

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

CONNECTIVITY AND SAFETY PROGRAM FOR ROAD CORRIDORS IN THE PROVINCE OF BUENOS AIRES

(AR-L1274)

LOAN PROPOSAL

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ELECTRONIC LINKS	
REQUIRED	
1.	Multiyear execution plan and annual work plan (AWP)
2.	Monitoring and evaluation plan
3.	Environmental and Social Management Report (ESMR)
4.	Procurement plan
OPTIONAL	
1.	Economic evaluation of the project
2.	Map of the road network of the Province of Buenos Aires
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10.	Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP)

ABBREVIATIONS

AUBASA	Autopistas de Buenos Aires S.A
CABA	Autonomous City of Buenos Aires
DINREP	National Department of Economic Relations with the Provinces
DVBA	Road Authority of the Province of Buenos Aires
EIRR	Economic Internal Rate of Return
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMR	Environmental and Social Management Report
GDP	Gross Domestic Product
INDEC	National Institute of Statistics and Censuses
LIBOR	London Interbank Offered Rate
NPV	Net Present Value
PBA	Province of Buenos Aires
PCU	Program Coordination Unit
RP	Provincial Route
WAL	Weighted Average Life

PROJECT SUMMARY

ARGENTINA CONNECTIVITY AND SAFETY PROGRAM FOR ROAD CORRIDORS IN THE PROVINCE OF BUENOS AIRES (AR-L1274)

Financial Terms and Conditions				
Borrower: Province of Buenos Aires (PBA)			Flexible Financing Facility ^(a)	
			Amortization period:	25 years
Executing agency: Road Authority of the Province of Buenos Aires (DVBA)			Disbursement period:	5 years
			Grace period:	5.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	200,000,000	71.4	Credit fee:	(c)
			Inspection and supervision fee:	(c)
Local:	80,000,000	28.6	Original weighted average life:	15.25 years
Total:	280,000,000	100.0	Approval currency:	United States dollars from the Ordinary Capital
Project at a Glance				
Project objective/description: The general objective of the program is to help make the PBA's economy more productive by improving road infrastructure. The specific objectives are to: (i) help improve the quality of traffic flow by expanding the capacity of sections of the PBA's main road network, and enhance road safety, which will decrease vehicle operation costs, travel times, and traffic accidents; and (ii) help improve road spending efficiency by strengthening road planning and asset management processes, improving road network operations, and strengthening preinvestment frameworks.				
Special contractual conditions precedent to the first loan disbursement: The DVBA will have formed the Program Coordination Unit, meeting the minimum conditions described in the program execution arrangements (paragraph 3.6). Furthermore, the borrower will have fulfilled the contractual condition precedent to the first disbursement set forth in paragraph 4.1 of Annex II of the Proposal for Operations Development.				
Special contractual conditions for execution: For each project in the program, the DVBA will submit the following to the Bank before beginning each section of the works: (i) evidence that it holds the occupancy permits or other measures that grant it possession of the real property necessary for the construction of each section, and the easements or other rights necessary for the construction and operation of the road; and (ii) evidence of having contracted a consulting firm for the technical inspection of the works (paragraph 3.7). See also the special contractual conditions in Annex B of the Environmental and Social Management Report (ESMR) (required electronic link 3).				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges: ^(d)	SI <input type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>	
Crosscutting themes: ^(e)	GD <input type="checkbox"/>	CC <input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>	

^(a) Under the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency and interest rate conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible reimbursement option of the Flexible Financing Facility, changes in the grace period are possible provided the original weighted average life (WAL) of the loan and the last date of payment, documented in the loan contract, are not exceeded.

^(c) The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 The Argentine Republic is made up of 23 provinces and the Autonomous City of Buenos Aires (CABA). The Province of Buenos Aires (PBA) together with the CABA is considered the country's principal economic region, not just because it is the largest contributor to gross domestic product (50% of total GDP),¹ but also due to its geography and demographics; it spans an area of 307,774 km² and has a population of 18.5 million (approximately 52.2% of the country's population). The PBA has a large share of the country's infrastructure, as well as its largest consumer market and production centers. Given the PBA's relative significance in the country's global economy, the deterioration of its infrastructure could negatively affect Argentina's competitiveness.
- 1.2 **The transportation sector's importance to the economy.** The weight of agriculture and industry² in the Argentine economy means that the transportation sector³ is highly important, as it facilitates access to international markets⁴ and contributes to the country's productivity⁵ and integration. Transportation infrastructure in the PBA, a multimodal transportation hub, is strategically important not just for the province, but for the entire country: 38% of Argentine exports are transported out of the PBA and CABA ports. In Argentina, 94% of domestic freight is transported on roads.⁶ However, the sector's performance has faced multiple challenges in recent years, leading to high levels of congestion in hubs and corridors that are critical for foreign trade, a 35% increase in logistics costs from 2003 to 2013,⁷ and high accident rates that exceed the norm for high-income countries.
- 1.3 **The PBA's road network.** The PBA has more than 120,000 km of roads, of which 4,675 km are national routes that cross the province, 35,423 km belong to the provincial network controlled by the Road Authority of the Province of Buenos Aires (DVBA), and approximately 80,000 km are under municipal jurisdiction. Only 30% (10,657 km) of the provincial network roads are paved. Of all of the paved roads in the PBA's primary road network (excluding the segments under concession), 23% are in good condition, 66% are in fair condition, and the remaining 11% are in poor

¹ Furthermore, 32% of Argentine exports originate in the PBA. National Institute of Statistics and Censuses (INDEC), 2016.

² According to data from the INDEC (national accounts), in 2016, these two sectors accounted for 54% of the value added of the goods-producing sectors (excluding services).

³ This is a particularly precarious situation for the mobility of bulk agricultural products, which make up a high proportion of the country's exports, since it is estimated that transportation accounts for 52% of the logistics costs involved in their supply chain. Source: [Logística de la soja: Argentina – Paraguay – Uruguay](#), World Bank, 2016.

⁴ Indeed, recent studies show that it is at least 68% more expensive to export soy to China (Shanghai) from Argentina than from the United States. Source: [Logística de la soja: Argentina – Paraguay – Uruguay](#), World Bank, 2016.

⁵ Castro, N. "Expansão Rodoviária e Desenvolvimento Agrícola dos Cerrados" (2002) studies, in a similar economic zone (the central-western region of Brazil), the impact of the transportation costs on agricultural production between 1970 and 1996, finding that production is strongly and markedly sensitive thereto, as reflected in a negative elasticity of between -0.4 and -0.9 (meaning that a 1% increase in transportation costs reduces the production and trade of soy between 0.4% and 0.9%).

⁶ Freight Transport and Logistics Regional Observatory, IDB.

⁷ Representing 27% of Argentina's GDP. Chamber of Logistics Operators (CEDOL).

condition.⁸ An estimated 27% of two-lane paved roads have traffic congestion issues (annual average daily traffic (AADT) of more than 5,000 vehicles).⁹ Approximately 31% of the vehicles that circulate in the PBA are trucks, and an estimated 20% thereof exceed weight limits.¹⁰ The layout and condition of the provincial road network today is not only due to the lack of investment in recent years.¹¹ Rather, it also results from the systematic and cumulative toll taken over the years by partial and isolated works, interventions limited almost exclusively to improving or restoring the wearing course, and road duplication works meant to address capacity issues due to increased traffic, without thoroughly taking into account functional and road network planning or safety questions.¹²

- 1.4 The PBA's road network is separated into two large jurisdictions: the metropolitan area, which includes the roads that cross the municipalities of Greater Buenos Aires, and the province's interior routes, made up of the provincial intercity network that is part of the national road network. These complex territorial divisions hamper institutional coordination and cooperation among the various levels of government (federal, provincial, and municipal). Furthermore, the lack of up-to-date, standardized, complete, and reliable information about the sector makes it harder to consolidate a comprehensive development model, and therefore, to comprehensively plan strategic road infrastructure interventions.
- 1.5 **Capacity and road safety problems.** The PBA road network has been significantly overburdened by the increase in vehicular traffic¹³ and transported freight,¹⁴ especially on the segments that form the access ways to large city centers and the main ports. This has led to a limited capacity for high levels of transit and affects road safety, logistical costs, and foreign trade competitiveness. Due to their age, large sections of the network are not geometrically adapted to today's speeds (particularly with regard to lane width and on the curves) and lack paved shoulders.¹⁵ This seriously interferes with circulation quality, resulting in high vehicle operating costs, long travel times, and worsening road safety conditions. Nationwide, 65% of all traffic circulates on corridors under concession, which account for only 30% of the paved national network.¹⁶ This concentration of traffic makes it easier to identify the sections whose capacity needs to be expanded. With a rate of 13.75 deaths per

⁸ Good: condition index greater than 7; fair: condition index between 4 and 7; poor: condition index less than 4. DVBA, 2016-2017.

⁹ Source: DVBA, 2016.

¹⁰ [Economic Memorandum for the Province of Buenos Aires: Key Public Policy Issues](#), World Bank, 2010.

¹¹ The overall scarcity in infrastructure is the result of many years of underinvestment, as pointed out by *Castro, Lotito, and Szenkman* (2015). In the decade of the 2000s, an average of 2.7% of Argentina's GDP was invested, less than half the investment of the 1990s (5.6% of GDP). Between 2003 and 2013, private-sector investment in infrastructure was a mere 0.7% of GDP, while 5.0% of GDP had been invested in the 1990s. This is quite significant given the public sector's difficulty in financing investment in infrastructure. Source: IDB Group Country Strategy 2016-2019.

