

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**ARGENTINA**

**DEVELOPMENT, INVESTMENT, AND FACILITATION PROGRAM FOR  
ARGENTINE NATURE TOURISM: THE NATURE ROUTE**

**(AR-L1336)**

**LOAN PROPOSAL**

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## **ABBREVIATIONS**

AGN	Auditoría General de la Nación [Office of the Auditor General]
CRF	Corporate Results Framework
DEPI	Dirección de Ejecución de Préstamos Internacionales [International Loan Execution Office]
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
MSMEs	Micro, small, and medium-sized enterprises
MTD	Argentine Ministry of Tourism and Sport
NBT	Nature-based tourism
PRN	Programa Ruta Natural [Nature Route Program]
SACT	Sistema Argentino de Calidad Turística [Argentine Tourism Quality System]
SAE	Secretaría de Asuntos Estratégicos [Secretariat for Strategic Affairs]
SOFR	Secured Overnight Financing Rate
UEPEX	Sistema de Gestión de Unidades Ejecutoras de Préstamos Externos [Management System for External Loan Executing Units]
WEF	World Economic Forum

## PROJECT SUMMARY

### ARGENTINA DEVELOPMENT, INVESTMENT, AND FACILITATION PROGRAM FOR ARGENTINE NATURE TOURISM: THE NATURE ROUTE (AR-L1336)

Financial Terms and Conditions				
<b>Borrower:</b>			<b>Flexible Financing Facility<sup>(a)</sup></b>	
Argentine Republic			<b>Amortization period:</b>	25 years
<b>Executing agency:</b>			<b>Weighted average life:</b>	15.25 years
The borrower, through the Argentine Ministry of Tourism and Sport			<b>Disbursement period:</b>	5 years
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Grace period:</b>	5.5 years <sup>(b)</sup>
<b>IDB (Ordinary Capital):<sup>(d)</sup></b>	33 million	100	<b>Inspection and supervision fee:</b>	<sup>(c)</sup>
			<b>Interest rate:</b>	SOFR-based
			<b>Credit fee:</b>	<sup>(c)</sup>
<b>Total:</b>	33 million	100	<b>Approval currency:</b>	U.S. dollar
Project at a Glance				
<b>Project objective/description:</b> The program's general objective is to increase tourism expenditure in natural areas defined as of interest and their associated destinations. The specific objectives are to: (i) strengthen tourism governance along the proposed Nature Route; (ii) expand the supply of tourism services in natural areas; and (iii) enhance Argentina's visibility in the tourism market as a nature tourism destination.				
<b>Special contractual condition precedent to the first disbursement of the loan:</b> The borrower, through the executing agency, has presented evidence of the approval and entry into force of the program <a href="#">Operating Regulations</a> , under the terms previously agreed with the Bank (paragraph 3.3).				
<b>Special contractual condition for execution:</b> Prior to launching the bidding process for works under provincial or municipal jurisdiction, evidence will be presented that the corresponding participation agreement has been signed between the Ministry of Tourism and Sport and the relevant province or municipio, including the planned mechanisms for maintaining the works (paragraph 3.4).				
<b>Environmental and social contractual conditions:</b> These conditions are described in Annex B of the Environmental and Social Management Report ( <a href="#">ESMR</a> ).				
<b>Exceptions to Bank policies:</b> None.				
Strategic Alignment				
<b>Challenges:<sup>(e)</sup></b>		SI <input type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>
<b>Crosscutting themes:<sup>(f)</sup></b>		GE <input checked="" type="checkbox"/> and DI <input type="checkbox"/>	CC <input checked="" type="checkbox"/> and ES <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, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

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

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

(d) Pursuant to document AB-2990, the disbursement of Bank loan proceeds will be subject to the following maximum limits: (i) up to 15% during the first 12 months; (ii) up to 30% during the first 24 months; and (iii) up to 50% during the first 36 months. All these periods will be counted from the time the loan operation is approved by the Board of Executive Directors (paragraph 2.3).

