

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **ARGENTINA**

### **CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP): PROGRAM FOR WATER RESOURCE AND WATER SECURITY MANAGEMENT IN ARGENTINA (AR-O0019)**

### **FIRST INDIVIDUAL OPERATION: PROGRAM FOR PROVINCIAL WATER RESOURCE AND AQUEDUCT MANAGEMENT IN ARGENTINA (AR-L1346)**

## **LOAN PROPOSAL**

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## CONTENTS

### PROJECT SUMMARY

I.	PROJECT DESCRIPTION AND RESULTS.....	1
A.	Background, problem addressed, and rationale .....	1
B.	Objective, components, and cost.....	7
C.	Strategic alignment.....	8
D.	Viability analysis.....	10
II.	FINANCING STRUCTURE AND MAIN RISKS.....	12
A.	Financing instruments.....	12
B.	Environmental and social safeguard risks .....	14
C.	Fiduciary risks .....	15
D.	Other key risks and issues .....	15
III.	IMPLEMENTATION ARRANGEMENTS AND ARRANGEMENTS FOR MONITORING AND EVALUATING RESULTS .....	15
A.	Implementation arrangements.....	15
B.	Arrangements for monitoring and evaluating results.....	18

## APPENDICES

Proposed resolution

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

LINKS	
1.	<a href="#">Project execution plan</a>
2.	<a href="#">Environmental and social review summary</a>
3.	<a href="#">Monitoring and evaluation</a>
4.	<a href="#">Technical viability analysis</a>
5.	<a href="#">Socioeconomic viability analysis</a>
6.	<a href="#">Institutional and financial viability analysis</a>
7.	<a href="#">Program Operating Regulations</a>
8.	<a href="#">Climate change</a>
9.	<a href="#">Gender and diversity</a>
10.	<a href="#">Analysis of compliance with the Public Utilities Policy</a>

## ABBREVIATIONS

AGN	Auditoría General de la Nación [Office of the Auditor General of the Nation]
CCLIP	Conditional credit line for investment projects
CNCPS	Consejo Nacional de Coordinación de Políticas Sociales [National Social Policy Coordination Council]
DIGEPPSE	Dirección General de Programas y Proyectos Sectoriales y Especiales [Office of Sector and Special Programs and Projects]
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EIRR	Economic internal rate of return
ENOHSA	Ente Nacional de Obras Hídricas de Saneamiento [National Sanitary Waterworks Agency]
ESAP	Environmental and social action plan
ESIA	Environmental and social impact assessment
ESMF	Environmental and social management framework
ESMP	Environmental and social management plan
ESMS	Environmental and social management system
ESPF	Environmental and Social Policy Framework
ICAP	Institutional Capacity Analysis Platform
INDEC	Instituto Nacional de Estadística y Censos [National Statistics and Census Institute]
MOP	Ministry of Public Works
NPV	Net present value
OECD	Organisation for Economic Co-operation and Development
QCBS	Quality- and cost-based selection
SDG	Sustainable Development Goal
SIGEN	Sindicatura General de la Nación [Office of the Comptroller General]
SINAGIR	Plan Nacional para la Reducción de Riesgos de Desastres [National Plan for Disaster Risk Reduction]
SIPH	Secretaría de Infraestructura y Política Hídrica [Department of Infrastructure and Water Policy]
UEPEX	Unidades Ejecutoras de Préstamos Externos [External Loan Execution Units]
WRM	Water resources management
WSA	Water and Sanitation Division

## PROJECT SUMMARY

## ARGENTINA

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP):  
PROGRAM FOR WATER RESOURCE AND WATER SECURITY MANAGEMENT IN ARGENTINA  
(AR-00019)**

**FIRST INDIVIDUAL OPERATION:  
PROGRAM FOR PROVINCIAL WATER RESOURCE AND AQUEDUCT MANAGEMENT IN ARGENTINA  
(AR-L1346)**

Financial Terms and Conditions						
<b>Borrower:</b> Argentine Republic					<b>Flexible Financing Facility</b> <sup>(a)</sup>	
<b>Executing agency:</b> The Ministry of Public Works (MOP), acting through the Department of Infrastructure and Water Policy (SIPH), together with the Office of Sector and Special Programs and Projects (DIGEPPSE) and the National Sanitary Waterworks Agency (ENOHSA), will be the program coexecuting agencies.					<b>Amortization period:</b>	25 years
					<b>Disbursement period:</b>	5 years
<b>Financing:</b>	<b>CCLIP</b>		<b>First Individual Operation</b>		<b>Grace period:</b>	5.5 years <sup>(b)</sup>
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Interest rate:</b>	SOFR-based
<b>IDB (Ordinary Capital)</b> <sup>-(g)</sup>	810 million	84%	210 million	84%	<b>Credit fee:</b>	(c)
					<b>Inspection and supervision fee:</b>	(c)
<b>Local contribution:</b>	150 million	16%	40 million	16%	<b>Weighted average life:</b>	15.25 years
<b>Total:</b>	960 million	100%	250 million	100%	<b>Currency of approval:</b>	U.S. dollar
Project at a Glance						
<p><b>Project objective/description:</b> The objective of the CCLIP is to contribute to improved water security in Argentina. The general objective of the first operation is to contribute to better quality of life for the population living in Argentina's priority watersheds through improved integrated water resource management addressing climate change resilience factors. The specific objectives of the first operation will be to: (i) increase water availability in Argentina's priority watersheds through a multipurpose use approach and increase and/or improve access to drinking water services for human consumption; and (ii) improve water resource planning and management capacity.</p>						
<p><b>Special contractual conditions precedent to the first disbursement of the financing:</b> (i) approval by the coexecuting agencies and entry into force of the program Operating Regulations on the terms and conditions previously agreed upon with the Bank; and (ii) signing and entry into force of an agreement between the MOP and the National Sanitary Waterworks Agency (ENOHSA) for execution of the program activities under ENOHSA's responsibility as stated in paragraph 3.5, point (i) (see paragraph 3.6).</p>						
<p><b>Special contractual conditions of execution:</b> Prior to launching the first procurement process for activities with a province, municipio, and/or operator as beneficiary, the relevant coexecuting agency responsible for the work will sign the participation agreement with such entities as stated in paragraph 3.5, point (ii) (see paragraph 3.7).</p>						
<p>Additionally, see special contractual conditions of disbursement and execution in Annex B of the Environmental and Social Review Summary. (<a href="#">link 2</a>)</p>						
<p><b>Exceptions to Bank policies:</b> None.</p>						

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

- (a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- (c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the relevant policies.
- (d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (e) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).
- (f) Sustainable Development Goal (SDG). For more information on the SDGs, click [here](#). To consult the IDB Group SDG Project Classification Methodology, click [here](#).
- (g) In accordance with document AB-2990, the disbursement of the Bank loan proceeds will be subject to the following restrictions: (i) a maximum of 15% in the first 12 months; (ii) a maximum of 30% in the first 24 months; and (iii) a maximum of 50% in the first 36 months, counted in all instances from the date the loan operation is approved by the Bank's Board of Executive Directors (see paragraph 2.4).

## I. PROJECT DESCRIPTION AND RESULTS

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

- 1.1 **Background.** The Argentine Republic, which is divided into 23 provinces and the Autonomous City of Buenos Aires, has a population of 47,327,407,<sup>1</sup> highly concentrated in urban areas (92%). The country has abundant surface water resources with an annual flow of more than 25,000 cubic meters per second, but these resources are unequally distributed. Groundwater is also a significant supply source for human consumption and agricultural activity (FAO, 2015). Yet many of these resources are of limited use due to issues of quality (natural or human contamination) and vulnerability (resource overexploitation). Moreover, external factors such as climate change threaten not only the availability and seasonal distribution of water, but also its quality.
- 1.2 **Problem.** Argentina faces a latent water security problem. In 2012, the drought caused by the La Niña climate event led to agriculture sector losses in excess of 2% of GDP. The estimated adverse economic impact of the 2018 drought was between US\$6 billion and US\$8 billion (approximately 1% of GDP). Almost everywhere in the country reported a drought emergency at some point in the period 2004-2017.<sup>2</sup> Argentina is also among the 14 countries worldwide most affected by flooding, which is the top natural disaster threat.<sup>3</sup> This risk became more frequent in the period 1960-2010, aggravated by improper land use and occupancy, making some areas highly vulnerable and exposed.<sup>4</sup>
- 1.3 Argentina was the site of 90 large-scale hydrometeorological disasters in the period 1970-2015,<sup>5</sup> affecting 14 million people and causing US\$10 billion in economic losses.<sup>6</sup> Although just 10 disasters occurred in the 1970s, 27 occurred in 2005-2015, making plain that their frequency has increased. The estimated combined cost of droughts and floods is on the order of 0.8% of the country's average annual GDP. For climate sensitive sectors such as agriculture, losses from climate variability have averaged US\$3.2 billion a year. The zones most affected by flooding are the northeast, northwest, central region, and Buenos Aires Metropolitan Area.<sup>7</sup> In the agriculture and livestock sector, 54 different production segments from in 18 provinces were affected by these events.<sup>8</sup>
- 1.4 Cycles of drought and flooding are increasing in intensity and frequency due to a combination of factors such as rising temperatures, the El Niño and La Niña events, and the impact of climate change. According to the Second Nationally Determined Contribution (2020), climate change models for the scenario with the highest greenhouse gas concentrations (representative concentration

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

<sup>2</sup> [National Agriculture and Climate Change Action Plan, 2019.](#)

<sup>3</sup> [Emergency Events Database \(EM-DAT\), 2016.](#)

<sup>4</sup> [Second Nationally Determined Contribution, Argentina, 2020.](#)

<sup>5</sup> Disasters that meet at least one of the following criteria: (i) 10 or more casualties; (ii) 100 or more persons affected; (iii) an emergency declaration was made; (iv) national authorities issued a call for international assistance.