¹² DVBA Strategic Planning, 2017 ([optional electronic link 8](#)).

¹³ The PBA and CABA automotive fleet has 7,000,000 vehicles, 50% of the country's total, and grew at an average rate of 7.4% from 2006 to 2015. Source: [Automobile Manufacturers' Association \(ADEFA\)](#), 2017.

¹⁴ The volume of agricultural production has doubled since 2000. Source: Prepared by the authors based on INDEC data.

¹⁵ [Technical note on transport – Argentina](#), IDB, 2012.

¹⁶ [Technical note on transport – Argentina](#), IDB, 2012.

every 100,000 inhabitants, the country's road safety performance is worse than the norm in high-income countries, which have an average of 8.7 deaths per every 100,000 inhabitants. The accident rate in the PBA is 14.15 deaths per 100,000 inhabitants.¹⁷ Thirty-five percent of the traffic accidents on two-lane roads in the PBA are head-on collisions.¹⁸ However, on highways, only 18% of accidents are head-on collisions.

- 1.6 The PBA's Ministry of Infrastructure and Public Services, through the DVBA, is in charge of drafting, proposing, and executing policies and programming for transportation infrastructure works for the province's economic development and integration. These areas of responsibility are restricted to the provincial network, on the grounds that the national and municipal road authorities are in charge of managing their respective networks (paragraph 1.3). The DVBA has granted the concession to manage part of the provincial road network to the concessionaire Autopistas de Buenos Aires S.A. (AUBASA),¹⁹ in which the PBA holds a 93% share of the capital stock.²⁰ The portion of the network granted under concession to AUBASA covers 1,076.9 km.²¹
- 1.7 **Lack of planning and programmed interventions.** In the past decade, PBA's expenditure on roads has been limited to repairing and maintaining the existing infrastructure. Consequently, in recent years the province has seen increased congestion in the most heavily trafficked areas, as well as a rise in logistics costs for the principal types of freight. Although sections have been added to the PBA's primary road network, providing paving between cities, the process was implemented without long-term comprehensive strategic planning. The resulting framework for addressing current mobility needs and the lack of road safety is far from efficient, despite the unquestionable importance of these two issues in the policies of the involved government administrations.
- 1.8 Having planning and asset management processes in place, as well as an institutional framework, governance, processes, and systems that follow good practices, drives improved public spending efficiency in the sector, and in turn, to the provision of more and better transportation and infrastructure services with the available fiscal resources.²² But in Argentina, there is significant room for improvement in the institutional framework and governance of roadways, especially considering what could be expected given the country's relative level of development. In particular, the lack of systematic planning processes for the

¹⁷ In 2016, 2,211 people died in traffic accidents in the PBA. DVBA.

¹⁸ Other types of accidents: 35% rollovers, 10% angular, 7% rear-end, 4% side, 2% multiple vehicles, 7% other causes. 2012-2016 period. DVBA, 2017.

¹⁹ Established by means of Decree 409 of 27 June 2013 by the executive branch of the PBA. The company builds, maintains, and operates roads and highways as a concessionaire, by charging fees and tolls in the PBA.

²⁰ The remaining 7% belong to the employees in the Staff Stock Ownership Program.

²¹ The concession roads include: La Plata - Buenos Aires Expressway (64.4 km); Provincial Routes 6 (178.4 km), 2 (359 km), 11 (355.6 km), 56 (62.2 km), 63 (29.5 km), and 74 (27.8 km). Source: DVBA, 2017.

²² In its recent work [Rethinking Infrastructure in Latin America and the Caribbean: Spending Better to Achieve More](#), the World Bank puts the policy spotlight on infrastructure and transportation services provided with limited fiscal resources under fiscal discipline. In this sense, based on a review of studies of public spending throughout the region, it highlights asset management and planning as some of the main aspects of public policy that can help improve spending efficiency in the sector.

country's infrastructure and transportation services and the limited scope of road asset management systems stand out among the factors at the root of the transportation sector's poor efficiency.²³ Moreover, as in many countries in the region, the preinvestment process has certain shortcomings,²⁴ which lead to a lack of continuity and curb the investment process, adversely affecting competition in the sector and thereby making public spending more inefficient ([optional electronic link 7](#)).

- 1.9 **AUBASA operation for well-traveled infrastructure.** Argentina's high-traffic infrastructure is primarily national in jurisdiction, but subnational infrastructure also exists in the PBA and the CABA. The services provided by this infrastructure are highly dependent on maintenance efficiency, as well as on how they are operated. The PBA, emulating the national government and other countries in the region, seeks to develop a public institution under private law that will allow it to administer the resources coming from user payments to efficiently operate and maintain a set of infrastructure assets. The Government of the PBA is currently identifying the best form of governance so that AUBASA can effectively play a role in stabilizing conservation expenditure and efficiently maintain and operate the network of highways and expressways under its jurisdiction. Some aspects of AUBASA's operation, such as toll collection, are quite inefficient and could be greatly improved, especially through the adoption of processes and technology.²⁵
- 1.10 **The province's strategy.** To turn around its history of making investments without an adequate strategic vision (paragraph 1.7), the PBA intends to consolidate road infrastructure as a pillar of economic growth,²⁶ by creating an interconnected long-distance system, organizing the network using functional classifications, and from there, undertaking a portfolio of strategic works to align the roads' technical characteristics, considering their usefulness in connecting the territory. With its medium-term vision, the PBA seeks to improve the efficiency with which public resources are applied, to thereby provide more and better infrastructure services. Along these lines, at the institutional level, it seeks to strengthen AUBASA to maintain and operate roads in the network with high traffic levels. In terms of road policy, it endeavors to ensure, through the planning process, the proper channeling of investments. And for operations, the aim is to improve preinvestment to provide a reasonable sequence for applying public resources and manage road assets, to ensure a reasonable mix of investment and maintenance, improve the scale of the interventions, improve road safety conditions and indicators, etc. The Government

²³ The recently published [Institucionalidad y eficiencia del transporte vial en América Latina y el Caribe](#), IDB (2016), identifies the institutional and governance variables that very probably influence the efficiency of the transportation sector in Latin America and the Caribbean (measured for each country based on its distance to a production frontier). Planning and the various aspects that make up an asset management system are among the variables shown to have an influence on the road sector's relative efficiency in the countries of Latin America and the Caribbean compared with the region as a whole.

²⁴ Source: [Preinvestment in Infrastructure in Latin America and the Caribbean](#), IDB (2015).

²⁵ Toll collection costs on the AUBASA network exceed 50% of revenues, which is far higher than the international benchmark. The study [An Evolution of Tolling](#) (KPMG International, 2015), a survey of more than 500 toll stations in Europe, Asia, North America, and Latin America and the Caribbean, set the average cost per cash toll collection transaction at US\$0.85. However, the average cost using on board units was US\$0.29 per transaction.

²⁶ [Territorial Strategic Plan for the Province of Buenos Aires](#), 2016.

of the PBA launched its Road Safety Master Plan 2016-2017, with which it seeks to plan, develop, and coordinate strategic policies for developing safe transit, and consolidate a comprehensive road safety vision at the PBA that takes into account five pillars of action (control, regulations, licenses, dissemination/prevention, and education/promotion).²⁷ With respect to the works investment plan for the 2016-2019 period, the PBA expects to invest around US\$1.5 billion, of which 12.4% will be for new works, 12.5% for conversion to highways, and the rest for restoration and repaving works ([optional electronic link 8](#)).

- 1.11 **Provincial Route 41.** Provincial Route (RP) 41, 327 km long, is the fourth ring road bypassing the Buenos Aires metropolitan area; it connects the northern area of the province to the southeast without entering the large city. It also links important urban centers of the PBA,²⁸ which entails very high traffic for its size. Since RP 41 is intersected by several arterial routes, it contains several interchanges, increasing traffic in certain sections, like the segment between National Routes 7 and 8. The 27 km project to improve this stretch is the representative sample for this program. In addition to its safety issues,²⁹ this stretch has the highest AADT in the entire RP 41 corridor (5,310 vehicles),³⁰ of which 44% consists of heavy vehicle traffic. It is currently an undivided bidirectional paved road, 6.70 m wide with 2.50 m shoulders that need to be rehabilitated. The proposed interventions include works to turn this stretch into a standard expressway with two lanes in each direction,³¹ total control of accesses, distributors and collectors on both sides of the expressway and four overpasses, for intersections with railways and turnarounds ([optional electronic link 5](#)). The proposed intervention will serve to align this segment with the works currently being carried out by the National Road Authority on National Routes 7 and 8, which are both being improved to expressway standards, so that the national and provincial road network will operate under the same traffic standards. The project is also phase one of improving RP 41, given that the province is evaluating improving the standards of other segments of this important road.

²⁷ Road Safety Master Plan, PBA Ministry of the Interior, 2016.

