in the district seats, provided the population density in the census tract is lower than that of the district. Second, because they tend to reflect structural poverty, the use of UBNs as a targeting criterion could lead to the exclusion of "new poor" created by the crisis who, however, use PHCs that are located outside the census tracts identified for program targeting. In this regard, 25% of the funds set aside for rehabilitating the PHCs can be used in census tracts that present a value above or equal to 11% and below 17% of UBNs in the Buenos Aires *conurbano* and in the Bahía Blanca, La Plata, and General Pueyrredón districts, and a value above or equal to 8% and below 11% in the districts in the interior. Last, given the mainly urban nature of

⁷ Each census tract includes between 2,000 and 4,000 households located in the same area.

the functions of the local and zonal children's rights protection services, the location of these services will be based on specific targeting criteria: the local services will be built in the seats of the 12 socio-sanitary regions and the zonal services will be built in the 33% of municipios with the highest percentages of criminal and social service referral cases under the children's code in the last five years.

- 2.10 **Eligibility criteria.** The program's Operating Regulations provide a detailed presentation of general and sector eligibility criteria for the investments. They include: (i) the legal status of the land for works; (ii) identification of effective demand for the service; (iii) compliance with national and provincial environmental, technical, and legal requirements; and (iv) the commitment to operate and maintain the resulting works.
- 2.11 The specific criteria for investments in school connectivity are that: (i) the laboratories must be equipped with computer furniture before awarding the contract for procurement of the computers and connectivity; and (ii) the contract for procurement of the teleport must be awarded prior to eligibility of the expenditure on connectivity for which the teleport is necessary. The teleport will not be financed with program resources.

2. Sector strengthening for the delivery and management of education, health care, and social development services (US\$93.6 million)

- 2.12 The objective of this component is to provide the province's social sectors with tools and technical and managerial resources to improve their capacity to manage the programs for which they are responsible and to operate and maintain the physical infrastructure for provincial social services financed by the program and the services already installed. The activities to be financed are described below.
- 2.13 ***In education (US\$1.6 million):*** (i) training for 20,000 teachers and school managers in the use of computer laboratories in the schools; (ii) training for about 500 administrative staff in the school districts in the use of the management tools available online as a result of the connectivity actions;⁸ (iii) evaluations of demonstration experiences in the province in the educational use of computers; and (iv) evaluation of the impact of the program's actions on provincial education.
- 2.14 ***In health care (US\$4.2 million):*** The design and implementation of organizational and technical interventions at the central, regional, and municipal

⁸ Training for teachers will be conducted at the schools themselves, once the computer laboratories have been installed. Training will consist of two stages: an initial course for the instructors to learn how to use the equipment, software, and connectivity; and follow-up workshops for the classroom teacher to ensure that they are using the equipment and new systems appropriately.

levels that will contribute to achieving the program's main objectives, i.e.: (i) advisory services and transfers of know-how and skills to strengthen management capacity; (ii) development and implementation of the referral and cross-referral system; and (iii) improvement in the quality of care through training in the workplace and social communications programs as processes for the production of meanings aimed at health promotion and risk and disease prevention. The component will also finance development of the master health information system and training for its users.

- 2.15 ***In social development (US\$87.3 million)***: (i) actions to provide comprehensive training for the direct agents of the child development units and the local and zonal children's rights protection services, involving the new services built by the program and the services currently in operation; (ii) implementation of an innovative system to supervise the management and results obtained by the providers of services for children and adolescents, combining an outside body and a mechanism for gradual appropriation by the Ministry of Human Development's (MDH) central and local teams; (iii) technical assistance and training to improve the food services under the Plan Más Vida; (iv) an external impact evaluation of the Plan Más Vida; (v) strengthening of the capacities of the NGOs and respective municipal areas that carry out projects with groups of adolescents; (vi) continuity of the design and implementation of the centralized information management system for planning, implementation, and evaluation of the actions of the MDH regarding children and adolescents; (vii) optimization of information on the distribution of food and its receipt by the beneficiaries of the Plan Más Vida; and (viii) coverage of part of the annual provincial costs of food benefits under the Plan Más Vida.
- 2.16 ***In economic aspects (US\$500,000)***: support to enable the provincial Ministry of Economic Affairs to boost its capacity to monitor provincial social spending and the provincial programs that receive external financing. The program will finance technical staff from the Paraná Urbano II program to support the ME in developing and implementing a project management, monitoring, and evaluation system similar to the one developed and implemented for that program (see paragraph 3.14).
- 2.17 ***Annual institutional strengthening plan***. The eligibility of the proposed investments in institutional strengthening proposed each year by each coexecuting agency will be subject to presentation to the Bank, together with the annual work plan (AWP), of an institutional strengthening plan.

C. Program size

- 2.18 The following were taken into account in estimating the size of the program: (i) the results of an analysis of a sample of 22 projects indicative of the different kinds of works to be financed (new replacements, new to expand coverage, and

rehabilitation); (ii) the results of the analysis of the impact of the program on the province and its fiscal sustainability; and (iii) the results of applying the analysis tool for the institutional capacity evaluation system recommended by the Bank. This sample has made it possible to estimate the cost of new works at August 2005 prices at US\$535/m² and the costs of rehabilitating the PHCs at US\$221/m². These elements were used to scale the amounts and physical targets of the program reflected in the cost table and logical framework (Annex I).

