

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

PROGRAM TO SUPPORT THE EQUITY AND EFFECTIVENESS OF THE SOCIAL SAFETY NET IN ARGENTINA – PHASE II

(AR-L1309)

LOAN PROPOSAL

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CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problems, and rationale	1
B.	Objectives, components, and cost	14
C.	Key results indicators	15
II.	FINANCING STRUCTURE AND MAIN RISKS	15
A.	Financing instruments	15
B.	Environmental and social safeguard risks	17
C.	Fiduciary risks	17
D.	Other risks and key issues	17
III.	IMPLEMENTATION AND MANAGEMENT PLAN	18
A.	Summary of implementation arrangements	18
B.	Summary of arrangements for monitoring results	19

ANNEXES	
Annex I	Summary Development Effectiveness Matrix
Annex II	Results Matrix
Annex III	Fiduciary Agreements and Requirements

LINKS
REQUIRED <ol style="list-style-type: none">1. Multiyear execution plan2. Monitoring and evaluation plan3. Procurement plan
OPTIONAL <ol style="list-style-type: none">1. Project economic analysis2. Means of verification of the triggers for the second operation3. Climate change4. Bibliography and references5. Loan proposal for the first operation6. Predictive model7. Payment eligibility verification systems8. Occupational profile survey

ABBREVIATIONS

ANSES	Administración Nacional de Seguridad Social [National Social Security Administration]
CNCPS	Consejo Nacional de Coordinación de Políticas Sociales [National Council for Social Policy Coordination]
DPPEESA	Dirección de Programas y Proyectos Especiales con Enfoque Sectorial Amplio [Department for Programs and Projects with Broad Sector Focus]
GDP	Gross domestic product
IMF	International Monetary Fund
INDEC	Instituto Nacional de Estadística y Censos [National Statistics and Census Institute]
ITS	Intelligent transportation system
MECCT	Ministry of Education, Culture, Science, and Technology
MSDS	Ministry of Health and Social Development
MTR	Ministry of Transportation
PBP	Programmatic policy-based loan
SIEMPRO	Sistema de Información, Evaluación y Monitoreo de Programas Sociales [Social Program Information, Evaluation, and Monitoring System]
SIGEN	Sindicatura General de la Nación [Office of the Comptroller General]
SINTyS	Sistema de Identificación Nacional Tributario y Social [National Tax and Social Identification System]
SIPA	Sistema Integrado Previsional Argentino [Argentine Integrated Social Security System]
SISFAM	Sistema de Identificación y Selección de Familias Beneficiarias de los Servicios Sociales [System for Identification and Selection of Social Services Beneficiary Households]
SMVM	Salario Mínimo Vital y Móvil [Sliding scale minimum living wage]
SUBE	Sistema Único de Boleto Electrónico [unified electronic ticket system]
TSTPA	Tarifa Social al Transporte Público Automotor [program of discounted public transportation fares for low-income ridership]

PROJECT SUMMARY

ARGENTINA PROGRAM TO SUPPORT THE EQUITY AND EFFECTIVENESS OF THE SOCIAL SAFETY NET IN ARGENTINA – PHASE II (AR-L1309)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility^(a)	
Argentine Republic			Amortization period:	25 years
Executing agency:			Disbursement period:	2 years
The borrower, through the Ministry of Finance, with the ministries of Health and Social Development (MSDS); Education, Culture, Science, and Technology (MECCT); and Transportation (MTR) as coexecuting agencies.			Grace period:	5.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	600,000,000	100	Credit fee:	^(c)
Total:	600,000,000	100	Inspection and supervision fee:	^(c)
			Weighted average life:	15.25 years
			Approval currency:	U.S. dollar
Program at a Glance				
Program objective/description: The general objective of the program is to help make social safety net programs in Argentina sustainable and more effective. Specifically, the program seeks to: (i) ensure the sustainability of cash transfer programs aimed at the vulnerable population in the context of the targets agreed upon by the Argentine government and the International Monetary Fund; (ii) foster progression and continuity in education, as well as comprehensive vocational training for transfer beneficiaries; (iii) improve the distributive efficiency of subsidies on public transportation services; and (iv) enhance the efficiency of social safety net programs through better management of the data generated during program execution.				
Special contractual conditions precedent to the first disbursement of the loan: None.				
Special contractual execution conditions: None.				
Exceptions to Bank policy: None.				
Strategic Alignment				
Challenges:^(d)	SI <input checked="" type="checkbox"/>	PI <input type="checkbox"/>	EI <input type="checkbox"/>	
Crosscutting themes:^(e)	GD <input checked="" type="checkbox"/>	CC <input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>	

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

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

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

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

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

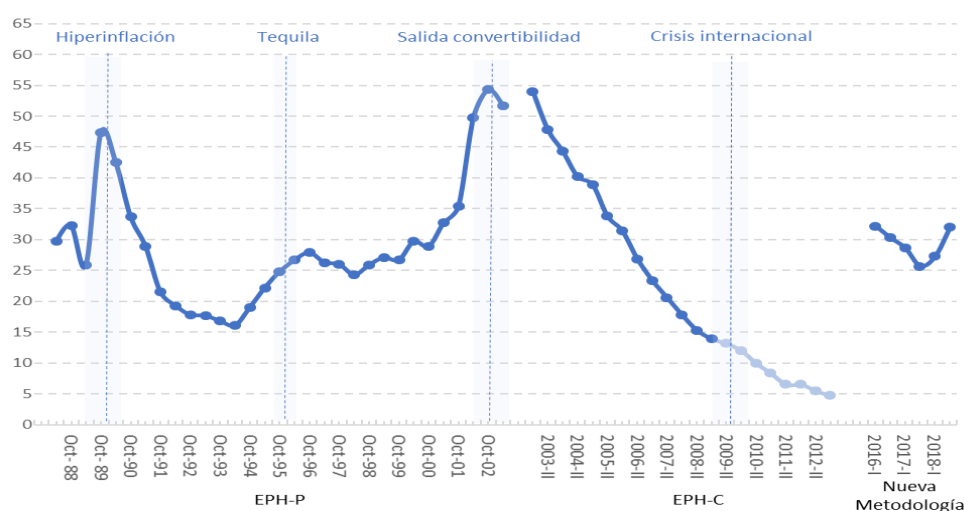
I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems, and rationale

1. Poverty trends, macrofiscal context, and arrangement with the International Monetary Fund (IMF)

- 1.1 In recent decades, poverty rates in Argentina have been highly volatile, moving in line with swings in the economy. The hyperinflation crisis of the late 1980s drove up the poverty rate from 25% to 47% in 1989. The 1991 stabilization program succeeded in reversing that increase, bringing the rate down to 16% by 1994. Over the remainder of that decade, this indicator trended upward and became dramatically more pronounced with the 2001 crisis and abandonment of the convertibility system, peaking at 54% in 2002. Between 2003 and 2011, against a backdrop of robust economic growth, there was a rapid and steady decline in the poverty rate.¹ This decline slowed in 2011 as the economy lost momentum. Although the poverty rate fell between 2016 and 2017, dropping to 25.7% at the end of 2017, it subsequently rose in both halves of 2018, to stand at 32% of the population.

Figure 1. Percentage of the population below the poverty line; official estimates for 1998-2018²



- 1.2 In 2018, Argentina faced a currency crisis resulting from an international financial environment that was putting pressure on all the emerging economies, compounded by domestic vulnerabilities associated with high public financing requirements, monetary imbalances, and a large current account deficit. To tackle the crisis and correct these vulnerabilities, the Argentine authorities decided to shore up their economic program with a stand-by arrangement with the IMF. The stand-by

¹ The National Statistics and Census Institute (INDEC) has warned that the statistical series published between 2007 and 2015 should be interpreted with caution.

² Authors' calculations based on INDEC estimates. INDEC discontinued publication of the poverty indicator in 2014. Estimates were resumed in 2016, but changes in methodology prevent a comparison with the previous index.

arrangement was reached in June 2018, for US\$50 billion over 36 months. In response to heightened financial volatility, the government rethought its economic program in September of that year, increasing its financing by US\$7.1 billion to 2021 and bringing forward disbursements for 2018 and 2019 totaling US\$19 billion. The arrangement with the IMF forecasts a primary fiscal balance in 2019. It also establishes social safeguards permitting the Argentine government to achieve a primary deficit of up to 0.3% of gross domestic product (GDP) (this was initially 0.2%), with this deficit being devoted to a predetermined set of social programs. Making use of this safeguard, in March 2019 the government increased the universal child allowance by 46%, at a fiscal cost of 0.1% of GDP.

- 1.3 Although the inflation rate is still high and economic activity remains depressed, since the start of the arrangement with the IMF, Argentina has reduced its current account deficit from approximately 5% of GDP in 2018 to an estimated 1.5% by end-2019. Strong progress was also made on fiscal consolidation, eliminating the fiscal dominance of monetary policy, and other sources of monetary expansion were neutralized with the adoption of a highly restrictive monetary policy framework.
- 1.4 In the wake of the arrangement with the IMF, other multilateral lenders committed to submitting plans for a total of US\$5.65 billion to their respective boards between June 2018 and June 2019. Of these resources, US\$2.5 billion would be provided by the IDB, US\$1.75 billion by the World Bank, and US\$1.4 billion by CAF – Development Bank of Latin America. Coordination among the multilateral organizations is governed by the criteria established in the IMF arrangement, to be implemented by the Argentine authorities. The planned IDB program to support the Argentina-IMF arrangement is aimed at protecting social spending and promoting gender parity, transparency, public spending efficiency, and economic growth. This support comprises programmatic policy-based loans (PBPs) totaling US\$1 billion and loans aimed at protecting social spending through income transfer mechanisms, totaling US\$1.5 billion.³

2. Rationale for the multiphase program

- 1.5 The “Program to Support the Equity and Effectiveness of the Social Safety Net in Argentina” has been designed in two phases, with a shared results matrix. Both phases will help achieve the social commitments in the arrangement between Argentina and the IMF. First, they will directly support the commitment to protect social spending by ensuring financing for existing cash transfer programs giving coverage to the low-income population. They also help fulfill the commitment to making social safety net interventions more effective by building the management capacity of these programs through the use of digital transformation tools.