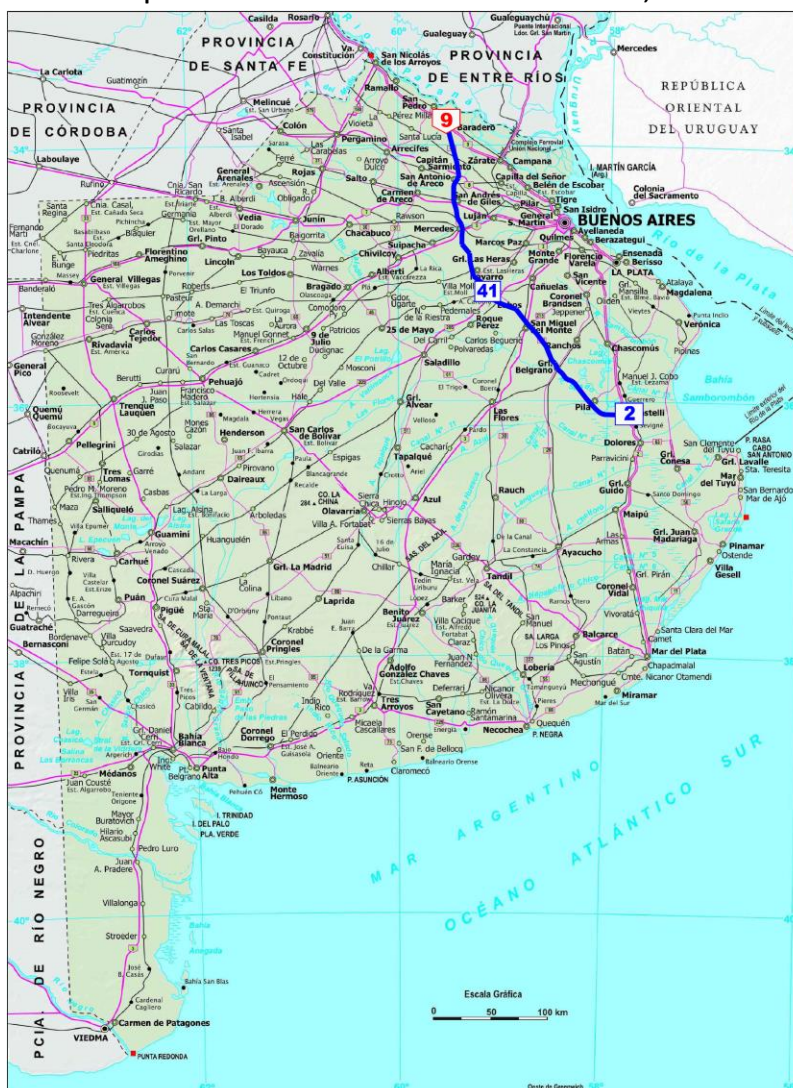
²⁸ Urban centers such as Castelli, Pila, Gral. Belgrano, San Miguel del Monte, Lobos, Navarro, Mercedes, San Andrés de Giles, San Antonio de Areco, Santa Coloma, and Baradero.

²⁹ From 2010 to 2015, a total of 79 traffic accidents took place on RP 41, causing 45 deaths, 51 serious injuries, and 170 minor injuries. Source: DVBA.

³⁰ DVBA, 2016.

³¹ Rehabilitation works are also planned for the cross section of the existing road (milling, crack sealing, restoration of clearance, etc.) and improvement works (widening of the roadway to a constant 7.3 m, slope adjustments, shoulder paving, etc.).

Map 1. Road network of the Province of Buenos Aires, 2017



Source: DVBA, 2017.

- 1.12 **Climate change.** The Argentine economy is highly vulnerable to changes in temperature and precipitation due to its production profile (paragraph 1.2) and dependence on the production of electricity from hydropower (40%). In the past 30 to 40 years, changing climate trends have been observed in most of Argentina, probably as a result of global warming. These changes include increased average annual precipitation in most of the country, including the PBA.³² Argentina is ranked fifth among 84 developing countries in terms of the amount of agricultural land that could be submerged by a one-meter rise in the sea level.³³ The effects of climate change, added to the country's limited capacity to manage natural disasters, have

³² [Argentina: Mitigación y Adaptación al Cambio Climático](#), IDB, 2012.

³³ Study of the [Economics of Climate Change in Argentina](#), Economic Commission for Latin America and the Caribbean (ECLAC), 2012.

led to considerable losses in the productive sector due to the destruction of infrastructure,³⁴ where intense rains have created watercourses that cut off roads, isolating municipios and making product transportation and trade impossible. In the 1970-2015 period, the country was affected by 97 large-scale disasters: 93% were of hydrometeorological origin (floods and landslides due to heavy rains), affecting 14 million people and causing US\$10 billion in economic losses. The remaining 7% were of geological origin (earthquakes and volcanic activity), affecting 110,000 people and causing US\$180 million in economic losses.³⁵

- 1.13 **Program justification and proposed interventions.** To improve safety and the traffic in an area with high productive and economic potential, strengthen internal communication and territorial integration, and facilitate the movement of freight and persons, the program envisions interventions that will help improve services and road safety on stretches of the PBA's provincial road network. It also aims to modernize the institutions responsible for planning, executing, and operating road projects, for more robust management of an increasingly complex sector, with actions geared toward strengthening public actors' technical capacities for defining policies throughout the investment project cycle, by implementing a road management strategy that will make it possible to establish guidelines for promoting the short-, medium-, and long-term management of infrastructure and transportation service development. The objective is to meet the needs of productive activity and the general population, to develop tools to improve the efficiency and effectiveness of the management and operation of the paved road network, so as to ensure sustainability of investments and the road assts, which will make it possible to contribute to social development and economic competitiveness.
- 1.14 **Description of the program's area of influence.** The projects will be undertaken in the PBA, which is located in the country's central-eastern region. Around 97.2% of the PBA population lives in urban areas.³⁶ In recent years, the predominantly agricultural³⁷ and industrial³⁸ economy of the PBA has shifted towards a strong service sector, which in 2013 accounted for half of the regional gross domestic product.³⁹
- 1.15 **The Bank's work in the sector.** The Bank has played an important role in Argentina's road sector, having approved loan operations worth over US\$2.55 billion over the past 10 years.⁴⁰ These operations mostly targeted provincial networks in northern Argentina, including road paving, rehabilitation, and maintenance works.

³⁴ The 2013 floods in the PBA caused losses of around US\$1.3 billion.

³⁵ Source: IDB Group Country Strategy (2016-2019).

³⁶ The rest of the population, considered rural, lives in towns of fewer than 2,000 inhabitants. Source: Spatial distribution of the Province of Buenos Aires. Ministry of Economy, 2014.

³⁷ In agriculture, wheat (46% of the national total), sunflower (50%), and soy (36%) plantations are notable, while in livestock production, beef cattle are most prevalent, with 6.6 million cattle slaughtered (52% of the national total). Source: National Department of Economic Relations with the Provinces (DINREP), 2014.

³⁸ The industrial fabric of the PBA is quite diverse. Of particular importance are the food industry, chemical production, the machine tool industry, automobile production, and oil refining. Source: DINREP, 2014.

³⁹ Source: Provincial file, Secretariat of Economic Policy and Development Planning, 2015.

⁴⁰ For the following operations: 1851/OC-AR, 1914/OC-AR, 2185/OC-AR, 2491/OC-AR, 2655/OC-AR, 2655/OC-AR, 2698/OC-AR, 3050/OC-AR, and 3836/OC-AR.

- 1.16 **Lessons learned.** Although this will be the first operation to directly address the transportation sector with the PBA, the lessons learned during the execution of prior programs involving the transportation sector in Argentina, as well as other sectors in the PBA,⁴¹ were taken into account. These lessons include: (i) the executing agency, to improve the final quality of the works, should strengthen its supervision and monitoring of the execution thereof by assigning qualified technical teams and hiring independent external support to that end (paragraph 3.5); and (ii) to streamline processes and prevent delays in execution, the program should seek to implement simple execution structures and mechanisms that take advantage of the executing agency's institutional arrangements (for example, self-sufficient legal entities), thus limiting the direct dependence on several institutions (paragraph 3.1).
- 1.17 **The Bank's country strategy.** The program is aligned with the IDB Group Country Strategy with Argentina 2016-2019 (document GN-2870-1), and in particular, with the strategic objective of improving infrastructure for investment and inclusion. Of the policy recommendations for the transportation sector identified by the IDB Group in the Argentina Country Development Challenges (2016), the program addresses: (i) improving traffic conditions for persons and freight by expanding, improving, and maintaining the country's road infrastructure; and (ii) strengthening the technical capacities of sector institutions for addressing current and future challenges in the sector.
- 1.18 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008), insofar as it responds to the development challenge of improving productivity by providing adequate infrastructure and connectivity through regional road corridors. The program is also aligned with the crosscutting area of institutional capacity and the rule of law, as the interventions will help improve the quality and capacities of the entities that manage the PBA's road network. It is also aligned with the crosscutting issue of climate change and environmental sustainability, in that it incorporates climate change adaptation concepts into its works component, taking into account, in the structural design of pavement, bridges, drains, and sewers, criteria to reduce the potential impacts of extreme climate events on infrastructure. Approximately 2.53% of the operation's resources will be invested in climate change adaptation activities, according to the [Multilateral Development Banks' joint methodology for estimating climate finance](#). These resources contribute to the IDB Group's target of increasing financing of climate-change-related projects to 30% of total approvals by the end of 2020.⁴² It will also contribute to the Corporate Results Framework 2016-2019 (document GN-2727-6) by means of: (i) roads built or upgraded; and (ii) government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery.
- 1.19 The program is consistent with the IDB Infrastructure Strategy: Sustainable Infrastructure for Competitiveness and Inclusive Growth (document GN-2710-5), and specifically with the strategic principles of: (i) financing and technical assistance for infrastructure that supports economic growth, provides access, and fosters regional and global integration; and (ii) planning, building, and maintaining the road

⁴¹ Loan 3256/OC-AR.