D. Cost, financing, and duration of the program

- 2.19 The operation will cost US\$330 million, with US\$230 million financed by the Bank from the Ordinary Capital and the remaining US\$100 million by the local counterpart. The term of execution is six years. The following table shows distribution by source of financing.

Cost and financing table

(Amounts in U.S. dollars)

Investments	IDB	Local	Total cost	%
Component 1: Infrastructure and equipment	201,765,175	11,385,000	213,150,175	64.6%
Education	87,508,731	0	87,508,731	26.5%
New replacement works	20,731,200	0	20,731,200	
New works to expand coverage	18,825,750	0	18,825,750	
Works contingencies	5,933,543	0	5,933,543	
Equipment for LAN networks in schools	16,918,839	0	16,918,839	
Computer laboratories– PC equipment	18,207,000	0	18,207,000	
Equipment for connectivity in schools	6,075,000	0	6,075,000	
District management	817,400	0	817,400	
Health care	88,792,903	11,385,000	100,177,903	30.4%
New replacement works	7,390,000	0	7,390,000	
New works to expand coverage	13,410,000	0	13,410,000	
Rehabilitation works	16,052,400	9,900,000	25,952,400	
Works contingencies	5,527,860	1,485,000	7,012,860	
Equipment for new facilities	5,844,705	0	5,844,705	
Equipment for existing centers	31,264,143	0	31,264,143	
Institutional strengthening equipment	5,203,795	0	5,203,795	
Equipment for rehabilitated facilities	4,100,000	0	4,100,000	
Human development	25,463,541	0	25,463,541	7.7%
New works to expand coverage	17,399,967	0	17,399,967	
Works contingencies	2,609,995	0	2,609,995	
Equipment for new facilities	2,485,000	0	2,485,000	
Institutional strengthening equipment	2,968,579	0	2,968,579	
Component 2: Sector strengthening	14,307,469	79,312,500	93,619,969	28.4%
Education	1,575,512	0	1,575,512	
Health care	4,235,500	0	4,235,500	
Human development	8,096,457	79,212,500	87,308,957	
Economic aspects	400,000	100,000	500,000	
Administration	5,500,000	3,000,000	8,500,000	2.6%
Unallocated	8,427,356	1,615,000	10,042,356	3.0%
Interest and fees	0	4,687,500	4,687,500	1.4%
Total	230,000,000	100,000,000	330,000,000	100.0%

III. PROGRAM EXECUTION

A. Execution

- 3.1 The borrower will be the Province of Buenos Aires and the guarantor will be the Argentine Nation. The provincial Ministry of Economic Affairs (ME) will participate in the program as executing agency and the provincial Ministry of Health (MSP), the provincial Ministry of Human Development (MDH), and the Directorate General of Culture and Education (DGCyE) will participate as coexecuting agencies. *The provincial decree establishing the program's operational structure and the responsibilities of the participating provincial entities is a condition precedent to the first disbursement of the loan.*
- 3.2 The provincial Ministry of Infrastructure, Housing, and Public Services, the General Secretariat of the Interior, and the UNDP will be entitled to participate as contracting agencies. They will act to support the procurement processes in which they have considerable special experience. The financing will not defray the cost of UNDP involvement in the program. The provincial Treasury Department will make such payments as are required for program execution when necessary.

1. The executing agency

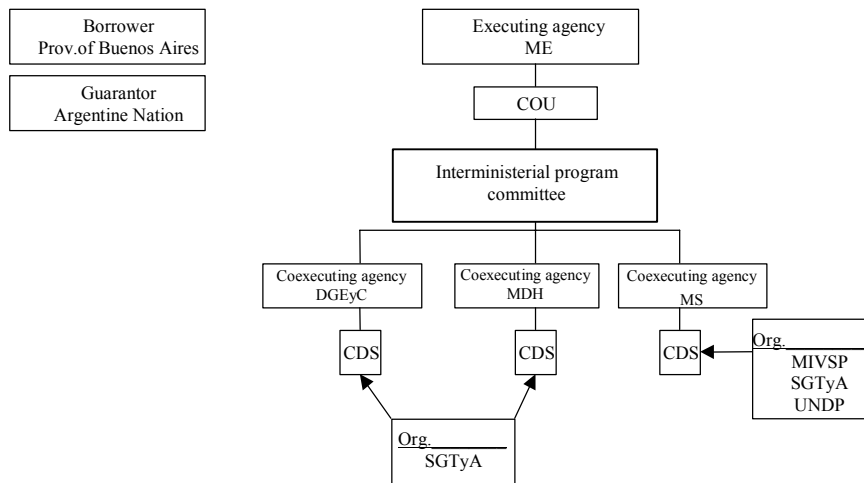
- 3.3 The ME will act as the executing agency through the Multilateral Credit Coordination Unit (COU), and its basic responsibilities will be: (i) coordinating execution, ensuring suitable cross linkage between the sectors; (ii) supervising the development of each of the components and approving the program investments and expenditures presented by the coexecuting agencies; (iii) administering the loan proceeds; and (iv) acting as the direct counterpart of the borrower with the IDB in operational aspects. *Appointment of the executive coordinator is a condition precedent to the first disbursement of the loan.*

2. The coexecuting agencies

- 3.4 The DGCyE, the MSP, and the MDH will act in the areas of responsibility of their own particular organizational units according to each one's mission and functions. Their basic responsibilities will be to: (i) execute the program technically; (ii) plan their investments; (iii) conduct procurement in accordance with the procedures established in the loan contract and the Operating Regulations; (iv) ensure that the program's operational activities are compatible with their priorities and programmatic guidelines; (v) ensure that the eligibility criteria are met; and (vi) monitor, control, and evaluate the actions and outcomes for which they are responsible.