³ In 2018, the following PBPs were approved: “Program to Boost Growth” (AR-L1283, loan 4569/OC-AR) and “Program to Support Gender Equality Policies in Argentina” (AR-L1298, loan 4622/OC-AR), for a total of US\$500 million; and the first phase of the Program to Support the Equity and Effectiveness of the Social Safety Net in Argentina (AR-L1302, loan 4648/OC-AR), for US\$900 million. To complement the program to support the arrangement with the IMF, in 2019 two new PBPs (Transparency and Integrity and Digital Agenda), for a total of US\$500 million, and the second phase of AR-L1302, presented here, for US\$600 million, will be submitted to the Board of Executive Directors for consideration. The programming of loan operations for Argentina in 2019 is complemented by a set of investment loans for a total of US\$900 million.

- 1.6 The aim of both phases is to support the sustainability and improve the effectiveness of social safety net programs in Argentina. Specifically, these operations propose to: (i) ensure the sustainability of cash transfer programs targeted on vulnerable populations, in the framework of the targets the Argentine government has agreed to with the IMF; (ii) foster educational completion⁴ and progression, together with comprehensive vocational training for transfer beneficiaries; (iii) raise the distributive efficiency of subsidies on public transportation services; and (iv) enhance the efficiency of social safety net programs through better management of the data generated during program execution.
- 1.7 In the framework of a multiphase investment loan, the approval of the second phase of the program is contingent on a series of triggers being met. The program envisions these triggers during implementation of the first phase as a means of accelerating the development outputs and the implementation of policy actions critical to achieving its development objectives.
- 1.8 **The first component of both program phases** sets out to support the economic independence of unemployed or socially vulnerable persons by supporting their continued education and vocational training.
- 1.9 Comparing the labor market performance of persons from the first income decile with the population average gives an idea of the magnitude of the employment difficulties the most vulnerable groups face. Activity and employment rates are lower (52% and 42.7% compared with 58.8% and 53.3% nationally),⁵ while unemployment and informality rates are twice the national averages (17.8% and 66.2%, compared with 9.2% and 33.8%). Within the vulnerable population, women, in particular, face the biggest hurdles to entering the labor market. The labor participation rate among women in the first income quintile is 41%, 25 points below that of men in the same quintile, while informality is 74%, 15 points higher than among their male peers.
- 1.10 Skills development through training processes is a key investment to improve the employment paths of the most vulnerable populations. To be effective, this training must be high quality and relevant. It also needs to be coordinated with intensive customized job placement and vocational counseling services tailored to the target population. In addition, training processes should have user profiling and referral systems that define their degree of vulnerability and the intensity of support they require [1]. It is also crucial to develop mechanisms to identify what skills employers require so as to align supply [2].
- 1.11 Together, the two phases are expected to finance transfers for almost 263,000 beneficiaries of the *Hacemos Futuro* program run by the Ministry of Health and Social Development (MSDS) over approximately 26 months (14 months in the first phase, starting August 2018, and 12 months in the second). This program, which replaced *Argentina Trabaja* and *Ellas Hacen* in 2018,⁶ is geared towards

⁴ Completing studies in the corresponding stage of schooling.

⁵ Authors' estimates based on the Continuous Household Survey for the first half of 2018.

⁶ The reasons for the reformulation of these programs and the main modifications can be consulted in the [loan proposal for the first phase](#) of the program.

enhancing recipients' employability to enable them to join the formal labor system or help them establish a self-managed productive unit.

- 1.12 The participants in the *Hacemos Futuro* program are socially vulnerable persons without a formal job and with low levels of educational attainment,⁷ mostly aged 30 to 49. Approximately 70% of program participants are women, many of whom have been victims of gender violence,⁸ and the majority with three or more dependent children (factors built into the program design). *Hacemos Futuro* transfers are equivalent to approximately 55% of the sliding scale minimum living wage (SMVM) and are contingent on meeting four obligations: (i) regular updating of data; (ii) completion of basic education; (iii) comprehensive training through courses and job placements;⁹ and (iv) an annual health check-up. To mitigate the potential disincentives to employment associated with cash transfers, beneficiaries who obtain a formal-sector job remain in the program during the first 12 months of their employment; transfer payments are suspended during that period and are automatically reinstated if they lose their job.
- 1.13 It is worth noting that *Hacemos Futuro* prioritizes training and job placements associated with “jobs of the future,” such as in digital literacy or caregiving, and innovative technologies with a social and environmental impact, with a focus on climate change mitigation.¹⁰
- 1.14 Additionally, both phases of the component are financing the development of tools to enhance the effectiveness of the training and job placement services provided to *Hacemos Futuro* beneficiaries. First, they will support development of an instrument for surveying skills and employment paths to determine the degree of employment vulnerability and the level of support required from the program. Second, they will support development of a [predictive labor demand model](#), using machine learning to explore job vacancy information and various administrative databases and investment projects intelligently with a view to providing timely and relevant information at the level of the neighborhoods in which *Hacemos Futuro* beneficiaries live in order to guide their vocational training and job search decisions. The first phase of the program is financing the development of a prototype of this predictive model, based on analysis of the information available for algorithm implementation. Based on the learning from the prototype, the second phase of the program will finance consolidation of the model, potentially including new sources of information to enhance its predictive power and increase the data processing capacity of *Hacemos Futuro* for implementation.

⁷ All told, 14% did not complete primary school, 19% completed primary school, and 32% did not complete secondary school.

⁸ The *Hacemos Futuro* program is now closed to new beneficiaries, except for women who are victims of gender violence referred by the Instituto Nacional de las Mujeres [National Women's Institute].

⁹ The comprehensive training obligation needs to be met at official or MSDS-approved training facilities. The number of hours of comprehensive training that need to be certified varies depending on the beneficiary's level of educational attainment.

¹⁰ The sustainable training portfolio includes housing and habitat (solar water heater, eco-stove), production tool (solar dehydrator), health, and water access issues. Roughly 3.5% of program beneficiaries have participated in innovative, sustainable training.

- 1.15 **The second component of both program phases** aims to help enable young people from vulnerable families to complete their basic, post-secondary, or university education proactively seeking continuity in their educational paths.
- 1.16 Better learning and more years of education are associated with better job and income opportunities, particularly when the level of attainment goes beyond compulsory education [3]. The factors associated with dropping out of school at any level include overage, poor academic performance, the need to work and, at higher levels of education, the transition to adult family life [4-5].
- 1.17 At present, 22% of 18-to-24-year-olds in Argentina drop out of basic education and 11% in this age bracket still attend school at that level. Approximately 28% of young people in this age range complete their basic education but do not continue their studies. Dropout and overage rates are higher among men and the low-income population. The percentage of 18-to-24-year-olds who drop out of school without having completed basic education or who are attending school at this level but are overage is 39% for men and 28% for women. This gap widens if the phenomenon is analyzed in terms of household income, with 49% of 18-to-24-year-olds in the first quintile dropping out during basic education or attending while overage, while the percentage for the last income quintile is 10%.¹¹
- 1.18 Cash transfer programs targeting students from low-income households have been widely implemented in the region as a dropout prevention policy [6]. They have yielded positive results in enrollment and progression rates, particularly when scholarships cover more than a year and are supplemented by direct support for students experiencing attendance or performance difficulties [7-8]. In addition, the introduction of computerized school management systems has made it possible to monitor student attendance and performance closely and deploy early warning systems that allow schools to take action to prevent dropouts [9].
- 1.19 In the first phase of the program, this second component financed approximately 12 months of transfers (from August 2018) for almost 536,000 young people currently receiving *Becas Progresar*¹² scholarships from the Ministry of Education, Culture, Science, and Technology (MECCT). Since 2018, the *Becas Progresar* scholarships program has replaced the *Progresar* program originally implemented by the National Social Security Administration (ANSES). This program aims to foster school attendance and completion among 18-to-30-year-olds from families with an income of up to three times the sliding scale minimum living wage (SMVM), through scholarships for basic education, vocational training, and higher education (university, post-secondary, and teacher training). The Ministry of Finance and the World Bank have arranged for the latter to finance the *Becas Progresar* scholarship program starting in July 2019, so the second phase of the program does not envisage continuing to finance them.
- 1.20 According to program census data for 2018, approximately 64% of scholarship recipients are women. Thirty-six percent of scholarships are for university studies,

¹¹ Authors' calculations based on the Continuous Household Survey for the first half of 2018.

¹² The *Becas Progresar* enrollment process for 2019 is under way.

