



Simplified Procedure

On or after: 27 July 2005

PR-2951

5 July 2005

Original: Spanish

To: The Board of Executive Directors
From: The Secretary
Subject: Argentina. Proposal for a loan for a program to enhance tourism sector competitiveness

Basic Information: Borrower Republic of Argentina
Amount up to US\$33,000,000
Source Single Currency Facility of the Ordinary Capital

Inquiries to: Mr. Hector Malarín (extensión 3025)

Remarks: This operation was included in the country strategy approved by the Board of Executive Directors on 22 June 2005 (see document GN-2250-6), and its amount does not exceed the ceiling established for Group A countries.

References: GN-1838-1(7/94), DR-398-5(5/03)

Other distribution: Representative in Argentina

ARGENTINA

PROGRAM TO ENHANCE TOURISM SECTOR COMPETITIVENESS

(AR-L1004)

LOAN PROPOSAL

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CONTENTS

PROJECT SUMMARY

I.	FRAME OF REFERENCE.....	1
A.	The sector	1
1.	Tourism's importance in the economy and recent developments	1
2.	Legal and institutional framework	1
B.	The country's sector strategy.....	3
1.	Lakes circuit	4
2.	Iguazú-Misiones circuit	4
C.	The Bank's sector strategy.....	5
1.	Consistency with the country strategy	5
2.	Lessons learned	6
3.	Program design.....	6
II.	THE PROGRAM	10
A.	Objectives	10
B.	Components.....	10
C.	Cost and financing	11
III.	PROGRAM EXECUTION.....	13
A.	Borrower and executing agency	13
B.	Program execution and management	13
C.	Formulation, approval, and supervision of works	16
D.	Operation and maintenance	17
E.	Cost recovery.....	17
F.	Manual of operations and procedures	18
G.	Procurement and contracting.....	18
H.	Revolving fund.....	19
I.	Recognition of expenditures.....	19
J.	Execution period and disbursement schedule.....	19
K.	Monitoring and evaluation.....	19
L.	Audits.....	21
IV.	VIABILITY AND RISKS.....	22
A.	Institutional viability—ICAS analysis	22
B.	Financial viability.....	23
C.	Socioeconomic viability	24
D.	Social and environmental sustainability	27
E.	Benefits and beneficiaries.....	29
F.	Risks	29

ANNEXES

Annex I Logical framework

Proposed resolution

Electronic Links and References	
Basic Socioeconomic Data	http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata
Status of loan in execution and loans approved	http://ops/approvals/pdfs/ARen.pdf
Procurement plan	http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=552385
Information available in the RE1/EN1 technical files	http://opsws3.reg.iadb.org/idbdocswebservices/getDocument.aspx?DOCNUM=550658

ARGENTINA
PROGRAM TO ENHANCE TOURISM SECTOR COMPETITIVENESS (AR-L1004)

ABBREVIATIONS

APN	National Parks Administration
DNV	National Roads Directorate
GDP	Gross national product
ICAS	Institutional Capacity Assessment System
INDEC	National Institute of Statistics and Censuses
INPT	National Tourism Promotion Institute
IRR	Internal rate of return
NPV	Net present value
PEA	Programmatic environmental assessment
PFETS	federal Strategic Plan for Sustainable Tourism
SECTUR	Department of Tourism
UNESCO	United Nations Educational, Scientific and Cultural Organization

PROJECT SUMMARY

ARGENTINA PROGRAM TO ENHANCE TOURISM SECTOR COMPETITIVENESS (AR-L1004)

Financial Terms and Conditions ¹				
Borrower: The Argentine Nation			Amortization period:	20 years
			Grace period:	6 years
Executing agency: Department of Tourism (SECTUR)			Disbursement period:	6 years
			Interest rate:	LIBOR-based
Source	Amount	%		
IDB (Ordinary Capital)	US\$33 million	59	Inspection and supervision fee:	0%
Local	US\$23 million	41	Credit fee:	0.25%
Total	US\$56 million	100	Currency:	US dollars from the Single Currency Facility
Project at a glance				
<p>Project objective: The objective of the program is to steadily increase foreign exchange earnings from tourism in the lakes circuit and in the Iguazú-Misiones circuit.</p> <p>Special contractual conditions: <i>Conditions precedent to the first disbursement:</i> <ul style="list-style-type: none"> – Consolidated integrated accounting system up and running at SECTUR, under terms agreed upon with the Bank (see paragraph 3.4). – Signature of subsidiary agreements between the executing agency and each subexecuting agency, under terms agreed upon with the Bank (see paragraph 3.6). <i>Other conditions for program execution:</i> <ul style="list-style-type: none"> – Signature of a participation agreement between the executing agency and the provincial or municipal government prior to any solicitation for competitive bidding for works under provincial or municipal jurisdiction (paragraph 3.10). – Delivery of the program midterm review report and final evaluation report within 90 days after the date on which 45% and 90%, respectively, of the loan proceeds have been disbursed (paragraph 3.26). </p> <p>Exceptions to Bank policies: None.</p>				
<p>Project consistent with country strategy: Yes [X] No []</p> <p>Project qualifies as: SEQ [] PTI [] Sector [] Geographic [] Headcount []</p> <p>Verified by CESI on: 10 June 2005.</p> <p>Environmental and social review: Social and environmental review: See paragraphs 4.16 to 4.21.</p> <p>Procurement: See paragraphs 3.18 and 3.19.</p>				

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

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

I. FRAME OF REFERENCE

A. The sector

1. Tourism's importance in the economy and recent developments

- 1.1 Tourism has proven to be one of the most dynamic sectors of the Argentine economy. Argentina grew as a prestige destination in the 1990s through an intensive marketing campaign that positioned Buenos Aires, Patagonia, and Iguazú as international tourist draws. According to Argentina's National Institute of Statistics and Censuses (INDEC), between 1991 and 1998 international arrivals rose from 1.7 million to 3 million, and exchange earnings from tourism rose from US\$1.241 billion to US\$2.936 billion.
- 1.2 This growth lost momentum from 1998 onward, due to the decline in competitiveness associated with the convertibility policy. Abandonment of that policy had favorable consequences for the sector as, according to INDEC figures, 2004 set a new record for visitors to Argentina with 3.4 million international arrivals. This increase in the number of tourists, coupled with a 12.2% increase in average spending per capita and a 2.2% longer average stay compared to 2003, meant that exchange earnings rose from US\$1.942 billion to US\$2.491 billion in one year. There has also been greater diversification in international tourism in the last decade. While 71% of international visitors in 1993 came from neighboring countries (Chile, Brazil, Paraguay, and Uruguay), and just 10% from Europe, in 2004 the figures were 64% and 17%, respectively. The percentage of tourists from the United States and Canada held at the historical figure of 7% in 2004. European tourists continue to generate the largest percentage of foreign currency (29%), followed by Chileans (17%), visitors from the United States and Canada (13%), and Brazilians (9%). Four million foreign visitors are expected in 2007, rising to an estimated 4.4 million in 2010.
- 1.3 The dynamics of tourism have allowed the sector to come to play an important role in the Argentine economy. In 2004, tourism accounted for 1.6% of GDP, which is higher than the 1.4% in 2002 and the average of 1% during the last decade. The foreign currency earned by the sector accounted for 7.2% of exports of goods and 50.5% of exports of services. Compared to other sectors, tourism generated more than twice the foreign currency earned by meat exports (US\$1.229 billion), slightly more than oil exports (US\$2.315 billion), and slightly less than grain exports (US\$2.704 billion).

2. Legal and institutional framework

- 1.4 The sector's legal framework is governed by the National Tourism Act (Law 25997) of 16 December 2004. This legislation, which replaces the Tourism Act (Law 14574 of 1958), establishes federal jurisdiction over the sector and makes the Department of Tourism (SECTUR) responsible for development, promotion,

and regulation of tourism in the country. This includes setting national tourism policies under the federal strategic plan; coordinating, stimulating and supporting tourism promotion at home and abroad; determining tourist regions, areas, circuits, corridors, and products together with participating provinces or municipios; and develop tourism undertakings by agreement with the provinces or municipios. The National Tourism Act also created the National Tourism Promotion Institute (INPT) as a public, nongovernmental agency under SECTUR to develop and implement plans, programs, and strategies that promote international inbound tourism and the country's tourism image abroad. The INPT has a board of directors composed of representatives of the public and private sectors, the latter appointed by the Argentine Tourism Board.

- 1.5 The Department of Tourism (SECTUR) reports to the Office of the President and has two branches: (i) the Technical and Administrative Branch, responsible for administrative, financial, legal, labor, and information processes and procedures; and (ii) the Tourism Branch, responsible for planning, execution, management, and supervision of actions for sustainable and competitive development of Argentina's tourism products and services and oversight of tourist service providers. The National Directorate of Tourism Development reports to the Tourism Branch and is responsible for the design, implementation, management, and control of plans, programs, and projects; preparation of sector studies; the gathering, processing, and preparation of statistical information on inbound, domestic, and outbound tourism; and the preparation of tourism satellite accounts.
- 1.6 Reporting to SECTUR is the National Parks Administration (APN), an autonomous federal government agency responsible for the management, oversight, and conservation of protected areas. Its functions include policy for public works and investments in national parks and concessions for visitor services, which are governed by Regulations on the Issuance of Tourist Services Permits and various internal decisions. The rules establish the scope, duration, and procedures for collecting rents, fees, taxes, or other charges under concession contracts and permits for services provided in national parks. The APN has a model concession contract (Resolution 41/01). Each national park has a local advisory committee, which are bodies established by the APN to facilitate local community participation to improve compliance with action plans and programs in protected areas and surrounding zones, and to study and find solutions to specific problems affecting different sectors. Each committee is chaired by the national park supervisor and composed of representatives of the official provincial tourism institution, neighboring municipal governments, private business associations, academic institutions, NGOs, and indigenous communities. The local advisory committees hold regular meetings at least once a month.
- 1.7 SECTUR coordinates its activities with the different national, provincial, and municipal authorities, and with private entities in the tourism sector, through the Federal Tourism Council created by the National Tourism Act. A consultative

body, the council examines and rules on issues related to the organization, coordination, planning, promotion, legislation, and strategies for tourism activities in the federal sphere. It is composed of representatives from the official tourist institutions in each province, the Municipality of Buenos Aires, and SECTUR, who meet in regular session twice a year and in special sessions when called for by at least one third of its members.

B. The country's sector strategy

- 1.8 The government recognizes the importance of tourism in the economy and understands that sound national planning is required to accommodate the growing demand of visitors to the country. In close cooperation with the provinces, municipios, private sector, and civil society, the government has prepared a federal strategic plan for sustainable tourism (PFETS). The plan identifies two main lines for the country's sector policy: (i) to promote economic development and social inclusion; and (ii) to preserve the country's historical, cultural, and environmental heritage. The PFETS seeks to develop the sector through the environmentally sound use of tourist attractions, mainly the natural landscape and cultural heritage in all parts of the country. The PFETS was discussed and consultations held at the federal level and in all the regions through workshops between August and November 2004.¹ The document was released on 22 June 2005.
- 1.9 To achieve its strategic objective, based on an analysis of trends in the main source tourism markets and tourist attractions in Argentina, the PFETS has identified 18 geographic areas composed of adjacent municipios with similar or complementary tourist attractions, or *tourist circuits*, with the ability to attract larger numbers of tourists and to prolong their stay. Of these 18 circuits, the following six are directed to the external market: (i) the history circuit, composed of towns in northern Córdoba province; (ii) San Rafael-Malargüe in the Cuyo region, composed of towns in Mendoza province; (iii) the lakes circuit at the intersection of three Patagonian provinces: Neuquén, Río Negro, and Chubut; (iv) the central circuit, composed of towns in the provinces of Jujuy, Salta, and Tucumán; (v) the south, composed of cities and towns in the southern extreme of the country; and (vi) Iguazú-Misiones, composed of towns on the banks of the Paraná River in the provinces of Misiones.
- 1.10 The PFETS notes that the lakes and the Iguazú-Misiones circuits have the best potential for a sustained increase in tourism, particularly by foreign tourists, and an increase in the length of their stay for the reasons explained below.

¹ For a description of the PFETS consultation processes see <http://www.sectur.gov.ar/esp/menu.htm>.