⁴² Resolution AG-6/16.

infrastructure for the delivery of quality services that promote the country's sustainable and inclusive growth. It is also aligned with the Transportation Sector Framework Document (document GN-2740-7), helping to: (i) rehabilitate and improve road network conditions to ensure the full use of existing assets, improving the infrastructure's safety and coverage, and providing quality transportation services; and (ii) provide institutional and regulatory strengthening, fostering efficient expenditure and improved public planning policies. This program is thus aligned with the strategic areas of: (i) road safety; the accident rate is expected to decrease with the provision of better quality infrastructure, increased road capacity, fewer critical points,⁴³ and pavement markings and road signs; and (ii) Intelligent Transportation Systems, as it supports the implementation of new technologies to improve efficiency and generate value added from toll collections in the PBA.

B. Objectives, components, and cost

- 1.20 **Objective.** The general objective of the program is to help make the PBA's economy more productive by improving road infrastructure. The specific objectives are to: (i) help improve the quality of traffic flow by expanding the capacity of sections of PBA's main road network, and enhance road safety, which will decrease vehicle operation costs, travel times, and traffic accidents; and (ii) help improve road spending efficiency by strengthening road planning and asset management processes, improving road network operations, and reinforcing preinvestment frameworks.
- 1.21 **Component 1. Works (US\$267.7 million).** This component will finance: (i) construction of new works to increase capacity and improve road safety on stretches of roads, including interventions like: road duplication, construction of paved shoulders, distributors, and multi-level interchanges for access to localities; (ii) technical and environmental inspection of works; and (iii) expropriations.⁴⁴
- 1.22 **Component 2. Institutional strengthening (US\$11.2 million).** This component will finance: (i) preparation of a road investment plan for the PBA; (ii) design and implementation of a system to manage road assets;⁴⁵ (iii) preinvestment studies, with engineering designs for projects that will be part of future investment programs; (iv) a plan to improve AUBASA's corporate governance; (v) a plan to incorporate Intelligent Transportation Systems for AUBASA's toll collection; (vi) road safety audits in the PBA's principal corridors; and (vii) actions to build the DVBA's capacity to design and implement road safety measures.
- 1.23 **Other costs (US\$1.1 million).** In addition to the aforementioned components, financing is proposed for: (i) program administration; and (ii) external financial audits.

⁴³ Such as grade crossings with railroad tracks and grade crossings with accesses to towns, etc.

⁴⁴ Expropriations will be completely financed by the local counterpart. Since the width of the existing state-owned strip is 100 m, the duplication works are expected to fit entirely within it. Expropriations are only foreseen for certain specific zones, such as at interchanges and distributors where the state-owned area is not large enough.

⁴⁵ Financing diagnostic assessments, road inventories, systematic vehicle counts, demand models, etc., and the expected purchase of modeling software, as prioritized in the diagnostic assessment.

Table 1. Table of costs and components (in US\$)

Category	Component	IDB Total	Counterpart	Total
1	Component 1. Works	187,700,000	80,000,000	267,700,000
1.1	Improvement of RP 41	72,000,000	30,000,000	102,000,000
1.2	Other improvement works	110,000,000	50,000,000	160,000,000
1.3	Inspection of works	5,700,000	0	5,700,000
2	Component 2. Institutional strengthening	11,200,000	0	11,200,000
2.1	Strengthening of the DVBA	4,000,000	0	4,000,000
2.2	Preinvestment studies	6,200,000	0	6,200,000
2.3	Strengthening of AUBASA	500,000	0	500,000
2.4	Road safety	500,000	0	500,000
	Other costs	1,100,000	0	1,100,000
	Program administration	1,000,000	0	1,000,000
	Financial audits	100,000	0	100,000
TOTAL		200,000,000	80,000,000	280,000,000

- 1.24 **Beneficiaries.** The principal program beneficiaries will be the road network users, especially agricultural and livestock producers, including small and medium-sized business owners, and inhabitants of the area of influence of the segments to be improved. In the direct area of influence⁴⁶ a population of at least 18.5 million people will potentially benefit from the program. The RP 41 project is to be executed between the San Andrés de Giles and San Antonio de Areco districts, which have a combined population of around 50,000 (2010). This segment sees a seasonal increase in traffic⁴⁷ in the summer months, with spikes on weekends and at the end of every two weeks, due to the round-trip traffic coming out of the large cities, including travelers heading from Rosario (in the province of Santa Fe) to the tourist destinations on the northern Atlantic coast of the PBA (La Costa district, Pinamar, Villa Gesell, Mar del Plata, etc.). Therefore, in the specific case of the representative sample work, potential indirect beneficiaries extend beyond the inhabitants of the PBA.

C. Key results indicators

- 1.25 The outcome related to the improved traffic on road segments in the PBA (Component 1) will be verified using the following indicators: (i) cost of vehicle operation (constant US\$/vehicle-km); (ii) average travel time (minutes/trip); and (iii) average annual fatalities due to frontal collision traffic accidents⁴⁸ on the targeted segments. In addition, the expected outcome for the increases road spending

⁴⁶ Corresponding to the PBA and CABA.

⁴⁷ In 2016, the AADT on the stretch was 5,310 vehicles, in the following proportions: light vehicles: 56%, buses: 6%, heavy vehicles: 38%. Source: DVBA.

⁴⁸ It is assumed that deaths from head-on collisions are eliminated as a result of the road duplications at highway standards.

efficiency⁴⁹ (Component 2) will be verified using the following indicators: (i) number of government agencies that benefit from projects that strengthen technological and management instruments; (ii) percentage of investment spending on new roadways⁵⁰ in the provincial road network included in the provincial road network plan;⁵¹ (iii) percentage of engineering plans completed the year before the bidding process in relation to the budget for investment in road duplication works;⁵² (iv) percentage of toll collections allocated to investment;⁵³ and (v) number of critical points identified in the road safety audits to which solution measures are applied⁵⁴ ([required electronic link 2](#)).

- 1.26 **Technical and economic viability.** For the program's representative sample project (paragraph 1.11), the engineering of the technical design options was analyzed ([optional electronic link 5](#)), and the most effective and efficient option was chosen. The "with project" option selected consists in duplicating the existing road, with the following expressway design parameters: design speed of 120 km/hour; double lanes 7.30 m wide, one for each traffic direction; paved shoulders; grade-separated intersections and turnarounds; access control; hydraulic works, including large permanent structures (for example, over the Areco River, a total of 175 linear meters in length on each side); rural and urban collector roads; road safety considerations; and accesses to towns. An economic evaluation of the project was also performed, considering both the "without project" and "with project" options in the 20-year life cycle time frame. The 27 km segment was evaluated, quantifying the economic benefits resulting from savings in overall transportation costs (vehicle operation and travel time costs); benefits from savings on road maintenance; benefits from the reduced accident rate and the decrease in costs that result from having routes shut down because of the climactic effects of rains,⁵⁵ for which the Highway Development and Management 4 model was used.
- 1.27 **Results of the cost-benefit analysis of the project.** The economic evaluation of the project ([optional electronic link 1](#)) yielded a consolidated economic internal rate of return (EIRR) for the RP 41 project of 12.03% and a net present value (NPV) of US\$110,000, resulting from a 12% discount rate. The consolidated rate includes the sum of the net cash flow from all of the segments and takes into account the aforementioned benefits, as well as those that result from eliminating road closures

⁴⁹ The measurement of the impact of institutional, regulatory, and process changes to build capacity is hard to analyze. Nonetheless, results indicators were prepared with the understanding that the outputs arising from an improved institutional framework will be of better quality ([optional electronic link 7](#)).

⁵⁰ Paving or duplication works.

⁵¹ Considering an efficiency gain due to the selection of projects with a higher social return.

⁵² This relates to the importance of having a proper preinvestment process, so projects have been properly studied when their construction begins.

⁵³ Considering the network granted under a concession to AUBASA. This is included as an indirect efficiency indicator due to the increase in resources for investment and maintenance, based on the reduction in collection costs.

⁵⁴ The road safety interventions are cost-effective to the extent that they address the points with the highest probability of serious accidents.

⁵⁵ Exogenous benefit due to the reduction of the flood area resulting from the construction of the bridge over the Areco River and other works in line with the hydraulic plan developed by the PBA in the project's area of influence.

casued by water.⁵⁶ A sensitivity analysis of the return indicators was performed for five different scenarios of varying costs and benefits. This analysis demonstrated that, even in the worst-case scenario, the EIRR remained around 10%.

Table 2. Cost-benefit analysis

Projects	Length (km)	Cost (US\$ million)	eNPV (US\$ million)	EIRR (%)			
				Base %	Sensitivity analysis		
					Cost +20%	Benef. -20%	Cost +10% Benef. -10%
Improvement of Provincial Route 41	27	102.00	0.11	12.03	9.81	9.73	9.77

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The Bank will provide financing through an investment loan under the Flexible Financing Facility (document FN-655-1) and the multiple works program modality, with a five-year disbursement period. To ensure that the works that are not part of the representative sample are defined and started early enough so that they can be completed during the program's disbursement period, they must be physically started within two years following the loan contract effective date. The total program cost is US\$280 million, of which the Bank will finance US\$200 million (71.4%) from its Ordinary Capital resources. The remaining US\$80 million (28.6%) will be financed by the local counterpart.