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

(f) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

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

- 1.1 **The importance of tourism in Argentina.** Argentina's macroeconomic and social situation has been aggravated by the COVID-19 crisis. GDP dropped by 9.9% in 2020 and is estimated to have expanded by around 10% in 2021. Growth is expected to be 3% in 2022. Inflation accelerated up to 50.9% in 2021 after reaching 36.1% in 2020. Exports reached their highest level since 2012, driven by increased commodity prices. The tourism sector plays an important role in Argentina's economy in terms of redistributing income and generating foreign exchange. Prior to the pandemic, international tourism earnings had risen 27% between 2009 and 2019.<sup>1</sup> Direct tourism output was US\$9.31 billion in 2019, equivalent to 2.1% of national GDP.<sup>2</sup> The sector also generated US\$5.654 billion in foreign exchange, making it the country's fourth largest export industry, accounting for 7.1% of exports in 2019 (above the proportion of 6.2% for Latin America).<sup>3</sup> Activities characteristic of the tourism sector employed 826,767 wage earners in 2019, representing 2.4% of all jobs in the country. Female participation has increased within this total, rising from 36% in 2007 to 39% in 2021.
- 1.2 **Challenges and opportunities for the tourism sector.** To maximize its potential, Argentina's tourism sector must overcome a series of challenges, including the short-term crisis created by COVID-19 and other, structural challenges, such a high concentration of investment and expenditure in just a few tourist attractions, the deficit in the tourism trade balance, and weak socioenvironmental management.
- 1.3 **Challenge 1. Impact of the COVID-19 pandemic on the sector.** The health restrictions introduced in response to the COVID-19 crisis caused a drop of 70% in inbound tourist expenditure<sup>4</sup> between 2019 and 2020, while domestic tourist expenditure<sup>5</sup> fell 61%. Sector turnover declined 55.7% in real terms over the same period, compared with 8.2% in the other sectors. Domestic and inbound tourist expenditure are estimated to have declined further in 2021, by 35.1% and 66.7%, respectively, from 2020 levels.<sup>6</sup> In 2022, meanwhile, a recovery equivalent to 17% of 2019 values is expected. This is below the level expected for Latin America and the Caribbean as a whole (73%). According to the World Tourism Organization, arrivals to Argentina fell 97% between 2019 and 2021, while in Latin America and the Caribbean the decline was 48% and in South America, 82%. The government has provided support for recovery in the sector. In 2020 and 2021, it used different short-term instruments to provide a total of

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<sup>1</sup> World Development Indicators, 2019.

<sup>2</sup> Figure provided by the National Tourism Markets and Statistics Department.

<sup>3</sup> World Development Indicators, 2019.

<sup>4</sup> World Tourism Organization, [Glossary of tourism terms](#).

<sup>5</sup> Data from the National Tourism Markets and Statistics Department in the Argentine Ministry of Tourism and Sport (MTD).

<sup>6</sup> World Travel and Tourism Council, Report for Argentina (2021).

US\$1.25 billion in support to the sector.<sup>7</sup> Support in coming years is expected to include tax incentives, export promotion measures, support for investment projects, subsidized credit lines, implementation of the Argentine Tourism Quality System (SACT), and support for current and capital expenses. Nonetheless, foundations must be laid for sustainable acceleration of the post-pandemic recovery.