1. Lakes circuit

- 1.11 The lakes circuit's natural beauty, location in Patagonia, and easy access by land and air have made it one of the country's main tourist attractions. Total arrivals at the circuit's main cities—San Martín de los Andes, Villa La Angostura, San Carlos de Bariloche, and Esquel—rose from 750,000 in 1998 to 990,250 in 2004. Twenty-one percent of arrivals were international. According to local tourist institutions, average daily spending per person in 2004 was US\$36 for domestic tourists and US\$66 for foreign tourists, and the average stay in the localities of the circuit was 5.4 days.
- 1.12 Seventy percent of the territory in the circuit is composed of five national parks: Nahuel Huapi, Los Arrayanes, Lake Puelo, Lanín, and Los Alerces. The parks received 550,204 visitors in 2003 and 591,491 in 2004. The proportion of foreign visitors to the parks is estimated as similar to the proportion of foreigners in the circuit. Annual average growth in the number of visitors to these five parks was 2.8% between 1993 and 2004.
- 1.13 Based on growth trends between 1998 and 2004, tourist demand in the circuit will rise to an estimated 1.18 million visitors in 2010, for annual average growth of 3%. SECTUR's goals are for 30% of the visitors to be foreign and for the average stay to lengthen to 6.5 days. To serve existing demand and achieve the targets for volume, average stay, and percentage of foreign visitors by 2010, the circuit requires better infrastructure for its tourist attractions. This challenge is particularly great in the national parks, where the expected increase in tourism will put greater pressure on natural resources. Also, many municipal and provincial tourist attractions and centers that can help to improve the distribution of the flows of visitors in the circuit and ease pressure on the national parks are not geared to receive tourists, particularly foreigners.

2. Iguazú-Misiones circuit

- 1.14 The Iguazú-Misiones circuit has natural, historical, and cultural attractions and easy air and land access, particularly from Brazil and Paraguay. The annual average number of visitors to Iguazú national park, the main tourist attraction in the circuit, has been 535,000 in the last 10 years. In recent years growth has been higher, rising from 642,833 visitors in 2003 to a record of 823,455 in 2004. An estimated 40% of the visitors were foreign. A total of 1,473,600 visitors are projected to visit the park in 2010.
- 1.15 In addition to Iguazú national park, the circuit is home to the Jesuit Guaraní missions, which UNESCO has declared a World Heritage Site. The missions include San Ignacio Miní, Loreto, Santa Ana, and Santa María la Mayor in the province of Misiones. According to the Department of Culture of the province of Misiones, the San Ignacio Miní mission, which is the most frequently visited site,

attracted 202,831 tourists in 2004, after receiving 164,918 tourists in 2003 and 86,443 in 2002. Today, average daily spending is US\$13 and the average stay in one day.

- 1.16 One out of every four visitors to Iguazú national park also visits the Jesuit missions, so 368,400 visitors are projected for 2010. Estimates suggest that average daily spending will rise to US\$23, and the average stay to 1.5 days. To meet these targets and the expected demand, the circuit faces several development challenges: (i) improve access to cultural attractions, since the roads are unpaved and affected by adverse weather conditions; (ii) prevent the deterioration of historical and cultural heritage; and (iii) increase local and international awareness of attractions in the area, other than Iguazú national park.

C. The Bank's sector strategy

1. Consistency with the country strategy

- 1.17 The Bank's country strategy with Argentina (2004-2008) aims to concentrate Bank actions in the following areas: (i) institutional strengthening for better governance and fiscal sustainability; (ii) a more favorable climate for investment and productivity growth, to enhance the country's competitiveness; and (iii) poverty reduction, rebuilding the human resource base, and promotion of sustainable and inclusive social development.
- 1.18 The proposed operation supports the line of action for competitiveness. It is consistent with the strategy's recommendation to make the most of the country's tourism opportunities, targeting investment to selected tourist areas. The operation also supports capacity-building to manage natural resources, by focusing on the sustainable use of protected natural areas and the preservation of historical and cultural heritage.
- 1.19 Before the PFETS was prepared, in June 2003 the Bank approved two operations that include activities to support the tourism sector in two specific provinces. The program to support integrated development of the tourism sector in the province of Salta (1465/OC-AR) includes a component to support tourism in the Andean circuit by strengthening the provincial tourism institution, transportation infrastructure, and tourist signage. The operation was declared eligible in April 2004. More directly linked to the program proposed here, the program to support the modernization of production in the province of Río Negro (1463/OC-AR) strengthens the Provincial Department of Tourism and includes a line of credit for small and medium-sized enterprises engaged in tourism, among other activities. The operation was declared eligible in August 2004.

2. Lessons learned

- 1.20 The Bank has learned lessons from its participation in tourism programs in other countries in the region:
- a. *Careful planning of investments is necessary to achieve strategic objectives and minimize the environmental and social impact associated with the growth of tourism.* Application of this lesson means that tourism investments must be based on strategic plans for tourism development that have been adequately consulted with the relevant governmental and nongovernmental institutions. Investments under the proposed program reflect the main lines of the tourism policy established in the PFETS, which was prepared in close cooperation with the public and private sectors.
 - b. *Tourism projects require joint participation by local governments, private interests, and civil society.* A process of open participation with those stakeholders helps to ensure that the benefits of tourism reach the whole resident population and improve the environmental sustainability of investments. While the PFETS was being prepared, consultations and discussions were held with the provinces, municipios, private-sector associations linked to tourism, and civil society. This is expected to minimize any possible adverse social and environmental impact associated with the investments.
 - c. *Tourism projects should seek a balance between investments in infrastructure and the strengthening of local governments for better tourism management.* This balance is necessary to ensure orderly land use, reduce environmental or aesthetic damage, and make tourist destinations sustainable in the long term. The proposed program combines actions to improve tourism management at the national, provincial, and municipal levels with investments in tourist infrastructure.
 - d. *Tourism development projects executed by national government agencies require an execution plan that reflects their multisector nature and any subnational involvement.* This lesson can be applied by ensuring that the national agency in charge of the sector works in close coordination with the national, provincial, and municipal public agencies with direct responsibility for investments and for the operation and maintenance of specific works under their jurisdiction. In the proposed program, SECTUR plays the central role of coordinating investment activities, which require participation by other national, provincial, and municipal entities.

3. Program design

- 1.21 The program is consistent with the strategic objective of the PFETS in that it supports the environmentally sound use of natural and cultural attractions in two

priority tourist areas identified in the plan: the lakes circuit and the Iguazú-Misiones circuit. In particular, the program seeks to attract international tourists, since they spend more on average than local tourists, which will help to earn more foreign currency for the country.

- 1.22 The program design involved three steps in the preparation phase. As the first step and taking account of the problems and opportunities identified in the PFETS, the APN and the official tourism institutions of the provinces of Neuquén, Río Negro, Chubut, and Misiones and of 23 municipios in those provinces determined, under the coordination of SECTUR, all the works that would form part of the program, both for the lakes circuit (US\$26.4 million) and the Iguazú-Misiones circuit (US\$9.7 million). The average cost of the works is US\$260,000, and close to 60% cost less than US\$150,000. The works for the lakes circuit seek to improve product and service quality and visitor satisfaction, reduce the impact of tourism on natural resources in the national parks, and promote diversification of the tourism offerings outside the parks. The works for the Iguazú-Misiones circuit seek to expand the tourism products and services by developing the Jesuit missions, tapping the potential tourist spinoff from visits to Iguazú national park, and attracting market niches associated with cultural and special-interest tourism. All these works are priorities in the provincial tourism master plans that underwent public consultation before they were approved. The objective, expected outcomes, expenditures, operating and maintenance costs, execution timetable, and environmental standards have been established for each of the works.
- 1.23 As the second step, SECTUR and the official provincial and municipal tourist institutions identified technical assistance and training activities to be included in the program to strengthen public management of tourism in the country at the federal and subnational levels, in order to strike a balance with the investments in infrastructure and avoid any potential adverse impact from tourism development. On the federal level, the activities support implementation of the new National Tourism Act by strengthening SECTUR's capacity for coordination, strategic planning, promotion, regulation, and evaluation of tourism development. On the subnational level, the program includes actions to boost the planning capacity of provincial and municipal institutions. In the province of Río Negro, these actions complement activities under operation 1463/OC-AR. Terms of reference have been prepared for each activity.
- 1.24 As the third step, the APN, provincial governments, and municipios prepared feasibility studies and final designs for a series of 17 infrastructure works costing US\$7.6 million, which include the works to be tendered during the first 18 months of execution. The studies and designs for the works in the national parks were based on the APN's regulations and instructions and on the technical manuals of the federal agencies responsible for executing the access works and the architecture and engineering works, which are the National Roads Directorate (DNV) and the

Department of Public Works, respectively. The works are listed in the following table:

Project name	Cost (US\$000)
Rehabilitation of the Old Patagonian Express, Chubut	1,883.5
Coastal park of Lake Lacar, San Martín de los Andes, Neuquén	841.9
Paving the access to Cerro Catedral, San Carlos de Bariloche, Neuquén	811.8
Development of Nuestra Señora de Loreto Mission, Loreto, Misiones	637.4
Development of San Ignacio Mini Mission, San Ignacio, Misiones	615.2
Development of Santa Ana Mission, Santa Ana, Misiones	537.7
Northern zone and Bahía Rosales firefighting substation, Los Alerces national park	369.5
Improved access and infrastructure Nan & Fall falls, Chubut	331.8
Mapuche craft and culture centre, Junín de los Andes, Neuquén	313.4
Public toilets Pucará and Hua Hum, Lanín national park	270.1
Development of Santa María La Mayor Mission, Santa María, Misiones	211.2
Bicycle circuit Quetrihué Isthmus-Lake Correntoso municipal beach, Villa La Angostura, Neuquén	171.9
Docks at Lake Lacar, Pucará and Hua Hum, Lanín national park	137.3
Improved access and gateway to the circuit, Piedra del Águila, Neuquén	130.4
Visitors' centre and access gateway, Villa Pehuenia, Neuquén	128.9
Pathways, Los Arrayanes national park	128.2
Public toilets, Los Arrayanes national park	111.5
TOTAL	7,631.7

- 1.25 The Bank, SECTUR, the APN, the DNV, and the Department of Public Works jointly studied the technical, economic, and environmental feasibility of the works. The study findings, together with the analysis of the institutional capacity of these entities and the financial capacity of the provinces were taken into account in scaling the program.
- 1.26 As part of the program consultation process, SECTUR also conducted a workshop in each circuit and held at least five working meetings to discuss challenges and identify needs. These workshops and meetings were attended by representatives of the provincial and municipal governments, the tourism industry, and civil society. The final draft of the programmatic environmental assessment (PEA) has been available to the public on SECTUR's website since 11 November 2004. The document was the subject of analysis and discussion through public consultations held at Villa La Angostura on 10 December 2004 for the lakes circuit, and at Posadas on 14 December 2004 for the Iguazú-Misiones circuit.
- 1.27 Institutional factors relevant to execution of the operation were assessed during program preparation, such as the extent of interagency coordination between SECTUR and the participating federal, provincial, and municipal agencies, and the technical capacity of the latter to formulate and analyze projects. The findings were used to determine the roles and responsibilities of the participating entities in the program execution plan. Also, the lessons learned in program preparation were

consolidated in instructions for preparing studies and final project designs for works and in an operations and processing manual, which will serve as references during execution.

II. THE PROGRAM

A. Objectives

- 2.1 The program objective is to steadily increase foreign exchange earnings from tourism in the lakes circuit and in the Iguazú-Misiones circuit. The impacts and expected outcomes are presented in the logical framework (Annex I).
- 2.2 The specific objectives are: (i) to improve management and conditions for visiting tourist attractions in both circuits—natural/cultural sites and resorts—in order to attract, retain, and satisfy tourists; (ii) to provide more information on tourist attractions and activities in order to redistribute the flow of visitors and lengthen their stay; (iii) to support the development of tourism products in the circuits and their international marketing to diversify demand; and (iv) to optimize the organization and management of national tourism administration. These four specific objectives will be achieved through four respective components with activities as described below. The specific outputs are presented in the logical framework (Annex I).