Table 3. Program execution (US\$ million)

Financing	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	26.99	71.58	58.39	42.74	0.30	200.00
Local counterpart	9.96	26.44	24.80	18.80	0.00	80.00
Total	36.95	98.02	83.19	61.54	0.30	280.00
% of total	13.2%	35.0%	29.7%	22.0%	0.1%	100%

- 2.2 **Representative sample and project eligibility criteria.** To evaluate the program, a representative sample, namely, the RP 41 improvement project, was analyzed. This project accounts for 36% of the total program investment, and includes technical engineering designs and environmental, social, and economic viability evaluations. The following indicators have been established to be met by the other projects included in the operation:⁵⁷ (i) works on the main PBA network, to increase capacity on segments no shorter than 20 km or for road safety; (ii) EIRR greater than 12%; and (iii) fulfilment of the socioenvironmental requirements set forth in the

⁵⁶ Based on an annual value of US\$1 million.

⁵⁷ The representative sample project also complies with these established criteria.

Environmental and Social Management Framework (ESMF) ([optional electronic link 9](#)), thus excluding category “A” projects.

B. Environmental and social risks

- 2.3 In accordance with the Bank’s safeguards policy, this program has been classified as a category “B” operation in terms of environmental and social risks, and as moderate, in terms of disaster risks. The applicable policies include the Environment and Safeguards Compliance Policy (Operational Policy OP-703: B.01, B.02, B.03, B.04, B.05, B.06, B.07, B.09, B.10, B.11, and B.17); Disaster Risk Management Policy (Operational Policy OP-704); Involuntary Resettlement Policy (Operational Policy OP-710); Gender Equality in Development Policy (Operational Policy OP-761); and Indigenous Peoples Policy (Operational Policy OP-765). The adverse environmental and social impacts will be local and of limited duration, and mitigation measures exist. The investments are expected to have positive environmental and social effects on the environment and on the quality of life and well-being of the beneficiaries.
- 2.4 The projects to be executed under the program present certain environmental and social risks and impacts, primarily associated with the construction phase: (i) noise and vibrations resulting from earthmoving and traffic on all fronts of the works; (ii) the trucks’ possible interference with vehicular traffic on local roads; (iii) soil compaction due to the passage of heavy machinery; (iv) soil erosion due to poor management of storm water runoff during the works; (v) potential pollution due to the generation of solid waste, whether similar to urban waste or hazardous (excavation materials, pavement waste products, debris, paper, wood, scrap metal, grease and oil spills, greasy rags, etc.); (vi) potential pollution of soil due to construction waste (cement, sand, bags, etc.); and (vii) potential disturbance of the fauna and changes in the habitat due to disturbing noises and vibrations. In the sample project, most duplication works will fit within the existing state-owned strip of land; expropriations are only expected in certain areas like interchanges or distributors. A Compensation Plan was thus prepared as part of the Environmental and Social Management Plan (ESMP) ([optional electronic link 10](#)), pursuant to Operational Policy OP-710.
- 2.5 Since the program is classified as a multiple works program, an ESMF ([optional electronic link 9](#)) has been prepared, including a Resettlement Framework. The representative sample project’s Environmental and Social Impact Assessment (ESIA) ([optional electronic link 10](#)) - RP 41 includes measures to prevent, reduce, mitigate, and/or provide compensation for the project’s potential environmental and social risks and impacts. Although there were no Operational Policy OP-765-related impacts identified in the sample project, the ESMF also preventively includes an Indigenous Peoples Framework and mitigation measures for the risk of floods. The Bank and the executing agency have made the program’s ESMF (including the Resettlement and Indigenous Peoples Frameworks) and the sample project’s ESIA and ESMP available to the public. As set forth in the program’s ESMF, the Bank will continue to verify compliance with the Bank’s safeguards policies during program execution. For more information, see the ESMR ([required electronic link 3](#)).
- 2.6 In accordance with Directive B6 of Operational Policies OP-703 and OP-710, a consultation was held about the sample project. At this consultation, the ESIA and

ESMP ([optional electronic link 10](#)) (including the Compensation Plan for the expropriations) were presented, as was the program's ESMF ([optional electronic link 9](#)).

C. Fiduciary risks

- 2.7 According to the institutional capacity assessment performed ([optional electronic link 4](#)), the executing agency's level of both development and risk is medium. Likewise, based on the risk analysis performed, the program has a medium level of risk with regard to the execution of fiduciary processes, which could lead to a delay in program procurement given the executing agency's limited experience in carrying out processes under Bank procedures and policies.⁵⁸ Therefore, specific actions will be implemented to strengthen the control environment and ensure efficient and effective resource management (Annex III). Support consultants (paragraph 3.2) experienced with the Bank's policies and procedures are expected to be hired, to supplement the DVBA's existing structure.

D. Other project risks

- 2.8 The risk analysis identified an additional medium risk: limited DVBA monitoring and supervision of the works. It also identified the following mitigation measures: (i) improving the supervision framework to incorporate an external consultant for the technical inspection of the works (paragraph 3.5); and (ii) bolstering the Program Coordination Unit (PCU) with professionals exclusively dedicated to the program; including the hiring of an engineer responsible for monitoring the engineering works (paragraph 3.2).

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the PBA, and the guarantor will be the Argentine Republic. The guarantee will only cover the borrower's financial obligations,⁵⁹ and does not imply a guarantee of the local counterpart's contribution or the execution obligations. The PBA will execute the program through the DVBA, which will carry out the activities through its technical, administrative, and operational departments, in line with its organizational structure and the roles that current regulations assign to each department.
- 3.2 A PCU will be responsible for coordinating the program in the DVBA. It will be established as part of the DVBA's organizational structure and will be strengthened through the hiring and/or appointment of specialists to manage the activities, pursuant to the respective loan contract and applicable Bank policies (financial management, procurement, environmental and social safeguards, etc.). The PCU will include, at a minimum, a coordinator and engineering specialist, who will both work full-time for the program, a specialist responsible for studies, a socioenvironmental management specialist, and a fiduciary management specialist.

⁵⁸ However, the executing agency is considered to have experience with these types of works, and program procurement in all the processes carried out by it would only entail a small additional fiduciary burden.

⁵⁹ Payment of principal, interest, and other financial charges on the loan.

- 3.3 The DVBA, through the PCU, will be responsible for tasks including: (i) providing support for procurement of works, goods, and services; (ii) processing loan disbursements with the Bank; (iii) organizing the external audit; (iv) submitting the program work plans to the Bank, including the financial, procurement, and annual work plans; (v) submitting program reports (including audit, progress, and evaluation reports) and other program documents to the Bank; (vi) providing support for the supervision of works and service contracts; and (vii) liaising with the Bank.
- 3.4 The DVBA will coordinate with AUBASA on implementation of the institutional strengthening activities to benefit AUBASA, as well as the program works on roads for which AUBASA holds the concession.
- 3.5 **Inspection and supervision of the works.** DVBA staff will supervise the works, in line with the structure normally used for such purposes.⁶⁰ However, this supervision will be supplemented by an external consultant hired to inspect each project and thus complement the direct DVBA oversight.
- 3.6 **Special contractual conditions precedent to the first loan disbursement. The DVBA will have formed the PCU, meeting the minimum conditions described in the program execution arrangements** (paragraph 3.2). This condition is considered essential in order to ensure the Bank that the DVBA will be ready with an appropriate team to begin executing the operation.
- 3.7 **Special contractual conditions for execution.** For each project in the program, the DVBA will submit the following to the Bank before beginning each section of the works: (i) evidence that it holds the occupancy permits or other measures that grant it possession of the real property necessary for the construction of each section, and the easements or other rights necessary for the construction and operation of the road; (ii) evidence of having contracted a consulting firm for the technical inspection of the works. These conditions are considered fundamental for ensuring that DVBA has the right to enter the areas and begin working on the various sections of the works, and for providing adequate external inspection thereof.
- 3.8 **Procurement of works, goods, and services.** Procurement will be undertaken in accordance with the Policies for the Procurement of Works and Goods Financed by the IDB (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9), both from March 2011, and with the specifications set forth in the loan contract and the procurement plan ([required electronic link 4](#)), which establish the procurement processes for the project and how they will be reviewed and monitored. All procurement processes will be subject to ex ante review by the Bank (Annex III).
- 3.9 **Disbursements.** The loan will be disbursed using advances of funds, the frequency of which will be determined based on the project's financial programming, to be periodically updated by the PCU as established in the Financial Management Guidelines for IDB-financed Projects (document GN-2811), as described in Annex III. The Bank may advance more funds when at least 70% of the funds

⁶⁰ The DVBA traditionally supervises works using a team made up of a head engineer inspector, assistant engineer inspector, foreman, head of topography, head laboratory technician, and oversight team (assistants) depending on the scale of the works.

disbursed as advances have been justified. Disbursement requests will be subject to ex post financial review, included in the external audit.