<sup>6</sup> [Water Governance in Argentina, OECD, 2020.](#)

<sup>7</sup> National Plan for Disaster Risk Reduction, SINAGIR, 2018.

<sup>8</sup> National Agriculture and Climate Change Action Plan, 2019.

- pathway 8.5) predict more intense extreme precipitation in most of the country<sup>9</sup> and increased intensification of droughts in Cuyo and Patagonia, where average annual precipitation is projected to decline 10% to 20% by the end of the century. This is in line with trends observed in the Patagonian Andes, where average annual precipitation fell between 1960 and 2010. In Cuyo in particular, flow trends of some rivers indicate less runoff in the mountain range watersheds, which may increase water stress in the area. This has been the case for some watersheds in the province of Mendoza, which in the last decade has experienced the longest and most widespread dry spell since the early twentieth century.<sup>10</sup>
- 1.5 These problems impact systems' capacity to provide clean drinking water for human use in both urban and rural settings. Nationally, 87% of residents of urban areas have access to potable water through the public system,<sup>11</sup> meaning that 5.2 million people do not. Particularly in summer, many cities experience service cutoffs or low pressure when systems cannot cope with consumption spikes, especially in periurban areas. This puts water quality at risk due to poor system maintenance and likelihood of contamination. An IDB research study at the country level<sup>12</sup> found that water security also impacts energy and food security from a nexus perspective (water-energy-food link, reflecting their interdependence, mutual impacts, and synergies as they compete for a shared resource). Surface water levels are expected to be lower in the second half of the century, particularly in summer when it is more necessary for crops. This will raise costs, especially from groundwater extraction, putting part of the output in jeopardy.<sup>13</sup> Water shortages will also impact other industries like mining and hydroelectric generation. In the country's main power generating watersheds (the Limay and Neuquén rivers), the mean annual flows of the mountain rivers have been decreasing since 1980, affecting hydroelectric power generation.
- 1.6 Argentina also faces serious challenges on the side of water resource demand. The pricing system does not promote rational water use or effective demand management. Most users pay based on a free use system that charges a fixed rate, regardless of how much water is used.<sup>14</sup> The sector has no information system for important industry issues and no formal mechanism for public access or updates, which makes it hard to monitor and assess the performance of companies that provide sanitation services.<sup>15</sup>
- 1.7 **Water resources policies and management.** The decentralized system for water resources management (WRM) puts provinces in charge of policies and management, including the authority to regulate water use, defense, and conservation (Pochat, 2005). This creates challenges for aligning strategies and

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<sup>9</sup> IPCC (2014), "[AR5 Climate Change 2014: Impacts, Adaptation, and Vulnerability](#)," Part B: Regional Aspects, Central and South America Chapter.

<sup>10</sup> [Atlas de Sequías de Sudamérica \[South America Drought Atlas\]](#).

<sup>11</sup> National Water and Sanitation Plan, 2017.

<sup>12</sup> [Agua para el Futuro: Estrategia de Seguridad Hídrica para América Latina y el Caribe](#) [Water for the Future: Water Security Strategy for Latin America and the Caribbean] (executive summary)

<sup>13</sup> Third National Communication on Climate Change, National Department of Environment and Sustainable Development, 2015.

<sup>14</sup> Water Governance in Argentina, OECD, 2020.

<sup>15</sup> MOP, 2021, Recursos Hídricos [Water Resources], preliminary document.



sharing responsibilities between different levels of government, but also opportunities for adapting regulations to local realities (CNCPS, 2018). There is no national water code or law.<sup>16</sup> Every province has its own, which do not always address the issues or principles required by current water security conditions. There are also difficulties in enforcing and ensuring their effectiveness, including: (i) little stability of resource allocation for investment and lack of pricing policies that incentivize efficient water use;<sup>17</sup> (ii) poor management (little infrastructure maintenance, structures not based on watersheds, lack of information, capacity, and coordination among sector authorities, users, and different levels of government); and (iii) outdated water planning. There are 25 committees that oversee watersheds and crossjurisdictional hydrological regions, but their organizational model, role, scope, and progress on their master plans are greatly varied and, in some cases, nonexistent.<sup>18</sup> Nationally, the agency responsible for the sector is the Ministry of Public Works (MOP), which, through its Department of Infrastructure and Water Policy (SIPH), exercises national water resources planning and policy and water and sanitation services and accounts for the largest portion of financial resources allocated to the sector. The National Sanitary Waterworks Agency (ENOHSA) is a decentralized agency reporting to the SIPH with separate legal status and administrative autonomy that channels resources to the provinces and water and sanitation utilities. SIPH monitors watershed management agencies on behalf of the national government.

- 1.8 The key aims, derived from the institutional context and the need to achieve water security, are to: (i) improve interprovincial coordination and agreements/treaties for shared watersheds; (ii) create or update management and investment plans at the watershed level; (iii) strengthen watershed agencies both technologically and institutionally, improving local governance and planning; (iv) proactively manage climate extremes, as the country is still pursuing emergency policies reactively; and (v) develop and implement drought and flood management plans at the federal, provincial, and watershed level with specific warning tools and management mechanisms.
- 1.9 **Gender and disability assessment.** In 2020, 45% of Argentinian households were headed by women. Of these, 82.7% had only a female parent present. Women typically spend twice as much time as their male partners on unpaid caregiving work. Poor health, urban, and water and sanitation infrastructure increase the time spent on domestic and caregiving work, which deepens gender inequities. Empirical evidence has shown that diversity can speed up innovation, adoption of innovations from elsewhere, and narrowing of the digital divide, which make the economic system more efficient (Economic Commission for Latin America and the Caribbean (ECLAC), 2018). Accordingly, the workforce of the agencies and companies that provide these services needs to be trained on issues related to gender and persons with disabilities, as well as on the relationship

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<sup>16</sup> Law 25688 defines water in its first two articles and establishes various requirements for the creation of a National Plan for its preservation, exploitation, and rational use, no implementing regulations have been issued.

<sup>17</sup> It is important to clarify that, when the rates do not cover all costs, the difference is made up with funds from provincial government transfers.

<sup>18</sup> [Entidades de Cuencas Interjurisdiccionales y Regiones Hídricas](#) [Crossjurisdictional Watershed and Water Region Entities].

between gender and water use, so awareness-raising and training are necessary for staff associated with the project. There are 3,571,983 persons with disabilities in Argentina, or 10.2% of the population. The activity rate for persons with disabilities is 35.9%. The employment rate is 40.3% for men and 25.8% for women. The unemployment rate for persons with disabilities is 10.3% (National Statistics and Census Institute (INDEC), 2018). Law 25689 establishes a mandatory 4% hiring quota for persons with disabilities for nongovernmental public entities, state-run enterprises, and private companies that hold public utility concessions. It must be determined whether the agencies and contractors associated with the project are in compliance with this law and raise awareness about inclusion of persons with disabilities.

- 1.10 **Program strategy and justification for the CCLIP.** To support the country in addressing its water security challenges, the program calls for modernizing policies for the efficient, sustainable, and resilient management of water resources in the face of climate change impacts with a long-term vision and financing tools such as the conditional credit line for investment projects (CCLIP). The program involves actions in two major focus areas: (i) **structural measures** with investments to recover and conserve water sources using nature-based solutions, multipurpose resource use with a nexus approach<sup>19</sup> that links human consumption, irrigation, and small-scale power generation, and protection against extreme events; and (ii) **nonstructural measures** for policy design and institutional and labor capacity-building of authorities at the different levels of government—national, provincial, and watershed—for planning, financing, management, and oversight of efficient and sustainable use of their water resources and developing and implementing innovative, digital solutions. The CCLIP will provide timely, long-term resources to effectively meet the challenge of achieving water security by providing continuity for the policy and investment plan (investment needs of more than US\$4.3 billion have been identified in this sector).<sup>20</sup> In light of the great need for resources, the program will finance investments in priority watersheds with elevated water stress, targeting actions to mountain watersheds. It will support the identification of climate funds and other donors to cofinance investment needs and manage technical assistance through partnerships with countries and leading organizations in integrated WRM.
- 1.11 The first operation will support the construction of water management infrastructure with a focus on watersheds in water stress areas, including nexus and climate change resilience analytical tools to ensure that different users have access to water resources, especially for human consumption. Policies, actions, and tools will also be put in place to improve water resource management and governance with a sustainability lens, including the strengthening of authorities responsible for management (national, provincial, and watershed) and service operators. Actions for social and labor inclusion tied to service delivery and water use in productive activities will also be included. The effectiveness of the proposed

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<sup>19</sup> For an integrated approach addressing the problems of the different targeted sectors, this operation has been prepared as a multiple-booking operation with the Bank's Climate Change and Sustainable Development Sector, Infrastructure and Energy Sector, Environment, Rural Development, and Disaster Risk Management Division, and Labor Markets and Social Security Unit.

<sup>20</sup> National Public Works Plan, MOP, 2021.

actions has been demonstrated in various studies undertaken in similar contexts.<sup>21</sup> Additionally, to support this first operation, the Bank is brokering technical assistance resources from the governments of Korea and Israel, to adopt WRM innovation in watersheds prioritized by the SIPH with a specific focus on drought management, multipurpose planning, information systems, and the monitoring and design of specific interventions to improve water use efficiency. Specifically, an assistance proposal<sup>22</sup> for US\$500,000 was recently approved with funds from the Government of Korea, to support the development of water security plans with a multisector nexus approach in the Pilcomayo River watershed and preinvestment studies for projects in the subsequent phases of the CCLIP. Additionally, with support from the Government of Israel, technical assistance products are being prepared with a focus on drought management and piloting of technologies for the efficient use and management of human resources, including circular economy approaches in high water stress environments, to support this and subsequent operations under the CCLIP.