B. Components

- 2.3 **Development and management of public tourist attractions (US\$37.6 million).** Includes studies and final designs, works, equipment, and technical assistance for effective development of the following tourist attractions:
 - a. *National parks (US\$11.6 million).* For the Lanín, Nahuel Huapi, Los Arrayanes, Los Alerces and Lake Puelo national parks, the component includes: access improvements; facilities for tourist activities; visitors' centers; public toilets; solid waste treatment; laying of underground telephone and electric cables; forest fire and emergency prevention and control facilities; tourist signage; updating the management plans to factor in the increased number of visitors; and introduction of an environmental monitoring system based on indicators of tourist impact. In Iguazú national park, it includes construction of an interpretation center to encourage visits to the Jesuit missions.
 - b. *Jesuit missions in the Iguazú-Misiones circuit (US\$9 million).* Access improvements; development of archeological sites through the restoration of ruins and interpretative signage at the missions of San Ignacio, Loreto, Santa Ana, Santa María and Santos Mártires del Japón; rehabilitation and equipping of interpretation centers.
 - c. *Local tourist attractions and resorts in both circuits (US\$17 million).* Interventions in other provincial or municipal tourist areas, such as access improvements; development and landscaping in leisure and recreational zones;

development of tourist attractions; diversification of activities; and craft centers to promote integration of native communities and local products into the tourist market.

- 2.4 **Information and promotion at destination (US\$1.6 million).** This component includes the design and implementation of a system of tourist signage on national and provincial routes in each of the circuits, applying the model used on the national level, and the establishment of information and visitor service centers at strategic points along the main routes in the circuits and at key tourist resorts.
- 2.5 **Support for organization and promotion of circuits (US\$2.7 million).** Includes the preparation and implementation of a competitiveness plan for each circuit; the development of tourism products; training for tourist industry professionals in relation to improvements in service, business management, and the development and effective marketing of tourism products; training for technical staff in subnational governments in planning and management of tourism development and environmental protection; building local community awareness of the benefits, the job and business opportunities associated with tourism development, and the possible risks of that development; and activities to promote the circuits on the international market. Also, to make sure that land use is managed properly for tourism, the component includes preparation or updating of urban development plans for 13 municipios that will receive program investments. A system to monitor the conservation of archeological sites and their surroundings will also be financed.
- 2.6 **Strengthening of national tourism administration (US\$5.9 million).** This component includes technical assistance to modernize SECTUR's structure and management, so as to strengthen its capacity to perform the functions established in the National Tourism Act: design and implementation of a national tourism information system to compile, process, analyze, and publish relevant information for decision-making; reengineering of internal processes and the design and introduction of a plan to modernize the information system; definition of an organizational culture and labor policy; preparation of a procedures manual for emergencies involving tourists; and staff training. Also, investment plans will be financed to make two new tourist circuits more competitive.

C. Cost and financing

- 2.7 The program cost will be US\$56 million. The Bank will finance US\$33 million (59%), and the local counterpart contribution of US\$23 million equivalent (41%) will be provided by the federal government and by the participating provincial and municipal governments. Program cost and financing are presented in the following table.

PROGRAM COST AND FINANCING
(US\$ millions)

Category	Bank	Local	Total	%
I. Administration and supervision	2.7	1.5	4.2	7.5
1.1 SECTUR executing unit	0.4	1.2	1.6	2.9
1.2 Public Works subexecuting unit	1.1	0.1	1.2	2.1
1.3 National Roads Directorate subexecuting unit	0.5	0.1	0.6	1.1
1.4 APN subexecuting unit	0.7	0.1	0.8	1.4
II. Direct costs	29.8	18.0	47.8	85.4
2.1 Development and management of public tourist attractions	23.7	13.9	37.6	67.3
2.2 Information and promotion at destination	1.0	0.6	1.6	2.9
2.3 Support for organization and promotion of circuits	1.6	1.1	2.7	4.8
2.4 Strengthening of national tourism administration	3.5	2.4	5.9	10.4
III. Associated costs	0.5	-	0.5	0.9
3.1 Midterm and final evaluations	0.1	-	0.1	0.2
3.2 External auditing	0.4	-	0.4	0.7
IV. Financial expenses	-	3.5	3.5	6.2
4.1 Interest	-	3.3	3.3	5.9
4.2 Credit fee	-	0.2	0.2	0.3
TOTAL	33.0	23.0	56.0	100.0

- 2.8 The costs under “Administration and supervision” include consulting services, equipment, and materials to support the executing units at the participating agencies; leasing of office space for SECTUR’s executing unit; and works supervision. The consulting services to support the subexecuting units and supervise the works will be financed with loan proceeds.

III. PROGRAM EXECUTION

A. Borrower and executing agency

- 3.1 The borrower will be the Argentine Nation, and the executing agency will be the federal Department of Tourism (SECTUR). The National Parks Administration (APN), the Department of Public Works, and the National Roads Directorate (DNV), which are all federal entities, will act as subexecuting agencies.

B. Program execution and management

- 3.2 As executing agency, SECTUR will be the principal point of contact between the Bank and the government during execution. It will be responsible for coordination, general administration, financial and accounting management, monitoring, and program evaluation, and for contracting consulting services to support the organization and promotion of tourist circuits and to strengthen national tourism administration. The subexecuting agencies will be responsible for contracting for designs and for works execution and supervision, each in its area of responsibility, as shown in the following table:

Area of responsibility	APN	DNV	Public Works
National parks	√		
Access improvements and tourist signage outside parks		√	
Local tourist attractions and resorts, information and visitor service centers			√

- 3.3 The institutional capacity of SECTUR and of each subexecuting agency was evaluated during program preparation using the institutional capacity assessment system (ICAS) methodology, based on the responsibilities of each under the program. The findings are discussed in Chapter IV. The program has incorporated the measures proposed to mitigate the issues that were identified.

a. Department of Tourism (SECTUR)

- 3.4 SECTUR's responsibilities include: (i) ensuring that the subexecuting agencies have the necessary counterpart resources, based on the execution timetable and disbursement rate; (ii) keeping consolidated accounting records that identify sources and uses of program resources by component and subexecuting agency; (iii) preparing and submitting disbursement requests to the Bank with supporting documentation for eligible expenses presented by the subexecuting agencies and the program's audited consolidated financial statements; (iv) transferring resources to the subexecuting agencies based on the relevant disbursement documentation; (v) preparing the public bidding processes and carrying out contracting, payments, and technical supervision of contracts for the activities under its responsibility;

(vi) determining whether the technical documentation for investments is consistent with the program objective and gauging the quality of the associated bidding processes, before delivery to the Bank for its nonobjection; (vii) periodically inspecting works during execution and subsequently monitoring their operation and maintenance; (viii) preparing, delivering to the Bank, and making public the consolidated monitoring reports and the evaluation reports; and (ix) ensuring compliance with the loan contract and agreements to be reached with the subexecuting agencies and with the beneficiary provinces and municipios. SECTUR will have a consolidated integrated accounting system for proper financial management of the program and timely delivery of reports. **Implementation of the consolidated integrated accounting system for the program at SECTUR, under terms agreed upon with the Bank, will be a condition precedent to the first disbursement of the loan.**

- 3.5 SECTUR will carry out its tasks through its Tourism Branch's Tourism Development Directorate. Supporting the directorate will be a general coordinator, a technical coordinator, and administrative and financial coordinator, a works specialist, a tourism specialist, a human resources specialist, an information technology specialist, two procurement specialists, two specialists in accounting and finance, one specialist in budget and management oversight, and two administrative assistants. It will also receive support from the Internal Audit Unit in planning the program's audits. SECTUR will contract consulting services for periodic inspections of the works.

b. Subexecuting agencies

- 3.6 For the activities under its responsibility, each subexecuting agency will contract for studies and final designs, works execution and technical supervision, while ensuring compliance with environmental legislation throughout the project cycle. Each entity will set aside the local counterpart resources for the planned activities in its budget, open separate bank accounts, and maintain accounting and financial records and an internal auditing system for managing program resources. They will also prepare and send SECTUR supporting documentation for expenditures, supporting documentation for bidding processes, and the semiannual execution reports. In the particular case of the APN, in addition to the above responsibilities, it will: (i) monitor the environmental impacts of tourism in the national parks included in the program; and (ii) through the local advisory committees, facilitate adequate consultation with affected and interested parties during program execution and monitoring, and inform the local population and civil society organizations about program activities and outcomes. The responsibilities of each subexecuting agency and the mechanism for the transfer and administration of loan proceeds to be used in its activities will be formalized in a subsidiary agreement with SECTUR. **The signature and entry into force of the subsidiary agreements between the executing agency and each subexecuting agency, under terms agreed upon**

with the Bank, will be a condition precedent to the first disbursement of the loan.

- 3.7 The National Parks Administration (APN) will carry out its administrative and financial tasks and execute the activities for which it is responsible through its Public Works and Investment Directorate. The directorate will be supported by the Administration Directorate for the administrative, financial, and accounting management of funds allocated to it under the program. The Public Works and Investment Directorate will be strengthened with the addition of a general coordinator, a civil engineer, an environmental specialist, a procurement specialist, a financial and accounting specialist, and two assistants. The APN will contract consulting services for works supervision.
- 3.8 The Department of Public Works, a unit of the Ministry of Federal Planning, Public Investment and Services, will perform the above-mentioned tasks through its Architecture Directorate with support from a general coordinator, two civil engineers, an architect, an environmental specialist, a procurement specialist, a financial and accounting specialist, and an administrative assistant. The directorate will also receive assistance from the Office of the Deputy Manager of Accounting and Finance for the administrative, financial, and accounting management of funds allocated to it under the program. The directorate will contract consulting services for works supervision.
- 3.9 The National Roads Directorate (DNV), a decentralized agency of the Ministry of Federal Planning, Public Investment and Services, will perform its administrative and financial tasks and execute the activities for which it is responsible through its coordination unit for the IDB border crossings and integration corridors program (1294/OC-AR). The unit will be strengthened through the addition of two civil engineers, an environmental specialist, a procurement specialist, and two financial and accounting specialists, and will receive assistance from the Office of the Deputy Manager of Accounting and Finance for the administrative, financial, and accounting management of funds allocated to it under the program. The coordination unit will contract consulting services for works supervision.

c. Provincial and municipal governments

- 3.10 The responsibilities of the participating provincial and municipal governments are to: demonstrate the financial capability to cover the annual operating and maintenance costs of the works under their jurisdiction, through projections of current savings based on the last three audited budget periods; demonstrate title to the land where the works are to be built, and convey it unoccupied; cooperate in arranging for authorizations, permits, approvals, rights-of-way, and internal procedures required for the projects; approve the studies and final designs for the works under their jurisdiction; permit free and unrestricted access to the work sites by SECTUR, the subexecuting agencies, contractors, external auditors, and the

Bank during the program and for five years after the last disbursement of the loan; operate and properly maintain the projects in accordance with generally accepted technical standards, and report each year to SECTUR on the status of that work. In addition, municipios that do not have an updated urban development plan that minimizes the potential adverse environmental impacts of tourism must present evidence that they have begun the relevant work. Improper maintenance, abandonment of the works, or selection of a different tourist destination by a province or municipality will give SECTUR the right to obtain a court order for reimbursement of the total investment cost of the works affected. These responsibilities will be formally established in the participation agreements with SECTUR. **The entry into force of the participation agreement between the executing agency and the provincial or municipal government, under terms agreed upon with the Bank, will be a condition precedent to any solicitation for competitive bidding for works under provincial or municipal jurisdiction.**

C. Formulation, approval, and supervision of works

- 3.11 The program has studies and final project designs for a series of 17 infrastructure works that represent close to 20% of the total cost. For the other 80% of the infrastructure works, each subexecuting agency will contract and supervise the work of consulting firms that will prepare the final project designs for the works under their responsibility, following the guidelines established in the *Instructions for the Preparation of Program Final Project Designs*. The instructions establish the scope of the engineering studies, plans, technical specifications, construction program, technical and economic analysis, and environmental studies to be prepared for each type of work.
- 3.12 The works under provincial or municipal jurisdiction must comply with applicable environmental, building/planning, safety, handicapped accessibility, and other regulations. To verify such compliance, the subexecuting agency in charge will send the technical documentation on the works to the relevant national and subnational agencies for approval, as the applicable legislation requires. Environmental studies will be sent to the entity with environmental jurisdiction over each project for approval. For the national historic monuments, technical documentation will be sent to the National Monuments, Museums, and Historic Sites Committee for approval. Once approval has been received, each subexecuting agency will deliver the supporting technical documentation to SECTUR, which will determine whether it is consistent with the program objective and gauge the quality of the associated bidding processes. SECTUR will submit the documentation to the Bank for its nonobjection.
- 3.13 Each subexecuting agency will be responsible for technical supervision and verification of contractor compliance with environmental regulations. Contracts for program works will include the environmental measures called for in such regulations. Supervision of works under provincial or municipal jurisdiction will be

done jointly with the provincial or municipal agency responsible for operating and maintaining the works. Each subexecuting agency will receive supervision support from consulting firms, which will follow the guidelines established in the *General Instructions for Program Works Supervision*. As part of its semiannual reports, each subexecuting agency will present the results of its supervisory activities, indicating progress in complying with environmental regulations, general problems encountered, and steps taken to solve them.