- 28% for post-secondary education, and 31% for secondary education.¹³ The average household income of beneficiaries is equivalent to 74% of one minimum living wage, and distribution is heavily skewed toward lower income levels. Lastly, 13% of *Becas Progresar* scholarship recipients have at least one child, the likelihood of this being higher in the case of women (18% versus 5% in the case of men).
- 1.21 During the first phase of the program, this second component has also been financing the development and implementation of an integrated scholarship management system that addresses the operational and data processing needs of the MECCT and also systematizes task performance interaction and integration between the MECCT, ANSES, and basic and post-secondary schools. To this end, the system will include administrative functionality (applications, notices, certifications, validation of educational establishments, payment management); academic (monitoring academic performance of applicants and scholarship holders); traceability (of scholarship recipients from application to graduation); characterization (of the program's target population); school dropout prediction (use of information to implement early interventions to reduce dropouts); management (management indicators, reports, statistics, rendering of accounts); and communications (regarding the program, the scholarship holders, other participants, and surveys).
- 1.22 Envisaging the availability of this tool, in the second phase of the program, this component will finance implementation of the *Progresar Virtual* pilot program, with a view to complementing grants with a series of interventions to support scholarship holders in a comprehensive and proactive way. *Progresar Virtual* is organized on three pillars. The first is aimed at early detection of dropout situations using predictive algorithms. The second is geared to keeping scholarship holders who are at risk of dropping out of school through ongoing tutor support and coordination with other interventions existing in the MECCT, other areas of government, or educational establishments. The aim of the third pillar is the social empowerment of scholarship holders by giving them a sense of belonging to the program, boosting their self-esteem, and making the most of their situation as higher-education students.
- 1.23 **The third component of both program phases** will help to facilitate the mobility of the vulnerable population through better access to the mass transit system.
- 1.24 In Argentina, the poorest households allocate on average a larger proportion of their income to the use of public transportation. According to the 2012-2013 National Household Spending Survey, average spending on train and bus fares as a percentage of nonfood household spending is, for the first decile, 3.9% for all households and 11.1% for households that use those services, while for the wealthiest decile the percentages are merely 0.3% and 2.3% respectively.
- 1.25 For the most vulnerable groups, particularly in urban areas, access to affordable, quality public transportation services is essential for integration with the economic, social, and cultural life of society [10]. However, these groups typically face constraints on access to these services due to their high cost, which is manifested

¹³ The remaining 5% attend primary schools, special education schools, or vocational training centers. The proportion of male students attending secondary and post-secondary education is 41% and 18%, respectively, compared to 25% and 34% in the case of female students.

- in two ways: (i) the impact of transportation costs on household expenditure; and (ii) the long travel times for people living in the urban periphery. By limiting the area in which the low-income population is able to work or seek quality jobs [11] and obtain health and education services [12], the accessibility shortcomings feed a vicious circle of poverty. These arguments provide a rationale, from the standpoint of distributive equity, for the subsidization of mass transit systems. Moreover, public transportation generates positive externalities for society as a whole by achieving a more efficient use of urban space and energy and reducing greenhouse gas emissions [13]. Aside from these arguments, the fiscal weight of mass transit subsidies poses a policy challenge: striking a balance between the affordability of public transportation for the most vulnerable population and the financial sustainability of the systems [14]. This challenge underscores the need to improve the design and targeting of subsidies.
- 1.26 The evidence shows that subsidies targeting public transportation demand have a greater impact, in terms of distributive equity, than supply-side subsidies [15]. However, their potential distributive impact is often limited by poor accessibility [16], since a significant share of people living in poverty reside in areas lacking public transportation services. Therefore, a critical factor in the success of a demand subsidy policy is obtaining quality information on the current and potential demand for transportation by the beneficiary population. Intelligent transportation systems (ITS) facilitate data collection, integration, and analysis and optimize management of operations, demand, and payment systems. Under general supply-side subsidies on public transportation, using these smart systems can help reduce information asymmetries between the operators and the authorities, enhancing transparency, and boosting incentives for operators to improve their service quality [17]. A critical element for the success of these solutions is to have the necessary institutional arrangements—usually a mobility management center—to be able to analyze the data and use it as an input for planning.
- 1.27 In Argentina, urban bus transportation is primarily provided by regulated private companies. Since the 2002 economic crisis, these bus operators have received direct transfers from the national government to reduce the fares paid by users. However, as part of the country's public deficit reduction strategy, since January 2019 the government has transferred responsibility for funding this subsidy to municipios, provinces, and the autonomous city of Buenos Aires, which, overall, have a positive financial balance, with an agreement in place with them to set up a compensation fund to partially offset the financial impact of the decentralization to those jurisdictions.
- 1.28 The unified electronic ticket system (SUBE) was established in 2009 as a means of payment for bus transportation. It was initially implemented in the Buenos Aires metropolitan area. In 2012, coverage was widened to include train and subway services, and in 2013 it was expanded to other urban areas of the country. In 2012, the Ministry of Transportation (MTR) established a 50% discount on the prevailing SUBE fare, primarily for users from vulnerable groups and older adults. Although the discount was lowered to 40% in 2013, the MTR raised it to 55% in 2016 and added newly eligible groups, including recipients of *Becas Progresar* scholarships and beneficiaries of *Argentina Trabaja* and *Ellas Hacen* (currently *Hacemos Futuro*). The Argentine government has made a commitment to continue financing the expansion of SUBE to jurisdictions so requesting, and to maintain the discounted public

- transportation fares for low-income ridership (TSTPA) in jurisdictions where a specific agreement for the use of SUBE had been signed prior to December 2018.
- 1.29 Together, the two phases envision financing the TSTPA discount paid by the national government for the eligible vulnerable population residing in areas that have joined SUBE for approximately 26 months (14 months under the first phase, starting in August 2018, and 12 months under the second).
- 1.30 Additionally, in both phases the component will finance outputs supporting the development of an intelligent transportation system (ITS). The first phase is financing: (i) a mobility survey on the Buenos Aires metropolitan area bus transportation system to provide updated information on demand for trips, the socioeconomic characteristics of users, and their perception of transportation service quality; and (ii) consolidation of the fleet management system, with a view, among other things, to producing analytic inputs to boost the effectiveness of demand subsidies for the low-income population and the efficiency of service delivery through informed management of transportation supply. The second phase of the project will complement the development of the ITS through: (i) a study of fare segmentation for public transportation, as a tool for identifying areas and times of greater or lower service demand, and strengthening the model used to estimate supply subsidies paid to bus companies; and (ii) a project to support the design of technical fare structures for jurisdictions in the SUBE network, financing social discounts on their public transportation fares with their own resources.
- 1.31 **The fourth component of the program** will build the capacity of the National Council for Social Policy Coordination (CNCPS) to analyze and produce useful information for the design, management, and evaluation of social policies and programs. Given that building this capacity calls for a medium-term learning process, this fourth component is envisioned only in the first phase of the project, leaving open the possibility of including investments not yet foreseen in the execution of the second phase.
- 1.32 Created in 2002 as a State secretariat reporting directly to the Office of the Presidency, the CNCPS coordinates the various government areas that implement social policies. The two pillars of the Council are the National Tax and Social Identification System (SINTyS) and the Social Program Information, Evaluation, and Monitoring System (SIEMPRO).
- 1.33 SINTyS integrates, updates, and produces analyses based on more than 1,900 databases of nominal data drawn from registry and tax sources and on recipients of social policies at both the national and provincial levels. Through this system, the Council performs three specific functions: (i) mass cross-checking of information to purge errors of inclusion in social programs; (ii) online verification that an applicant meets the eligibility conditions; and (iii) providing consolidated personal information to the judicial authorities.
- 1.34 SIEMPRO is responsible for producing diagnostic information for the formulation of social policies by government agencies. It is also responsible for monitoring progress in achieving the intended aims of social programs and evaluating the extent to which the impact actually achieved by these programs matches expectations. In particular, SIEMPRO manages the System for Identification and Selection of Social Services Beneficiary Households (SISFAM) by collecting information on beneficiaries.

- 1.35 In April 2018, the national government initiated a process of elevating the authority of the CNCPS. Through Decree 292/18, the government directed the Council to prepare and implement a mandatory annual plan for the monitoring and evaluation of social policies and programs and to establish methodological criteria and guidelines for the evaluations and to disseminate their findings. With this decree, the Council was also put in charge of registering and surveying current as well as potential individual and household beneficiaries of social benefits (Single Social Datasheet) and establishing a methodology for implementing this task while complying with personal data protection standards. This means that all national social policy databases are to be integrated into the CNCPS through SINTyS.
- 1.36 Elevating the regulatory authority of an agency responsible for coordinating various institutions is a necessary but not a sufficient precondition for effectively achieving this aim [18]. Another way of raising the profile of the Council is for other institutions to recognize the technical or political leadership of the coordinating agency. In addition, creating specific opportunities for collaboration tends to be effective at generating the social capital needed to facilitate interactions in the medium term.
- 1.37 In this context, worldwide growth in the use of digital transformation tools for public policy planning and monitoring represents an opportunity to strengthen the technical leadership position of the CNCPS. These tools have shown their ability to boost the value added of data analytics. Initiatives for the use of machine learning and artificial intelligence techniques are starting to be common in the social sectors [19-20].
- 1.38 The CNCPS requires the development of an information management model taking a long-term approach, investing in hardware to meet the processing demands of big-data algorithms to support social sector institutions. This investment will allow institutions to access and use data analytics tools under agreements with the CNCPS. However, computer processing capacity alone cannot ensure an effective leap forward in the way data is used to generate value for the decision-making process. Institutions' in-house capacity is an important factor, as is the development of work principles and processes that can build a culture of productive and innovative data analysis. This requires developing big-data analytics capability within the CNCPS, creating work processes for advanced data analysis in collaboration with government agencies, and identifying key initial projects to demonstrate the ability to create value in the decision-making process.
- 1.39 The fourth component of the first phase of the program is financing the following outputs: (i) the Integrated Social Information System; (ii) the strategic management model for big-data analysis; and (iii) the evaluations envisaged in the program evaluation plan for the first phase, as described in the [monitoring and evaluation plan](#).

