

ARGENTINA

SECTOR: Planning and Reform

PROJECT NAME: Support Program for Modernization of the State and Fiscal Strengthening in the Province of Buenos Aires (979/OC-AR)

TOTAL COST: \$700 million

FINANCING:

|       |               |
|-------|---------------|
| IDB   | \$350 million |
| LOCAL | \$350 million |

DATE OF APPROVAL: December 11, 1996

GENERAL DESCRIPTION: The objectives are to: (a) achieve medium- and long-term equilibrium in the Province's fiscal accounts through actions in both the revenue and expenditure areas; (b) provide support for the modernization of the state and better quality services by concessioning out or privatizing public services; (c) promote private-sector production activities that help to create new jobs; and (d) improve social-resource allocation by strengthening the Family and Human Development Council.

The program is comprised of the following components: (a) modernization of the state and fiscal strengthening, which includes a set of short- and medium-term actions aimed at improving and consolidating the Province's public finances, a package of policy actions, and activities that will require investments and expenditures and are listed below; (b) promotion of the private sector to create an enabling environment for greater investment in production and services, especially for small- and medium-sized businesses, with an eye to creating new job opportunities; and (c) social promotion to enhance the efficiency of targeted social spending, which is

channeled through education, health and nutrition programs, and to protect spending allocations for the province's most vulnerable groups.

The following activities will be financed under the first program component: (a) efforts to raise provincial tax receipts by strengthening and modernizing the public revenue area through actions to strengthen the Public Revenue Secretariat, the Provincial Revenue Office, and the Provincial Land Registry; (b) efforts to promote privatizations in the energy, water and sanitation, and shipyards sectors; (c) implementation of an investment evaluation system aimed at making investments more efficient; and (d) implementation of a program of performance indicators aimed at making spending more efficient.

**CONSULTANTS:**

Consulting services will be required to: (a) provide training to the Provincial Revenue Office; (b) draw up a land registry, including gathering and processing property-related documentation, reviewing cartographic processes in use, improving valuation methodology, and upgrading management control and information systems; (c) support strengthening of the provincial investment evaluation system, as well as develop indicators and performance plan targets for provincial agencies; (d) design and implement efficiency indicators for public agencies; (e) conduct studies on deregulating economic activity in the province, and on business opportunities for small and medium-sized enterprises (SMEs) in MERCOSUR; (f) conduct a diagnostic study on municipal and provincial public spending and reformulate public projects to support SMEs; and (g) support the Consejo de la Familia y Desarrollo Humano (CFDH) and social programs, including strengthening in diagnostic studies and programming, intervention and implementation, and monitoring and evaluation through training, updating of information processing systems and institutional restructuring activities.

**GOODS AND EQUIPMENT:** Computer equipment and an information processing systems will be purchased.

**CIVIL WORKS:**

The program will support small-scale public works in support of the private sector. This will include

paving of 23 km between Arroyo el Sauce and Panadería del Canal 5, paving of 15 km between Río Carabela and Arroyo las Piedras, and paving of 5 km at Río Paraná de las Palmas. In addition, the program will finance physical works for privatization of the Empresa Social de Energía de B.A. (ESEBA).

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