- 1.12 **The Bank's experience in the sector and country.** The Bank has ample experience the preparation and execution of integrated water resource management and water and sanitation programs in Argentina with a current portfolio of ten loan operations now in execution for a total of US\$2.199 billion, 40% of which has been disbursed. This operation will continue the line of work being implemented in the Drainage and Flood Control Project in the Province of Buenos Aires (loan [4427/OC-AR](#)), the Reconquista River Basin Environmental Sanitation Program (loan [3256/OC-AR](#)), and the Comprehensive Sanitation Program for the Cities of the Uruguay River Basin, Province of Entre Ríos (loan [4822/OC-RG](#)). The Bank has also been supporting Argentina in recent years with several studies on water security and climate resilience to develop management and investment plans at the federal, provincial, and watershed levels. Thus, the Bank has supported the creation of hydrological models (using HydroBID) and water budgets for the development of watershed plans, including multipurpose water use and flood control (in the Bermejo, Pilcomayo, and Colorado river basins); climate uncertainty analysis in the context of droughts and water stress using robust decision-making (in Mendoza); cross-sector impact and opportunity assessments in the context of national policies and plans (such as the national energy expansion plan) or specific watershed plans already existing or in development (Colorado, Bermejo), incorporating climate scenarios and socioeconomic development as part of the country's commitments under the Paris Agreement (Nationally Determined Contributions). Support has also been provided in the development and piloting of nature-based solutions or green infrastructure as a means of achieving water security in high water stress watersheds with multiple water uses (such as the Mendoza Water Fund).

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<sup>21</sup> Galiani et al. (2009) found reductions in the presence, frequency, and severity of diarrheal episodes in children due to the expansion of the water system in Argentina. This builds on and expands the findings of Galiani, Gertler, and Schargrodsky (2005) that providing clean drinking water has a positive effect on morbidity. See the monitoring and evaluation plan ([link 3](#)) for more evidence.

<sup>22</sup> Knowledge Sharing Program (KPS), under the auspices of the Korean Ministry of Economy and the Korean Development Institute (KDI). These funds are directly executable by the Government of Korea.

- 1.13 **Lessons learned applicable to the program.** The program draws on lessons learned from similar programs in Argentina<sup>23</sup> and the region (see the [Water and Sanitation Sector Framework Document](#)), including: (i) create a portfolio of projects in the first few years of program execution to accelerate the commitment of program resources; the program has a portfolio of two designed projects, additional to the sample, that will be incorporated into it (see paragraph 1.28); (ii) build capacity for works supervision, to keep schedules and costs on track; work is being done with the coexecuting agencies to implement a system for digitalizing inspection procedures, including the corresponding payment streams (approval of certificates and repricings) under loan [5285/OC-AR](#); (iii) ensure the timely execution of the strengthening component, to ensure effective operation and maintenance of investments and build capacity at WRM entities; the [AquaRating](#)<sup>24</sup> system will be implemented at water and sanitation utilities (see paragraph 1.31), and a technical cooperation for operational support will be arranged for an institutional capacity-building program targeting WRM, including technology transfer from the suite of HydroBID models focused on investment programs; and (iv) ensure effective coordination among the executing agency, provinces, municipios, and other relevant institutions such as water utilities and/or watershed committees, especially in interprovincial projects; these are expected to be actively involved in determining the scope and design of the projects (see paragraph 3.4), which will enable them to agree on the responsibilities for management and operation and maintenance of the infrastructure to be financed.
- 1.14 **The country's sector strategy.** The country's strategy in the sector<sup>25</sup> has four complementary major areas of action: (i) integrated management of water resources and crossjurisdictional watersheds; (ii) reduction of hydroclimatic risks for urban and rural areas; (iii) encouragement of multipurpose usage and increase in universal access to safe water and basic sanitation; and (iv) prioritization of the country's most vulnerable areas. Additionally, as a crosscutting area, the country's sector strategy includes the strengthening of systems for monitoring WRM and sanitation systems with transparency and civil society involvement through institution-strengthening and community education. It also emphasizes the importance of a federal WRM plan to provide a general framework for policies and actions.
- 1.15 **CCLIP eligibility criteria.** The proposed CCLIP meets the requirements of Annex III, paragraph 3.2, of document GN-2246-13 and of paragraph 3.6 of the CCLIP Operational Guidelines (document GN-2246-15), since its objective is among the priorities identified in the IDB Group Country Strategy with Argentina 2021-2023 (document GN-3051), specifically two of its priority areas: "Poverty reduction and social protection of the most vulnerable," which includes actions, supported by the program, to improve habitat and strengthen the employability of women and vulnerable groups (document GN-3051, paragraph 3.13), and

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<sup>23</sup> See project completion reports for loans 1865/OC-AR, [1895/OC-AR](#), [2048/OC-AR](#), and [2343/OC-AR](#).

<sup>24</sup> The National Sanitary Waterworks Agency (ENOHSA) and the IDB have signed an agreement to implement AquaRating, an international standard to assess the performance of operators in all their processes, by establishing an AquaRating operations center at ENOHSA.

<sup>25</sup> National Public Works Plan, MOP, 2021.

“Economic recovery and productive development,” since the program contributes to a resilient, low-carbon economy (document GN-3051, paragraph 3.22).

- 1.16 **Eligibility Criteria for the First Operation.** The first individual operation meets the eligibility criteria established in Annex III, paragraph 3.5 (i) to (iv), of document GN-2246-13, and in paragraph 3.9 of the CCLIP Operational Guidelines (document GN-2246-15). An institutional capacity analysis of MOP and ENOHSA, performed using the Institutional Capacity Analysis Platform (ICAP) simple assessment mechanism,<sup>26</sup> revealed that both possess satisfactory institutional capacity but made recommendations for capacity-building, which will be financed with program resources (see paragraph 1.31). The objective of the first operation also contributes to the CCLIP’s sector objective. Lastly, the first operation falls within the sector and components defined under the CCLIP.

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

- 1.17 **Objective and scope.** The objective of the CCLIP is to contribute to improved water security in Argentina. The general objective of the first operation is to contribute to better quality of life for the population living in Argentina’s priority watersheds through improved integrated water resource management addressing climate change resilience factors. The specific objectives of the first operation will be to: (i) increase water availability in Argentina’s priority watersheds through a multipurpose use approach and increase and/or improve access to drinking water services for human consumption; and (ii) improve water resource planning and management capacity. The first operation of the CCLIP has the following components:
- 1.18 **Component 1. Infrastructure works (US\$236.7 million).** This component will contribute to specific objective (i) through the construction of water infrastructure, including works for the intake, storage, piping, treatment, and/or distribution of water systems for multipurpose use with an emphasis on human consumption and actions to improve efficiency in the use and management of water in watersheds with water security issues and under water stress that are vulnerable to climate change. This component will finance the relevant works inspections and environmental and social management measures. Specifically, financing will be provided for new, expanded, improved, and/or rehabilitated potable water systems.
- 1.19 **Component 2. Studies, designs, and institution-strengthening (US\$8.6 million).** This component will contribute to specific objective (ii) through institutional capacity-building for WRM by financing: (i) the development of policies and governance frameworks; (ii) improved planning; (iii) prefeasibility studies and basic and detailed designs for works with climate resilience criteria; and (iv) capacity-building. Each major focus area may finance actions such as: (i) development of policies and governance frameworks for water security, including a federal long-term water security plan that considers climate change risks, given the impact of droughts on water supply for human consumption, encompasses productive sectors such as farming, and identifies and prioritizes investment in key watersheds, sources of financing, and institutional mechanisms

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<sup>26</sup> A simplified ICAP assessment was used because the two entities are currently satisfactorily executing loans 2776/OC-AR and 4312/OC-AR (MOP) and 3451/OC-AR and 5285/OC-AR (ENOHSA).

for its implementation (public policies, agreements and mechanisms for cooperation and dispute settlement, e.g., irrigation policies and debates on the uses and value of water); (ii) improved planning, development of master plans for management and water security in priority watersheds and watersheds vulnerable to climate change impacts, including hydrological planning and management of extreme climate events associated with floods and droughts, and development of integrated multisector master plans; (iii) prefeasibility studies and basic and final designs (favoring investments in green infrastructure and projects with a nexus approach); and (iv) strengthening (or creation) of water management agencies at the watershed, provincial, and national levels, creation of business plans for water utilities (using AquaRating and other tools) and the main users of water resources, and workforce capacity-building (development of quality pathways for learning and employment in greener new technologies, occupations, and skills with a gender, diversity, and inclusion lens), information systems, resource monitoring, and decision support (data generation, processing, efficient utilization, and dissemination), adoption of digital technologies and innovations for resource monitoring, planning, and management, hydroclimate modeling and analysis of climatic uncertainty robustness and for resilient, adaptive management of water resources, contingency plans, early warning systems, improved use of water resources for distinct users (clean drinking water, irrigation, and power generation) and improved quality (contamination from municipal, farming, or industrial use).

- 1.20 **Project administration and management.** The program will finance administration and supervision expenditures, external audit, and evaluation expenditures, including the strategic evaluation conducted according to guidelines set by the Ministry of Economy for US\$4.7 million.
- 1.21 **Key results indicators, benefits, and beneficiaries.** The key results indicators are shown in Table I-1 (see Annex II).