3. Progress on implementation of the first phase of the program and fulfillment of triggers for the second phase

- 1.40 In November 2018, the Board of Executive Directors of the IDB approved the first operation of the multiphase program, for US\$900 million. At the time of this writing, the operation had disbursed 69% of its funding. All the loan proceeds intended to finance transfers are expected to be disbursed in May 2019 and substantiated in October of that year.
- 1.41 **Beneficiaries and outcomes of the first phase.** To date, the first phase of the program has financed the equivalent of 163,000 *Hacemos Futuro* beneficiaries per

year. According to the latest program data update (end-2018), *Hacemos Futuro* has made significant headway toward achieving its targets at the outcomes level: 46% of beneficiaries accredited completion of comprehensive job training courses¹⁴ and 66% of those who had not completed secondary education are currently attending an educational establishment.¹⁵

- 1.42 In the case of *Becas Progresar*, to date the first phase of the program has financed the equivalent of 260,000 scholarship holders per year. Once the annual cycle of joint-responsibility verification is complete (July 2019), it will be possible to monitor achievement of the *Becas Progresar* results indicator on the percentage of scholarship holders at the higher education level who managed to retain regular student status at the end of the academic year.
- 1.43 In the case of the program of discounted public transportation fares for low-income ridership (TSTPA), to date the first phase of the program has financed the equivalent of almost a million uses of the SUBE (unified electronic ticket system) card with the fare subsidy.
- 1.44 **Progress of fulfillment of triggers and development of outputs.** The Ministry of Finance has substantiated fulfillment of the triggers for the second operation to the satisfaction of the IDB project team. Table 1 describes these milestones and summarizes the actions taken to fulfill them. The corresponding means of verification can be consulted via [optional link 2](#).

Table 1. Fulfillment of the triggers for the second phase of the program

Trigger	Action for fulfillment of milestone
1. That the borrower, through the coexecuting agencies, has disbursed 50%, or committed 75%, of the total loan proceeds.	Fulfilled. As of April 2019, the borrower had disbursed 69% of the total loan proceeds under the first phase of the program.
2. That the Ministry of Health and Social Development (MSDS) has validated a data collection tool in the field with which to reconstruct the training and employment path of the beneficiaries of the <i>Hacemos Futuro</i> program.	Fulfilled. Through <i>Hacemos Futuro</i> , the MSDS developed and validated the occupational profile survey questionnaire in the field.
3. That the Ministry of Education, Culture, Science, and Technology (MECCT) has designed an experimental evaluation to identify the impact of interventions, complementing <i>Becas Progresar</i> , aimed at jointly reducing the school dropout rate.	Fulfilled. Through the <i>Becas Progresar</i> program, the MECCT approved the proposed evaluation of <i>Progresar Virtual</i> .
4. That the Ministry of Transportation (MTR) has signed at least two agreements with jurisdictions other than the Buenos Aires metropolitan area providing for implementation of the SUBE program, including discounted public transportation fares.	Fulfilled. The MTR signed agreements with Rafaela, Junín, and the city of La Rioja to implement SUBE. The program of discounted public transportation fares for low-income ridership (TSTPA) will be implemented in these three jurisdictions.

¹⁴ The updated target in the launch workshop is 60% in 2021, from a baseline level of 3%.

¹⁵ The updated target in the launch workshop is 45% in 2021, from a baseline level of 31%. Of the beneficiaries who were required to attend a school but did not do so, 46% were able to show that they had looked for places in the education system but none were available.

Table 1. Fulfillment of the triggers for the second phase of the program

Trigger	Action for fulfillment of milestone
5. That the National Council for Social Policy Coordination (CNCPS), based on information available in the National Tax and Social Identification System (SINTyS) and in the Social Program Information, Evaluation, and Monitoring System (SIEMPRO), has designed a set of management indicators for at least two of the three income transfer interventions (<i>Hacemos Futuro</i> , <i>Becas Progresar</i> , and TSTPA) envisaged by the operation, and that the MSDS, MECCT, and MTR have received an initial report on these indicators.	Fulfilled. The CNCPS designed and produced reports with useful indicators for managing <i>Hacemos Futuro</i> , <i>Becas Progresar</i> , and TSTPA, which were sent to the agencies concerned.
6. That the Ministry of Finance has notified the Bank that <i>Hacemos Futuro</i> , <i>Becas Progresar</i> , and TSTPA will have sufficient budgetary availability in 2019 to perform the relevant transfers to beneficiaries who meet the continued participation requirements for these programs.	Fulfilled. The Ministry of Finance sent the Bank the 2019 Budget Law and budgetary credits in effect for the transfer categories relating to <i>Hacemos Futuro</i> , <i>Becas Progresar</i> , and TSTPA, showing there to be sufficient resources for programmed execution in that year.

- 1.45 Having disbursed 69% of the loan proceeds for the first phase, the borrower fulfilled the first trigger for phase two of the program.
- 1.46 For its part, *Hacemos Futuro* completed the design of the “[Occupational profile survey questionnaire](#)” for program beneficiaries. This tool aims to give an account of work-related skills understood in a broad sense. It is therefore not restricted to only collecting information about trades, work experience, and the current level of occupation, but also includes specific sections on socioemotional skills, job search strategies, and the beneficiaries’ self-perception regarding their options for joining the formal labor market. The information gathered in the questionnaire will be complemented with other administrative information sources to give a more comprehensive profile. Between November 2018 and February 2019, two field trials of this tool were conducted, fulfilling the second trigger for phase two of the program. It is envisaged that this questionnaire will have been completed by all *Hacemos Futuro* beneficiaries by the end of 2019.
- 1.47 *Hacemos Futuro* also made significant progress in determining the structure of the database for developing the prototype [predictive model](#). This prototype has been conceptualized as a single process of obtaining and consolidating information on vacancies and employment that is relevant to the occupational profiles of *Hacemos Futuro* beneficiaries, including online job placement platforms. *Hacemos Futuro* has also signed the necessary agreements to use data from CNCPS and Ministry of Production and Labor databases. Machine learning trials are planned for 2019 to evaluate the capacity of this information to predict occupational profiles for which there is demand of relevance to beneficiaries.
- 1.48 In the case of the *Becas Progresar* program, a call for tender has been launched for the management of the scholarships and is due to be finalized in early 2020. The program approved the design and impact assessment of *Progresar Virtual*, thereby fulfilling the third trigger of phase two of the program.
- 1.49 The national government also signed specific management agreements for the implementation of SUBE in the cities of Rafaela (Santa Fe province);

Junín, (Buenos Aires province, outside the Buenos Aires metropolitan area); and La Rioja (province of La Rioja). The current regulations for the funding of TSTPA and the specific agreements envisage the national government providing funding in Rafaela, and the municipal and provincial governments providing funding in Junín and La Rioja, respectively, thereby fulfilling the fourth trigger of phase two of the program. It is estimated that these agreements will allow the TSTPA to be extended to 378,000 new users.¹⁶

- 1.50 For its part, the CNCPS conducted a survey of the information needs useful for the management of *Hacemos Futuro*, *Becas Progresar*, and MTR, based on SINTyS and SIEMPRO information, and prepared and delivered a report including indicators and analysis. These reports include a sociodemographic characterization of their potential beneficiaries and households, and the overlaps between the benefits of these and other income transfer programs. With this, the CNCPS fulfilled the fifth trigger of phase two of the project.
- 1.51 Lastly, the Ministry of Finance presented evidence of there being sufficient budget available for transfers to beneficiaries of *Hacemos Futuro*, *Becas Progresar*, and TSTPA, thereby fulfilling the sixth trigger of the second phase of the program.