- 3.5 To ensure good cooperation and internal coordination within each coexecuting agency and the presence of a reference team and operating counterpart of the COU, a sector steering committee (CDS) will be established in each coexecuting agency, composed of a representative from each of the organizational units involved in the program. The committee will be chaired by a sector specialist designated by the corresponding minister, who will coordinate the committee and act as the technical and operational reference person for the COU (ME) and the Bank. The program's execution plan is presented in Table III-1. ***Designation of the sector specialists as members of the CDS is a condition precedent to the first disbursement of the loan.***

Graph III-1: Execution Plan



- 3.6 One of the responsibilities of the CDSs will be to review the basic programming, monitoring, and evaluation documents and any changes to the Operating Regulations or other manuals agreed upon and make recommendations to the authorities as to whether or not such documents should be approved. Also, it will monitor the activities for which the coexecuting agencies are responsible and ensure internal coordination of the operational and programmatic aspects of the program.

3. The interministerial program committee

- 3.7 To strengthen communications and coordination among the coexecuting agencies, an interministerial program committee (IPC) will be established, composed of the above-mentioned sector specialists and the executive coordinator of the program. The committee will be responsible for examining, with a recommendation to the

general program coordinator as to whether they should be approved or rejected: (i) the AWP, including the procurement plan; (ii) the semiannual progress reports; (iii) changes in the program's Operating Regulations or other manuals agreed upon with the IDB; and (iv) commissioning of evaluations planned and review of the resulting reports. The committee will ensure that the contents and methodological aspects of the above-mentioned documents are relevant and consistent with the program objectives and may ask the ministries for adjustments prior to presenting them to the general program coordinator.

B. Operating Regulations

- 3.8 Program execution will be governed by the Operating Regulations, which contain the terms and conditions necessary to execute the components, rules and procedures of procurement and financial and technical criteria and procedures, the functions and responsibilities of the main personnel and the organizational units involved in execution, the model agreements for operating and maintaining the works, and the initial institutional strengthening matrix, etc. ***The Operating Regulations and their respective annexes must be in effect as a condition precedent to the first disbursement of the loan.***

C. Procurement

- 3.9 Procurement will be the responsibility of each coexecuting agency but in all cases, the process will be supervised and approved by the COU prior to being considered by the Bank.
- 3.10 The COU has submitted to the IDB for its no objection a procurement plan for the first 18 months of the program. The plan will be updated annually when the AWP is presented. As an exception, and when justified, the plan may be updated at shorter intervals, and the updates will be submitted to the Bank in advance for consideration. Notwithstanding its inclusion in the plan, each item of procurement will need to comply with the specific eligibility criteria before invitations to submit bids or offers are issued. The Bank's prior consent will be required. The amount and content of the investments for 2007 will be revised with the 2007 AWP based on the results and performance of the executing agencies in 2006.
- 3.11 The following table summarizes the procedures to be applied for each type of procurement, based on the amounts involved:

Investment category	Limit (in US\$000s)	Procurement procedure
Works	Over 5,000	International competitive bidding
	From 350 to 5,000	National competitive bidding
	Under 350	Shopping
Goods	Over 500	International competitive bidding
	From 100 to 500	National competitive bidding
	Under 100	Shopping
Consulting services	500 and over	Short list of six firms with broad geographic representation
	500 or fewer	Short list – may consist entirely of national consultants

3.12 The Bank's standard bidding documents, agreed on and approved in advance by the competent provincial authority, will be used for program procurement. The eligibility of investments for financing under the program will be determined in advance by presenting to the Bank the documentation called for in the Operating Regulations to the Bank.

3.13 Bank supervision of the competitive bidding or other forms of procurement may be subject to post reviews once the COU demonstrates to the Bank's satisfaction the favorable results of the procedures followed in each case and that it has adequate management and control systems. In that event, the Bank will communicate its approval of the change, based on the discretionary limits established in the following table. Post review may be applied to the program as a whole or for the activities of one or more coexecuting agencies. Procurement with local counterpart resources may be subject to post review from the start of the program.

	Prior review and approval by the COU and post review by the IDB	Prior review and approval by the COU and the IDB
Works	Under US\$3 million	US\$3 million and over (ICB)
Goods	Under US\$350,000	US\$350,000 and over (ICB)
Consulting firms	Under US\$200,000	US\$200,000 and over
Individual consultants	Under US\$50,000	US\$50,000 and over

3.14 As specified in document GN-2350-4, the Paraná-Cidade agency, state of Paraná, Brazil, will give technical support to the Ministry of Economy in developing the program management, monitoring, and evaluation system (paragraph 2.16). For procurement, the COU will use the UNDP, as coordinator of the United Nations system in light of the fact that it is now acting as a specialized agency for specific

procurements by the province. The single-source procurement of Paraná-Cidade is justified because it is the agency responsible for developing and implementing a system for monitoring and control of public spending which, in addition to being recognized for its high quality and reliability, has been financed by the Bank and constitutes a good practice to be applied in other programs.