- 3.10 **Retroactive financing:** The Bank may use the loan proceeds to retroactively finance up to US\$2 million (1% of the loan amount) in eligible expenditures incurred by the borrower prior to the loan approval date, for contracting studies, provided that requirements substantially similar to those set forth in the loan contract have been met. Such expenditures will have been incurred on or after 25 July 2017 (project profile approval date), but in no case will expenditures incurred more than 18 months prior to the loan approval date be included, in accordance with the terms of the Bank Policy of Recognition of Expenditures, Retroactive Financing, and Advance Procurement (document GN-2259-1).
- 3.11 **External audit.** Within 120 days after the close of the respective fiscal year, the DVBA will submit, on an annual basis, the project's financial statements, duly audited by an independent audit firm acceptable to the Bank or by the Audit Office of the PBA. The cost of the audit will be covered by the loan proceeds.
- 3.12 **Maintenance.** To ensure the sustainability of the investments to be made under the program, the DVBA reported that, upon completion of the interventions to bring them up to expressway standards, the works will be transferred to AUBASA for operation and maintenance,⁶¹ and will be financed with the resources set forth in the concession contract.

B. Summary of arrangements for monitoring results

- 3.13 The objective of the monitoring and evaluation plan ([required electronic link 2](#)) is to support program execution in line with the targets and progress indicators established in the Results Matrix; implementation of the proposed activities; and the physical and financial execution of the outputs. The following instruments will be used to that end: (i) the annual work plan, the project execution plan, and the procurement plan; (ii) semiannual progress reports including the impact monitoring, outcome, and program physical and financial execution indicators; a report on compliance with the socioenvironmental requirements; and an estimate of the cash flow for the subsequent six-month periods; (iii) final project evaluation.
- 3.14 The executing agency will submit a final evaluation to the Bank when 90% of project disbursements have been made. At a minimum, this evaluation will include: (i) an ex post cost-benefit analysis, using the same methodology as the ex ante analysis and to include a comparison of outcomes to verify the assumptions and parameters used, all pursuant to the specifications of the Monitoring and Evaluation Plan ([required electronic link 2](#)); (ii) the outcomes of the financial execution; (iii) fulfillment of the established targets, according to the agreed upon outcome indicators; and (iv) compliance with the contractual commitments.

⁶¹ In accordance with the PBA's strategy of transferring responsibility for the operation and maintenance of its provincial expressways to AUBASA.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Productivity and Innovation -Climate Change and Environmental Sustainability -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Roads built or upgraded (km)* -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2870-1	Improvement of infrastructure for investment and inclusion.
Country Program Results Matrix		The intervention is not included in the 2017 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		
3. Evidence-based Assessment & Solution	Evaluable	
3.1 Program Diagnosis	9.6	
3.2 Proposed Interventions or Solutions	3.0	
3.3 Results Matrix Quality	3.6	
3.3 Results Matrix Quality	3.0	
4. Ex ante Economic Analysis	8.5	
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis	4.0	
4.2 Identified and Quantified Benefits	1.5	
4.3 Identified and Quantified Costs	1.5	
4.4 Reasonable Assumptions	0.0	
4.5 Sensitivity Analysis	1.5	
5. Monitoring and Evaluation	6.4	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	3.9	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	B	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Accounting and Reporting, External Control. Procurement: Information System.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Gender Equality		
Labor		
Environment		
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		
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan		

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The "Program for capacity expansion and safety in road corridors of the Province of Buenos Aires", for US\$280 million, has the general objective of contributing to improve the productivity of the economy of the Province of Buenos Aires, through improvements in road infrastructure. The specific objectives are: (i) contributing to the circulation quality through: increases in the capacity of road sections in the network of the Province of Buenos Aires (PBA) and improvements in road safety; which will reduce vehicle operating costs, travel times, and transit accidents (Component 1); and (ii) contributing to higher efficiency in road expenditures through the strengthening of: the planning process, the management of road assets, the operation of the road network, and the strengthening of pre-investment schemes (Component 2).

The program includes as part of the diagnostic the identification of the main problems, the beneficiaries, and the main factors that contribute to the problem. The vertical logic is clear for both of the project components. The institutional strengthening component is more robust than usual for the sector, and the results matrix includes outcome indicators associated with this component. Most output and outcome indicators are SMART and include adequate means of verification. The monitoring plan allows for adequate tracking of the indicators in the results matrix.

The ex-ante economic analysis and the proposed ex-post evaluation rely on a cost-benefit analysis using the transport model HDM-4. The ex-ante economic analysis is clearly described and is, in general, solid (i.e. most assumptions are justified and a sensitivity analysis is included). In addition to the benefits commonly considered for this type of intervention (reduced travel time and vehicle operating costs), other benefits are considered such as a reduction in the flood spot, less accidents, and maintenance savings. The internal rate of return (TIR) is over 12% for the base scenario, but it falls under this threshold for some of the scenarios considered (possibly due to the high costs of building required bridges). The ex-post cost-benefit analysis differs from the ex-ante analysis in that: (a) it will replace some of the traffic projections with on the ground measurements; and (b) it will consider all roads financed instead of only a representative sample.

RESULTS MATRIX

Expected program impact	Help make the economy of the Province of Buenos Aires (PBA) more productive by improving road infrastructure.																																
Outcome: (i) help improve traffic by increasing the capacity of segments of the PBA's principal road network and improving road safety, which will lead to decreased vehicle operating costs, travel times, and traffic accidents.																																	
Outcome indicators	Baseline		Target		Means of verification/comments																												
Average cost of operation per vehicle-km on the roads improved by the program ¹ (in constant US\$)	i. Sample project: RP 41 <table><tr><td colspan="2">Vehicle type</td><td>RP 41 (2017)</td></tr><tr><td colspan="2">Light</td><td>0.15</td></tr><tr><td colspan="2">Bus</td><td>1.01</td></tr><tr><td rowspan="2">Trucks</td><td>Light</td><td>0.44</td></tr><tr><td>Heavy</td><td>1.13</td></tr></table>		Vehicle type		RP 41 (2017)	Light		0.15	Bus		1.01	Trucks	Light	0.44	Heavy	1.13	i. Sample project: RP 41 <table><tr><td colspan="2">Vehicle type</td><td>RP 41 (2021)</td></tr><tr><td colspan="2">Light</td><td>0.14</td></tr><tr><td colspan="2">Bus</td><td>0.95</td></tr><tr><td rowspan="2">Trucks</td><td>Light</td><td>0.43</td></tr><tr><td>Heavy</td><td>1.11</td></tr></table>		Vehicle type		RP 41 (2021)	Light		0.14	Bus		0.95	Trucks	Light	0.43	Heavy	1.11	Study of traffic. Highway Development and Management (HDM-4) ² Responsible party: Road Authority of Buenos Aires (DVBA).
Vehicle type		RP 41 (2017)																															
Light		0.15																															
Bus		1.01																															
Trucks	Light	0.44																															
	Heavy	1.13																															
Vehicle type		RP 41 (2021)																															
Light		0.14																															
Bus		0.95																															
Trucks	Light	0.43																															
	Heavy	1.11																															
Average travel time per vehicle (in minutes) on the total length of the stretches improved by the program ² (minutes)	i. Sample project: RP 41 <table><tr><td colspan="2">Vehicle type</td><td>RP 41 (2017)</td></tr><tr><td colspan="2">Light</td><td>20.54</td></tr><tr><td colspan="2">Bus</td><td>22.53</td></tr><tr><td rowspan="2">Trucks</td><td>Light</td><td>22.86</td></tr><tr><td>Heavy</td><td>22.86</td></tr></table>		Vehicle type		RP 41 (2017)	Light		20.54	Bus		22.53	Trucks	Light	22.86	Heavy	22.86	i. Sample project: RP 41 <table><tr><td colspan="2">Vehicle type</td><td>RP 41 (2021)</td></tr><tr><td colspan="2">Light</td><td>13.95</td></tr><tr><td colspan="2">Bus</td><td>15.78</td></tr><tr><td rowspan="2">Trucks</td><td>Light</td><td>17.43</td></tr><tr><td>Heavy</td><td>18.00</td></tr></table>		Vehicle type		RP 41 (2021)	Light		13.95	Bus		15.78	Trucks	Light	17.43	Heavy	18.00	Study of traffic. HDM-4 ² Responsible party: DVBA.
Vehicle type		RP 41 (2017)																															
Light		20.54																															
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Trucks	Light	22.86																															
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Light		13.95																															
Bus		15.78																															
Trucks	Light	17.43																															
	Heavy	18.00																															
Average annual fatalities in traffic accidents caused by head-on collisions in the stretches to be improved	RP 41 (2012-2015 average) ¹³		RP 41: 0 (2023)		DVBA statistics. Responsible party: DVBA.																												

¹ The program representative sample is a project to improve Provincial Route 41 on the 27 km stretch between National Routes 7 (San Andrés de Giles) and 8 (San Antonio de Areco). However, the matrix will be updated to include these same indicators for the other projects once the respective studies are completed and the established eligibility criteria are met.

² For details of the calculation see ([required electronic link 3](#)).

³ Although there were 45 total fatalities on the RP 41 in the 2012-2015 period, on the specific segment to be upgraded, there were 4 fatalities due to head-on collisions during that same 4-year period. It is assumed that deaths from head-on collisions are eliminated as a result of the road duplication interventions at highway standards. Collisions at crossings, side-impact collisions, turnovers, etc. are not included.