- 1.4 In this context, the government's strategy is focused on nature-based tourism (NBT),<sup>8</sup> which has considerable potential to drive recovery in the post-pandemic period, as evidenced by recent shifts in tourist preferences. Recently published data highlight a preference for less mass tourism and greater interest in open spaces: (i) scientific confirmation of the fact that aerosols are the main route of transmission ([Greenhalgh et al., 2021](#); [Prather et al., 2020](#)) and that closed, poorly ventilated areas pose greater risk is driving consumers to choose outdoor destinations and tourism activities; (ii) the [World Travel and Tourism Council \(2021\)](#) indicates that 52% of consumers are more likely to take an outdoor trip than before the pandemic and 47% of travelers expect their next trip to be in nature; (iii) the European Travel Commission's most recent survey (September 2021) and the [Phocuswright Traveller Survey \(2021\)](#) highlight a preference for nature tourism; and (iv) [Buckley and Westaway \(2021\)](#) suggest that NBT is potentially a low-cost mechanism for health recovery following the mental deterioration caused by restrictions and uncertainty.
- 1.5 **Challenge 2. Tourism development in Argentina is highly concentrated,** underlining the need to strengthen tourism investment planning and promotion efforts in emerging destinations with tourism potential. Just three of the country's seven tourism regions (the Autonomous City of Buenos Aires, Buenos Aires, and Patagonia) account for almost 60% of the total number of travelers staying in tourist accommodation and 51% of available rooms in tourism establishments. Two of the seven regions (the Autonomous City of Buenos Aires and Patagonia) generate 46% of overnight stays by tourists ([National Statistics and Census Institute, 2019](#)). Looking only at nonresident visitors, overnight stays by nonresidents in the Autonomous City of Buenos Aires accounted for 51% of the national total in 2019. This concentration of tourism flows can also be seen with respect to protected areas. Out of a total of 39 national parks, 2 accounted for 57% of visits in 2019. Natural areas offer potential for tourism development, yet the subnational parks—in contrast to national parks—have fewer resources and require investment in infrastructure, support for businesses, and strengthening of subnational governance.
- 1.6 **Rationale for the proposal to address this challenge.** The government is promoting NBT through renewed tourism planning efforts focused on the Nature Route Program (PRN), which targets investment in public infrastructure and

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<sup>7</sup> This support includes: The Labor and Production Emergency Assistance Program (ATP), the "PreViaje I" program, the "PreViaje II" program, and the Tourism Training and Relief Fund (FACT). The latter received support from the IDB.

<sup>8</sup> This includes adventure tourism, ecotourism, and other tourism practices in which nature plays a central role.

tourism facilities along 17 nature routes throughout the country.<sup>9</sup> Empirical evidence indicates that explicit policies and programs in the sector have a positive effect on private sector business expectations, encouraging entrepreneurship and employment. [Risso \(2022\)](#) finds that the investments made under the Bank's tourism programs from 2010 to 2019 attracted tourism revenue. An ex post evaluation of tourism development policy in Salta (Argentina) concludes that the effects were positive, with an average annual increase of 11% in tourism employment from 2003 to 2013 and a cumulative increase of 112% over the same period ([Castillo et al., 2015](#)). Using a computational general equilibrium model for Ushuaia, [Romero et al. \(2021\)](#) find that public investment in tourism increases GDP in that region by 1.6%. The PRN encompasses 17 nature routes and facilitates the methodical selection of areas with the greatest tourism potential that, due to their features or location, have the potential to deconcentrate tourism flows away from national parks or destinations with higher visitation. Investments in infrastructure are planned under the program, together with actions to strengthen subnational governments, which are needed to provide effective support for new projects. This point is supported by a study conducted for Misiones (Argentina), which finds that improved tourism governance can increase tourism GDP by 17.7% ([Banerjee et al., 2019](#)). With respect to tourism in protected areas, [Naidoo et al. \(2019\)](#) analyze the socioeconomic conditions of more than 60,000 households in over 600 protected areas in 34 developing countries, finding that tourism in protected areas boosts the incomes of families in surrounding areas. Likewise, [Souza et al. \(2019\)](#) analyze the economic impact of tourism in protected areas in Brazil, finding that every US\$1 invested in these areas generates US\$7 in economic benefits.

- 1.7 **Challenge 3. The country's tourism balance is in deficit and its tourism brand has deteriorated.** Since 1995, the tourism balance has represented an average net outflow of US\$2.356 billion in foreign exchange each year. Moreover, the tourism competitiveness rankings produced by the World Economic Forum (WEF) show Argentina's country brand falling from 36th position in 2015 to 92nd in 2019. A negative correlation has been found between the country brand ranking and tourism earnings (-0.79).<sup>10</sup> Likewise, searches on Google Trends relating to tourism in Argentina dropped by 76% from 2010 to 2019. One reason for this deterioration is the low budget for tourism promotion, as public spending on tourism fell by 39% from 2015 to 2019 (compared with growth of 2% in Latin America over the same period). Nonetheless, Argentina has the potential to reduce this deficit, as shown by the experience of countries with similar nature-based tourist attractions (high southern latitude ecosystems), such as Chile, Australia, South Africa, and New Zealand, which have achieved positive balances in their trade accounts. Accordingly, Argentina needs to increase the level of investment in the sector and intensify tourism promotion efforts, both at home and abroad. Recent data show that a 1% increase in tourism promotion boosts tourist arrivals in South America by 0.84% ([Vanegas, 2021](#)).