D. Operation and maintenance

- 3.14 Once the program works are concluded, they will be operated and maintained by the APN, the provinces, and the municipios in their respective areas of jurisdiction. Operation and maintenance of works in the national parks will be the responsibility of the APN. The annual cost is expected to be US\$448,200 by program end. Operation and maintenance of works under provincial and municipal jurisdiction will be the responsibility of the respective provincial or municipal government. The annual cost for the works within the jurisdiction of Río Negro province is expected to be US\$131,000 by program end; for Neuquén province, US\$93,000; for Chubut province, US\$464,000; and for Misiones province, US\$519,000. The estimated annual operating and maintenance costs for municipal works are less than US\$20,000 in 14 municipios, between US\$20,000 and US\$50,000 in 7 municipios, and between US\$50,000 and US\$100,000 in 2 municipios. SECTUR will be accountable to the Bank for the operation and maintenance of program works during the term of the loan contract and will submit annual reports on maintenance of the investments during the execution period and for five years after the last disbursement of the loan.

E. Cost recovery

- 3.15 *National parks.* The operation and maintenance of the works in the program for the Lanín, Nahuel Huapi-Los Arrayanes, Lake Puelo, and Los Alerces national parks in the lakes circuit will cost the APN US\$448,200 by program end. The estimated depreciated cost of these works will be US\$722,300 by program end, given a 15-year linear rate. In 2004, the APN collected US\$1.13 million equivalent in entry and usage fees from 591,491 visitors to all these parks except Lanín. In 2005, revenues are expected to increase by US\$950,000 to US\$2.08 million with the introduction of entry fees for Lanín. The revenue increase will be US\$1.17 million by program end, assuming that entry fees are constant and annual average growth in visitors is 2% (the rate was 2.8% between 1993 and 2004). This increase will be sufficient to cover the annual operating, maintenance, and depreciation costs of the program works.
- 3.16 *Jesuit missions.* The operation and maintenance of works in the Jesuit missions circuit is the responsibility of the Misiones provincial government. The annual cost for the program works will be an estimated US\$519,000 by program end. The

estimated depreciation costs of those works will be US\$439,500 by program end, given a 15-year linear rate. In 2004, the provincial government approved a fee schedule that was differentiated on the basis of the origin of the visitors, which averages US\$3. An increase in the number of visitors is projected from 202,831 in 2004 to 364,400 by program end in 2010, which will bring in an additional US\$496,707, assuming that the fee remains constant. The revenue will allow the province to cover close to 96% of the operating and maintenance costs of the program works by program end. To cover 100% of the annual operating, maintenance, and depreciation costs of the program investments, it will be necessary to adjust the entry fee. The average value will have to increase from US\$3 to US\$5.30 by program end. Indicators related to the projected number of visitors to the Jesuit missions and the level of the entry fees have been established in the logical framework, so that the changes in income from fees can be monitored each year.

F. Manual of operations and procedures

- 3.17 The program will be managed in accordance with the *Manual of Operations and Procedures* drafted in the program preparation stage. The manual establishes rules and procedures for SECTUR and the subexecuting agencies on the programming of activities and the preparation of annual work plans; procurements and contracting; handling and filing of the supporting documentation for bidding processes; financial and accounting management of the program; and audits. The manual also defines the review process for the final project designs for works, and the program monitoring and evaluation system. The manual is expected to help strengthen coordination and linkage between SECTUR and the subexecuting agencies during program execution.

G. Procurement and contracting

- 3.18 The procurement of works, goods and related services, and the contracting of consulting services with program resources will be conducted in accordance with the “Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank” of January 2005 (GN-2349-4) and the “Policies for Selection and Contracting of Consultants Financed by the Inter-American Development Bank” of January 2005 (GN-2350-4). International competitive bidding will be used for works with an estimated cost of US\$5 million or more, and for goods and related services with an estimated cost of US\$500,000 or more. A short list consisting solely of local consultants may be used for the contracting and selection of consulting services with an estimated cost of less than US\$500,000. Contracts for goods and services in the first 18 months of the program are presented in the contracting plan.
- 3.19 Considering that SECTUR and the subexecuting agencies have no prior experience in executing Bank operations, initially all contracts and procurements will be

reviewed ex ante. Twelve months after the first procurement or contract, the quality of SECTUR's internal controls will be assessed on the basis of periodic reviews, audit reports, and the reports of the inspection visits. The findings will be used to determine whether ex post reviews of procurement and disbursement processes can be done when contracts for works and goods are below the thresholds for international competitive bidding, and consulting contracts are below US\$200,000 for firms and US\$50,000 for individual consultants. Full or partial ex post review of procurements may be cancelled at any time, and financing with the loan proceeds or local counterpart contribution may be rejected, based on the findings of ex post reviews, depending on the circumstances.

H. Revolving fund

- 3.20 To provide advance funding of activities to be financed out of the loan proceeds, a revolving fund will be established in an amount up to 5% of the Bank loan. The executing agency will address the use of the revolving fund as part of its semiannual project performance monitoring reports.

I. Recognition of expenditures

- 3.21 The executing agency has requested that up to US\$341,000 equivalent be recognized against the local counterpart contribution as expenditures made by it since 12 April 2004 to prepare final project designs and support its executing unit. The procedures followed in the selection and contracting of the consulting services are in accordance with Argentine legislation.

J. Execution period and disbursement schedule

- 3.22 The program disbursement period will be six years. The disbursement schedule is given in following table.

Disbursement schedule							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
IDB	1.6	8.0	9.8	7.2	5.2	1.2	33.0
Local contribution	1.6	3.7	5.3	5.7	5.7	1.0	23.0
Total	3.2	11.7	15.1	12.9	10.9	2.2	56.0
%	5.7	20.9	27.0	23.0	19.5	3.9	100.0

K. Monitoring and evaluation

- 3.23 SECTUR will monitor and evaluate compliance with the periodic outcome and impact targets set in the logical framework (Annex I), which include performance indicators with baselines to measure the economic return on investments (e.g. number, average stay, and average daily spending by foreign tourists in both circuits; flows of local income generated by the national parks in the lakes circuit

and by the Old Patagonian Express; number of visits to the Jesuit missions); the benefits to private sector providers of tourist services (e.g. occupancy rates in the main cities in the lakes circuit); and the potential social and environmental impact of tourism in the circuits. SECTUR will mainly use statistics on inbound tourism that are processed and prepared from national sources (INDEC surveys of international tourism and hotel occupancy rates) and local sources (surveys and data provided by provincial and municipal tourism institutions). Other sources of information include the annual register of visitors to the Jesuit missions, audited financial reporting from the APN, and the reports of the social and environmental monitoring system in the lakes circuit national parks, which will be included in the program evaluation reports.

- 3.24 SECTUR will prepare and deliver a consolidated program performance monitoring report to the Bank within 60 days after the end of each six-month calendar period during the program. The reports will include: (i) program financial performance, including the revolving fund; (ii) a breakdown of the projects completed and in progress under each component; (iii) findings of works supervision by the subexecuting agencies; (iv) findings of monitoring the environmental impact of tourism on the national parks and on the historical and cultural heritage in the Iguazú-Misiones circuit; (v) findings on the maintenance of completed works and goods included in the auditors' reports; (vi) an analysis of problems encountered and steps taken; and (vii) for year-end reports, the programming for the next calendar year, including projected disbursements and the updated contracting plan. Adjustments to the program pursuant to discussion of the reports will be agreed on with the Bank. Once accepted by the Bank, the monitoring reports will be made available to the public on the web pages of SECTUR, the APN, and the provincial tourism institutions of Neuquén, Río Negro, Chubut, and Misiones.
- 3.25 In the first quarter of each calendar year, beginning in the year in which the first work is executed and for five years after the last disbursement of the loan proceeds, SECTUR will deliver annual reports to the Bank containing the annual maintenance plan for the works and goods financed under the program. Each annual maintenance report will include information on the operating and maintenance results of the previous year and the agencies' budget allocation for such activities in the following year. The reports will be based on information provided by the APN and the provinces and municipios responsible for operating and maintaining the works.
- 3.26 As part of the program evaluation, SECTUR will prepare and deliver a midterm review report to the Bank within 90 days after the date on which 45% of the loan proceeds have been disbursed, and a final evaluation report within 90 days after the date on which 90% of the loan proceeds have been disbursed. These reports will include: (i) financial performance by component; (ii) output and outcome targets met and progress toward expected impacts, based on the indicators in the logical framework; (iii) the effectiveness and efficiency of the project preparation and

approval process, with an emphasis on quality, time and cost; (iv) the extent to which environmental requirements and specifications for works have been met, as established in the *Instructions for the Preparation of Final Project Designs* and applicable regulations; (v) the extent to which the operating and maintenance requirements for completed works have been met; (vi) the extent to which the participating entities perform the functions established in the *Manual of Operations and Procedures*; (vii) a summary of the social and environmental impact of tourism on the national parks and Jesuit missions; (viii) the extent to which contractual commitments have been kept; and (ix) a summary of the findings of all audits done during the program. Once accepted by the Bank, these two evaluation reports will be made available to the public on the web pages of SECTUR, the APN, and the provincial tourist institutions of Neuquén, Río Negro, Chubut, and Misiones. The evaluations will be done by consulting firms contracted by SECTUR and financed out of the loan proceeds. The reports, including the supporting documentation and statistical data, will be kept available for an ex post evaluation, if the government or the Bank decides to have one done after program end. **The executing agency will deliver the midterm review report to the Bank within 90 days after the date on which 45% of the loan proceeds have been disbursed. The executing agency will deliver the final evaluation report to the Bank within 90 days after the date on which 90% of the loan proceeds have been disbursed.**

L. Audits

- 3.27 Within 120 days after the close of each fiscal year, and within 120 days after the last disbursement of the loan proceeds, SECTUR will deliver the program's audited financial statements to the Bank, duly certified by independent auditors acceptable to the Bank. The audits will be based on the terms of reference approved in advance by the Bank (document AF-400) and the Bank's policy and requirements for external audits (documents AF-100 and AF-300). The cost of the audits may be financed out of the loan proceeds. Standard procedures will be followed in the selection and contracting of the external auditors (document AF-200).

IV. VIABILITY AND RISKS

A. Institutional viability—ICAS analysis

- 4.1 The viability of the execution arrangement proposed for the program, with four participating entities from different parts of the federal government, was evaluated during program preparation on the basis of four factors: (i) the permanent functions of SECTUR and each subexecuting agency; (ii) the level of effort and coordination among those agencies demonstrated during preparation; (iii) the quality of the series of works presented to the Bank for review; and (iv) the findings of the institutional capacity assessment of each entity using the institutional capacity assessment system (ICAS).
- 4.2 Consistent with its permanent functions, SECTUR was assigned the work of coordination, execution of activities to strengthen public tourism management, and monitoring and evaluation, to which were added responsibility for general administration and financial and accounting management of the program. Similarly, the subexecuting agencies were given responsibility for contracting, payments, and technical supervision of designs and works. Based on this assignment of responsibilities, the institutional capacity of the organizational units inside the participating entities to carry them out was assessed. For SECTUR, the assessment covered activities programming, financial management, goods and services management, human resource management, internal and external audits, and administrative structure. For the subexecuting agencies, it targeted goods and services management, financial management, and programming of activities.
- 4.3 The analysis showed that SECTUR requires strengthening in certain aspects of activities programming, goods and services management, financial management, and external audits. The weaknesses are associated with an absence of formal procedures for preparing annual work plans, insufficient capacity to administer procurement and contracting processes, an ineffective system for filing supporting documentation, lack of an integrated financial and accounting information system, lack of mechanisms and procedures for financial planning, and audits that are not scheduled annually. In the case of the subexecuting agencies, the assessment showed that, like SECTUR, they all have insufficient capacity to manage procurement and contracting processes and lack mechanisms and procedures for financial planning.
- 4.4 The ICAS analysis suggests recommendations to strengthen program management and administration, which were incorporated into the program. They are:
 - a. **Activities programming.** SECTUR's formal procedures for preparing annual work plans will be governed by the Manual of Operations and Procedures.