Table I-1. Key indicators

Results indicators	Unit of measure	Baseline	Target
Households with improved water service in the target areas	Households	0	121,866
WRM entities that adopt integrated watershed management or water security plans	Entities	0	5

- 1.22 **Potential benefits and beneficiaries.** Approximately 456,000 people are expected to benefit directly from increased water availability in the priority watersheds under a multipurpose use approach. Additionally, areas used for growing crops and raising livestock are expected to benefit from the supply of water. Lastly, agencies and entities responsible for water resource management and planning will benefit from strengthening activities and support yielding long-run benefits in terms of ensuring water security in these areas.

### C. Strategic alignment

- 1.23 The program is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the development challenges of: (i) social



inclusion and equality, through expanded and improved access to water and sanitation services; and (ii) productivity and innovation, through measures to reduce inefficiencies in systems management and measures to increase water utilization for productive uses. The program is also aligned with the crosscutting areas of: (i) institutional capacity and rule of law, through its contribution to improve provincial WRM capacity; (ii) gender equality and diversity, through the strengthening of operators with gender and diversity action plans; and (iii) climate change and environmental sustainability, through the investment of IDB resources in activities contributing to the country's water resource goals and adaptation plans. These investments include water infrastructure in vulnerable watersheds exposed to droughts and activities to improve water resource management and planning, mindful of the impact of climate change on water availability and quality. Investment in adaptation activities accounts for 100% of the operation's resources, according to the joint methodology of the multilateral development banks for tracking climate finance; these resources contribute to the IDB's climate finance target. The operation will also contribute to the IDB Group Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicators "Households with improved access to water and sanitation" and "Agencies with strengthened digital technology and managerial capacity." The operation is also aligned with IDB's Vision 2025 in the areas of promoting social progress, through improved access to and quality of public utilities; strengthening good governance and effective institutions, through strengthening of the institutions in charge of the sector; and strengthening gender equality and climate change. Lastly, the program is consistent with: (i) the Water and Sanitation Sector Framework Document (document GN-2781-13) under the premise that "projects and programs are environmentally and socially sustainable and incorporate climate change and environmental and cultural sustainability considerations;" (ii) the Climate Change Sector Framework Document (document GN-2835-8) under its fourth dimension of success that "countries make progress on mainstreaming climate considerations across sectors"; and (iii) the Gender and Diversity Sector Framework Document (document GN-2800-8) related to the delivery of quality public utilities that promote gender equality or women's empowerment.

- 1.24 **The Bank's country strategy.** The CCLIP and the first operation are aligned with the IDB Group Country Strategy with Argentina 2021-2023 (document [GN-3051](#)) in the priority areas of "poverty reduction and social protection of the most vulnerable" and "economic recovery and productive development," through its contribution to the strategic objectives to "Improve habitat and mobility conditions of the population," which identifies improved access and delivery of basic services as an expected outcome, and "Move toward environmental sustainability," which has improved management of natural disaster risks as an expected outcome.
- 1.25 **Strategy and actions for gender and persons with disabilities.** Awareness and training workshops with a focus on gender and inclusion of persons with disabilities will be held for coexecuting agency staff in the preparation and execution phases; bid documents will include language requiring contractors to hold workshops for their staff on gender mainstreaming, inclusion of persons with disabilities, universal accessibility, sexual and workplace violence, and how to maintain universal accessibility in the spaces during construction. The environmental and social impact assessment (ESIA) will include a survey of gender-based violence in the

area of direct influence; hygiene and safety reports will record gender-disaggregated data and identify the jobs held by persons with disabilities, to determine whether the 4% mandatory hiring quota is being met. Prior to the transfer, utilities will receive training in: (i) addressing and preventing gender-based violence, street harassment, and workplace harassment; (ii) the relationship between gender and water use and management; and (iii) the disability perspective ([link 9](#)). The technical cooperation operation “Water: Adding Sustainable Value with Greener Skills and Jobs in Argentina, Chile, and Uruguay” will support actions to create and/or transform jobs and business around water resources (identification and development of quality pathways for learning and employment in the water and sanitation sector, as well as others such as farming, food production, tourism, and forestry, in collaboration with the subregional productive sector, trainers, and national and/or local governments). The absence of this focus is a risk to the sustainability of water security and would deepen inequalities because it does not address the relationship between gender/disability and water access, use, and management.

- 1.26 **Climate change strategy.** The program contributes to the country's climate adaptation and resilience priorities for water resources by focusing on: (i) construction of water infrastructure in watersheds with water security issues and communities that are potentially vulnerable to climate change; (ii) development of policies and governance frameworks for water security, including a federal long-term water security plan that considers climate change risks; (iii) improved planning and development of management plans in priority watersheds, including guidelines for hydrological planning and specific plans for managing extreme climate events associated with floods and droughts; (iv) prefeasibility studies and basic and design designs for works, favoring investments in green infrastructure and projects with a nexus approach; (v) information systems and resource monitoring, adoption of digital technologies and innovations for monitoring, and support for adaptive WRM, contingency plans, and early warning systems; and (vi) institutional strengthening activities that include improving the ability to control usage by distinct users ([link 8](#)).
- 1.27 **Innovation and digitalization strategy.** As part of the program and the Bank's Innovation and Digital Transformation Initiative for the Water Sector, the use of analytical tools, digital models, and other innovative products for the development of hydrological/hydrodynamic models, water budgets, early warning systems for the management of extreme events (droughts and floods) and the design (and piloting) of innovative water infrastructure solutions, particularly favoring the inclusion of nature-based solutions, multisector investments, or innovation approaches based on the circular economy of water for water planning, etc., will be promoted to design investments within the initiative and support the design of water security plans for priority watersheds under the CCLIP. The program will also finance systems to collect information and data for WRM (physical and socioeconomic), as well as land- and satellite-based data through remote sensing, radar, and automation and telemetry systems, as applicable.

#### **D. Viability analysis**

- 1.28 **Representative sample and project portfolio.** The loan modality is a multiple works program, so a viability analysis was done of representative sample of



projects comprised of the water service optimization project for the city of San Miguel de Tucumán, Tafí Viejo, and Villa Carmela in the Province of Tucumán (Vipos aqueduct), which represents 34.4% of the total amount of the program. The project involves the construction of an intake on the Vipos River, considering the necessary flow to supply the populations along the aqueduct and the flows that the river must maintain for other uses (irrigation and livestock), as well as the ecological flow. It also includes a water treatment plant, a 50-kilometer aqueduct, and the reservoirs to supply the aforementioned communities. The sample project meets all the eligibility criteria. Technical studies were reviewed for two additional projects,<sup>27</sup> as part of the portfolio to be financed by this operation. They are at an advanced stage of readiness in terms of engineering, but less so financially and environmentally.

- 1.29 **Technical viability.** The analysis of the sample (see paragraph 1.28) concluded that the project is responsive to the needs and priorities of the beneficiary population in terms of improving the available water supply. The main technical considerations of the analysis were as follows: (i) the studies and designs have been prepared using generally accepted engineering principles and standards; (ii) the proposed solutions conform to technically appropriate options; (iii) the project execution timetable was prepared with the features of the works in mind; and (iv) once built, the project will be properly operated and maintained by the current operator of the potable water system of the cities in question. Given the water stress levels of the different sources that make up the current system, plus the one added by this project, operational instruments should be created to optimize the exploitation of water resources with a view toward the challenges of climate change. Water resource management and planning of the projects under the program will be supported through a technical cooperation operation, now in preparation, an institutional capacity-building program focused on WRM, including processes for guided implementation of projects, and technology transfer of the HydroBID models suite. During execution, hydroclimatic and socioeconomic data will thus be collected in the project areas to supplement the water budgets from operations systems for source management in contexts of water stress, to ensure resilience in management of the water supply systems supported by the program.
- 1.30 **Socioeconomic viability.** Consistent with the requirements for a multiple works program, a cost-benefit analysis was done on the sample project (see paragraph 1.28). The evaluated project is economically viable with an economic internal rate of return (EIRR) and net present value (NPV) (using a 12% discount rate) of 19.1% and US\$36.90, respectively. Lastly, according to data provided by the water system operator in Tucumán, the payment for water service for an average household in the target area is US\$4.60 per month, which represents 0.6% of the average monthly household income. Households at the lowest income levels pay a reduced rate estimated at approximately US\$2.10, which is 0.9% of their average monthly household income. These values are acceptable under international standards ([link 5](#)).
- 1.31 **Institutional and financial viability.** The financial evaluation showed that the company Sociedad Aguas de Tucumán has the ability to meet the commitments

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<sup>27</sup> (i) Albigasta network of multiple use aqueducts and water treatment plants, Stage 1 (US\$39.9 million); and  
(ii) Este de San Luis multiple use aqueduct, Stage 1 (US\$85.3 million).

derived from the program investments. Projected operating income covers the entire costs of operation and maintenance, presenting a positive EBITDA over the analyzed 10-year period. Even so, energy costs are subsidized by the provincial government, and the company's cash flow requires additional support from the province's treasury to cover its working capital needs. The institutional analysis identified opportunities for the company to improve management in its business area, including the extension of metered service, and in human resources. The recommendations, as part of a strengthening plan, are to introduce the AquaRating tool and results-based management plans. The IDB and ENOHSA have signed a collaboration agreement to create an AquaRating operations center at ENOHSA to support and guide water and sanitation companies in introducing AquaRating (rating and/or certification), targeted analyses, and/or transformation plans. The AquaRating team will train operations center staff on the AquaRating suite of tools and provide guidance for the water and sanitation companies. ENOHSA will select the companies where the tool is to be introduced, in collaboration with the IDB team. Technical cooperation resources will be allocated to finance these activities.