4. Lessons learned, IDB support, and strategic alignment of the second phase of the program

- 1.52 **Lessons learned.** The Bank has generated a series of lessons learned that are being used in the design of this operation. These include, for Component 1: (i) the importance of targeting income transfer programs to improve their redistributive effectiveness and efficiency (operations RG-K1422; HO-L1087, loan 2937/BL-HO; ME-L1080, loan 2425/OC-ME; and PN-L1103, loan 3485/OC-PN); and (ii) the importance of identifying current and future demand to enhance the relevance of the training and job placement instruments (operations RG-T2607 and ATN/OC-15038-RG); for Component 2, the need to implement specific support strategies for the student population at risk so as to prevent dropouts (operations AR-L1108, loan 2424/OC-AR; and UR-L1116, loan 3773/OC-UR); and for Component 3, the need for updated and detailed information on public transportation demand and supply so as to manage this service more efficiently and equitably (operations RG-T2632, ATN/KR-15235-RG; and UR-T1166, ATN/OC-16406-UR). One lesson from the implementation of the first phase of the program (operation AR-L1302, loan 4648/OC-AR) was that the heterogeneity of the population's occupational profiles requires that tools such as the [Occupational profile survey questionnaire](#) or the [predictive model](#) be developed in a framework of continuous improvement, through gradual implementation based on pilot trials.
- 1.53 **IDB support for project implementation.** The process of fulfillment of the triggers for the second phase created an opportunity for specific technical cooperation between the Argentine government and IDB teams. Based on the Bank's experience developing digital tools to manage social programs in other countries of the region, the Bank had the opportunity to provide technical support for the development of the occupational profile survey questionnaire and the conceptual and operational design

¹⁶ Authors' estimates based on the percentage of the population eligible for TSTPA in these jurisdictions, and the 70% participation rate in the Buenos Aires metropolitan area. The updated target in the launch workshop for the outcome indicator involves 360,000 new users.

of *Progresar Virtual*, including its impact assessment strategy. In addition, making use of resources of the technical cooperation operation “Support for Skills Development Policies for Productive Transformation” (operation AR-T1165; ATN/OC-15738-AR), the Bank has been supporting *Hacemos Futuro* on the development of its predictive model, applying an “agile programming” approach. The Bank has also been supporting the National Council for Social Policy Coordination (CNCPS) in developing a plan of action to strengthen its data analysis capacity, identifying international best practices in building public sector data analysis capacity, and the Ministry of Transportation (MTR) in developing its intelligent transportation system (ITS) based on SUBE. On the understanding that implementing these digital tools will generate learning as a public good for other countries, the Bank plans to strengthen its support for this innovation agenda through approval of a new technical cooperation operation.

- 1.54 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is strategically aligned with the development challenge of social inclusion and equality through actions aimed at promoting employability and school completion and protecting the spending of a vulnerable segment of the population. The program is also aligned with the crosscutting areas of: (i) gender equality and diversity, by seeking to narrow gender gaps to improve results in the job market and increase access to human capital and quality public services; (ii) climate change and environmental sustainability, in accordance with the [joint multilateral development bank methodology for tracking climate finance](#). As set out in the procedures for processing sovereign-guaranteed operations, this program is estimated to include 36.21% of climate mitigation finance, taking account of the capacity-building in activities contributing to climate change mitigation (see paragraph 1.13), and products serving as inputs for the construction of an ITS; and (iii) institutional capacity and rule of law, by helping to strengthen the capacity of government agencies to use digital transformation tools to make social programs more effective. In addition, the program is aligned with the Corporate Results Framework 2016-2019 (document GN-2727-6) through its contribution to the following indicators: (i) beneficiaries of targeted anti-poverty programs; (ii) students benefitted by education projects; (iii) beneficiaries of on-the-job training programs; and (iv) women beneficiaries of economic empowerment initiatives.
- 1.55 The program is also consistent with the following Sector Framework Documents: (i) Social Protection and Poverty (document GN-2784-7), by seeking to promote capacity-building through income transfer programs; (ii) Education and Early Childhood Development (document GN-2708-5), by seeking to help facilitate young people’s transition to post-secondary education and the workplace, from within the education system; (iii) Labor (document GN-2741-7), by seeking to increase workers’ opportunities to access formal employment and ensuring equality of opportunities; and (iv) Transportation (document GN-2740-7), by helping to create affordable, sustainable, efficient, and safe urban transportation and implement new technologies and innovation trends in the transportation sector in an efficient and timely manner.
- 1.56 The program is aligned with the IDB Group Country Strategy with Argentina 2016-2019 (document GN-2870-1), specifically its objectives of increasing the population’s schooling completion rate and employability under the strategic area of

poverty and inequality reduction. The operation is included in Annex III of the 2019 Operational Program Report (document GN-2948).

B. Objectives, components, and cost

- 1.57 As in the first operation, the general objective of the program is to help make social safety net programs in Argentina sustainable and more effective. Specifically, the program seeks to: (i) ensure the sustainability of cash transfer programs aimed at the vulnerable population in the context of the targets agreed upon by the Argentine government and the IMF; (ii) promote progression and continuity in education, as well as comprehensive vocational training for the beneficiary population of these transfers; (iii) raise the distributive efficiency of subsidies on public transportation services; and (iv) enhance the efficiency of social safety net programs by improving their management of the data generated during program execution. This second operation comprises three components.
- 1.58 **Component 1. Employability of social safety net program beneficiaries (US\$395.5 million).** The objective of this component is to progressively foster the economic independence of at-risk or socially vulnerable persons who are not employed in the formal sector by encouraging them to complete their education and by providing comprehensive vocational training.
- 1.59 **Subcomponent 1.1. Income support with human capital formation counter commitments (US\$394.0 million).** This subcomponent will finance 12 months' monetary transfers to approximately 236,000 beneficiaries of the *Hacemos Futuro* program who have met their joint responsibility commitment to invest in completing their basic education and/or comprehensive vocational training.
- 1.60 **Subcomponent 1.2. Information management for income programs with human capital investment counter commitments (US\$1.5 million).** This subcomponent will finance the second phase of the predictive labor demand model, a machine learning tool to explore job vacancy information and various administrative databases and investment projects intelligently with a view to providing timely and relevant information on neighborhoods where *Hacemos Futuro* beneficiaries live in order to guide their vocational training and job search decisions in a way that is consistent with their profile and degree of vulnerability.
- 1.61 **Component 2. Educational continuity for young people from vulnerable households (US\$475,500).**¹⁷ This component will help 18-to-30-year-olds from low-income households (up to three times the minimum living wage (SMVM) per family unit) to finish post-secondary or university education, proactively seeking to continue their educational paths. The component will finance implementation and evaluation of the *Progresar Virtual* pilot program, a support platform for scholarship recipients geared towards overcoming nonfinancial barriers to completing education among *Becas Progresar* recipients at the post-secondary and university levels of education.
- 1.62 **Component 3. Accessibility of public transport (US\$203.9 million).** The objective of this component is to help to facilitate the mobility of the vulnerable population through better access to the mass transit system.

¹⁷ In accordance with the loan document for the first phase, and as described in paragraph 1.19, the Ministry of Finance envisages the funding of *Becas Progresar* scholarships to be financed by the World Bank from July 2019 onwards.

- 1.63 **Subcomponent 3.1. Fare subsidy targeted to vulnerable population segments (US\$203.4 million).** This subcomponent will finance a discount paid for by the national government on general public bus fares for the eligible vulnerable population residing in areas that have joined the unified electronic ticket system (SUBE).
- 1.64 **Subcomponent 3.2. Information management for the public transportation system (US\$500,000).** This subcomponent will finance the following outputs: (i) a study of fare segmentation for public transportation, in order to identify areas and times of greater or lower service demand, and strengthen the model used to estimate supply subsidies paid to bus companies; and (ii) a project to support the design of technical fare structures for jurisdictions in the SUBE network using their own resources to finance discounts on their bus fares for low-income users.

C. Key results indicators

- 1.65 **Vertical logic and expected outcomes.** For the *Hacemos Futuro* program, the expected outcomes are a larger percentage of beneficiaries completing comprehensive vocational training courses and a higher secondary school attendance rate among beneficiaries who have yet to complete this level of education. This will help to achieve the desired impact of boosting the rate of formal-sector employment among program beneficiaries. In the case of the TSTPA, the outcome pursued is a nationwide increase in coverage for the eligible population so as to help achieve the desired impact of expanding the savings in nonfood household expenses created by this fare, particularly for households in the first three income deciles. The timeline for achieving the impacts and results set forth in the results matrix of the first operation was adjusted during the launch workshop. Some of the outcome targets were also tweaked in light of updated information.
- 1.66 **Economic analysis.** An [economic analysis](#) was performed on the various policy interventions financed through this operation. In the case of *Hacemos Futuro*, the benefits are derived from increased productivity and employability resulting from technical training and formal education. The cost-benefit analysis shows that, with a discount rate of 3% and conservative parameters regarding the labor market dynamics, the internal rate of return is 7.5%, and the benefit-cost ratio is 1.19. In the case of *Progresar Virtual*, the benefits derive from increases in labor income associated with gains in completion of higher education. For TSTPA the internal rate of return is 16% and the benefit-cost ratio is 2.8. The sensitivity analysis suggests that the results are robust to reasonable changes in program efficiency and effectiveness. In the case of the TSTPA, an impact analysis shows that the subsidy is progressive and pro-poor: more than 50% of the program resources would be channeled to the three poorest income deciles of the population.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This operation is the second phase of a multiphase investment loan for an aggregate amount of US\$1.5 billion. This second phase is for a loan amount of US\$600 million to be disbursed over three years, without any local contribution or cofinancing by other lending institutions.

- 2.2 The two-phase design of the program has three advantages. First, it has facilitated the continuity of Bank support for achievement of the Argentine government's social commitments in the framework of the standby arrangement with the IMF. Second, the triggers for the second phase made it possible to speed up development of outputs and key policy actions for fulfillment of the program's development objectives. Lastly, fulfillment of the triggers made it possible to build two crucial elements in improving the effectiveness of *Hacemos Futuro* and *Becas Progresar* into the design of the second operation: (i) profiling the *Hacemos Futuro* beneficiaries so as to carry out employability actions that match their specific degree of employment vulnerability; and (ii) introducing strategies that complement the scholarships as dropout prevention tools.
- 2.3 The proposed operation satisfies the eligibility criteria for a multiphase program as established in documents GN-2085-2 and GN-2564-3, particularly regarding alignment with the Bank's country strategy with Argentina (see paragraph 1.56).
- 2.4 **Summary of costs and disbursement.** Table 2 summarizes the costs of this operation by component. Table 3 shows a projection of program disbursements. Based on monthly transfer projections for *Hacemos Futuro* and TSTPA, it is estimated that Subcomponents 1.1 and 3.1 will be fully disbursed and accounted for to the Bank within a period of 12 months. Meanwhile, the multiyear execution plan envisages Component 2 having a minimum execution period of 31 months. Based on this schedule, the program's disbursement period has been set at three years.