- b. **Administration of goods and services.** SECTUR's executing unit and the subexecuting units in the APN, DNV, and Department of Public Works will be strengthened through the addition of procurement specialists to attend to the work load expected during execution. The Manual of Operations and Procedures will establish guidelines for program procurement and contracting and set uniform criteria for handling and filing supporting documentation for the bidding processes.
 - c. **Financial management.** SECTUR will have a consolidated integrated accounting system for proper financial management of the program and timely delivery of reports, to which the subexecuting agencies will have access. The Manual of Operations and Procedures contains the rules for program financial and accounting management.
 - d. **External audits.** Independent private firms of auditors will perform annual external audits of the program during execution.
- 4.5 On the technical level, in the preparation stage SECTUR and the subexecuting agencies demonstrated their capacity to effectively prepare final project designs of suitable quality. Through close coordination and with the participation of the provincial and municipal governments, studies and final designs were prepared up to generally-accepted technical specifications. The studies included environmental studies and management plans capable of mitigating potential adverse impacts.
- B. Financial viability**
- 4.6 An analysis was performed of the financial capability of the APN and the provincial governments of Río Negro, Neuquén, Chubut, and Misiones to cover the annual cost of operating and maintaining the works under their jurisdiction. The contribution was estimated as US\$448,200 for the APN, US\$131,000, for the province of Río Negro, US\$93,000 for the province of Neuquén, US\$464,000 for the province of Chubut, and US\$519,000 for the province of Misiones. Municipios will be required to demonstrate their financial capability to cover the annual operating and maintenance costs of the works under their jurisdiction (US\$36,000 on average) before calling for bids, using a methodology similar to the one presented here. For the purposes of the analysis, financial projections were made using information from the audited financial statements for the last three years; audited budget performance data; status of short- and long-term debt; and targets met under fiscal adjustment agreements between each province and the national government.
- 4.7 In the case of the APN, nearly two thirds of its revenue comes from service delivery and concessions, with the remainder contributed by the federal government. The APN had positive net earnings of US\$2.7 million in 2002 and in 2003. Its current assets to current liabilities ratio was 3.27 and 3.81 in 2002 and 2003, respectively,

for liquidity in those years of about US\$7 million and US\$15 million, respectively. This liquidity situation is expected to be maintained in the coming years, permitting it to cover the annual operating and maintenance costs of US\$448,200 for the works under its jurisdiction included in the program. As for its solvency position, the APN had a total liabilities to total assets ratio of 8.14% in 2003, owing to the threefold increase in its assets and 11% reduction in its liabilities since 2000.

- 4.8 In the case of the provinces, the following parameters were used for the financial projections: (i) for income, GDP growth of 6% in 2005 and of 3.6% starting in 2006; and (ii) for expenditures, average growth equivalent to the expected annual inflation rate of 7.7% for 2005, 6.7% for 2006, and 4% from 2007 onward. In all cases, the projections indicate that current savings will increase sufficiently to cover the annual operating and maintenance costs of the works under each province's jurisdiction (see the following table).

FINANCIAL PROJECTIONS
(US\$ millions)

	2005	2006	2007	2008	2009	2010
Río Negro						
A. Current income	433.2	451.0	469.6	489.0	509.3	530.6
B. Current expenditures	362.7	387.0	402.5	418.6	435.3	452.7
C. Current savings (A-B)	70.5	64.0	67.1	70.4	74.0	77.9
Neuquén						
A. Current income	657.7	681.9	718.1	756.5	797.3	840.6
B. Current expenditures	531.7	567.3	590.0	613.6	638.1	663.7
C. Current savings (A-B)	126.0	114.6	128.1	142.9	159.2	176.9
Chubut						
A. Current income	256.5	269.8	275.7	281.8	288.1	294.7
B. Current expenditures	151.0	161.1	167.6	174.3	181.3	188.5
C. Current savings (A-B)	105.5	108.7	108.1	107.5	106.8	106.2
Misiones						
A. Current income	391.7	415.6	441.1	468.3	497.4	528.5
B. Current expenditures	343.8	366.8	381.5	396.7	412.6	429.1
C. Current savings (A-B)	47.9	48.8	59.6	71.6	84.8	99.4

C. Socioeconomic viability

- 4.9 Tourism programs have three types of economic benefits: net exchange earnings; the benefits associated with jobs or the value of the employment created as a result of spending by domestic tourists at project-supported tourist destinations, less the value of jobs lost at other tourist destinations not visited by those same tourists; and the benefits of tourists or the increase in value that the tourists attribute to improvements in destinations, traditionally measured through surveys and random utility models. In theory, the economic viability of the investments in a given tourist area should be calculated using estimates of internal rates of return or the discounted flow of net benefits, based on quantitative information for the indicators mentioned. This methodology should bear in mind that some investments serve

both tourists and residents (e.g. improvements in urban areas) and that part of the economic benefits of tourism is also generated by complementary private investments.

- 4.10 Given the lack of reliable quantitative information for a precise estimate of the economic viability of the series of investments in each of the circuits covered by the program, a more conservative analysis was done of the return on investments in the national parks in the lakes circuit and in the Jesuit missions. The cost of the investments represents 55% of the total cost of the components on development and management of public tourist attractions and information and promotion at tourist destinations. Complementarily, the economic viability of rehabilitating the Old Patagonian Express (La Trochita) was studied. At US\$1.88 million, it is the most costly work in the program.
- 4.11 **National parks in the lakes circuit.** To calculate the incremental benefits, an increase in revenues of US\$950,000 was assumed from introducing an entry fee at the Lanín national park in year one, and an average annual increase of 2.8% in income after that year, consistent with the average annual growth rate in the number of visitors to the parks between 1993 and 2004. The calculation of the incremental costs includes the annual investment and operating and maintenance costs for the investments. The annual investment costs, defined by the timetable for execution of the works, include costs associated with the design and execution of the works, the introduction of the environmental monitoring system, and the updating of management plans. It was assumed that annual operating and maintenance costs for the works will remain constant after year six. With a 20-year horizon, the net present value (NPV) of the benefits of the investments, discounted at a rate of 12%, is US\$181,365. The internal rate of return (IRR) was estimated as 12.6%. These estimates do not include the monetary benefit associated with the preservation and conservation of the natural heritage in the national parks as a result of the program's investments.

**ECONOMIC RETURN ON INVESTMENTS IN THE NATIONAL PARKS
IN THE LAKES CIRCUIT
(US\$ thousands)**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Years 7-20
A. Incremental benefits	950.0	997.5	1047.4	1099.7	1154.7	1212.5	1273.1*
B. Investment costs	622.9	2862.6	2299.6	2229.3	1780.1	979.8	-
C. Operation & maintenance	-	20.8	173.4	291.8	355.1	448.2	448.2
Net benefit (A-B-C)	327.1	1885.9	(1425.6)	(1421.4)	(980.5)	(215.4)	764.3
Net present value	181.4						
Internal rate of return	12.6%						

* Annual growth of 5% is assumed.

- 4.12 **Jesuit missions.** To calculate the incremental benefits, an expected increase in average total spending by tourists of US\$21.50 was assumed from the expected increase in average daily spending from US\$13 to US\$23 and the lengthening of the average stay in the area from 1 to 1.5 days after the works are completed in program year six. It was conservatively assumed that the number of tourists who visited the Jesuit missions in 2004 (202,831) will remain constant during the analysis period. Based on these assumptions, a constant flow of annual incremental benefits from year six onward was estimated at US\$4.36 million (202,831 visitors at US\$21.50 each). The annual investment costs include the cost of the design and execution of works and the cost of monitoring the cultural heritage. It was assumed that maintenance costs would remain constant after year six. The flows of investment, operating, and maintenance costs are established in the program execution timetable. With a 20-year horizon, the NPV of the benefits from the investments, discounted at an annual rate of 12%, is US\$5.65 million. The IRR was estimated at 20.1%. A steady annual increase in maintenance costs of 10% from year seven onward yields an NPV of US\$3.78 million and an IRR of 18.2%.

ECONOMIC RETURN ON INVESTMENTS IN JESUIT MISSIONS
(US\$ thousands)

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 6-20
A. Incremental benefits	-	-	-	-	-	4,360.5
B. Investment costs	693.8	1,720.8	3,363.4	3,916.0	1,735.5	-
C. Operation & maintenance	-	-	226.2	435.1	654.7	654.7
D. Net benefit (A-B-C)	(693.8)	(1,710.4)	(3,589.6)	(4,351.1)	(2,390.2)	3,705.8
Net present value	5,654.0					
Internal rate of return	20.1%					

- 4.13 **Old Patagonian Express (La Trochita).** Work to rehabilitate the Old Patagonian Express will begin in program year two and end one year later. The income estimate was based on a flow of 28,245 passengers in year two, increasing by 5% a year, and an average fare of US\$8 equivalent in 2004, increasing to US\$16.67 in year four and to US\$20 in year five. By way of comparison, in 2004 the Old Patagonian Express carried 26,900 passengers, 33% more than in 2003. The annual rate of growth in passengers between the peak of 1998 and 2004 was 5.5%. Income from special services and concessions is assumed to be constant from program years three and four onward, respectively. It was assumed that operating and maintenance costs increase by 5% a year during the first five years and remain constant from year seven onward. With a 20-year horizon, the NPV of the investment benefits, discounted at a rate of 12%, is US\$706,135 and the IRR was estimated at 16.5%. If the fare remains frozen at US\$8 for the entire analysis period, the NPV would be *negative* by US\$2.14 million.
- 4.14 The logical framework (Annex I) includes key performance indicators that will allow the flow of economic benefits from the investments in national parks in the lakes circuit, the Jesuit missions, and the Old Patagonian Express to be monitored

each year. In each case, the indicators include annual targets based on the estimated flow of benefits that will allow SECTUR to adjust the works execution timetable as needed to maintain sufficient return on investment.

- 4.15 As part of the economic analysis, the present value of the incremental exchange earnings from foreign tourists in the lakes circuit over the period 2005-2020 was estimated. For the estimate, it was assumed that the number of visitors to the circuit in 2004 (990,250), measured by total arrivals at San Martín de los Andes, Villa La Angostura, San Carlos de Bariloche, and Esquel, would increase by 3% a year and that the proportion of foreigners would gradually increase from 21% at present to 30% by 2010, remaining constant after that year. Also, a gradual increase in the average stay from 5.4 to 6.5 days was assumed between 2004 and 2010, remaining constant after that year. Average daily spending per foreign visitor was considered constant at 2004 levels (US\$66). Based on these assumptions, the NPV of the annual increase in foreign currency in the lakes circuit was estimated as US\$11.6 million.

D. Social and environmental sustainability

- 4.16 The program will have a positive impact on the natural and historical/cultural heritage in the lakes and the Iguazú-Misiones circuits by easing pressure on that heritage from the growing flow of tourists into these regions. The programmatic environmental assessment (PEA)—a strategic regional study of the environmental impacts and risks of the set of projects included in the program—points out that without the projects, expected demand by visitors in the two circuits would lead to degradation of the natural and historical/cultural heritage. The improvement in the quality of tourist attractions and diversification of the tourism supply, coupled with better management by the government, will allow for sustainable use of the heritage and will generate a sustainable flow of benefits in the long term into the local and regional economies adjacent to the areas assisted by the program.
- 4.17 The PEA analyzed the possibility of the occurrence of potential risks traditionally associated with increases in the tourism supply, such as changes in land use and occupancy patterns, provision of public services in tourist areas, or impacts on other natural resources. In the case of changes in land use and occupancy patterns, inter-census demographic growth observed in some urban centers adjacent to the protected natural areas in the lakes circuit, while not expected to increase as a result of the program, calls for the introduction of adequate land planning and management instruments for common urban areas. In protected natural areas, although the national parks in both tourist circuits have management plans to cover the expected flows of tourists, some need to be updated in function of those flows. Also, the national parks administration lacks an adequate information and monitoring system, with environmental and social indicators that allow for more efficient management of public visits to protected areas.