- 1.32 **Institutional capacity analysis.** The institutional capacity analysis using the ICAP methodology indicated that MOP and ENOHSA would meet the execution conditions satisfactorily and recommended several measures to address the identified issues: (i) improve interagency coordination mechanisms at the technical level, adding a flowchart to the program Operating Regulations that defines how the parties are to coordinate work during the project cycle and establishes response times; (ii) strengthen the procedures for coordination and necessary agreements with beneficiaries during the phases of the project cycle, especially in the preinvestment stage; (iii) include, in the model participation agreement (see paragraph 3.5) that will form part of the program Operating Regulations, the necessary commitments and requirements for beneficiaries to take possession of and properly operate and maintain the works delivered by the project, and the commitment by the coexecuting agencies to provide technical assistance and training in management, operation, and maintenance to participating water and sanitation utilities under Component 2; and (iv) agree on model standard bid documents to be used under Component 1. These activities will be financed with resources under the line item "Operational management, administration, and evaluation."
- 1.33 **Compliance with the Public Utilities Policy (document GN-2716-6).** The proposed program and the country's sector objectives are consistent with the principles of policy document GN-2716-6 and satisfy the financial sustainability and economic evaluation conditions. The financial evaluation showed that the sample operator has the financial capacity to meet the commitments derived from the investments proposed in this program, after taking the identified steps to improve management. The assessed project is economically viable with an EIRR and NPV (using a 12% discount rate) of 19.1% and US\$36.90, respectively.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 **Modality and financing structure.** The conditional credit line for investment projects (CCLIP) ([AR-O0019](#)) will be structured under the Sector CCLIP modality

for a financing amount of up to US\$810 million and a local counterpart of up to US\$150 million, which is expected to finance three individual loan operations in a drawdown period of up to 12 years. The first individual operation under the CCLIP has a loan amount of up to US\$210 million from the Bank's Ordinary Capital, and a local counterpart of up to US\$40 million. The first individual operation under the CCLIP will be structured as an investment loan under the multiple works program modality, since it includes projects that are physically similar but independent from one another and may launch individually as long as they meet the program eligibility and prioritization criteria.

- 2.2 **Deadline for physical start of works.** The deadline for physical start of the program works will be two years after the effective date of the loan contract.
- 2.3 **Cost and financing.** The breakdown of the operation's costs and financing is shown in Table II-1.

**Table II-1. Estimated program costs (US\$ millions)**

Components <sup>28</sup>	Bank (OC)	Local contribution	Total	%
<b>Component 1. Infrastructure works</b>	<b>199.0</b>	<b>37.7</b>	<b>236.7</b>	<b>94.7</b>
1.1 ENOHSA	143.9	27.4	171.3	
1.2 SIPH-DIGEPPSE	55.1	10.3	65.4	
<b>Component 2. Studies, designs, and institution-strengthening</b>	<b>7.5</b>	<b>1.1</b>	<b>8.6</b>	<b>3.4</b>
2.1 ENOHSA	4.0	1.1	5.1	
2.2 SIPH-DIGEPPSE	3.5	-	3.5	
<b>Program administration and management</b>	<b>3.5</b>	<b>1.2</b>	<b>4.7</b>	<b>1.9</b>
ENOHSA	0.8	1.2	2.0	
SIPH-DIGEPPSE	2.7	-	2.7	
<b>Total</b>	<b>210.0</b>	<b>40.0</b>	<b>250.0</b>	<b>100.0</b>

- 2.4 **Disbursement schedule.** The disbursement period of the first project will be five years. The disbursement schedule for the first individual operation is shown in Table II-2. Pursuant to document AB-2990 (Enhancing Macroeconomic Safeguards at the Inter-American Development Bank), the disbursement of the Bank loan proceeds will be subject to the following restrictions: (i) a maximum of 15% in the first 12 months; (ii) a maximum of 30% in the first 24 months; and (iii) a maximum of 50% in the first 36 months, counted in all instances from the date the loan operation is approved by the Bank's Board of Executive Directors. These restrictions may not apply if the requirements established in the relevant Bank policy have been met, provided that the borrower has been notified in writing.

<sup>28</sup> The amounts at the level of each coexecuting agency are indicative.

**Table II-2. Disbursement schedule (US\$ millions)**

<b>Components</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
IDB	1.4	29.1	74.3	55.8	49.3	<b>210.0</b>
%	0.7	14.5	49.9	76.5	100.0	<b>100.0</b>
Local contribution	0.2	5.6	14.0	10.7	9.5	<b>40.0</b>
%	0.6	14.6	49.6	76.4	10.0	<b>100.0</b>
Total	1.7	34.7	88.3	66.5	58.8	<b>250.0</b>
%	<b>0.7</b>	<b>14.5</b>	<b>49.9</b>	<b>76.5</b>	<b>100.0</b>	<b>100.0</b>

- 2.5 **Additional criteria for processing the second and subsequent individual operations under the CCLIP.** In addition to meeting the requirements for processing the second and subsequent individual operations under the CCLIP established in Annex III of document GN-2246-13 and in the CCLIP Operating Guidelines (document GN-2246-15), the CCLIP Agreement to be signed by the Bank and the borrower will state that such individual operations must include projects that prioritize watersheds that are highly vulnerable to hydroclimatic extremes, with high levels of water stress, and/or face severe water stress conditions, including actions to improve conditions for: (i) drought buffering and management; (ii) watershed climate resilience and water security;<sup>29</sup> (iii) water use efficiency in the context of multiple demands (nexus); and (iv) water governance in the context of growing climate impacts such as droughts, etc.

## **B. Environmental and social safeguard risks**

- 2.6 Based on the Bank's Environmental and Social Policy Framework (ESPF) and the due diligence evaluation, the program has been classified as category "B" because the adverse environmental and social impacts to be produced by the activities will be moderate, localized, and short term. The "moderate" natural disaster risk rating is appropriate because the threat levels for flooding, drought, and earthquake are moderate, and the criticality and vulnerability of the infrastructure interventions is also moderate. The program's socioenvironmental risk level has been classified as "substantial" due to the small number of watershed planning instruments to be addressed, the possible economic impact from the expropriation of land, the disaster risk from natural hazards in the area, and the coexecuting agencies' limited experience implementing the Bank's ESPF.
- 2.7 Consistent with the requirements for a multiple works operation, an environmental and social impact assessment (ESIA) and an environmental and social management plan (ESMP) were prepared for the sample project (see paragraph 1.28). During the construction phase, there may be temporary impacts on water quality, soil structure and natural drainage, removal of plant cover, increased particulate material and noise, inconvenience to the community due to closed roadways or access points, and increased risk of traffic accidents due to the transit of vehicles and machinery. During the operation phase, there is a risk that the water supply will be affected during periods of water deficit, which will be managed by restricting use of the river flow and using existing drilled wells as an additional water source.

<sup>29</sup> According to the definition of [water security used by the Bank](#).

- 2.8 An environmental and social management framework (ESMF), environmental and social management system (ESMS), and environmental and social action plan (ESAP) have been prepared for the program, in compliance with the Bank's ESPF and Environmental and Social Performance Standards. The meaningful public consultation was held on 30 June 2022 in a hybrid format, both in-person (in Tafi Viejo, Hostería Atahualpa Yupanqui) and virtually, attended by stakeholder groups, who supported the project. Several different communication channels were offered for sending questions and comments prior to the virtual event. The concerns raised in them had to do with: (i) technical aspects of the project and studies; (ii) specific factors considered when calculating river flows and the size of the intake; and (iii) issues related to the existing irrigation infrastructure. These concerns were addressed verbally by project specialists. The final versions of the environmental and social instruments, as well as the report on the meaningful consultation, are published on the websites of the Bank and the coexecuting agencies.

**C. Fiduciary risks**

- 2.9 A medium-high fiduciary risk was identified that, if the budget allocation is insufficient during the life of the program, project execution may be delayed, leading to underexecution of resources. As a mitigation measure, resource needs will be identified through comprehensive planning of the program activities, and budget allocations will be arranged with the relevant authorities in a timely manner. If the need for budget changes or increases are identified during the execution of each year, they will be arranged in a timely manner.

**D. Other key risks and issues**

- 2.10 Two medium-high level risks were detected: (i) economic/financial environment: inflation may outpace the devaluation of the local currency during program execution, raising the costs of the projects in dollars. This risk will be addressed using an active acceptance strategy, adjusting the scope of each planned program intervention or the number of interventions; and (ii) sustainability: if the works are not operated and maintained properly due to insufficient allocation of trained human and/or financial resources to the operators, the objectives may not be achieved. This risk will be mitigated by adding methodological guidelines to the program Operating Regulations for preparing a plan for sustainable operation and maintenance, training of beneficiary operators on the management and operation and maintenance of systems, and notification to the operators by the coexecuting agencies regarding the resources required to operate and maintain the work prior to provisional acceptance.

**III. IMPLEMENTATION ARRANGEMENTS AND  
ARRANGEMENTS FOR MONITORING AND EVALUATING RESULTS**

**A. Implementation arrangements**

- 3.1 **Borrower and executing agency.** The borrower will be the Argentine Republic. The program coexecuting agencies will be Ministry of Public Works (MOP), acting through the Department of Infrastructure and Water Policy (SIPH), together with the Office of Sector and Special Programs and Projects (DIGEPPSE) and the National Sanitary Waterworks Agency (ENOHSA). SIPH, with support from

DIGEPPSE or such units or departments with similar authority and responsibilities as may supersede it for purposes of this program, with the Bank's prior consent, and ENOHSA, acting independently, will be responsible for operational, administrative, budgetary, and financial/accounting management and execution, including fiduciary and legal matters, environmental and social compliance, and procurement procedures, as well as planning, programming, monitoring, and auditing related to the program works for which they are responsible. The strategic evaluation of the program will be conducted by DIGEPPSE, as the agency with responsibility for fiduciary execution, and the Ministry of Economy, acting through the Office of the Deputy Secretary of International Financial Relations for Development, as the agency with responsibility for technical-methodological execution.