Table 2. Summary of program costs (US\$000)

Component/subcomponent		IDB (Ordinary Capital)	Percentage (%)
Component 1. Employability of social safety net program beneficiaries		395,500.0	65.92
	Subcomponent 1.1. Income support with human capital formation counter commitments	394,000.0	65.67
	Subcomponent 1.2. Information management for income programs with human capital investment counter commitments	1,500.0	0.25
Component 2. Educational continuity for young people from vulnerable households		475.5	0.08
Component 3. Accessibility of public transport		203,874.5	33.98
	Subcomponent 3.1. Fare subsidy targeted to vulnerable population segments	203,374.5	33.90
	Subcomponent 3.2. Information management for the public transportation system	500.0	0.08
Audits		150.0	0.02
Total		600,000,000	100.00

Table 3. Projected disbursements (US\$000)

	2019	2020	2021	Total
IDB	250,000	349,611	389	600,000
%	41.7	58.2	0.1	100.0

B. Environmental and social safeguard risks

- 2.5 No environmental or social safeguard risks are expected in relation to the program. In accordance with the Bank's Environment and Safeguards Compliance Policy (document GN-2208, Operational Policy OP-703) this has been classified as a category "C" operation. The program will not finance any physical infrastructure components.

C. Fiduciary risks

- 2.6 As analyzed in Annex III, the institutional capacity of the coexecuting agencies is satisfactory. However, due to the nature of the activities to be financed, a medium- and a high-level fiduciary risk were identified in the financial management area. First, if the audit of transfers to support TSTPA were to find ineligible expenses, due to weaknesses in the processes and systems used to register and pay benefits, the financial execution of the program would be delayed.¹⁸ Second, if the exchange rate were to rise beyond the parameters used in programming the financial execution of the program, execution of program finance would be delayed. Mitigating actions for these risks will include: (i) ensuring the audit firm's access to the verification of systems and processes by Nación Servicios S.A.; and (ii) continuous updating of the disbursement projections.

D. Other risks and key issues

- 2.7 A high-level risk was identified in the public management and governance area, as the program's impact could be reduced if the 2019 elections result in lower priority being given to institutional strengthening activities (Subcomponents 1.2 and 3.2 and Component 2). The following mitigation measures are envisaged for this risk: (i) an effort will be made to complete stage one of the expert system to anticipate labor market demand for *Hacemos Futuro* before the new administration takes office so the incoming authorities can be shown the tool's potential; (ii) once the project has been approved operational development of *Progresar Virtual* will begin so the incoming authorities can be shown the tool's potential; and (iii) an effort will be made to complete the terms of reference for the supply segmentation study and the technical/analytical framework for implementation of the TSTPA by jurisdictions operating SUBE that so require.
- 2.8 One medium-level development risk was also identified. If the new national administration decides to transfer the full cost of the discounted public transportation fares to the corresponding jurisdictions, as a result of the fiscal situation, the TSTPA will cease to be eligible for the program, delaying its financial execution. Mitigation action: If the draft bill for the 2020 budget envisages an elimination of the funding of the TSTPA, a subsidiary loan mechanism will be studied to allow the program to be able to recognize the public transportation subsidy by the main jurisdictions.
- 2.9 **Program sustainability.** The capacity of the Argentine State to guarantee a social protection floor for its population in the medium term will wholly depend on its ability to maintain a sustainable public expenditure financing strategy. Accordingly, the

¹⁸ The first phase of the program included a medium-level risk in relation to *Hacemos Futuro* transfers, mitigation of which would require improving the integration of the "database" and "settlement and payment" systems by developing an intranet that combines the two systems or by using a secure data transfer method rather than email. This action has been completed.

strategy of the IDB, World Bank, and the CAF – Development Bank of Latin America to align with the arrangement reached between Argentina and the IMF contributes to the program's sustainability. Moreover, the program is framed within a State policy of public management modernization, which strongly supports capacity-building for the use of digital transformation tools, such as those promoted by this program. In addition, the evaluations envisaged within the program will be critical for consolidating and sustaining the design and operational changes recently implemented by the government for *Hacemos Futuro* and *Becas Progresar*.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower will be the Argentine Republic, which will execute the program through its Ministry of Finance, with the MSDS, MECCT, and MTR as coexecuting agencies. The Ministry of Finance will implement the program through its Department for Programs and Projects with Broad Sector Focus (DPPEESA) or the entity that replaces it.
- 3.2 **Coordination and execution mechanism.** Through the DPPEESA, the Ministry of Finance will be responsible for the administrative and financial management of Subcomponents 1.1 and 3.1, including centralization of requests for funds and rendering accounts for income transfers, as well as contracting the auditor. The operational execution of these subcomponents will be carried out independently by the MSDS and MTR, respectively, in accordance with their own operating regulations and execution mechanisms. Subcomponent 1.2, Component 2, and Subcomponent 3.2. will be executed by the MSDS, MECCT, and MTR, respectively. These entities will be independently responsible for the technical, operational, administrative, financial, and fiduciary management of the aforementioned component.
- 3.3 **Eligibility and payment verification mechanisms.** *Hacemos Futuro* and TSTPA have their own specific systems for granting, monitoring compliance with eligibility criteria and joint responsibilities, and paying benefits, as described in detail in [optional link 7](#). During preparation of the first phase of the program, these systems were evaluated by the Bank through external consultancies, which generally concluded that they are sufficiently robust and secure for the rendering of accounts on the transfer subcomponents (1.1 and 3.1) to be based on their reports.
- 3.4 **External audit.** Auditing services will be performed by an independent audit firm. The Ministry of Finance will ask the Bank to provide a shortlist of the audit firms that may be invited to participate.
- 3.5 **Fiduciary agreements and requirements.** Agreement was reached on the main fiduciary measures to be employed in the operation (Annex III). They primarily refer to: (i) exchange rate to be used; (ii) audits; (iii) procurement modalities and thresholds, in accordance with the Bank's Policies for the Procurement of Works and Goods Financed by the IDB (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9), both approved in March 2011; (iv) main procurements; and (v) financial supervision plan.

- 3.6 **Disbursement management.** The borrower may request disbursements in the form of expenditure reimbursements when it has made eligible transfers with its own resources. In addition, the borrower may request disbursements in the form of advances of funds pursuant to a financial plan that covers a maximum period of 180 days. To obtain a new advance, the coexecuting agencies will need to demonstrate that at least 80% of the balance of the immediately preceding advance and previous advances, if any, has been used.

B. Summary of arrangements for monitoring results

- 3.7 **Monitoring.** This operation will be monitored using the management and beneficiary tracking information generated by the programs, as well as Ministry of Finance records on budget execution.
- 3.8 **Evaluation.** Both program phases share a single [monitoring and evaluation plan](#). This plan will evaluate the impact: (i) of sending messages about job vacancies to *Hacemos Futuro* beneficiaries, in various modalities, to support their job search (experimental design); (ii) of *Becas Progresar*, in terms of improving beneficiaries' educational paths (regression discontinuity); (iii) of sending text messages with practical suggestions on obtaining the public transportation fare subsidy, in order to reduce the number of eligible persons who do not avail themselves of this benefit (pilot); and (iv) on continuity and completion of education in *Progresar Virtual* (difference in differences and instrumental variables).
- 3.9 The CNCPS has sufficient budget to implement the schedule of activities in the monitoring and evaluation plan for 2019, including completion of the following outputs: (i) design and pilot trial of the structure of messages about job vacancies for *Hacemos Futuro*; (ii) completion of the short-term evaluation of *Becas Progresar*, based on administrative information from the program and higher education centers; and (iii) training study with a qualitative analysis of the reasons why eligible persons do not sign up online to receive the public transportation fare subsidy.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change and Environmental Sustainability -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Countries in the region with improved learning outcomes according to PISA (%) -Formal employment of women (%) -Students benefited by education projects (#)* -Beneficiaries of targeted anti-poverty programs (#)* -Beneficiaries of on-the-job training programs (#)* -Women beneficiaries of economic empowerment initiatives (#)* -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2870-1	Increase the school completion rate.
Country Program Results Matrix	GN-2948	The intervention is included in the 2019 Operational Program
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution	10.0	
3.1 Program Diagnosis	3.0	
3.2 Proposed Interventions or Solutions	4.0	
3.3 Results Matrix Quality	3.0	
4. Ex ante Economic Analysis	10.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	1.0	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	1.0	
5. Monitoring and Evaluation	10.0	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	7.5	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	High	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	C	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Accounting and Reporting. Procurement: Information System.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	Development of the Predictive Labor Brain-AR-T1165