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<sup>9</sup> [RESOL-2021-3-APN-MTYD](#).

<sup>10</sup> See the [Sector Analysis](#) report.



- 1.8 **Rationale for the challenge.** NBT expenditure is higher than average tourist expenditure in the country (US\$1,158 in 2019, versus US\$925 spent by the average tourist), this represents an opportunity to improve the tourism balance. In addition, the share of international tourists participating in NBT in Argentina has risen from 21% in 2014 to 31% in 2019. A similar trend can be seen in domestic tourism, as tourists engaging in NBT spent 68% more in real terms in 2019 than other tourists. In 2019, there were 4,156,837 visitors to natural areas of tourism interest along the seven routes, with domestic expenditure of US\$437.8 million and international expenditure of US\$970.32 million. These figures have been adopted as a baseline.
- 1.9 In addition, [studies of potential demand](#) carried out for the PRN have shown significant latent demand in both domestic and international markets (50% of those surveyed). The studies highlight a willingness to pay for NBT products ranging from US\$25 (for low-cost products) to US\$67 (for high-end products). This indicates that the country's tourism balance can be improved by attracting foreign visitors who boost foreign exchange earnings and by retaining local visitors through new tourism experiences. The same study shows that 64% of individuals interested in tourist travel in Argentina would include visits to protected areas among their activities, while 61% would include adventure activities in natural spaces. This demand study also showed that at least one in every two people surveyed would be prepared to extend their stay in order to consume products associated with the Nature Route.
- 1.10 Tourism enterprises in beneficiary areas have the potential to grow and develop through short- and medium-term investments. [Recent studies in areas covered by the PRN](#) show that most of the tourism providers surveyed (62%) have considered reorienting or expanding their activities towards NBT during the pandemic. Meanwhile, 47.2% would consider investing in accommodation, hotels, or similar activities, 47.6% in other tourism-related services, 24% in gastronomy, and a further 21% in travel and ticket agencies.
- 1.11 In terms of brand image, studies such as [Fetscherin \(2010\)](#) conclude that a well-positioned country brand helps to boost exports and attract investment. In this sense, tourism supports the country brand, as indicated by [Oliveira and Giraldi \(2017\)](#), and this is even the case where the initial image is negative ([Campo and Alvarez, 2014](#)). [Mikulić et al. \(2016\)](#) analyze 20 capital cities in the European Union, finding that brand strength is positively correlated with the intensity of tourism and the absolute number of overnight stays, while also attracting investment ([Napolitano et al., 2018](#)). There are also studies measuring the impact of image on tourism demand. In the case of Australia, [Kulendran and Dwyer \(2009\)](#) estimate that between US\$3 and US\$36 in earnings are generated for every dollar invested in tourism marketing. Against this backdrop, the government's strategy proposes to strengthen the [country brand](#) by consolidating the differentiated positioning of NBT in Argentina.
- 1.12 **Challenge 4. Weak socioenvironmental and climate management in destinations.** Argentina is the eighth largest country in the world, and it offers impressive natural and cultural heritage assets. In terms of environmental sustainability, however, the WEF's tourism competitiveness ranking for 2019 places the country in 136th position out of 140 countries. In addition, terrestrial

and marine protected areas accounted for 7.41% of the country's territory in 2018: below the world average of 14.34% and the Latin American and Caribbean average of 21.74%. Tourism demand is currently growing in protected areas. However, there are deficiencies in environmental management (owing to a lack of planning or the inadequate implementation of environmental guidelines governing public use) and in the infrastructure necessary for energy and potable water access and solid waste management, as well as a lack of designated trails. These factors create a risk of deterioration in the quality of the natural environment, as well as a loss of basic ecosystem services and negative effects on local cultures or indigenous peoples. Accordingly, it is important that management and infrastructure be robust and suited to environmental conditions, encouraging improvements in the tourism experience, enhancing quality of life for stakeholders living in the area, and helping to preserve natural capital.