- 4.18 In general, growth in tourist flows tends to exert additional pressure on public services in the areas visited. The PEA recommended that specific activities be included to manage waste in the national parks in the lakes circuit and at the Jesuit missions. Outside these tourist attractions, projects for water, sanitation, and solid waste management are being planned or are under way in the main municipios that will benefit from the program, which will cover the expected growth in the number of tourists, which is why the program has not included investments in basic infrastructure of this kind.
- 4.19 The program includes the activities recommended in the social and environmental management plan: (i) formulation or updating of land management plans for common urban areas, which include plans to improve sanitation services; (ii) the revision and updating of the management plans and implementation of an environmental monitoring system for tourism in the lakes circuit national parks; (iii) implementation of a system to monitor conservation of the Jesuit mission archeological monuments and their environs; (iv) the creation of development opportunities for original peoples and local communities as part of the plans for competitive tourism in both circuits; (v) the establishment of craft centers to promote the integration of original peoples and local products into the tourism supply; (vi) the inclusion of activities to sensitize visitors to the environmental impacts of their activities; and (vii) use of the local advisory committees established in each national park to facilitate organization and participation by the different local agents in monitoring implementation of the program and the social and environmental management plan, serving as a linking mechanism between SECTUR, the subexecuting agencies, and the subnational institutions. These activities complement the technical assistance and training activities to strengthen public management of tourism in the country on the federal and subnational levels, particularly with regard to planning.
- 4.20 As for the works, no significant negative environmental impact is expected given their scale—60% of the works cost US\$150,000 or less. The analysis of the final project designs for the set of works presented by SECTUR made it possible to determine the impact and the corresponding mitigation measures and to evaluate the capacity of the subexecuting agencies and the scope of the federal and subnational environmental regulations, with the latter being considered satisfactory. As a result of the analysis, the project includes: (i) the establishment of environmental guidelines for the preparation of the feasibility studies and designs of specific works, set forth in the *Instructions for the Preparation of Program Final Project Designs*; (ii) compliance with national and subnational environmental regulations by the final project designs, which includes the presentation of environmental studies, as necessary; (iii) the incorporation of measures and obligations for environmental mitigation in the construction contracts; and (iv) environmental supervision as part of the general technical supervision of the works, following the guidelines established in the *General Instructions for Works Supervision*, whose results will be included in the semiannual reports on the program.

- 4.21 Each subexecuting agency will be responsible for the supervision and verification of compliance with the environmental regulations by contractors. They will be supported by environmental specialists in performing those functions, and by the firms that supervise the works, which have responsibility for supervising compliance with the environmental protection obligations established in the contract. The midterm and final evaluation reports will analyze compliance with the environmental regulations in execution of the works, the environmental supervision capacity of the subexecuting agencies, and the social and environmental impacts of tourism in the national parks in the lakes circuit and at the Jesuit Guaraní missions.

E. Benefits and beneficiaries

- 4.22 The principal expected outcome will be an increase in foreign currency earnings from tourist activities in the lakes and Iguazú-Misiones circuits. Specifically, the project is expected to have the following outcomes: (i) lengthening of the average stay by tourists in the two circuits; (ii) an increase in average daily spending by tourists in the Iguazú-Misiones circuit; (iii) an increase in the number of foreign tourists; and (iv) an increase in income from tourism in the national parks in the lakes circuit and the Jesuit missions.
- 4.23 The principal beneficiary will be private sector providers of tourist services, as a result of the greater capacity of the destinations to attract, retain, and satisfy tourists. The tourists will benefit from a better array of tourist services and activities. The program will directly benefit the local population by offering new business and job opportunities and better options for leisure and recreation. The program will also generate social benefits from the development and conservation of the country's cultural and natural heritage.

F. Risks

- 4.24 **Coordination between SECTUR and the subexecuting agencies.** Program execution will require close coordination between SECTUR and the subexecuting agencies and indirect participation by the subnational governments. While the program was being prepared, these entities demonstrated ownership of the project and very close cooperation during the process of identifying investment activities and the subsequent preparation of final project designs. This cooperation extended to preparation of the *Manual of Operations and Procedures*, which establishes the responsibilities of each entity in the execution arrangement, the mechanisms for transferring resources and reporting, the processes of presenting supporting documentation for bidding processes, and project performance monitoring reports. The existence and use of the manual will facilitate closer coordination among the participating entities during program execution.
- 4.25 **Sustainability of international tourist demand.** Since the end of the convertibility policy, Argentina has enjoyed a rising trend in the number of foreign visitors to the

country. The expected outcomes of the program were quantified by assuming that the country's macroeconomic conditions would continue to be favorable for tourism, no events would occur that would adversely affect the regional and international tourism sector, and the National Tourism Promotion Institute (INPT) would continue sustained efforts for promotion, marketing, and assistance in selling Argentina as a tourist destination.

ARGENTINA
PROGRAM TO ENHANCE TOURISM SECTOR COMPETITIVENESS (AR-L1004)
LOGICAL FRAMEWORK

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL			
To steadily increase foreign exchange earnings from tourism in the lakes circuit and Iguazú-Misiones circuit	<p style="text-align: center;">Impact</p> <ul style="list-style-type: none"> In the lakes circuit, the number of foreign tourists visiting Bariloche, San Martín de los Andes, Villa La Angostura, and Esquel increases from 207,950 (21% of the total) in 2004 to 362,500 (30% of the total) in 2012; their average stay in the zone lengthens from 5.4 days in 2004 to 6.5 days in 2012; and their average daily spending is US\$66. Foreign visitors to the Guaraní Jesuit mission of San Ignacio Mini maintain the 2004 figure of 24%; their average stay in the zone increases from 1 day in 2004 to 1.5 days in 2012; and their average daily spending rises from US\$13 in 2004 to US\$23 in 2012. The combined occupancy rate of hotels and similar establishments in Villa La Angostura, San Carlos de Bariloche, and San Martín de los Andes rises from 3,070,000 in 2004 to 3.5 million in 2012. 	<ul style="list-style-type: none"> Annual surveys by municipal tourist bureaus Annual surveys by the Department of Tourism (SECTUR) National Institute of Statistics and Censuses (INDEC) tourism satellite account survey 	
PURPOSE			
To support the development and consolidation of tourism in the lakes circuit and Iguazú-Misiones circuit	<p style="text-align: center;">Outcomes</p> <ul style="list-style-type: none"> The total number of visitors to Bariloche, San Martín de los Andes, Villa La Angostura, and Esquel rises to 1,040,000 in 2006; 1,070,000 in 2007; 1,090,000 in 2008; 1,120,000 in 2009; and 1,150,000 in 2010. Baseline: 990,250 visitors in 2004 Total income earned by the National Parks Administration (APN) from the Lanín, Nahuel Huapi-Los Arrayanes, Lake Puelo, and Los Alerces national parks is US\$2,080,000 in 2005; US\$2,130,000 in 2006; US\$2,180,000 in 2007; US\$2,230,000 in 2008; US\$2,280,000 in 2009; and US\$2,340,000 in 2010. Baseline: US\$1,130,000 in 2004 In the area of the Guaraní Jesuit missions, the total number of visitors to San Ignacio Mini is 247,000 in 2006; 273,000 in 2007; 301,000 in 2008; 333,000 in 2009; and 368,400 in 2010. Baseline: 202,831 visitors in 2004 	<ul style="list-style-type: none"> Annual surveys by municipal tourist bureaus Annual audited financial information from the APN Annual count of visitors to San Ignacio de Mini 	<p>The country's macroeconomic conditions remain favorable for tourism.</p> <p>No events occur that negatively affect the regional or international tourism sector.</p> <p>The National Tourism Promotion Institute (INPT) maintains sustained efforts to promote, market, and sell Argentina as a tourist destination.</p>

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • The average entry fee to the Jesuit missions rises from US\$3 in 2004 to US\$5.30 by the end of the program. • Total income from passenger fares, special services, and concessions on the Old Patagonian Express is US\$451,000 in 2006; US\$527,000 in 2007; US\$824,000 in 2008; US\$959,000 in 2009; and US\$991,600 in 2010. Baseline: US\$224,160 in 2004 • The environmental quality of the national parks in the lakes circuit in terms of biodiversity, plant cover, erosion, forest fires, and water quality is maintained or improved with respect to the baseline established by the APN's environmental monitoring system during the program. 	<ul style="list-style-type: none"> • Decree by the Misiones provincial government • Audited financial information from the Tourism Subsecretariat of the province of Chubut • Midterm and final program evaluation reports 	
COMPONENTS			
Development and management of public tourist attractions	<p style="text-align: center;">Outputs</p> <p><i>Lanín national park:</i></p> <ul style="list-style-type: none"> • 2.5 km of gravel road, 200 m² of parking space, and 450 m² of recreational area built, and the Bandurrias scenic overlook rehabilitated by year 6 of the program • 500 m of gravel road with lateral drains, stabilized slopes, retaining walls, and a 4 m wide by 4 m long bridge, upgraded parking, and the Arrayanes scenic overlook rehabilitated by year 6 of the program • 6 km and 15 km of internal secondary roads in the Lácar basin, 5 km in the Lolog basin, and 6 km in the Tromen basin improved and 3 wooden bridges (16 m, 12 m, and 5 m) replaced in year 4 of the program • Hiking trail (35 km x 1.5 m), with steps, soil retention, new sections opened, 7 footbridges 20 m long, and 12 footbridges 7 m long, a shelter for 25 people and 2 60 m² scenic overlooks operating in Laguna Carimanes, Puerto Arturo, and Puerto Canoa in year 6 of the program • Path (23 km x 1.5 m), with stabilized slopes, soil retention, 53 footbridges 5 m long; 4 63 m² mid-mountain shelters for 25 people operating in year 6 of the program • Improved footpath, 1,000 m² of graveled road, 2 scenic overlooks and rest areas operating as the Catitre walking trail in year 4 of the program. • Public toilets at Playa Villa Quila Quina, Cascada Chachín, and Pucará installed in year 2 of the program 	SECTUR semiannual execution reports	There is close cooperation between SECTUR, the subexecuting agencies, the provincial governments, and the municipios during program execution.