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

The Program to Support the Equity and Effectiveness of the Social Safety Net in Argentina - Phase II continues the initiatives supported under the first phase (AR-L1302) with the objective of contributing to the sustainability and improving the effectiveness of social protection programs in Argentina. The specific objectives of the second phase are: (i) to ensure the sustainability of cash transfer programs aimed at vulnerable populations, within the framework of the goals agreed by the Government of Argentina with the International Monetary Fund; (ii) promote the progression and educational completion, as well as the integral labor training of the population that receives these transfers; (iii) improve the distributive efficiency of subsidies to public transportation services; and (iv) improve the efficiency of social protection programs through an improvement in the management of the information generated from its implementation. The specific programs that are supported are Hacemos Futuro, Progresar Scholarships and the Automotive Public Transport Social Tariff. The loan proposal presents a solid diagnosis, as well as evidence of the effectiveness of the interventions to be financed in similar contexts. The results matrix has a clear logic and includes SMART impact, outcome and output indicators. The economic analysis of the project includes a cost-benefit analysis for the Hacemos Futuro and Progresar Scholarships programs, and a cost-incidence analysis for the Social Tariff for Public Transport. The cost-benefit analysis demonstrates the profitability of the project in conservative scenarios, and the incidence analysis shows that the subsidy is progressive. The monitoring and evaluation plan proposes: i) an experimental evaluation to measure the impact of an information-based intervention for beneficiaries of Hacemos Futuro on their employability, ii) an evaluation using a regression discontinuity design to measure the impact of the Progresar Scholarships on educational outcomes, and a cuasi-experimental evaluation on the pilot "Virtual Progresar" to measure the effects of a tutoring initiative on retention and graduation. It also considers the possibility of conducting an additional experimental evaluation on alternatives to increase the utilization rate of the Social Tariff for Public Transport.

RESULTS MATRIX¹

Program objective:	The general objective of the program is to help make social safety net programs in Argentina sustainable and more effective. Specifically, the program seeks to: (i) ensure the sustainability of cash transfer programs aimed at the vulnerable population in the context of the targets agreed upon by the Argentine government and the International Monetary Fund; (ii) foster progression and continuity in education, as well as comprehensive vocational training for transfer beneficiaries; (iii) improve the distributive efficiency of subsidies on public transportation services; and (iv) enhance the efficiency of social safety net programs through better management of the data generated during program execution.
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EXPECTED IMPACT

Indicators	Units	Baseline	Baseline year	2020 target	2021 target	Means of verification	Comments
<i>Hacemos Futuro</i> beneficiaries taking up a job registered in the formal sector.	%	3	2017	-	5	Report from the Ministry of Health and Social Development (MSDS) based on administrative data from the Argentine Integrated Social Security System (SIPA).	The target set in Phase I has been maintained, due to the deterioration in labor market conditions.
Beneficiaries of the <i>Becas Progresar</i> program at the higher education level who pass at least 50% of the required subjects on their curriculum.	%	20	2017	35	-	Report by the Ministry of Education, Culture, Science and Technology (MECCT) based on administrative data from universities and post-secondary education institutions.	The World Bank is due to finance the <i>Becas Progresar</i> program as from July 2019.
Average savings in transportation through the TSTPA as a percentage of low-income households' nonfood spending.	%	4	2017	-	5	Calculation based on the National Household Spending Survey 2012-2013 and data from the Ministry of Transportation (MTR).	First three deciles of per capita household income.

¹ The timeline for achieving the impacts and results set forth in the results matrix of the first operation was adjusted during the launch workshop. Some of the targets for results were also tweaked in light of updated information.

EXPECTED OUTCOMES

Indicators	Units	Baseline	Baseline year	2020 target	2021 target	Means of verification
<i>Hacemos Futuro</i> beneficiaries accrediting completion of comprehensive vocational training courses in the past 12 months.	%	3	2017	-	60	MSDS report based on administrative data from approved institutions and/or certificates submitted by National Social Security Administration (ANSES) beneficiaries.
<i>Hacemos Futuro</i> beneficiaries who have not completed secondary education who attended an educational establishment in the past 12 months.	%	31	2017	-	45	MSDS report based on certificates submitted to ANSES by beneficiaries.
<i>Becas Progresar</i> beneficiaries at the higher education level who have retained regular student status at the end of the academic year.	%	49	2017	50	-	MECCT report based on administrative information from universities and post-secondary education institutions at the national level.
Nationwide coverage of public transportation fare subsidy through SUBE.	%	27.3	2017	-	29.3	Report by the National Council for Social Policy (CNCPS) based on administrative data from the universe of potential beneficiaries.

OUTPUTS

Outputs	Units	AR-L1302						AR-L1309				Program end	Means of verification
		Baseline	Baseline year	2018	2019	2020	End Phase I	2019	2020	2021	End Phase II		
Component 1: Employability of social safety net program beneficiaries													
Subcomponent 1.1: Income support with human capital formation counter commitments													
Persons per year receiving transfers with training counter commitments.	Thousands of persons per year	0	2017	111.3	174.3	0	285.6	39.3	196.7	0	236	521.6	Report on payment of benefits by MSDS.

Outputs	Units	AR-L1302						AR-L1309				Program end	Means of verification
		Baseline	Baseline year	2018	2019	2020	End Phase I	2019	2020	2021	End Phase II		
Subcomponent 1.2: Information management for income programs with human capital investment counter commitments													
Tool for surveying skills and employment paths validated in the field.	Tool	0	2017	0	1	0	1	-	-	-	-	1	Survey questionnaire.
Local labor demand predictive system in operation.	Version of system	0	2017	0	0	1	1	0	1	0	1	2	Document specifying the methodology applied to anticipate labor demand and report with results of applying the methodology.
Component 2: Educational continuity for young people from vulnerable households													
Subcomponent 2.1: Scholarships to enable young people from vulnerable households to access basic, post-secondary, and higher education													
Number of 18-to-30-year-olds receiving income transfers with an education counter commitment.	Thousands of persons per year	0	2017	222.4	138.2	0	360.6	-	-	-	-	360.6	Report on payment of benefits by MECCT.
Subcomponent 2.2: Management of information on grant programs aimed at young people from vulnerable households													
Integrated <i>Becas Progresar</i> management system in operation.	IT platform	0	2017	0	0	1	1	-	-	-	-	1	Reports generated by the system sent by <i>Becas Progresar</i> .

Outputs	Units	AR-L1302						AR-L1309				Program end	Means of verification
		Baseline	Baseline year	2018	2019	2020	End Phase I	2019	2020	2021	End Phase II		
Component 2 of Phase II: Educational continuity for young people from vulnerable households													
Pilot support for <i>Becas Progresar</i> scholarship recipients implemented.	Pilot	0	2019	-	-	-	-	0	0	1	1	1	Pilot evaluation report.
Component 3: Accessibility of public transport													
Subcomponent 3.1. Fare subsidy targeted to vulnerable populations													
Number of SUBE card uses with fare subsidy.	Million uses per year	0	2017	527	1,100	0	1,627	220	1,100	0	1,320	2,947	Report on payment of benefits by MTR.
Subcomponent 3.2. Information management for the public transportation system													
Mobility survey on major public transportation routes completed.	Survey	0	2017	0	0	1	1	-	-	-	-	1	Methodology document and tabulated data from survey.
Fleet management system in operation.	IT platform	0	2017	0	0	1	1	-	-	-	-	1	System reports sent by MTR.
Segmentation study on transportation fare structure.	Study	0	2019	-	-	-	-	0	0	1	1	1	Report on segmentation study.
Protocol for use of SUBE for management of the fare subsidy in the various jurisdictions.	Protocol	0	2019	-	-	-	-	0	0	1	1	1	Report describing the protocol.

Outputs	Units	AR-L1302						AR-L1309				Program end	Means of verification
		Baseline	Baseline year	2018	2019	2020	End Phase I	2019	2020	2021	End Phase II		
Component 4 of Phase I: Support to the National Council for Social Policy Coordination (CNCPS)													
Integrated social information system developed.	System	0	2017	0	0	1	1	-	-	-	-	1	CNCPS report.
Information management model developed.	Model	0	2017	0	0	1	1	-	-	-	-	1	CNCPS report.
Program evaluation plan completed.	Stage	0	2017	0	0	1	1	-	-	-	-	1	Evaluation reports.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country:	Argentina
Program number:	AR-L1309
Program name:	Program to Support the Equity and Effectiveness of the Social Safety Net in Argentina. Phase II
Executing agencies:	Ministry of Finance, Ministry of Health and Social Development (MSDS), Ministry of Education, Culture, Science, and Technology (MECCT), and Ministry of Transportation (MTR)
Fiduciary team:	Ana M. Niubó and Marilia Santos (FMP/CAR)

I. EXECUTIVE SUMMARY

- 1.1 The borrower will be the Argentine Republic, which will execute the program through its Ministry of Finance, with the Ministry of Health and Social Development (MSDS); the Ministry of Education, Culture, Science, and Technology (MECCT); and the Ministry of Transportation (MTR) as coexecuting agencies. The Ministry of Finance will execute the program through the Department for Programs and Projects with Broad Sector Focus (DPPEESA) or the entity that replaces it.
- 1.2 The Bank assessed the institutional capacity of the program's executing agency and coexecuting agencies by conducting an [evaluation of the systems and processes associated with the allocation and payment of benefits](#) during the design of Phase I. The assessment also took into account the agencies' experience in executing Bank operations. The above yielded an overall medium risk classification.
- 1.3 The program does not envisage any retroactive financing or cofinancing from other multilateral agencies.