- 1.13 **Rationale for the challenge.** Well-planned NBT can maintain, conserve, and improve natural spaces, while generating resources for environmental conservation and incentives for protecting the natural resources that stimulate tourism demand ([Balmford et al., 2009](#); [Buckley, 2008](#); [Gunter et al., 2017](#); [Spenceley et al., 2019](#); [Liu et al., 2012](#)). In countries in the region like Peru, it has been demonstrated that private ecotourism investments support the conservation of areas in the Amazon ([Kirby et al., 2011](#); [Global Green Growth Institute et al., 2015](#)). Meanwhile, the [WEF report \(2020\)](#) shows a positive correlation between good environmental practices and tourism earnings. A study of [potential NBT demand](#) carried out for the PRN has found that between 56% and 65% of potential visitors are prepared to pay an additional US\$19-US\$46 on average to preserve the environment and local culture.
- 1.14 It is important to integrate the effects of [climate change](#) into environmental management in destinations. In Argentina, these translate into increased water stress due to rising temperatures in the north and west of the country, altered precipitation patterns, the recession of Patagonian and Andean glaciers, a reduction in average water volumes in rivers in the River Plate basin, and rising sea levels that will affect the Atlantic coast ([Nationally Determined Contribution, 2020](#)). Rising temperatures and the increased frequency of extreme events heighten the need to improve decision-making through more intensive study of the links between climate change and tourism, against a background of increasing concern for these issues on the part of visitors ([De Esteban, 2008](#)). To mitigate these problems, actions are required in the areas of infrastructure and environmental governance. These actions are reflected in paragraphs 1.21(b) and 1.22(a).
- 1.15 In terms of social management in destinations, it is important that gender issues be integrated ([optional link 7](#)). Although female participation in Argentina's tourism sector is growing, the proportion of companies led by women is very low. Data for companies selected for the Tourism Assistance and Training Fund (FACT) in 2020 show that only 31% were led by women.<sup>11</sup> To close this gap,

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<sup>11</sup> This MTD-operated fund was implemented in 2020 and provides gender-disaggregated data. Company representatives belonging to the categories of partners, managers, presidents, owners, and legal representatives were analyzed.

technical assistance and financial support will be provided to women-led micro, small, and medium-sized enterprises (MSMEs), strengthening the government's strategy with the creation of the Equality Stamp,<sup>12</sup> which is part of the Argentine Tourism Quality System (SACT). These actions are reflected in paragraph 1.22(b).

- 1.16 **Lessons learned.** The program takes into account the Bank's sector experience and lessons learned from both the country and the region, as included in its Tourism Sector Framework Document (document GN-2779-7). The Bank has provided support to the country in this sector for several decades with loans 1465/OC-AR, 1648/OC-AR, 2606/OC-AR, and 2835/OC-AR. These programs have been useful for generating tourism infrastructure and management tools in fragile natural and cultural areas, making it possible to organize their use and preserve their value. One such example would be equipping national parks with public use and management plans, as well as creating flagship infrastructure like the Museum of High Altitude Archaeology (MAAM) with new cryopreservation technology that has become an international benchmark, or reconstruction of sections of the Qhapaq Ñan prehispanic road, which is also an example of empowering local communities. These programs have also illustrated the need for stronger channels of communication among the different public and private stakeholders in the destinations, with a focus on local entrepreneurship. These lessons learned, together with those from the other tourism operations supported by the Bank in the region,<sup>13</sup> are compiled in Table 1.