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Four-span pedestrian and vehicle bridge (40 m x 4.2 m) over the Cha-Chin river repaired in year 4 of the program • 2 firefighting substations at Lake Meliquina and Lake Tromen operating in year 4 of the program • Theme park, including pedestrian access to the fish trap, information office (25 m²), amphitheater (120 m²), outdoor games, interpretive trails, boulevard and plaza completed in year 3 of the program • 6 access gates at Lácar on Route 48, Huechulafquen, Paraje El Contra, Currhué, Quillén, Rucachoroi, and Norquinco constructed in year 4 of the program • 350 information signs, 200 directional and warning signs, 350 educational signs and 200 interpretive signs installed in year 4 of the program • 2 docks (35 m x 2.5 m) at the western end of Lake Lácar and the western end of Lake Nonthué constructed in year 2 of the program • 20 m x 2.5 m dock at the western end of Lake Epulafquen repaired in year 5 of the program • Management plan for Lanín national park updated and approved in a board of directors resolution by the end of the program <p><i>Nahuel Huapi – Los Arrayanes national park</i></p> <ul style="list-style-type: none"> • Access roads (11.4 km x 400 m) to Lake Steffen graveled, with culverts built, 2 wooden bridges (20 m x 4.2 m), the scenic overlook at Cerro Santa Elena rehabilitated, and a parking lot completed in year 5 of the program • Tourist road inside Challhuaco (8 km) and road at Nirihuau (18 km) graveled, with culverts, wooden bridge (9 m x 3.5 m) built, and 3 wooden bridges (6 m x 3.5 m) rehabilitated in year 5 of the program • Casa de Anchorena, Casa Azul, Casa Verde and Casa Roja restored in year 3 of the program • Dirt trail circuits A-B, B-C, C-C and C-D filled and compacted, with new railings, footbridges, steps, 4 natural scenic overlooks and 1 wooden lookout equipped, operating on Victoria Island in year 4 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • 3.3 km of access trails to the Frey shelter and 4 km to the General San Martín shelter in the Cerro Catedral basin profiled and stabilized, with slope retention and water barriers, in year 3 of the program • Scenic overlook 1 decked, overlook 2 decked and with steps, and 1.2 km of trails at Puerto Blast and Puerto Los Cántaros reconstructed or reinforced at Cascada Los Cántaros completed in year 3 of the program • 25 km of trails equipped with bridges, footbridges, water barriers, slope treatment, steps, barriers, scenic overlooks, railings, a minishelter, benches, trash cans, and directional signage, and a dock with the capacity to embark 25 people built at Cerro Dormilón, Colorado, and Coihue Ahuelo in year 5 of the program • 12 km of trails and their scenic overlooks in Los Arrayanes national park rehabilitated in year 2 of the program • 0.85 km path and bridge over Arroyo Cataratas falls constructed, bicycle parking prepared, and signage installed at scenic overlook Co Lemu in year 2 of the program • 25 km of walking trails at Las Mellizas, Cañadón A. Verde, and the rock paintings, with bridges, footbridges, water barriers, slope treatment, steps, barriers, scenic overlooks, railings, minishelter, tables, benches, trash cans, and signage, completed in year 3 of the program • 5 km of trails at Cascada del Ñivinco falls with one wooden bridge (15 m x 1.5 m), and another wooden bridge (10 m x 1.5 m) built in year 3 of the program • 2 km of trails with permanent markings and signage and expansion of the Villa Traful scenic overlook completed in year 4 of the program • 2 sets of public toilets at Los Arrayanes national park and 3 sets at Nahuel Huapi national park operating in year 2 of the program • Road graveled, bridges (9 m x 3.5 m) at Los Rápidos, Hotel Tronador, Arroyo Los Césares, Huamanco, and Manso Superior rehabilitated, Los Rápidos camper area removed, Los Césares campground rehabilitated, parking at Los Rápidos, the Balcón scenic overlook rebuilt, and a new scenic overlook completed at Cerro Tronador in year 4 of the program • 3 firefighting substations (172 m²) at Los Césares, Angostura, and Pichi Traful operating in year 3 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Information office at the entrance to Los Arrayanes national park (50 m²) and 2 sets of toilets operating in year 3 of the program • Mascardi and Pampa Linda interpretive center, with the dividing walls moved, masonry repaired, painted and cleaned, inspection area furnished, reopened in year 4 of the program • Wooden gateway 5 m high and office (50 m²) installed at Confluencia in year 2 of the program • 50 information signs and park ranger sections, 120 information signs and geographical references, 150 instruction signs, 50 road instruction signs, 5 interpretive signs at scenic overlooks, 15 interpretive signs on pathways installed at Los Arrayanes national park in year 4 of the program • 110 information signs and geographical references, 100 instruction signs, 150 information signs in camp grounds, 28 signs at the heads of hiking trails, 10 interpretive signs at scenic overlooks, 20 interpretive signs installed on trails at Nahuel Huapi national park in year 4 of the program • 5 information signs and geographical references, 5 information signs and historical references, 15 instructional signs at entrance and exit points, 5 information signs in restricted areas, 40 signs on pathways with exotic species, 8 interpretive signs at scenic overlooks, 16 interpretive signs installed on pathways at Victoria Island in year 4 of the program • Dock at Bahía La Brava (48 m) repaired in year 4 of the program • Dock at B. Manzano repaired in year 4 of the program • 2 docks at Victoria Island (Puerto Radal and Puerto Piedras Blancas) repaired and one 12 m dock at Puerto Gros built in year 4 of the program • Management plan for Nahuel Huapi-Los Arrayanes national park updated and approved by a board of directors resolution by the end of the program <p><i>Lake Puelo national park</i></p> <ul style="list-style-type: none"> • Internal tourist roads with lateral drains, culverts, graveling of existing roads, 300 m of new road, and a bridge with a 4 m span operating in year 2 of the program • Visitor information center (50 m²) built in year 3 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Watering system installed and 3,000 m² landscaped in the dock area in year 2 of the program • 2 breakwaters (28 m x 3.1 m) constructed in year 3 of the program • Public toilets at Río Turbio, Los Hitos, and the shore of the park operating in year 4 of the program • 5 m high access gate built in year 2 of the program • 2 km of telephone cable and 2.5 km of underground power lines laid in the park in year 4 of the program • 2 floating docks (3 m x 12 m and 2 m x 10 m) with swinging access ramps and breakwaters constructed at Río Turbio and Los Hitos in year 3 of the program • 50 information signs, 20 road signs, 50 instruction signs, and 100 interpretive signs installed in year 4 of the program • Lake Puelo national park management plan updated and approved by a board of directors resolution by the end of the program <p><i>Los Alerces national park</i></p> <ul style="list-style-type: none"> • 30 km of internal tourist roads widened to 2 m, with 40 m of culverts and 120 m of cleaned drains and new drain gratings installed, graveled in year 3 of the program • 15 trails with lateral drains, water barriers, wooden bridges over small streams, 4,700 m of stabilization slopes, access gateways, small retaining walls, and graveled parking lots; and scenic overlooks with decking, footbridges, railings, and information signs operating in year 3 of the program • Visitors center (50 m²), composed of an information center, interpretive center, video library, toilets, with a 200 m² paved parking lot, operating in year 3 of the program • Public toilets (50 m²) at Playa Futalaufquen, Las Rocas, Los Rápidos (Futaleufú dam), and Arroyo La Usina operating in year 3 of the program • 2 firefighting substations (175 m² covered and 52 m² semicovered), with 2 bedrooms, kitchen, bathroom, dining room, and garage for 2 vehicles in the northern zone and Bahía Rosales operating in year 2 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • 80 information signs, 50 instruction signs, and 100 interpretive signs installed in year 4 of the program • 2 sectional docks (25 m) at Lake Krugger and Punta Matos, Lake Futalaufquén, and a floating dock (15 m) on 3 levels at Seccional Rivadavia constructed, and pylons, joining ramp, and footbridges at the Lake Verde dock installed in year 3 of the program • Management plan for Los Alerces national park updated and approved by a board of directors resolution by the end of the program <p><i>The lakes circuit national parks</i></p> <ul style="list-style-type: none"> • Socioenvironmental monitoring system in the four national parks in the lakes circuit, with a baseline for measuring the potential impact of tourism on biodiversity, plant cover, erosion, forest fires, and water quality implemented in the APN in year 1 of the program <p><i>Iguazú national park</i></p> <ul style="list-style-type: none"> • Interpretive center at the former Cataratas hotel operating in year 4 of the program <p><i>Municipio of Aluminé</i></p> <ul style="list-style-type: none"> • 110 m of protective works on the banks of the Aluminé river built in year 4 of the program • Pathway 850 m long, paved, lighted, landscaped, with wooden benches and a visitors center (424 m²), a craft center (65 m²), and a small wooden amphitheatre operating at the Aluminé river promenade, in year 4 of the program • Municipio of San Martín de los Andes • 1,000 m x 7 m of pavement for vehicle traffic, 5 small pedestrian decks (500 m²) on existing bridges, 4 footbridges with wooden structures and planking (20 m), walkways with handicapped access, and a bicycle path (2,000 m x 2 m wide), flood protection, and channels for rain runoff constructed; and a watering and pumping system (4,400 m), lighting (4,400 m), children's playground, 100 benches, and 50 waste bins installed, all forming the lineal Pocahullo park in year 3 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Access roads at San Martín, General Roca, and Villegas (1 km x 12 m) paved with concrete, pedestrian and vehicle boulevard (600 m), monument to the deer and surrounding area, 1,800 m² of sunbathing decks, and 400 m² of sunbathing terraces to the north of the commercial dock constructed; and lighting, windbreaks at the commercial dock, 2 public toilets, 2 interpretive panels, and 10 traffic signs for tourists, 40 benches and 20 trash cans installed in the Lake Lácar lakeshore park in year 2 of the program <p><i>Municipio of Junín de los Andes</i></p> <ul style="list-style-type: none"> • Mapuche craft cultural center (830 m²) operating in year 2 of the program <p><i>Municipio of Villa Pehuenia</i></p> <ul style="list-style-type: none"> • Shore protection works, pedestrian walkway (950 m x 2 m wide) with rest areas and lighting, wooden tourist dock (30 m x 3 m), and visitors office (50 m²) constructed and landscaped at shoreline drive on Lake Aluminé in year 5 of the program <p><i>Municipio of Villa La Angostura</i></p> <ul style="list-style-type: none"> • 6.4 km of access roads, with a crown width of 9.2 m, paved and a 10,000 m² parking lot built at Cerro Bayo in year 3 of the program • 7.4 km of asphalt strip from Istmo Quettrihué to the Lake Correntoso municipal beach, with tourist signage and signs operating as a bicycle path in year 2 of the program • Watering system installed, roses and shrubs replaced, walking path and boulevards marked out on Avenida Arrayanes; and pedestrian walkway, sidewalks, and observation point to Avenida Arrayanes, 2 new rest areas constructed, and watering system installed in Plaza San Martín in year 3 of the program • 1.5 km of trails widened, perimeter and internal fencing installed, gateway built, signs and signage installed, multiple use room (138 m²) with toilets, and a picnic area built in the Selva Triste natural protected area in year 5 of the program • Gabions (400 m) at Costanera completed, BBQs, tables and benches upgraded and relocated, remodeling of the historical building as a site museum, multiple use room reconstructed, one toilet installed, lighting, accesses, and parking improved in the Río and Playa Correntoso natural protected area in year 3 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> Concrete structures and shore protection, 2 parking lots, 2 children's playgrounds, a cookout area, a pedestrian bridge, a footbridge, toilets, consolidation of 2 picnic areas and a sunbathing area, a multisports field, planting, and lighting works completed at Parque Arroyo Las Piedritas in year 6 of the program <p><i>Municipio of Villa Traful</i></p> <ul style="list-style-type: none"> Dock (80 m) rehabilitated and expanded and 800 m of trails and bicycle paths compacted, with gabions, drains-culverts, lighting, scenic overlooks, railings, steps, benches, signage, craft stand, and parking for vehicles and bicycles at the shoreline promenade at Lake Traful in year 5 of the program Environmental interpretive center at Villa Traful (23 m²) operating in year 3 of the program <p><i>Municipio of San Carlos de Bariloche</i></p> <ul style="list-style-type: none"> Shore access to Lake Nahuel Huapi in the city center (street covered and lit, with parking—554 m long and 8 m wide—and a 1.5 m sidewalk of washed stone, footbridge over Avenida 12 de Octubre and Calle Palacios 2.5 m wide, 5 concrete accessways to streets perpendicular to the shore, 2 sets of toilets) completed in year 3 of the program 10.4 km of access road to Cerro Catedral paved and with signage in year 2 of the program Bicycle path (6.8 km x 1.2 m) paved in year 5 of the program 760 m² of graveled roads, dock (50 m) built, electricity and public lighting installed, subgrading for 400 m² in the pedestrian walkways completed, and 20 trash cans, toilets, and a watering system installed in Puerto Playa Bonita in year 4 of the program 400 m² graveled roads, electricity and public lighting installed, subgrading for 400 m² in the pedestrian walkways completed and 15 trash cans, plaza, and toilets installed at the Los Artesanos circuit in year 3 of the program <p><i>Municipio of El Bolsón</i></p> <ul style="list-style-type: none"> Access road (10.77 km) to Cerro Perito Moreno widened, roadway improved, and critical zones graveled, concrete works, slope protection systems, cleaning of drains, and improvements to culverts completed in year 3 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • 2 circuits for hiking and cycling operating; 20 benches, 40 m of railing, and 20 signs installed; and public toilets, control post (50 m²) and parking for 15 vehicles and 2 handicapped spaces constructed at the Cerro Amigo municipal reserve in year 3 of the program • Footbridge spanning 88 m over Río Azul, footbridge spanning 52 m at the access to Hielo Azul, footbridge spanning 45 m over Río Encanto Blanco, footbridge spanning 40 m over Cajón del Azul; 18 signs; 3 access control booths (16 m²), and access path to mountain shelters completed in year 5 of the program • 1,800 m of trails and scenic overlooks at Cascada Escondida, Cabeza del Indio, Mirador del Azul, Cascada Nahuel Pan, and Cañadón de la Mosca, with 45 general signs, 29 information signs, 37 benches, 1,050 m of low railing, and three parking lots (50 m²), operating in year 5 of the program • Craft center with 4,800 m² of awnings, 130 m² of service infrastructure, 250 m² of warehouse space, 1,200 m² of new paved area, 150 m² of access ramps to the bridge, 120 m² of bridges and accesses, 195 m² of public toilets operating in year 2 of the program <p><i>Municipio of El Hoyo</i></p> <ul style="list-style-type: none"> • Extension of the road to El Desemboque (3,125 m) graveled in year 5 of the program • 50 m of footbridges and wooden ramps, 250 m of railings, 100 m of steps, signage, and archeological censusing in the tourist circuit for sites with cave drawings in the Epuén river valley completed in year 3 of the program • Interpretive trail (3.5 km), with an entrance gateway, steps, railings, signage, trash cans, and a two-story mountain shelter (157 m²), with 32 seats, 4 tables, 10 bunk beds, and kitchenware, operating in Laguna El Espejo in year 3 of the program • Interpretive trail (4 km), with an entrance gateway, steps, railings, signage, trash cans, and a two-story mountain shelter (157 m²), with 32 seats, 4 tables, 10 bunk beds, and kitchenware, operating in Laguna Los Alerces in year 3 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Interpretive trail (3.2 km x 4 m) with information signs and a tourist center/cafeteria/guard's shelter (90 m²) operating at Paseo La Catarata in year 5 of the program • Floating dock (12 m x 3 m), linked to the shore with footbridges, ramp (2.7 m x 1.2 m), and a single story covered waiting area (60 m²), operating as a loading dock for water activities at Puerto Patriada in year 6 of the program <p><i>Municipio of Epuén</i></p> <ul style="list-style-type: none"> • Municipal historical museum Viejo Molino Harinero [the old flour mill], with 50 m² expanded, rehabilitated, and operating in year 3 of the program <p><i>Municipio of Lake Puelo</i></p> <ul style="list-style-type: none"> • Tourist circuit for cave painting sites in Cerro Radal (archeological census, rehabilitation of the circuit, construction and repair of footbridges and decking) rehabilitated in year 3 of the program • Integrated mountain shelter circuits (3 equipped shelters, 116 m², two stories, in Cerro Morrudo, Motoco Inferior, and Cerro Curumahuida, system of linking trails) built in year 4 of the program • Botanical interpretive walk (layout and establishment of a 900 m interpretive path, a 58 m² reception office, and a 24 m² wood and glass greenhouse) rehabilitated in year 6 of the program <p><i>Municipio of Cholila</i></p> <ul style="list-style-type: none"> • Butch Cassidy and the Sundance Kid historical site (reconstruction of the cabin (80 m²) and 2 sheds (30 m²), cabin-museum (80 m²), toilets (16 m²), caretaker housing (50 m²), parking, interpretive path) rehabilitated in year 4 of the program <p><i>Municipio of El Maitén</i></p> <ul style="list-style-type: none"> • 1,500 m road for vehicle and pedestrian traffic, 1,000 m path for pedestrian traffic, riverbank protection at the bend in the river, and installation of benches, signs, trash cans, landscaping, and lighting completed at the Chubut river promenade in year 4 of the program <p><i>Municipio of El Manso</i></p> <ul style="list-style-type: none"> • Craft center (60 m²) operating in year 3 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p><i>Río Negro-Chubut province</i></p> <ul style="list-style-type: none"> • Old Patagonian Express (La Trochita) railway park, with 3 rolling cars, 5 stationary cars, and 2 locomotives restored; Esquel Station (410 m²) reconstructed and lit with platform and roof (230 m²), irrigated park (6 ha), new parking lot (900 m²), old station turned into a museum, building for railway cars and workshop (1,000 m²) rehabilitated and fenced, fuel yard (225 m²); Nahuel Pan Station landscaped and treed (2 ha), with a parking lot (350 m²), general pumping system repaired, and Original Peoples' Museum repaired and equipped; El Mantén Station landscaped (0.75 ha), with a tearoom (150 m²), fuel yard (180 m²) and platform roof (280 m²) constructed, railway museum (200 m²), shed for firing locomotives (200 m²), and workshop building (1,200 m²) repaired; tourist hostel (80 m²) at Desvío Thomas; 4,000 sleepers replaced; Ing. Jacobacci Station with the museum upgraded, the yard and sheds rehabilitated, and the tracks repaired, operating in year 3 of the program <p><i>Municipio of Esquel</i></p> <ul style="list-style-type: none"> • Parking lot at Cerro La Hoya expanded by 11,250 m², with culverting of a section of Arroyo Plantamura, and operating in year 5 of the program • 15 km of access roads to Cordón Rivadavia-Cerro Huemul graveled in year 5 of the program • Visitors center (100 m²) covered with interpretive panels, 3 wooden blinds (10 m²) for bird watching, surveillance post (100 m²), vehicle path (1.4 km) and pedestrian path (50 m) with signs, 10 outdoor cooking areas in the campsite, 15 m of road marked out, 3,000 m perimeter wire fencing, operating at Laguna La Zeta in year 4 of the program • A wood and stone mountain shelter built and trails marked out and with signage in Cerro La Torta in year 4 of the program <p><i>Municipio of Trevelin</i></p> <ul style="list-style-type: none"> • 4 km of gravel road, with culverts, cattle fences, and indicative signs, and 3 wooden overlooks with protective railings (10 m² each), one wooden overlook with protective railing (40 m²), path (70 m) and steps (100 m) at the Nan & Fall provincial reserve in year 2 of the program • Farming history museum restored and operating in year 6 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Fish farming interpretive center (230 m²), with a control and information office, multiple use room, room for the intensive production of fry, 3.5 km of footpaths, and 1.7 km of internal roads improved, 2 parking lots (400 m² each), exhibition and sales area, equipped and operating at Arroyo Baguilt in year 6 of the program <p><i>Municipio of San Ignacio</i></p> <ul style="list-style-type: none"> • Craft sales center (200 m²) equipped and operating in year 4 of the program <p><i>Municipio of Concepción de la Sierra</i></p> <ul style="list-style-type: none"> • Rehabilitation of Casa Pernigotti and the thematic museum (430 m²) equipped and operating in year 4 of the program <p><i>Jesuit missions</i></p> <ul style="list-style-type: none"> • Restoration of sidewalks, renovation of the access boulevard and landscaping of the entrance (450 m²) and exit (210 m²) from the property, regulatory plan, small paved square, and urban furniture (350 m²); toilets (34 m²); a commercial services area (34 m²); upgrading of 1,800 m of dirt roads to permit urban traffic management and prioritization of access to the San Ignacio Mini Mission in year 3 of the program • 1,100 m of access roads to the Santa Ana Mission, with a bridge over Arroyo Marques, parking lot (500 m²), and works to upgrade water tanks and water-collection works, and expansion of the parking lot in year 3 of the program • 2.5 km of access road to Nuestra Señora de Loreto Mission paved in year 5 of the program • 14 km of access road to the Santos Mártires del Japón Mission improved in year 4 of the program • 8.5 km access road to Teyú-Cuaré provincial park improved in year 4 of the program • 5 km of access road to Puerto Maní improved in year 4 of the program • 2 km of access road to the Candelaria Mission from Planta Urbana improved in year 4 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Housing for the caretaker and public toilets (70 m²); 2 km of trails and roads with steps and footbridges for hiking and observation; transversal transect linking the church, garden, school, and plaza, and housing (866 m); and fencing and general tour system at the Santos Mártires del Japón Mission completed in year 5 of the program • Church (900 m²), garden (4,000 m²), chapel (300 m²), 850 m of roads, second plaza (2,400 m²), and workshops at Nuestra Señora de Loreto Mission rehabilitated in year 4 of the program • Residence, church structure, and workshops at Santa María La Mayor Mission rehabilitated in year 4 of the program • Church, chapel, garden, and workshops at Santa Ana Mission rehabilitated in year 3 of the program • Specific interventions in architectural structures, visitors' reception office (70 m²), perimeter fencing (4,500 m), signs for self-guided visits, steps, and bridges at the Guaraní Jesuit compound of Corpus completed in year 4 of the program • Works to upgrade San Ignacio Mini (consolidation of the church, garden, workshop, and perimeter fence) completed in year 3 of the program • Historical documentation center and Jesuit museum in Apóstoles (80 m² covered area, 196 m² semi-covered area) equipped and operating in year 4 of the program • 23 km of walkway connecting Santa María la Mayor and Santos Mártires del Japón, with 4 intermediate stops, bridges, footbridges, signage, and secondary roads, completed in year 5 of the program • Archeological prospecting and general archeological surveying, registry of archeological objects, and proposals for conservation and incorporation into the Jesuit missions circuit in San Javier completed in year 4 of the program • Archeological prospecting and general archeological surveying, registry of archeological objects, and proposals for conservation and incorporation into the Jesuit mission circuit in Candelaria completed in year 3 of the program • Interpretive center in Loreto (550 m²) rehabilitated, equipped, and operating in year 4 of the program • Interpretive center in Santa María (550 m²) rehabilitated, equipped, and operating in year 4 of the program 		