II. THE EXECUTING AGENCIES' FIDUCIARY CONTEXT

- 2.1 The operation will involve the following:
 - a. **Subcomponents involving subsidies for the vulnerable population.** The Ministry of Finance will be responsible for the administrative and financial management of the resources for Subcomponents 1.1 and 3.1 (see the loan proposal). The operational and financial execution of these subcomponents will be entrusted to the MSDS and MTR, respectively, which are currently implementing the *Hacemos Futuro* and discounted public transportation fares for low-income ridership (TSTPA) programs.

- b. **Institutional strengthening subcomponents and component:** The MSDS, MECCT, and MTR will be responsible for the operational, administrative, financial, and fiduciary execution of Subcomponent 1.2, Component 2, and Subcomponent 3.2, respectively.
- 2.2 The budget system, through the Integrated Financial Information System, and UEPEX are the fiduciary systems to be used for program execution. In addition, *Hacemos Futuro* and TSTPA each have their own systems for the granting, monitoring, and payment of benefits. The information system will be used for procurement and the government's electronic document management system may be used for management support.

III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 3.1 The institutional capacity assessment of the executing agencies, combined with their recent experience in executing Bank-financed operations, yield a **medium** overall risk. The most significant opportunities for improvement are summarized in the following table:

Institutional capacity and fiduciary risk			
Institutional capacity		Medium	Tool Evaluation of systems and processes and professional judgment
Fiduciary risks		Medium	Tool Evaluation of systems and processes and professional judgment
Type of risk ¹	Risk	Rating	Mitigation actions
FM	Expenses may potentially be deemed ineligible because of weaknesses in the processes and systems used to record and pay TSTPA benefits.	Medium	Ensuring the audit firm's access to the verification of systems and processes by Nación Servicios S.A. in the context of the TSTPA.
FM	Financial execution may be delayed due to unanticipated increases in the exchange rate.	Medium	Continual updating of disbursement projections.

IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF CONTRACTS

A. Conditions precedent to the first disbursement

- 4.1 No fiduciary conditions precedent to the first disbursement are anticipated.

B. Disbursement management

- 4.2 The Financial Management Guidelines for IDB-financed Projects (document OP-273-6) will apply.
- 4.3 The borrower may request disbursements in the form of expenditure reimbursements when it has made eligible transfers with its own resources. In addition, the borrower may request disbursements in the form of advances of funds

¹ Financial management (FM); Procurement (P).

pursuant to a financial plan that covers a maximum period of 180 days. To obtain a new advance, the coexecuting agencies will need to demonstrate that at least 80% of the balance of the immediately preceding advance and previous advances, if any, has been used.

- 4.4 The exchange rate to be applied for the rendering of accounts will be as follows:
- *Hacemos Futuro* and TSTPA subsidies: the rate stipulated in Article 4.10(b)(ii) of the loan contract;
 - Institutional strengthening and audit service expenditures: the rate stipulated in Article 4.10(b)(i) of the loan contract; and
 - For purposes of determining the equivalence of expenditures incurred in local currency (reimbursement of expenditures) and charged to the loan, the agreed-upon exchange rate will be the prevailing rate on the first business day of the month payment is made.

C. Financial supervision

- 4.5 Auditing services will be performed by an independent audit firm.
- 4.6 In addition to the reports required for processing disbursements and the annual audit report, the financial plan will be required in order to carry out financial supervision.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The fiduciary agreements and requirements for procurement establish the provisions applicable for execution of all planned program procurements.

A. Procurement execution

- 5.2 The Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9), both approved in March 2011, will apply. The program sector specialist will be responsible for reviewing the technical specifications and terms of reference for procurement during the preparation of selection processes.
- 5.3 Country subsystems approved by the Bank:
- (i) **Procurement of works, goods and nonconsulting services.** Contracts for works, goods, and nonconsulting services² generated under the program and subject to international competitive bidding (ICB) will be procured using the standard bidding documents issued by the Bank. Bidding processes subject to national competitive bidding (NCB) will be executed using national bidding documents agreed upon with the Bank.
 - (ii) **Selection and contracting of consultants.** Consulting service contracts generated under the program will be executed using the standard requests for proposals issued by the Bank.

² Document GN-2349-9, paragraph 1.1: nonconsulting services are treated as goods.

- (iii) **Selection of individual consultants.** Individual consultants will be selected through competitive processes on the basis of their qualifications to do the work, comparing the qualifications of at least three candidates.
- (iv) **Advance procurement and retroactive financing.** No retroactive financing is envisaged.

Table 1. Threshold amounts for international competitive bidding and international shortlist

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

B. Main procurements

Table 2. Type of bidding process and amounts

Activity	Type of process	Estimated date	Estimated amount (US\$)
Design of predictive “brain” - Stage 2	QCBS	January 2020	900,000

C. Procurement supervision

- 5.4 Procurement will be supervised ex ante where indicated in the procurement plan but generally ex post. Ex post on-site review will take place every 12 months. Review reports will include at least one physical inspection visit, selected from among the procurement processes subject to review.
- 5.5 Ex ante review is required for all works estimated to cost ≥25,000,000, goods and services ≥1,500,000, consulting services ≥1,000,000, and all direct contracting.

D. Special conditions

- 5.6 **Measures to prevent prohibited practices.** These are addressed in the provisions of the Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9) regarding prohibited practices (lists of firms and individuals declared ineligible by multilateral agencies).

E. Records and files

- 5.7 The documentation on procurement will be kept at the offices of each of the executing/coexecuting agencies. For ex post reviews, the records and files generated by each procurement operation will be kept properly ordered, organized, and updated.

VI. FINANCIAL MANAGEMENT

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

A. Programming and budget

- 6.2 The executing agency budget has programmatic categories and other classifications by purpose of expenditure (main items). Depending on their economic nature, items are current expenses, capital expenses, or financial applications. The budget allocation should be made in advance to ensure that the operation is executed according to the established timeline.

B. Cash management

- 6.3 The Ministry of Finance will use the bank account in U.S. dollars set up in the program's name at the Central Bank of Argentina in Phase I for the exclusive and separate management of loan proceeds allocated to *Hacemos Futuro* and TSTPA subsidies. The funds will be made available to the executing agency as evidence of subsidy payments is submitted to the Bank. The executing agency may submit this rendering of accounts on a monthly basis.
- 6.4 In addition, the Ministry of Finance will use the bank account in Argentine pesos set up for Phase I to make payments for audit services.
- 6.5 Each coexecuting agency will use the dollar account from Phase I and set up a bank account in pesos for the exclusive and separate management of loan proceeds allocated to the execution of the institutional strengthening activities.

C. Accounting, information systems, and reporting

- 6.6 The executing agency and coexecuting agencies will use the UEPEX system as their financial management system. The UEPEX system classifies program investments by expenditure matrix category. Accounting will be on a cash basis and International Financial Reporting Standards will be followed when applicable in accordance with established national criteria. The following financial reporting will be required: (i) financial plan for up to 180 days following a request for advances of funds; (ii) audited annual financial statements for the program; and (iii) other reports which may be required by the fiduciary specialists.

D. Internal control and internal audit

- 6.7 The national oversight system is governed by the Office of the Comptroller General (SIGEN), which is responsible for technical and operational coordination of the internal audit units of each jurisdiction under national government administration.

E. External control: external financial audits and program reports

- 6.8 For program purposes, it will be preferable to use the services of a Bank-eligible independent audit firm. The Ministry of Finance will be responsible for hiring an audit firm for the program as a whole to present:
- A single audit report on the execution of the subcomponents related to subsidies for the vulnerable population; and

- A report for each coexecuting agency responsible for executing the information management, process mapping, and internal control subcomponents.

F. Financial supervision plan

- 6.9 The initial financial supervision plan will be based on risk and fiduciary capacity assessments conducted in accordance with the on-site and desk reviews scheduled for the program, which include the scope of operational, financial, and accounting actions, compliance and legality, frequency, and responsible parties.

G. Execution mechanism

- 6.10 Through the DPPEESA, the Ministry of Finance will be responsible for the administrative and financial management of Subcomponents 1.1 and 3.1, including centralization of requests for funds and rendering accounts for income transfers, as well as contracting the auditor. The operational execution of these subcomponents will be carried out independently by the MSDS and MTR, respectively, in accordance with their own operating regulations and execution mechanisms. Subcomponent 1.2, Component 2, and Subcomponent 3.2. will be executed by the MSDS, MECCT, and MTR, respectively. These entities will be independently responsible for their technical, operational, administrative, financial, and fiduciary management.

H. Other financial management agreements and requirements

- 6.11 Disbursement requests will require a completed disbursement request form, the execution status, and a financial plan for the following 180 days. The rendering of accounts for subsidies will require submitting the supporting documentation for payments made, which, however, will not signify Bank approval of such expenditures. The original supporting documentation for expenditures should be kept available for review by the Bank upon request.
- 6.12 Expenditure reimbursement and rendering of accounts:
- *Hacemos Futuro* and TSTPA: In principle, the amount of the bank transfers will be accepted as an eligible expenditure. However, this amount will be subject to subsequent adjustments for differences arising from a comparison with the payments actually made to the beneficiaries.
- 6.13 It is agreed that banking fees associated with the execution of components are not considered eligible expenditures.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/19

Argentina. Loan ____/OC-AR to the Argentine Republic. Program to Support the Equity and Effectiveness of the Social Safety Net in Argentina – Phase II

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 to cooperate in the execution of the Program to Support the Equity and Effectiveness of the Social Safety Net in Argentina – Phase II. Such financing will be for an amount of up to US\$600,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2019)