- 3.2 **Program Operating Regulations.** The program will be governed by program Operating Regulations ([link 7](#)), which must include at least the following: (i) detailed execution arrangements, including the roles and responsibilities of the coexecuting agencies' offices involved with program execution, the Ministry of Economy, and the participating municipios, provinces, and operators; (ii) the mechanism for coordination and flow of information between the coexecuting agencies and other participating institutions; (iii) eligibility and prioritization criteria; (iv) the project cycle; (v) fiduciary policies and procedures; (vi) qualifications and minimum number of specialists who will coordinate program activities and the program socioenvironmental management structure; (vii) monitoring and evaluation procedures; and (viii) the environmental and social management framework (ESMF) with the environmental and social requirements and the environmental and social management system (ESMS), environmental and social management plan (ESMP), and environmental and social action plan (ESAP) as annexes.
- 3.3 **Eligibility and prioritization criteria.** The following eligibility criteria will apply for projects to be financed under Component 1: (i) improvement of water security conditions; (ii) compliance with provincial and/or local legislation and, in cases of shared water resources, supported by interprovincial agreements; (iii) existence of an incorporated operator to provide potable water service and a water authority or agency responsible for water policy and regulation; (iv) commitment from provincial and municipal authorities that operators will assume the responsibility to properly operate and maintain the works and create mechanisms to promote their technical and financial sustainability; (v) commitment from operators to have an approved management improvement plan and implement it during works execution, and commitment from the water authorities to improve water resource use and distribution; (vi) projects that are viable economically (cost-benefit analysis with EIRR > 12% or cost efficiency analysis with the economic least cost alternative), socioeconomically, technically, legally, financially, and institutionally, according to Bank-accepted methodologies and evaluation criteria. The following will be ineligible: (i) projects with an environmental and social classification of Category "A," according to the Bank's Environmental and Social Policy Framework (ESPF); and (ii) projects that do not meet the ESMF exclusion requirements. Projects will be prioritized based on potable water supply deficits and water security issues of the target watersheds.

- 3.4 **Project cycle** The Component 1 project cycle will have four stages: (i) Identification. In this stage, the provinces, municipios, and/or operators (beneficiaries) present the need for a project and the commitments required in the eligibility criteria to the appropriate coexecuting agency in charge of the work. (ii) Preparation and eligibility. In this stage, the corresponding coexecuting agency in charge of the work and the beneficiaries agree on the scope and execution stages of the project, including the management improvement plan for the operators, and perform the necessary preinvestment studies to meet the eligibility criteria and start the bidding process. This stage concludes with a project being declared eligible and the signing of a participation agreement between the relevant coexecuting agency and the beneficiaries (see paragraph 3.5, point (ii)). (iii) Execution. This stage will include the contracting, execution, and payments for the project activities. Works inspection and supervision and implementation of the strengthening plan will be the responsibility of the relevant coexecuting agency in charge of the work with support from the beneficiaries. This stage concludes with taking possession of the contracted works and services. (iv) Transfer and operation. In this stage, the relevant coexecuting agency in charge of the work and the beneficiary agree on delivery of the assets for their operation and maintenance and sign a transfer certificate, as established in the participation agreement (see paragraph 3.5, point (ii)). The program Operating Regulations will describe each of these stages in detail.
- 3.5 **Agreements.** The following agreements will be signed on the terms and conditions previously agreed upon with the Bank: (i) an agreement between the MOP and ENOHSA for execution of the program activities under ENOHSA's responsibility, establishing the commitment to use resources and execute program activities under the terms and conditions of the loan contract and the program Operating Regulations; and (ii) participation agreements between the corresponding coexecuting agency in charge of the work and the beneficiaries, establishing the conditions of participation in the program, the commitment to take possession of the infrastructure built through signature of a transfer document, and to operate and maintain it, the commitment of water operators and/or watershed committees to participate, as applicable, in the entire project cycle, and the commitment to deliver information in a timely manner to the relevant coexecuting agency on implementation of the improvement plans and operation and maintenance reports (see paragraph 3.11) under the terms and conditions of the loan contract and the program Operating Regulations.
- 3.6 **Special contractual conditions precedent to the first disbursement of the financing:** (i) approval by the coexecuting agencies and entry into force of the program Operating Regulations on the terms and conditions previously agreed upon with the Bank; and (ii) signing and entry into force of an agreement between the MOP and ENOHSA for execution of the program activities under ENOHSA's responsibility as stated in paragraph 3.5, point (i). These two conditions are considered essential to ensure effective program execution and coordination, as well as to establish detailed guidelines about operational issues.
- 3.7 **Special contractual conditions of execution.** Prior to launching the first procurement process for activities with a province, municipio, and/or operator as beneficiary, the relevant coexecuting agency responsible for the work will sign the participation agreement with such entities as stated in paragraph 3.5, point (ii).



This condition considered essential to ensure that the roles and responsibilities of the beneficiaries are specified, including the obligations for operation and maintenance for the works and coordination arrangements.

- 3.8 **Procurement of works, goods, and services.** Procurements financed, in whole or part, with loan proceeds will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).
- 3.9 **Disbursements.** The loan proceeds may be disbursed through the modalities of advance of funds, reimbursement of expenditures, and direct payment to the provider. For the advance of funds modality, disbursements will be based on projections of expenditures for up to 180 days. The governing policy will be the Financial Management Guidelines for IDB-financed Projects (document OP-273-12) or the policy in effect during execution. Disbursements subsequent to the first will be contingent upon justification of 80% of the cumulative balance pending justification.
- 3.10 **Audit.** Each coexecuting agency will deliver the program's annual audited financial statements to the Bank within 120 days after the close of the fiscal year. The audit will be conducted by a Bank-eligible independent auditing firm. The scope and other related issues will be governed by document OP-273-12 or the policy in effect during execution.
- 3.11 **Operation and maintenance.** The coexecuting agencies commit to deliver the maintenance plan for works and goods financed by the program and information on the operation and maintenance process for the works under the responsibility of each coexecuting agency in the first quarter of each year, starting the year the first work is concluded and for up to three years after the end of the disbursement period, as extended. If Bank inspections, or the reports, reveal that maintenance is not up to the agreed standards, the relevant coexecuting agencies will take the necessary steps to remedy the defects.

## **B. Arrangements for monitoring and evaluating results**

- 3.12 **Monitoring.** A monitoring and evaluation plan has been agreed upon for the program ([link 3](#)), establishing the use of the procurement plan, program execution plan, annual work plan, and fiduciary plan to be developed with each coexecuting agency based on the program execution plan ([link 1](#)) during the startup period of the operation, as well as the Results Matrix. The coexecuting agencies will deliver six-monthly reports to the Bank on the works and other activities under their responsibility, describing progress achieved, results obtained, and an action plan for the next six months, within 60 days after the end of each six-month period ([link 3](#)).
- 3.13 **Evaluation.** Each coexecuting agency will commission the following for the works and other activities under their responsibility: (i) a midterm evaluation, to be delivered 120 days after the date on which 50% of the program resources have been disbursed; and (ii) a final evaluation, to be delivered 90 days after the date of the last disbursement of the program resources. The proposed evaluation will use the before-and-after methodology, consisting of measurement of results



indicators after the interventions have been implemented, and comparing the measurements to determine whether targets have been met. An ex post economic evaluation will be performed as part of the final evaluation, using the methodology described in the monitoring and evaluation plan. Following guidelines from the national government, and supplementing the program evaluations, the coexecuting agencies, in coordination with and supported by the Ministry of Economy, will conduct a strategic evaluation of the program focused on generating evidence on this loan's contribution to achievement of the strategic objectives of the Government of Argentina and their priority operational guidelines, which will be used as input to improve implementation and supplement the program's monitoring and evaluation instruments ([link 3](#)).

Development Effectiveness Matrix		
Summary AR-L1346 - AR-O0019		
<b>I. Corporate and Country Priorities</b>		
<b>Section 1. IDB Group Strategic Priorities and CRF Indicators</b>		
1. The Strategic Alignment tab in convergence shows alignment on IDB Group Strategic Priorities. The Results Matrix tab lists flagged CRF indicators		
2. The Strategic Alignment tab in convergence shows information on alignment to Country Development Objectives		
<b>II. Development Outcomes - Evaluability</b>		<b>Evaluable</b>
3. Evidence-based Assessment & Solution		8.8
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		2.8
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
<b>III. Risks &amp; Mitigation Monitoring Matrix</b>		
6. Overall risks rate = magnitude of risks*likelihood		Medium Low
The Environmental and Social Data tab in convergence shows the environmental and social risk classification of the project		
<b>IV. IDB's Role - Additionality</b>		
<b>Annex III Fiduciary Arrangements describes project reliance on the use of country systems (VPC/FMP Criteria)</b>		
7. Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	TC AR-T1270

**Evaluability Assessment Note:**

This is the first individual operation under the Conditional Credit Line for Investment Projects (CCLIP), AR-O0019. The general objective of the operation is to contribute to improving the quality of life of the population that lives in priority basins in Argentina by improving the comprehensive management of water resources, considering aspects of resilience to CC. The specific objectives are: (i) increase the availability of water in the priority basins of the Argentine territory, under a multipurpose use approach, and increase and/or improve access to drinking water for human consumption; and (ii) improve water resource planning and management capabilities.