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Interpretive center in Santa Ana rehabilitated, equipped, and operating in year 4 of the program • San Ignacio de Loyola Museum in San José (181 m² repaired and 250 m² expansion) operating in year 4 of the program • Jesuit Guaraní park in San Ignacio Mini operating in year 5 of the program • Information and environmental monitoring system in the national parks in the lakes circuit operating in year 1 of the program • Plan for monitoring the historical, cultural, and archeological heritage of the Jesuit missions and their surroundings operating in year 1 of the program • Management plans for Lanín, Nahuel Huapi-Arrayanes, Lake Puelo and Los Alerces national parks updated in year 4 of the program 		
Information and promotion at destination	<p style="text-align: center;">Outputs</p> <ul style="list-style-type: none"> • Visitors center and access gateway to the circuit, with housing (50 m²), toilets (50 m²), building connection, access, parking, gardens, and exterior lighting, operating at the municipio of Villa Pehuenia in year 2 of the program • Access gateway to the circuit, with housing (50 m²), toilets constructed (6 m²), toilets remodeled (25 m²), building connection, access, parking, gardens and exterior lighting, operating in the municipio of Piedra del Águila in year 2 of the program • Tourist information office in the municipio of El Bolsón (183 m²) operating in year 2 of the program • Information centers at San José (346 m²) and Puerto Iguazú equipped and operating in year 3 of the program • Visitors center in the municipio of Esquel operating in year 2 of the program • Jesuit museum and tourist information office in Barrio Las Misiones (47.2 m² of covered area and 37.67 m² of semi-covered area) rehabilitated, equipped, and operating in year 3 of the program • Jesuit information center and Nuestra Señora de Candelaria museum (73 m² of covered area and 26 m² of semi-covered area) operating in year 3 of the program 	SECTUR semiannual execution reports	

NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • Visitors and interpretive center at the entrance to Misiones (276 m²) and access gateway in the municipio of Posadas operating in year 3 of the program • Tourist information offices in El Soberbio, Oberá, and Corpus, each 73 m² covered and 26 m² of colonnade equipped and operating in year 3 of the program • Signs on provincial routes 23, 46, 60, 61, 62, 63, 65, 11, and 13 in Neuquén, 81 and 83 in Río Negro, 4, 15, and 71 in Chubut, and national routes 22, 40, 231, 234, and 237 in Neuquén, 40 and 258 in Río Negro, 40 and 259 in Chubut installed in year 5 of the program • 6 information signs, 230 direction signs, 8 identification signs, 456 interpretive signs, and 45 information signs installed along the provincial and national routes in Misiones in year 5 of the program 		
Support for organization and promotion of circuits	<p style="text-align: center;">Outputs</p> <ul style="list-style-type: none"> • Competitiveness plans in the lakes and Iguazú-Misiones circuits implemented in year 5 of the program • Urban planning programs in the municipios of El Bolsón, Villa la Angostura, San Martín de los Andes, San Ignacio, Santa Ana, Candelaria, Loreto, Esquel, Trevelin, El Maitén, Lake Puelo, Cholila, and El Hoyo in effect in year 5 of the program 	SECTUR semiannual execution reports	
Strengthening of the national tourism administration	<p style="text-align: center;">Outputs</p> <ul style="list-style-type: none"> • National tourism information system, including the management information system and a tourism documentation center established in SECTUR in year 5 of the program • New processes for budget planning, procurement, payments, management, and monitoring of promotional activities and service for the public implemented in year 5 of the program • Training plan and system of work incentives based on career paths, plans for personnel development, and a policy for filling key vacancies in SECTUR implemented in year 5 of the program • System for monitoring the conservation of the cultural heritage and surroundings implemented in year 1 of the program • SECTUR's information system modernized and operating in year 5 of the program • Investment plans to boost the competitiveness of 2 new tourist circuits in year 4 of the program 	SECTUR semiannual execution reports	

PROPOSED RESOLUTION

Argentina. Loan ____/OC-AR to the Argentine Republic
Program to Enhance Tourism Sector Competitiveness

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 a program to enhance the tourism sector competitiveness. Such financing will be in the amount of up to US\$33,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Executive Summary of the Loan Proposal.