- 3.15 ***Recognition of expenses as part of the local counterpart funding.*** The Bank may recognize as part of the local counterpart funding for the program expenses in an amount of up to US\$14.4 million equivalent incurred between 30 August 2004 and the date on which the loan is approved in connection with the program for food services for the sector strengthening component for *management and service delivery in education, health, and human development* provided that requirements substantially similar to those contained in the present contract have been satisfied.

D. Maintenance of the investments

- 3.16 Considering that the objective of the program is to recoup physical infrastructure in the social sectors after the acute crisis of 2001, the provincial government will set aside funds in its budget to maintain and operate the annual investments of the coexecuting agencies. The final evaluation of the program will include an analysis in each sector of the allocation and actual use of the funds to verify whether adequate maintenance and operation of the province's social infrastructure was performed.
- 3.17 Second, the coexecuting agencies are committed to taking such steps as are necessary for the program works and equipment to be maintained in the same operating condition in which they were received, at a level compatible with the services they are to provide and up to generally-accepted technical standards. Along with the AWP, the COU will present to the Bank an annual maintenance plan for each coexecuting agency for program investments.

E. Disbursement period and disbursement schedule

- 3.18 The disbursement period will be six years, in accordance with the following tentative schedule:

In US\$ millions	2006	%	2007	%	2008	%	2009	%	2010	%	2011	%	Total	%
IDB financing	20.0	58%	40.0	74%	61.6	75%	54.1	73%	31.8	65%	20.0	67%	227.5	70%
Local contribution	14.4	42%	14.0	26%	20.0	25%	20.0	27%	16.9	35%	10.0	21%	95.3	30%
TOTAL	34.4	100%	54.0	100%	81.6	100%	74.1	100%	48.7	100%	30.0	100%	322.8	100%
Cumulative pari passu	34.4		88.4		170.0		244.1		292.8		322.8			
IDB	20.0	58%	60.0	68%	121.6	72%	175.7	72%	207.5	71%	227.5	70%		
Local	14.4	42%	28.4	32%	48.4	28%	68.4	28%	85.3	29%	95.3	30%		

F. Financial administration and auditing

- 3.19 Program disbursements may take the form of reimbursements of expenses chargeable to the program; in addition, the borrower may draw on the revolving fund, which is not to exceed 5% of the total financing.
- 3.20 The COU will request disbursements following the procedures agreed on with the Bank. To this end, it will open a special account in the program's name to deposit the funds disbursed by the IDB. It will deposit the local counterpart funding in other separate accounts in local currency, also in the program's name.
- 3.21 Accounting systems satisfactory to the Bank will be established. The accounting records must be based on a chart of accounts approved in advance, be kept up to date, reflect the program's financial situation, and be kept in accordance with generally accepted accounting practices.
- 3.22 The executing agency, the coexecuting agencies, and the provincial Treasury Department will keep adequate, complete, and up-to-date files of all the supporting documentation for the program's financial accounting, and the documentation justifying the payments made. The executing agency (COU) and the coexecuting agencies are required to facilitate access to those files for inspection visits or post reviews at the times deemed suitable by the IDB and the external auditor. Notwithstanding the above, the COU will keep in its files, true copies of all the documentation on program processes and activities as backing for verification by the auditors or the Bank.
- 3.23 The COU will present to the Bank the financial statements of the program and of program financial, accounting, and operational information and information on compliance with the contractual clauses, accompanied by the report of the independent auditors agreed to in advance by the Bank. The audits will be performed to the Bank's satisfaction by an independent firm to be contracted by the executing agency.

- 3.24 The auditors' reports on the program's financial statements will include their opinion on the financial and operational information required by the Bank, an evaluation of the internal audit system and the use of program funds in accordance with the contractual terms and conditions. They must include recommendations on correcting any shortcomings found. The COU will present the program's audited financial statements to the IDB within 120 days after the close of each fiscal year. They will be required to comply with the provisions of AF-300 and AF-400, which include a review of the documentation supporting the disbursements, its pertinence, and compliance with procurement procedures. If, with the Bank's prior authorization, the audits are carried out by the Provincial auditing office, the latter will also be responsible for monitoring and inspection of expenses and certification of disbursements. The executing agency/COU and the coexecuting agencies will facilitate the auditors' access to files and records.

G. Monitoring and evaluation

1. Programming and monitoring

- 3.25 The COU will be responsible for the design, use, and updating of an integrated management, monitoring, and evaluation system (MMES) and for training personnel to operate it. The system includes an operations programming and execution module for operational, financial, and procurement management, and an evaluation module for monitoring and periodic and final evaluation of the program. ***The design and implementation of the operational and financial programming and execution module of the MMES will be a condition precedent to the first disbursement of the loan. The evaluation module must be implemented by the end of the first year of program execution.***
- 3.26 The program will have an initial report as stipulated in the general conditions of the loan contract, which will include the general execution plan for the entire program, the AWP for the first year, the financial programming, the model for the semiannual reports and the timetable for preparing any specific manuals that have been agreed on.
- 3.27 The AWP to be presented to the Bank for approval each year will include the following, as a minimum: (i) the annual programming of all activities, including execution goals; (ii) the procurement plan for the following 18 months; (iii) financial programming; (iv) the measures to mitigate risks; (v) the changes proposed in the structure of the COU and the coordination subunits, including changes in personnel; (vi) the institutional strengthening plan; and (vii) the annual maintenance plan. The AWP are to be presented before ***1 December of each year***. Compliance with the AWP will be monitored through periodic reviews and the ***semiannual progress reports, which will be presented on 1 June and 1 December each year, with closing dates on 30 April and 31 October, respectively.***