Outcome: (ii) help increase the efficiency of spending on roads by strengthening road asset management and planning processes, improving the operation of the road network, and strengthening preinvestment frameworks.			
Outcome indicators	Baseline	Target	Means of verification/comments
Number of government agencies that benefit from projects that strengthen technological and management instruments to improve the delivery of public services ⁴	0	2	Semiannual progress reports. Responsible party: DVBA.
Percent of investment spending on new roadways (paving and/or duplication) in the provincial road network included in the Provincial Road Plan	0% ⁵	80%	Report on executed works. Responsible party: DVBA.
Percent of engineering plans completed the year before the bidding process with respect to the budget for investment in road duplication works	0% ⁶	40%	Final engineering reports. Report on procurement of works. Responsible party: DVBA.
Percent of toll collections allocated for investment	45%	70%	Management report. Responsible party: AUBASA/DBVA,
Number of critical points identified in road safety audits where interventions to solve the problem are carried out	0 critical points ⁷	50 critical points	Road corridors audit reports. Report on executed works. Responsible party: DVBA.

⁴ This indicator contributes to the corresponding result in the Corporate Results Framework 2016-2019.

⁵ Considering that the DVBA does not currently have a road investment plan that prioritizes the interventions to be made.

⁶ Considering that the DVBA does not have a bank of preinvestment projects that are ready and could be programmatically put out for tender.

⁷ Taking into account that the project will offer the DVBA a road safety audit framework that will make it possible to identify countermeasures for critical points.

Expected program outputs									
Output indicators	Unit of measure	Baseline	Year					Cumulative target	Means of verification/comments
			2018	2019	2020	2021	2022		
Component 1: Works									
Number of km of RP 41 improved by the program ⁸	km	0	0	0	27	0	0	27	Technical inspection reports. Works acceptance certificates. Responsible party: DVBA.
Kilometers of roads in the provincial primary road network improved by the program (other works) ⁸	km	0	0	0	0	73	0	73	Technical inspection reports. Works acceptance certificates. Responsible party: DVBA.
Component 2: Institutional strengthening									
PBA road investment plan	Unit	0	0	0	1	0	0	1	Approved investment plan. Responsible party: DVBA.
PBA road asset management system	Unit	0	0	1	0	0	0	1	Functioning road management system. Responsible party: DVBA.
Kilometers of roads with projects ready for tender	km	0	100	300	0	0	0	400	Completed engineering designs. Responsible party: DVBA.
AUBASA corporate governance improvement plan	Unit	0	0	1	0	0	0	1	Approved AUBASA corporate governance improvement plan. Responsible party: DVBA/AUBASA.
AUBASA plan to incorporate ITS for toll collection	Unit	0	0	1	0	0	0	1	Approved plan for incorporating ITS in toll collection systems. Responsible party: DVBA/AUBASA.
Number of PBA provincial road network corridors with road safety audits	Unit	0	4	6	0	0	0	10	Final road safety audit reports. Responsible party: DVBA.
PBA road safety improvement plan	Unit	0	0	1	0	0	0	1	Approved improvement plan. Responsible party: DVBA.

⁸ This indicator contributes to the Corporate Results Framework target “roads built or upgraded.”

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Argentina
Project number: AR-L1274
Name: Connectivity and Safety Program for Road Corridors in the Province of Buenos Aires (PBA)
Executing agency: Road Authority of the Province of Buenos Aires (DVBA)
Fiduciary team: Brenda Álvarez and Juan Carlos Lazo (FMP/CAR)

I. EXECUTIVE SUMMARY

- 1.1 This project will be executed by the Road Authority of the Province of Buenos Aires (DVBA).
- 1.2 The Bank assessed the executing agency's capacity to plan, execute, and implement the resource control actions with the Institutional Capacity Assessment System (ICAS).
- 1.3 The program does not include financing from other multilateral organizations.

II. THE EXECUTING AGENCY'S FIDUCIARY CONTEXT

- 2.1 The executing agency's fiduciary systems are considered satisfactory. However, the executing agency does not have any recent experience in executing loans from multilateral organizations; the most recent loan that it executed was from the World Bank, and it ended in 2015 (prior to current management).
- 2.2 A Program Coordination Unit (PCU), to be established by the DVBA, will be responsible for coordinating the program. To strengthen this unit, specialists will be hired and/or appointed to manage the activities, pursuant to the respective loan contract and applicable Bank policies (financial management, procurement, environmental and social safeguards, etc.). The PCU staff will work full-time on managing the program.

III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 3.1 The program has a medium level of risk with regard to the execution of fiduciary processes, which could lead to a delay in procurement given the executing agency's limited specific experience in implementing processes with Bank procedures and policies. Therefore, specific monitoring actions will be required to strengthen the control environment and ensure efficient and effective resource management. Support consultants experienced in working with the Bank's policies

and procedures are expected to be hired, to supplement the DVBA's existing structure.

IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF CONTRACTS

A. Special contractual conditions precedent to the first disbursement

- 4.1 Although the overall risk level is medium, the institutional capacity for internal control is concerning. Therefore, as a **special contractual condition precedent to the first disbursement, the DVBA will prepare and implement a financial and accounting manual that defines its structure, roles, and responsibilities, to ensure a control environment acceptable to the Bank.**

B. Management of disbursements

- 4.2 Disbursements will be made using the advance of funds modality in accordance with the financial plan, which will cover a maximum of 180 days. To access a new advance of funds, the executing agency will have justified to the Bank a minimum of 70% of the immediately preceding advance and of prior advances, if any.
- 4.3 The exchange rate to be applied for rendering of accounts will be as stipulated in Article 4(b)(i) of the loan contract. The agreed-upon exchange rate to be used in determining the equivalent value of expenses incurred in the local currency and funded by the local contribution, or for the reimbursement of expenses funded by the loan, will be the exchange rate on the first working day of the month of payment. Due to limitations in the UEPEX system, for expenses paid with IDB and local counterpart funds, the exchange rate used in converting the disbursements to local currency (pesification) will be used.

C. Financial supervision

- 4.4 To ensure flexibility in the process of procuring the financial auditing service for the operation, a list of the various institutions eligible to audit IDB-financed operations will be kept open. When the time comes to begin the procurement process, the executing agency will request the shortlist of institutions that can be invited to participate from the Bank.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The Fiduciary Agreements and Requirements for Procurement establish the provisions that apply for the execution of all procurement planned for the project.
- 5.2 **Procurement execution:** The Policies for the Procurement of Goods and Works financed by the IDB (document GN-2349-9), of March 2011, and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9), if March 2011, will apply.
- 5.3 Of the Bank-approved national subsystems, the information system will be used.
- a. **Procurement of works, goods, and nonconsulting services:** The standard bidding documents issued by the Bank will be used in the procurement of works, goods, and nonconsulting services arising under the project and subject to international competitive bidding (ICB). The bidding procedures subject to national competitive bidding (NCB) will be executed using national competitive

bidding documents agreed upon with the Bank. The project's sector specialist is responsible for reviewing the technical specifications for procurement during process preparation.

- b. **Selection and contracting of consultants:** The standard request for proposals issued by the Bank will be used for the procurement of consulting services arising under the project. The project's sector specialist is responsible for reviewing the terms of reference for contracting consulting services.
- c. **Selection of individual consultants:** Individual consultants will be selected based on their qualifications to perform the work, from a comparison of at least three candidates, as established in document GN-2350-9, section V, paragraphs 5.1 to 5.4. The only requirement for renewal of the PCU consultants' service contracts is the general program coordinator's approval of the performance evaluation, which must be satisfactory at a minimum. The executing agency will submit to the Bank the list of consultants who will perform these activities in the project. The project's sector specialist is responsible for reviewing the terms of reference for contracting consulting services.
- d. **Recurrent costs:** The following are the program's recurrent costs/required operational and maintenance expenses: office rentals, automobile rental for supervision work, utilities and communications expenses, translations, bank charges, office supplies, photocopies, mail, and minor expenses involved in the PCU's operations. These expenses will be financed by the program—up to US\$4.5 million from the IDB loan and US\$500,000 from the local contribution—and implemented pursuant to the executing agency's administrative procedures. The recurrent costs also include the costs of the consultants hired to assist the executing agency throughout the life of this operation. However, they do not include the salaries of government employees.
- e. **Advance procurement:** The executing agency may move forward with the bidding and award processes for the procurement of the Component 1 works and the Component 2 studies, in accordance with Bank policies.
- f. **Retroactive financing:** The Bank may retroactively finance, from the loan proceeds, up to US\$2 million (1% of the loan amount) in eligible expenditures incurred by the borrower prior to the loan approval date for the procurement of studies, provided requirements substantially similar to those set forth in the loan contract were met. These expenditures will have been incurred no earlier than 25 July 2017 (project profile approval date), and under no circumstances may they include expenditures made incurred than 18 months before the loan approval date, pursuant to the terms of the Bank Policy on Recognition of Expenditures, Retroactive Financing, and Advance Procurement (document GN-2259-1).