The operation presents an adequate diagnosis in which the needs to mitigate water risks in the priority basins are identified. Gaps are identified in the capacity of the systems to provide water for human consumption and for agricultural areas. In addition, low quality of services (intermittent service and low pressure) exists due to poor network maintenance and planning, and inadequate management of water resources. To address these challenges, the program will implement two components: I) Works and infrastructure; and II) Studies and designs, and institutional strengthening.

The results matrix (MR) is consistent with the diagnosis and the proposed solutions. In general, the MR adequately reflects the existing Specific Objectives, however, the vertical logic of the program could be reinforced with a more precise definition of these objectives and their associated result indicators. The output and outcome indicators present their respective baseline values, targets, and means of collecting the information.

The economic analysis was based on a cost-benefit analysis (CBA) of the Potable Water Service Optimization Project for the city of San Miguel de Tucumán, Tafí Viejo and Villa Carmela in the Province of Tucumán, whose investment (US\$86.02 million) represents approximately 35% of the total investment. The study shows an Internal Rate of 19.1% (using a discount rate of 12%) and a net present value of US\$36.9. The parameters used in the economic analysis are consistent with the Results Matrix. The CBA includes a sensitivity analysis.

The monitoring and evaluation plan proposes a retrospective evaluation, which is complemented by an ex post cost-benefit analysis. Also, the plan includes a strategic evaluation that, although it is part of the operation, will be designed and managed directly by the Secretariat for Strategic Affairs (SAE).

## RESULTS MATRIX

<b>Project objective:</b>	The specific objectives of this operation are to: (i) increase water availability in Argentina's priority watersheds through a multipurpose use approach and increase and/or improve access to drinking water services for human consumption; and (ii) improve water resource planning and management capacity. Achieving these objectives will contribute to the general objective: contribute to better quality of life for the population living in Argentina's priority watersheds through improved integrated water resource management addressing climate change resilience factors.
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### SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
<b>Specific development objective 1: Increase water availability in Argentina's priority watersheds through a multipurpose use approach and increase and/or improve access to drinking water services for human consumption</b>											
Indicator 1: Increase in the volume of water available for multiple uses in the target areas • SIPH/DIGEPPSE • ENOHS	Cubic meters/sec	0	2022	SIPH/DIGEPPSE					0.12	0.12	Operators' administrative records  Includes human and animal consumption. Total cubic meters per second captured at the intake.
				ENOHSA							
								1.89	1.89		
Indicator 2: Households with improved water service in the target areas • SIPH/DIGEPPSE • ENOHS	Households	0	2022	SIPH/DIGEPPSE					35,232	35,232	Coexecuting agencies' administrative records  Improved services to households that benefit from the increased availability of potable water. "Improved" means higher pressure, continuity of service, and/or better water quality.
				ENOHSA							
								86,634	86,634		

Indicators	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Indicator 3: Increase in agricultural areas with water available for farming and/or livestock. • ENOHSA	Hectares	0	2022					2,700	2,700	Coexecuting agencies' administrative records	
Specific development objective 2: Improve water resource planning and management capacity											
WRM agencies that adopt integrated watershed management or water security plans with a gender/disability lens. • SIPH/DIGEPPSE • ENOHSA	Entities	0	2022	SIPH/DIGEPPSE						Entities' administrative records	Number of watershed management agencies that adopt integrated WRM plans. These plans incorporate a gender and disability lens as a category of analysis for water security.
								3	3		
				ENOHSA							
								2	2		
Watersheds that use technological equipment to monitor, analyze, and manage water resources. • SIPH/DIGEPPSE • ENOHSA	Watersheds	0	2022	SIPH/DIGEPPSE						Watershed management entities' administrative records	A watershed is understood to use technological equipment when it starts to provide information to the watershed management system for processing.
								1	1		
				ENOHSA							
								2	2		

### OUTPUTS

Indicators	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Notes
<b>Component 1: Infrastructure works</b>											
3.5 Main aqueduct lines built (SIPH/DIGEPPSE)	km	0	2022	0	19	41.48	0	0	60.48	Works certificates validated by SIPH/DIGEPPSE	
<i>Lines built for multipurpose use</i>	<i>Km</i>	<i>0</i>	<i>2022</i>	<i>0</i>	<i>15</i>	<i>35</i>	<i>0</i>	<i>0</i>	<i>50</i>		
<i>Lines built for human consumption</i>	<i>Km</i>	<i>0</i>	<i>2022</i>	<i>0</i>	<i>4</i>	<i>6.8</i>	<i>0</i>	<i>0</i>	<i>10.48</i>		
1.2 Water treatment plants built (SIPH/DIGEPPSE)	Number of plants	0	2022	0	0	2	0	0	2	Works certificates validated by SIPH/DIGEPPSE	
1.3 Main aqueduct lines built (ENOHSA)	Km	0	2022	0	20	40	30	10	100	Works certificates validated by ENOHSA	
<i>Lines built for human consumption</i>	<i>Km</i>	<i>0</i>	<i>2022</i>	<i>0</i>	<i>20</i>	<i>20</i>	<i>10</i>	<i>0</i>	<i>50</i>		
<i>Lines built for multipurpose use</i>	<i>Km</i>	<i>0</i>	<i>2022</i>	<i>0</i>	<i>0</i>	<i>20</i>	<i>20</i>	<i>10</i>	<i>50</i>		
1.4 Water treatment plants built (ENOHSA)	Plants	0	2022	0	1	0	1	0	2	Works certificates validated by ENOHSA	
1.5 Storage tanks built (ENOHSA)	Reserves	0	2022	0	4	4	0	0	8	Works certificates validated by ENOHSA	
1.6 Intake works built (ENOHSA)	Works	0	2022	0	1	0	1	0	2	Works certificates validated by ENOHSA	
<b>Component 2: Studies, designs, and institution-strengthening</b>											
2.1 Preinvestment studies prepared (SIPH/DIGEPPSE)	Studies	0	2022	2	0	2	0	0	4	Final consulting reports approved by SIPH/DIGEPPSE	Includes CCLIP studies.
2.2 Preinvestment studies prepared (ENOHSA)	Studies	0	2022	0	0	2	2	0	4	Final consulting reports approved by ENOHSA	

Indicators	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Notes
2.3 Watershed management or water security plans prepared that include training with a gender/disability lens (SIPH/DIGEPPSE)	Plans	0	2022	0	0	0	0	1	1	Final consulting reports approved by SIPH/DIGEPPSE	These plans include gender and disability awareness and training as categories of analysis for water security.
2.4 Watershed management or water security plans prepared that include training with a gender/disability lens (ENOHSA)	Plans	0	2022	0	0	0	1	1	2	Final consulting reports approved by ENOHSA	A management plan is implemented for each watershed associated with the project.  These plans include gender and disability awareness and training as categories of analysis for water security.
2.5 Technological system to improve water management implemented (SIPH/DIGEPPSE)	Technological systems	0	2022	0	0	0	0	3	3	Final consulting reports approved by SIPH/DIGEPPSE	Technological system planned according to the needs for improved WRM in each of the watersheds associated with the projects.
2.6 Technological system to improve water management implemented (ENOHSA)	Technological systems	0	2022	0	0	0	1	1	2	Final consulting reports approved by ENOHSA	Technological system planned according to the needs for improved WRM in each of the watersheds associated with the projects.
2.7 Agencies that manage project watersheds trained for hydroclimatic and hydrological monitoring (SIPH/DIGEPPSE)	Entities	0	2022	0	0	0	0	3	3	Final consulting reports approved by SIPH/DIGEPPSE	

Indicators	Unit of measure	Baseline Value	Baseline Year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Notes
2.8 Agencies that manage project watersheds trained to for hydroclimatic and hydrological monitoring (ENOHSA)	Entities	0	2022	0	0	0	1	1	2	Final consulting reports approved by ENOHSA	
2.9 Management improvement plans for provincial service providers implemented (SIPH/DIGEPPSE)	Plans	0	2022	0	0	0	0	2	2	Final consulting reports approved by SIPH/DIGEPPSE	These plans include training on gender and persons with disabilities. For implementation, priority will be given to three activities from the management improvement plan geared toward sustainability of the investments to be financed.
2.10 Management improvement plans for provincial service providers implemented (ENOHSA)	Plans	0	2022	0	0	1	1	0	2	Final consulting reports approved by ENOHSA	These plans include training on gender and persons with disabilities. For implementation, priority will be given to three activities from the management improvement plan geared toward sustainability of the investments to be financed.

**Country:** Argentina **Division:** WSA **Operation number:** AR-L1346 **Year:** 22 April 2022

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

**Executing agency:** The Ministry of Public Works (MOP), acting through the Department of Infrastructure and Water Policy (SIPH), together with the Office of Sector and Special Programs and Projects (DIGEPPE) and the National Sanitary Waterworks Agency (ENOHSA), will be the program coexecuting agencies

**Operation name:** Program for Provincial Water Resource and Aqueduct Management in Argentina

### I. FIDUCIARY CONTEXT OF THE COEXECUTING AGENCIES

#### 1. Use of country systems in the operation<sup>1</sup>

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

#### 2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Coexecuting agencies/Subexecuting agencies	The program coexecuting agencies will be Ministry of Public Works (MOP), acting through the Department of Infrastructure and Water Policy (SIPH), together with the Office of Sector and Special Programs and Projects (DIGEPPE) and the National Sanitary Waterworks Agency (ENOHSA).
<input checked="" type="checkbox"/>	Special features of fiduciary execution	<p>SIPH, with support from DIGEPPE, and ENOHSA will be responsible for operational, administrative, budgetary, and financial/accounting management and execution, including fiduciary and legal matters, environmental and social compliance, and procurement procedures, as well as planning, programming, monitoring, and auditing related to the program works for which they are responsible.</p> <p>Execution will be centralized, and the coexecuting agencies must sign participation agreements with the beneficiaries of the works under their responsibility. Signature of the agreements, establishing the responsibilities and obligations of the parties, will be a condition for the start of execution of the works.</p> <p>The audited financial statements and procurement plans will be delivered to the Bank individually by each coexecuting agency.</p>

<sup>1</sup> Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of its validation by the Bank.