2. Annual, final, and impact evaluations

- 3.28 Administration missions will be carried out before 30 April each year. During the missions, the previous year's institutional strengthening matrix will be updated. To support the annual reviews, the COU will present the Bank with ***an annual evaluation report***, using the monitoring system financed by the program and designed by an external consultant contracted at the outset. The reports will describe the progress made toward achieving the outcomes, and the extent to which the AWP's have been met, the procurement plan, and the general execution plan, an analysis of program management, the lessons learned, and the beneficiaries' views. ***Presentation of the annual evaluation reports within 90 days after the close of each fiscal year is a special contractual condition.***
- 3.29 At least two months prior to the end of the program, a ***final evaluation*** will be performed by an external consultant to measure the immediate outcomes and the extent to which the objectives and targets have been attained. The results of this evaluation and the annual evaluations described in paragraph 3.28 will be included in the program's Project Completion Report. ***Presentation to the Bank of the final evaluation at least two months before the end of the program is a special contractual condition.***
- 3.30 The province has consented to support a post (impact) review of the program that would incorporate the findings of specific evaluations of the sector impacts of investment (especially in component I) and the logical framework indicators. The executing agency will hire, at the outset of the program, one or more specialized entities to prepare the methodology and establish the baselines for the final and impact evaluations, for which control groups will need to be used. If it is felt that this methodology is not feasible, the work proposal will need to justify and present alternative quasi-experimental methodologies to permit a more rigorous evaluation of the program outcomes than a normal evaluation (before vs after). These elements will be added to the terms of reference prepared by the province. ***The hiring of the specialized entity will be included in the institutional strengthening plan for year one of the program.***

3. Monitoring the fiscal goals

- 3.31 Consideration was given during program preparation to the strategy adopted by the World Bank when it prepared the program to support sustainable investments in infrastructure, approved at the end of 2004 and agreed on with the province's economic authorities. The strategy considers a medium- and long-term fiscal framework, in which indicators for fiscal sustainability and sustainability of the provincial debt converge at internationally accepted levels. The strategy includes a semiannual review of the performance of the fiscal monitoring indicators to anticipate any deviations from the projected path. The ultimate objective is to ensure that basic conditions exist for the sustainability of the investments

financed. The trajectory of the fiscal monitoring indicators will be reviewed semiannually together with the World Bank team.

IV. FEASIBILITY AND RISKS

A. Institutional feasibility

- 4.1 For the analysis of the program's institutional feasibility, the institutional capacity evaluation system (ICES) was applied to the executing agency and the coexecuting agencies. The analysis considered organizational aspects, administration of goods and services, financial administration, programming and internal auditing, external auditing, and evaluation.
- 4.2 An institutional strengthening matrix was prepared, which will be reviewed and updated annually and which includes basic actions to guarantee the start of execution in the first year. The matrix includes the design of an organizational manual, a procurement manual, and a financial manual, and the formulation of a methodology for risk analysis, and the development of the chart of accounts, a procurement plan, and an annual maintenance plan.
- 4.3 Of the activities included in the matrix, the program management, monitoring, and evaluation system is expected to go into operation in the first year of the program.

B. Technical and economic feasibility

- 4.4 Technical and economic feasibility has been determined on the basis of: (i) an analysis of projects already executed by the country and the provincial ministries; and (ii) an evaluation of an indicative sample of projects whose financing is envisaged under the present program. The analysis of the projects made it possible to determine the adjustments needed in: (i) the architectural design of the prototypes used by the province, seeking to improve their adaptability to different situations linked to the location of the land where the works will be built; (ii) the unit costs used by the three ministries participating in the program to make them compatible; and (iii) the fine tuning of the costs of the activities and obtaining least cost solutions appropriate for the sites, in terms of location (urban and the interior), environmental restrictions, provincial standards and specifications, and the existence of the different public services.
- 4.5 The total sample analyzed was composed of 22 projects (including new works to expand coverage or to replace run-down installations, and repairs/rehabilitation). The analysis of the sample of new and executed projects made it possible to identify the types of investments more precisely (new works to expand coverage, new works to replace obsolete buildings, and rehabilitation), the technical problems and solutions adopted, the different types of environmental impact, and the maximum cost parameters per pupil in the case of education, per visit in the case of health care, and per beneficiary in the case of human development. The

results of the sample have been incorporated into the eligibility criteria for the works projects presented in the program Operating Regulations (see the table on average costs per user in the files of RE1/SO1).