Table 1. Thresholds for international bidding and international shortlists (US\$ thousands)

Works			Goods			Consulting	
International competitive bidding	National competitive bidding	Shopping	International competitive bidding	National competitive bidding	Shopping	International advertising	Shortlist 100% national
≥ 25,000,000	< 25,000,000 ≥ 350,000	< 350,000	≥ 1,500,000	< 1,500,000 ≥ 100,000	< 100,000	>200,000	≤1,000,000

Table 2. Main procurement processes

Activity	Type of bidding procedure	Estimated date	Estimated amount (US\$)
Works			
RP 41 improvement works, National Route 7- National Route 8 segment	ICB	2017	102,000,000
Other improvement works	ICB	2018	160,000,000
Goods			
Procurement of software for managing DVBA road assets	NCB	2018	500,000
Consulting			
Contracting of firms to inspect the sample work and other program projects	QCBS	2018	5,700,000

A. Procurement supervision

- 5.4 Procurement processes will be subject to ex ante supervision, except for shopping and individual consulting processes, which will be subject to ex post supervision. Ex post review visits will be made every 12 months. Ex post review reports will include at least one physical inspection visit, chosen from the procurement processes subject to ex post review. At least 10% of the contracts reviewed will be physically inspected during the program.

Table 3. Thresholds for ex post review¹ (US\$)

Shopping	Individual consulting
<100,000	<50,000

B. Records and files

- 5.5 Documentation of the procurement processes will be kept at the DVBA's offices, as it is responsible for program procurement. The records and files of all documentation arising from the procurement processes will be kept duly ordered, classified, and updated for the ex post reviews.

VI. FINANCIAL MANAGEMENT

- 6.1 The Financial Management Guide for IDB-financed Projects (document OP-273-6) and the Financial Management Operational Guidelines for IDB-financed Projects (document OP-274-2) will apply.

A. Programming and budget

- 6.2 The executing agency's budget includes programmatic categories and other expenditure classifications (sections), to wit: staff expenses; consumer goods; nonpersonal services; fixed assets; transfers; financial assets; debt service and decreases in other liabilities; and other expenses. According to their economic

¹ The thresholds established for ex post review are applied based on the executing agency's fiduciary capacity for execution and may be modified by the Bank as that capacity changes.

nature, the line items are current expenditure, capital expenditure, and financial applications. The internal financing sources can be the national treasury, own resources, specific allocations, or internal transfers. External financing can be from external transfers or external credits.

- 6.3 The DVBA is responsible, through the PCU, for the process of drawing up and programming the annual budget. The PCU is in charge of all steps to consolidate the annual budget for approval. When entries must be expanded or reassigned, the DVBA, through the PCU, will request the modifications and take responsibility for procuring approval. Budget appropriations are made through quarterly commitments and monthly accruals, allocated by the National Budget Office (Ministry of Finance).
- 6.4 The source of the local contribution will be identified and the availability thereof guaranteed.

B. Disbursements and cash flow

- 6.5 Payments will be made through the DVBA's Treasury Department account, after prior coordination with the Province's Treasury Department regarding the various sources involved (including Source 12, "Own Resources") and based on the framework approved for each loan. The executing agency will maintain separate and exclusive bank accounts for handling the loan proceeds and the local counterpart.
- 6.6 The DBVA will manage the bank accounts opened at Banco de la Provincia de Buenos Aires for the exclusive and separate handling of the loan proceeds and the local counterpart funds; it will monitor the balances of the special accounts in dollars on a monthly basis and reconcile the programs' bank accounts.
- 6.7 The following bank accounts will be used:²
- (i) "Inflow" account in US\$ for receiving loan proceeds;
 - (ii) "Financed contribution outflow" account in US\$ to make payments, after pesification, for the contracts into which the DVBA has entered.
 - (iii) "Local contribution outflow" account for contract payments to be made from the local contribution.
- 6.8 It should be noted that local contribution funds for the DVBA are first received by the province's General Treasury Department (TGP) and then included in the balance of the single treasury account, which "credits" the DVBA. The amount of this credit determines how the funds will be handled and which entities will do so to ensure delivery of the pledged local contribution. If the credit is large enough, only certification of delivery of the funds to the TGP is required (a standard formality at the DVBA). If it is not, the Ministry of Economy will be formally petitioned to ask the TGP to transfer the funds to the DVBA (this procedure is similar to the one for taking possession of budgetary resources).
- 6.9 In both cases the payments are made through the DVBA Treasury Department, after prior steps with the province's General Treasury Department and the intervention of the General Accounting Department.

² This mechanism has not yet been formalized.

- 6.10 The e-Disbursements modality will be used. This is the IDB's web-based system that makes it possible for the executing agency to electronically send disbursement requests to the Bank. This system reduces transaction costs and allows the Bank to remotely review and process the requests sent.

C. Accounting, information systems, and reporting

- 6.11 The Province of Buenos Aires has its own financial management system, currently used by the Province's agencies. This system allows the identification of project funds and financing sources. They are now implementing the CABA's financial information system, SIGAF.
- 6.12 They also use the UEPEX system, which earmarks investments in the project by their loan expense matrix category, according to the Bank-approved chart of accounts. However, the two systems are not integrated, meaning that "double accounts" are kept in the two systems.
- 6.13 Accounting transactions are recorded on a cash basis, and International Financial Reporting Standards will be followed as applicable in accordance with national criteria. The following financial reports are required: (i) Financial Execution Plan for up to 180 days after a request for advances; and (ii) annual audited financial statements, as stipulated in Article 7.03(a) of the General Conditions of the loan contract. These will be prepared within 120 days after the close of each fiscal year and within 120 days after program execution concludes.

D. Internal control and auditing

- 6.14 The Province's General Accounting Department exercises the internal control of the economic-financial management of the provincial public sector and the legislative and judicial branches.

E. External control: external financial auditing and project reports

- 6.15 The DVBA is responsible for monthly analysis of the accounting balances and issuing the trial balances reconciled in pesos and dollars. It also prepares the financial reports required by the Bank.
- 6.16 Furthermore, it fulfills the audit requirements as necessary, as well as the requirements for the periodic financial reviews to be conducted by the Bank.
- 6.17 The DVBA will also be responsible for submitting the audited financial statements to the Bank, on time and in due form, as established in the loan contract.
- 6.18 To ensure flexibility in the process of procuring the auditing service for the operation, a list will be kept open of the various institutions eligible to audit IDB-financed operations, with the PBA's Audit Office as the preferred choice among them. When the time comes to begin the procurement process, the executing agency will request the shortlist of institutions that can be invited to participate from the Bank.

F. Financial supervision plan

- 6.19 The initial financial supervision plan arises from the risk and fiduciary capacity assessments performed in accordance with the on-site and "desk" reviews planned for the project. It includes the scope of operational, financial and accounting, and compliance and legal actions, as well as the frequency thereof and the party

responsible. Annual financial inspection visits are planned. Disbursements will be subject to ex post review.

G. Execution mechanism

- 6.20 As noted above, the DVBA will handle the fiduciary management of the program through the PCU, which will be responsible for matters including managing disbursements, maintaining recording systems, and preparing financial reports.³ The DVBA will be responsible for opening the bank accounts.
- 6.21 Under this framework, the DVBA will send the disbursement requests, signed by an authorized representative, to the Bank; the requests will include the amount of funds to be disbursed and full payment instructions (advance of funds in United States dollars). A copy of the request, together with other applicable support documents, will be sent to the Department of Projects with Multilateral Organizations of the Subsecretariat of Finance of the Province's Ministry of Economy, as the agency in charge of the loan's public credit aspects.
- 6.22 Always within the DVBA, this process entails controlling the information and subsequently converting the funds into pesos and transferring them to the corresponding bank account to ensure the payments eligible under the program will be made.
- 6.23 With the implementation of the ad hoc framework to supplement the DVBA's actions, all procurement support documentation will be filed at the DVBA. This includes support documents for the procurement of works and consulting as well as for the purchase of goods and the hiring of individual consultants. In line with the foregoing, the payment record will be filed at the DVBA Treasury Department. The DVBA is starting to develop and implement the electronic filing system used by the CABA.

H. Management of disbursements

- 6.24 With the implementation of the ad hoc framework to supplement the DVBA's actions, the DVBA, having performed the applicable controls, will make the disbursement requests to the Bank. The controls entail checking that the support documentation is sufficient and relevant, based on the eligible program expenses.
- 6.25 In line with the logic of the ad hoc framework, the DVBA will submit the reporting of funds forms, bank reconciliations, and other applicable support documents to the Bank.
- 6.26 Disbursements will be made using the advance of funds modality in accordance with the financial plan, which will cover a maximum of 180 days. They will be issued when at least 70% of the funds have been spent. The disbursement request form, execution status, and financial plan for the next 180 days will be used to request disbursements. The rendering of accounts need not be accompanied by documentation supporting the expenditures or payments made, but this does not imply their approval by the Bank. The original expense support documents will be available for review by the Bank when it requests them.

³ In other cases, these tasks will be completed by the Department of Projects with Multilateral Organizations of the Subsecretariat of Finance of the Province's Ministry of Economy.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/17

Argentina. Loan ___/OC-AR to the Province of Buenos Aires
Connectivity and Safety Program for Road Corridors
in the Province of Buenos Aires

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Province of Buenos Aires, as Borrower, and with the Argentine Republic, as Guarantor, for the purpose of granting the former a financing to cooperate in the execution of the Connectivity and Safety Program for Road Corridors in the Province of Buenos Aires. Such financing will be in the amount of up to US\$200,000,000, 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 ____ 2017)

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