### 3. Fiduciary capacity

Fiduciary capacity of the coexecuting agencies	An institutional capacity analysis of the coexecuting agencies revealed that both possess satisfactory institutional capacity to execute the program. It also found opportunities for improvement and measures to address the identified issues: (i) strengthen the internal control structure for program execution; (ii) describe the specific technical and operational arrangements and coordination bodies for program procurement, financial management, internal control, and auditing in the program Operating Regulations; (iii) strengthen the teams responsible for financial management and procurement as program execution proceeds. The coexecuting agencies are regarded as possessing the capacity to address these issues in the short term and take on the operation's execution.
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### 4. Fiduciary risks and risk response

Risk taxonomy	Risk	Risk level	Risk response
Economic/financial	If the budget allocation is insufficient during the life of the program, project execution may be delayed, leading to underexecution of resources.	Medium-High	resource needs will be identified through comprehensive planning of the program activities, and budget allocations will be arranged with the relevant authorities in a timely manner. If the need for budget changes or increases are identified during the execution of each year, they will be arranged in a timely manner.

5. Policies and guidelines applicable to the operation: Policy document OP-273-12 or the policy in effect will apply for financial management. Procurement will be governed by policy document GN-2349-15 and GN-2350-15.

6. Exceptions to policies and guidelines: Not applicable.

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

Special conditions precedent to the first disbursement: The signing and entry into force of the agreement between the MOP and ENOHSA for execution of the program activities under ENOHSA's responsibility as stated in paragraph 3.5, point (i).
Exchange rate: For the purposes of Article 4.10 of the General Conditions, the parties agree that the exchange rate to be used will be the rate stipulated in Article 4.10(b)(i). For the purpose of determining the equivalency of expenditures incurred in local currency chargeable against the local contribution, or the reimbursement of expenditures chargeable against the loan, the exchange rate will be the rate in effect on the first working day of the month in which the borrower, the coexecuting agencies, or any other person or corporation with delegated authority to incur expenditures makes the respective payments to the contractor, vendor, or beneficiary. Additionally, the exchange rate stipulated in Article 4.10(b)(i) of the General Conditions will be used for recognition of the local contribution of expenditures cofinanced with IDB and local resources.
Audit type: The program's audited annual financial statements will be delivered to the Bank separately by each coexecuting agency within 120 days after the close of each financial/fiscal year of each coexecuting agency, duly reviewed by an independent audit firm acceptable to

the Bank or by the Office of the Auditor General of the Nation (AGN). The final audited financial statements will be delivered within 120 days after the program's last disbursement.

### III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	Procurements of works, goods, and nonconsulting services executed in accordance with the procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB) will use the Bank's standard bidding documents or those agreed upon between the relevant coexecuting agency and the Bank for the specific procurement. The selection and contracting of consulting services will following the consultant selection policies (document GN-2350-15) and use the standard request for proposals issued by the Bank or agreed upon between the relevant coexecuting agency and the Bank for the specific selection. The project sector specialist will be responsible for reviewing the technical specifications and the terms of reference for procurements during the preparation of selection process. This technical review may be ex ante and is independent of the procurement review method.												
<input checked="" type="checkbox"/>	Procurement supervision	<p>The supervision method will be ex post, except in cases where ex ante supervision is justified. The (i) ex ante or (ii) ex post supervision method will be determined for each selection process. Ex post reviews will take place every 18 months according to the program supervision plan, subject to change during project execution. Without detriment to the Bank's supervision authority, the thresholds for ex post review are as follows:</p> <table><tr><td>Coexecuting agencies</td><td>Works</td><td>Goods/Services</td><td>Consulting Services</td></tr><tr><td>ENOHSA</td><td>10,000,000</td><td>1,500,000</td><td>200,000</td></tr><tr><td>SIPH</td><td>5,000,000</td><td>500,000</td><td>200,000</td></tr></table>	Coexecuting agencies	Works	Goods/Services	Consulting Services	ENOHSA	10,000,000	1,500,000	200,000	SIPH	5,000,000	500,000	200,000
Coexecuting agencies	Works	Goods/Services	Consulting Services											
ENOHSA	10,000,000	1,500,000	200,000											
SIPH	5,000,000	500,000	200,000											
<input checked="" type="checkbox"/>	Records and files	The program and the two coexecuting agencies will maintain physical and digital records and make them available to the Bank for supervision.												

#### Main procurements

Procurement description	Selection method	New procedures/tools	Estimated date	Estimated amount (US\$000)
<b>Goods</b>				
Provincial organizational systems (various processes)	NCB		06/2025	2,400
<b>Works</b>				
Este aqueduct	ICB		07/2024	82,000
Vipos aqueduct	Select method		06/2023	83,000
Albigasta aqueduct system and plants	ICB		04/2023	60,000

<b>Nonconsulting services</b>				
<b>Firms</b>				
Watershed management plans	QCBS		02/2025	2,000
Preinvestments	QCBS		06/2024	3,000
Inspection of Albigasta aqueduct system	QCBS		10/2024	1,200
Inspection of Este aqueducts	QCBS		07/2024	2,500
Inspection of Vipos aqueducts	QCBS		06/2023	2,500

#### IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	The coexecuting agencies are responsible for formulating and programming the annual budget, as well as all procedures to prepare the annual budget for approval. As needs arise to increase or reallocate line items, the coexecuting agencies request the changes and take steps for their approval. Budget appropriations are executed through quarterly commitment amounts and monthly obligation amounts, allocated by the National Budget Office (Ministry of the Economy). The source of local contributions will be identified, and its timely availability will be ensured.
<input checked="" type="checkbox"/>	Treasury and disbursement management	<p>Bank accounts: The coexecuting agencies will manage and control the bank accounts opened in dollars and local currency for the separate and exclusive management of the loan proceeds and their bank reconciliation.</p> <p>Financial plan. Disbursements will be made to each coexecuting agency following a detailed financial plan based on the program's actual liquidity needs.</p> <p>Disbursement methods. The Bank will disburse resources under the advance of funds modality or other modality established in policy document OP-273-12. Advances of funds will be based on financial plan generated for the next six months or other reasonable period, when the payments are duly completed and documented. Advances subsequent to the first will be contingent upon justification of 80% of the cumulative balance. If necessary, use of the flexibility provided by policy document OP-273-12 may be considered. The Online Disbursement platform will be used to manage Bank disbursements.</p> <p>Flow of program funds. Program funds to be executed will be deposited for each coexecuting agency in an account with the Central Bank of the Argentine Republic intended for receiving IDB disbursements, and then transferred to a special account for managing the loan proceeds at Banco de la Nación Argentina. The coexecuting agency ENOHSA will continue the usual practice for Bank operations, converting resources to pesos in the Treasury Single Account under a book-entry account assigned to the program, which will allow it to authorize payments and enable the issuance of income, payment, and balance reports.</p>

<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	The External Loan Execution Units (UEPEX) system, which can identify the program funds as well as the source of financing, will be used as the financial management system. The UEPEX system classifies program investments by cost table component in accordance with the chart of accounts approved by the Bank. Accounting records will be on a cash basis and will follow the International Financial Reporting Standards, when applicable, in accordance with established country criteria.
<input checked="" type="checkbox"/>	Internal audit and control	The Office of the Comptroller General (SIGEN) will be responsible for internal control. The internal audit unit of each coexecuting agency will perform the internal auditing.
<input checked="" type="checkbox"/>	External control and financial reports	External audit of the program may be done by an independent auditing firm eligible to audit Bank-financed operations, selected and contracted under the terms of reference and contract model previously agreed upon with the Bank. External audit may also be performed by the Office of the Auditor General (AGN) by prior agreement with the Bank, considering that the country external control subsystem has been validated, insofar as its workload allows.
<input checked="" type="checkbox"/>	Financial supervision of the operation	The financial supervision plan will be based on the risk and fiduciary capacity assessments of the coexecuting agencies and will include onsite supervision visits and desk reviews, as well as analysis and tracking of findings and recommendations of the audits of the program's annual financial reports.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

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

Argentina. Conditional Credit Line for Investment Projects (CCLIP) Program for Water Resource and Water Security Management in Argentina (AR-O0019)

The Board of Executive Directors

RESOLVES:

1. To authorize the President of the Bank, or such representative as he shall designate, to enter into such agreement or agreements as may be necessary with the Argentine Republic, to establish the Conditional Credit Line for Investment Projects (CCLIP) Program for Water Resource and Water Security Management in Argentina (AR-O0019) (the "Line") for an amount of up to US\$810,000,000, chargeable to the resources of the Ordinary Capital of the Bank.

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

(Adopted on \_\_\_ 2022)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

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

Argentina. Loan \_\_\_\_/OC-AR to the Argentine Republic. Program for Provincial Water Resource and Aqueduct Management in Argentina. First Individual Operation under the Conditional Credit Line for Investment Projects (CCLIP) Program for Water Resource and Water Security Management in Argentina (AR-O0019)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the Program for Provincial Water Resource and Aqueduct Management in Argentina, which constitutes the first individual operation under the Conditional Credit Line for Investment Projects (CCLIP) Program for Water Resource and Water Security Management in Argentina (AR-O0019), approved by Resolution DE-\_\_\_/22 on \_\_\_\_ 2022. Such financing will be for the amount of up to US\$210,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

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