C. Social feasibility

- 4.6 The nature of the investments does not require participation by the beneficiary population in defining the investments. The priorities for rehabilitation and construction involve the provincial and municipal institutional levels and were based on municipal demand for the works. Execution of the works provides for participative mechanisms at the local level to identify the needs to be considered in organizing the services.
- 4.7 In human development, the operating agreements with the child development units include opportunities for participation by communities and families. In the case of the local and zonal children's rights protection services, the actions will be monitored by the local councils for the promotion and protection of children's rights,⁹ whose participants are drawn from local governments, academic institutions, and social organizations.
- 4.8 With regard to indigenous people and vulnerable groups, the 2005 annual survey by the Ministry of Education, Science and Technology (MECT) included the identification of "indigenous or speaker of an indigenous language" and "foreigner." The results indicate that 5.5% of the province's population was born abroad and that it includes some Bolivian indigenous communities. The results have awakened the interest of the authorities in looking deeper into ethnicity. Integration forms one of the pillars of the education plan, which protects the right of the needy or foreign population to enroll in the education system, even if they have no legal status. One eligibility criterion included in the environmental management system is in the event there is a presence of indigenous, ethnic, or immigrant populations, special measures must be taken in the conception and design of the project. For new works to be eligible, compliance with the regulations governing access for the disabled established in Law 24,314/94 is required.
- 4.9 The program qualifies as an operation that promotes social equity, as described in document AB-1704. It also qualifies as a poverty-targeted investment based on the sector criterion, since most of the program's investments are directed to: (i) in education—early education and basic general education; (ii) in health—primary health care, including care for mothers and children; and (iii) in human development—assistance for children up to the age of 14 and their families, particularly mothers who are heads of households in situations of poverty and

⁹ Created under Law 13,298 and its regulatory decree 300/2005 (article 15).

social vulnerability. The borrower will be using the additional 10 percentage points for program financing.

D. Fiscal and financial feasibility

1. Fiscal impact

- 4.10 A study was conducted to identify and evaluate the fiscal leeway in the budget of the province of Buenos Aires to absorb the present program, taking into account the performance of a series of indicators of fiscal solvency and the sustainability of the provincial debt. The projections were prepared in cooperation with the provincial Ministry of Economy and fall within the limits of the new federal fiscal responsibility regime.¹⁰
- 4.11 Compared to the recent fiscal and financial picture, the province has achieved a relatively robust fiscal position, although it still needs to regularize a substantial portion of its debt. In general, all the indicators show a steady improvement during the period under review. Although it can be said that the province exhibits acceptable conditions, its fiscal solvency depends largely on agreements with the federal government that impose restrictions on its fiscal headroom for new investments. In the short term, the province's budget implementation will take place in a context of tension between provincial debt commitments and demands to increase current expenditure. Also in the short term, the impact of no budget being passed for the present fiscal year is still being felt.
- 4.12 The analysis shows that in general terms, the long-term impact of the program is of scant significance compared to the primary balance of current resources and the variation in the debt stock indicator. The impact is somewhat more significant in the short term, where the conjunction of the impact of the recurrent expenditures and investment spending on the project itself will result in a reduction of 1.4 percentage points in the primary balance in 2007. As a counterweight, the project will help to sustain the level of public investment during a critical period, given the province's financial commitments after its has regularized its liabilities and the need to maintain and increase its public infrastructure.

2. Impact of the investments on recurrent expenditures

- 4.13 **Education.** The investments in education will have a minimal impact on the current budget of DGCyE. Approximately 480 new teachers will be required in early education who will be incorporated gradually in the first three years of the program (30% a year). The increase in staff in the new BGE schools will number about 320. The BGE schools to be replaced do not require additional teachers.

¹⁰ The fiscal analysis is available in the technical files.

The investment in computer laboratories in the BGE schools will require 1,200 laboratory assistant positions, which will be filled as the equipment is supplied (they will cover 2,400 schools). In the other schools that will receive additional computers or small laboratories, the teachers already in charge will receive training. The increase in human resources is small, considering that the total staff in the province's formal public education system is just over 190,000 teachers and administrators. The impact on the province's education budget (also including the additional administrative staff and operating costs) is minimal: 0.41% in year one, 0.82% in year two, 1.24% in year three, and 1.38% in year four.¹¹

- 4.14 ***Health care.*** The investments in health care will have a minimal impact on the province's spending on health care. The municipalities are responsible for delivering primary health care services and therefore they are responsible for the sustainability of these investments (guaranteed through the management contracts). Since most of the physical infrastructure works in primary health care involve repair/rehabilitation, the additional recurrent expenditures generated by these investments is small – about US\$2.3 million a year for the beneficiary municipalities. The new hospital and the investments in hospital equipment, in turn, will generate an additional recurrent expenditure for the province that is less than 2% of its annual spending on health care.
- 4.15 ***Human development.*** The impact of the current costs stemming from the investments in human development on provincial spending is very low. Of the 200 local children's rights protection services that are to be started up under Law 13,298, the program will build 17 or less than 10%. The annual cost per service is US\$60,000. For the 12 zonal services, the current annual costs will be US\$98,900. As for the child development units, the number of places now being financed will be increased by 5%, from 72,000 to about 75,600. Taken together, these investments (including personnel and the costs of services and inputs) do not exceed US\$9 million a year, which is not more than 2.5% of the total budget.

E. Environmental impact

- 4.16 The program's environmental impacts are small. Furthermore, to promote the environmental opportunities perceived with the Bank's action, an environmental and social strategy has been established through the preparation of an environmental analysis of the program. The analysis has identified the foreseeable impacts of the program and measures to mitigate them. It focused, in particular, on the following points: (i) standards and requirements for the design and operation of schools and health centers with respect to safety, potable water, sewage disposal, and solid waste management; (ii) requirements and inspection

¹¹ These estimates assumed that the DGCyE's total budget will remain constant during the program.

during the works; (iii) design (terms of reference) for updating the operators manual on hospital hygiene; (iv) internal management plans for special and pathogenic waste generated in the health units; (v) institutional strengthening of the Department of Environmental Policy, the authority responsible for supervising the collection, transport, treatment, and final disposal of waste; and (vi) preparation of an environmental management system, which has been included in the program's Operating Regulations. The analysis of an indicative sample of investment projects in the three sectors identified potential environmental impacts and the respective eligibility criteria (elimination or mitigation) that also form part of the environmental management system

F. Benefits and beneficiaries

- 4.17 The main program benefit is the improvement in the coverage and quality of existing provincial social services, both with respect to better physical installations and equipment, and in the quality of services and resolution capacity. Also, significant improvements are anticipated in the standard of living of the specific groups that will benefit from the investments.
- 4.18 In early education, the program will support expansion of coverage from 77% at present (for five-year-olds) to 82% by the end of the program. The infrastructure built on this level (356 classrooms) will directly benefit close to 15,000 children from three to five years of age. On the BGE level it will support improvements in infrastructure and equipment in poor parts of the province (slightly more than 300 classrooms), directly benefiting 14,700 students with the replaced infrastructure. For the provincial education system in general, the program will benefit pupils in 4,500 BGE schools (with close to 1,150,000 students) either through the installation of new computer laboratories or additions to existing ones, and 134 school districts that will participate in the provincial school management activities.
- 4.19 In health care, the investments in works and equipment represent material support that will permit adequate operation of the public system and allow the increase in demand to be addressed in appropriate physical premises. The public will benefit from the combination of physical investments and institution-building and management activities financed by the program, through better response capacity by primary and secondary care services, particularly in maternal and child care. At the same time, the better operation of primary care facilities as a gateway into the system will ease the numerical pressure on hospital care and help to improve its quality. It is expected that the investments financed by the program will directly benefit the mother and child population that depends on the public health care system, which reaches 4 million people (2 million children under 15 and 2.1 million women of child-bearing age). The program's activities will also promote systemic changes by strengthening management, generating reliable and

timely information for the decision-making process, and providing training for different players.

- 4.20 In human development, the main beneficiaries will be children, teenagers, and their families, who will receive: (i) access to comprehensive child development services, direct care for children and technical support for their families, for 3,600 children in the new facilities, and a substantial improvement in existing services of this kind for 40,000 children; (ii) effective change in court welfare procedures for 12,000 families; (iii) implementation of a technical model for the promotion and protection of rights in all the province's municipalities, decentralized in nature and with adequate systems for central control and monitoring; (iv) a higher level of support and specific information incorporated into the nutritional benefits of the Plan Más Vida, which currently covers 1 million people; (v) more suitable training and guidance for teenagers through support and control of 2,000 NGOs that channel actions financed by the MDH, with a minimum coverage of 60,000 adolescents; (vi) greater transparency and rigor in access to social plans through support for the centralized information management program; and (vii) more exacting demands, controls, and special supports for the providers of services to children and teenagers financed by the MDH, by implementing an ongoing accreditation and qualification system for service providers and a mechanism for assisted improvement plans.
- 4.21 Also, the program will benefit women—particularly mothers with small children and female heads of households—through the provision by the child development units and the integrated health care services for children and their families. The investments in health care financed by the program will be particularly targeted to mother and child services.

G. Risks

- 4.22 One of the risks associated with this operation is that changes in the macroeconomic context or runaway spending could jeopardize the province's fiscal sustainability and, hence, the program. To mitigate this risk, in addition to the detailed analysis of the program's fiscal impact (paragraphs 4.10 to 4.12), during execution, the IDB and the World Bank will jointly monitor the province's fiscal targets every six months (paragraph 3.31). In the event they change as a result of shocks or unusual situations, the province undertakes to take such steps as are necessary to return to the path laid out in the agreed fiscal framework.
- 4.23 A second risk factor has to do with the participation of the coexecuting agencies through their regular staff, which increases the risk of longer execution times owing to excessive bureaucratic obstacles. This mode of execution, however, will help to build up institutional capacity. To minimize this risk, sector steering committees will be established as avenues for internal coordination under the supervision of a sector specialist designated by the respective minister.

Supervision by the coordination unit and the program's executive management committee will contribute to the effort. Internal training activities have also been planned in specific areas (e.g. procurement) which will improve the response capacity of the ministries involved.

**PROGRAM TO SUPPORT SOCIAL INVESTMENT IN THE PROVINCE OF BUENOS AIRES
(AR-L1007)**

LOGICAL FRAMEWORK

Objectives	Indicators	Means of verification	Assumptions
Goal To contribute to the recovery and sustainability of social investments compatible with the objectives of enhancing social equity and reducing poverty.	Reduction in the size of and regional differences (inside the province) in UBNs: 1. Average UBNs for the province fall from 13 in 2005 to 11.5 in 2011. 2. The standard and mean deviations fall from 4.4 and 9.6 in 2001 to 4 and 8.6 in 2011. Baseline: 2001 population census.	Population census	The country maintains positive per capita economic growth during the period. The province maintains its process of fiscal and financial adjustment.
Purpose To improve the coverage and quality of services in education, health care, and human development, particularly those targeted to the very poor in the province of Buenos Aires.	Education: 1. The proportion of five-year-olds who do not attend school falls from 23% in 2004 to 18% in 2011. 2. Improvement of 6% in school performance by students in the 7th year of BGE between 2006 and 2011. The baseline for this indicator will be calculated in the quality test to be administered in the third quarter of 2006. Health care: 1. Reduction in the proportion of neonatal deaths reducible by timely treatment from 57% in 2004 to 37% in 2011. ⁱ	Statistics Division of the DGEyC Standardized quality evaluation sample test administered by the DGEyC Systematized Data Division Mother and child program (Sistema de Prestaciones Asociadas (SIPA) [associated benefits system])	There are no budget cuts in education, health, or human development, and political support for the social areas is maintained.

Objectives	Indicators	Means of verification	Assumptions
	<ol style="list-style-type: none"> 2. Reduction in the proportion of direct obstetrical deaths from 88% in 2004 to 55% in 2011.ⁱⁱ 3. Increase in early detection of pregnancy (before 14 weeks) from 39% in 2004 to 50% in 2011.ⁱⁱⁱ 4. Increase in the proportion of pregnant women receiving the complete cycle of prenatal care from 54% in 2004 to 60% in 2011.^{iv} <p>Human development:</p> <ol style="list-style-type: none"> 1. Early childhood (CDUs): (a) improvement in emerging literacy skills in children ages 3 to 5 year from 29% in 2004 to 45% in 2011; (b) improvement in knowledge among mothers about the prevention of anemia from 1% in 2004 to 25% in 2011. 2. Children and adolescents (local and zonal services): reduction in the number of children's services cases brought under the children's code from 53,000 (2003) to 41,000 (2011). 	<p>External evaluation by universities Baseline of the Plan Más Vida Legal information system of the Supreme Court</p>	
<p>Components</p> <p>I. Physical infrastructure in education, health care, and human development Buildings constructed or rehabilitated and equipped in the education, health care, and human development sectors.</p>	<p>Education:</p> <ul style="list-style-type: none"> ▪ 85 new preschools built and equipped (35 to replace existing ones and 50 to expand coverage). ▪ 40 new BGE schools built and equipped (20 to replace existing ones and 20 to expand coverage). ▪ 4,500 computer laboratories installed in BGE schools (equipment, furniture, and connectivity) 	<p>Program monitoring system</p>	<p>Basic costs of labor and construction materials are maintained.</p>

Objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> 134 provincial school districts equipped with computers, furniture, and connectivity. <p>Health care:</p> <ul style="list-style-type: none"> 92 new primary health care units built and equipped. 360 primary health care units rehabilitated and equipped. 350 primary health care units equipped, with no work on the buildings. 1 mother and child general hospital built and equipped. 40 works in 22 hospitals in neonatal services, pediatric and gynecological admissions, obstetrical surgery centers, pediatric therapy units, pediatric nurseries, regional hemotherapy center, mother-child-adolescent outpatient services, areas for pediatric day hospitals, and vaccine cold storage rooms rehabilitated or expanded and equipped. Mother-child and medical diagnostic equipment for provincial hospital services installed and operating. Operators hospital hygiene manual prepared and introduced. Computer equipment for the master health information and management system. 	Program monitoring system	

[illegible]

Objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> Organized referral of patients among different levels of care operating: in 2011, 90% of referrals for hospitalization materialize. Health teams in the 134 districts trained in service management processes. 34 teachers and 2,700 end users trained in information systems. Timely care based on standards is provided by the health teams.^v Manual for internal management of pathogenic waste. <p>Human development:</p> <ul style="list-style-type: none"> Centralized information management system designed and introduced. System for supervision of management and results of services formalized and in operation. 2 service quality standards developed. 400 child development units, local and zonal children's rights protection services monitored on the basis of service quality standards. 2,000 members of the technical teams that operate the child development units and the local and zonal children's rights protection services trained. 35,000 neighborhood workers have public information materials for their work with families. 	<p>Manuals of auditing procedures Program monitoring system Manual of quality standards Training certification issued by the Ministry of Human Development and the Provincial Public Administration Institute</p>	

Objectives	Indicators	Means of verification	Assumptions
	<ul style="list-style-type: none"> 2,000 NGOs participating in the adolescent project trained and strengthened in their management. <p>Economic area:</p> <ul style="list-style-type: none"> System for monitoring provincial programs financed with outside funding introduced. 	Program monitoring system	

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- i Definition of the indicator: Deaths of infants under 28 days considered reducible with timely treatment (in other words, prevention, diagnosis, or timely treatment during pregnancy—including low birth weight—delivery and the post-partum period) out of the total number of deaths under 28 days.
- ii Definition of the indicator: Direct obstetrical deaths are those resulting from complications during pregnancy, delivery or the post-natal period from interventions, omissions, incorrect treatment, or a chain of events originating in any of the circumstances mentioned (PAHO/WHO). Direct obstetrical causes include abortion. The calculation is obstetrical deaths identified as being from direct causes over all maternal deaths.
- iii Definition of the indicator: Pregnant women with the first checkup before 14 weeks, out of the total number of pregnant women registered.
- iv Definition of the indicator: Pregnant women with five prenatal checkups or more, out of the total number of pregnant women registered.
- v Implies assistance based on protocols and procedures institutionally established by the national or provincial health authority, and includes control of the health of women of child-bearing age (also covers pregnant women), control of the growth and development of children from birth to age six, control of prevalent diseases (basically acute respiratory insufficiency and acute diarrhea).

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION

Argentina. _____/OC-AR to the Province of Buenos Aires
Program to Support Social Investment
by the Province of Buenos Aires

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Province of Buenos Aires, as Borrower, and the Republic of Argentina, as Guarantor, for the purpose of granting the former a financing aimed at cooperating in the execution of a program to support social investment by the Province of Buenos Aires. Such financing will be in the amount of up to US\$230,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.