**Table 1. Lessons learned**

<b>Lesson learned</b>	<b>Impact on program design</b>
<b>1. Institutional strengthening.</b> The strengthening of tourism management and planning capabilities at the subnational level is essential for the development of tourism products and improved infrastructure at the local level.	The program includes a component that supports subnational governments with training, planning, and strengthening activities for infrastructure maintenance.
<b>2. Coordination.</b> Promoting coordinated action between municipal, provincial, and national authorities is critical for ensuring project ownership and reducing the risk of changes in government priorities.	The program focuses on developing activities that arise at the subnational level, integrating these at the national level according to a common, coordinated rationale.
<b>3. Sustainability.</b> It is important to evaluate the viability of work plans in interventions with a view to ensuring the financial sustainability of infrastructure.	The program takes into account the study of potential demand carried out for the beneficiary areas. Agreements with the provinces will also have specific clauses establishing their commitment to maintaining the infrastructure.

<sup>12</sup> The Quality Stamp was created by the National Tourism Quality and Innovation Office in collaboration with the National Ministry of Women, Gender, and Diversity. Part of the SACT, it aims to promote good equality practices and eliminate gender-based violence in tourism organizations.

<sup>13</sup> These lessons stem from loans 2606/OC-AR, 2835/OC-AR, 4342/OC-BA, 3566/OC-BL, 2450/BL-BO, 4643/BL-BO, 2321/OC-BR, 2411/OC-BR, 2409/OC-BR, 3257/OC-BR, 3058/OC-BR, 3067/OC-BR, 2984/OC-BR, 2912/OC-BR, 3682/OC-BR, 1824/OC-CR, 2587/OC-DR, 2966/OC-ES, 3383/GR-HA, 2439/BL-NI, 2453/OC-PR, 2601/OC-UR, 3820/OC-UR, and 4838/OC-UR.

Lesson learned	Impact on program design
<b>4. Support for entrepreneurship.</b> Tourism infrastructure works alone are insufficient to develop tourism in a region in the absence of government actions to support entrepreneurs by resolving coordination failures and improving access to market information and capital.	The program coordinates infrastructure works and institutional strengthening with funds to provide support to entrepreneurs who lack access to formal capital markets. These activities draw on a study of the financial situation of tourism enterprises in the beneficiary areas.
<b>5. Socioenvironmental management.</b> Tourism development should be based on a real socioenvironmental commitment at the level of both planning and investment.	Program design is based on the recommendations of an environmental assessment, which have been incorporated into a Social and Environmental Management Framework that lays out the specific guidelines and requirements for the operation. The program also supports gender equality through the empowerment of women entrepreneurs.
<b>6. Governance.</b> Tourism development programs require crosscutting participation and execution capacity, consistent with the nature of the tourism concerned.	The program is based on cooperation between national sector entities, beneficiary municipios, and private sector representatives.
<b>7. Promotion.</b> To ensure that economic benefits are generated in the municipios and that those benefits are sustainable, tourism infrastructure works must be accompanied by planned actions in the areas of promotion and marketing.	The program contains a component to support development of the country brand and actions to promote the Nature Route, with a view to positioning NBT both domestically and internationally.
<b>8. Strategic focus of tourism infrastructure.</b> To avoid disjointed, ad hoc investments with low impact, tourism projects should form part of a strategic development model that focuses efforts on specific types of tourism and destinations.	The program focuses on developing NBT as a central product, establishing the concept of nature routes as a foundation for creating different nature routes with specific characteristics. The works and supports to be provided will be consistent with this product and interrelated with the rest of the activities.

- 1.17 **Strategic alignment.** The program is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the following challenges: (i) productivity and innovation, by supporting MSME investment in emerging destinations with a view to leveraging underused resources; and (ii) institutional capacity and rule of law, by strengthening subnational tourism institutions through training, technical assistance, and cooperation agreements between different public and private entities, both subnational and federal. It is aligned, furthermore, with the crosscutting themes of (i) gender equality and diversity, through mechanisms to ensure employability and entrepreneurship opportunities, as well as female entrepreneurial leadership through technical and financial assistance (paragraphs 1.15 and 1b); and (ii) climate change and environmental sustainability, through the generation of sustainable management plans for natural areas and guidelines with specific actions to ensure sustainable management and ecosystem protection along tourist routes, as well as measures to reduce carbon footprints, the allocation of 3% of infrastructure resources to adaptation measures for works, preparation of an inventory of tourism sector emissions, bikeways, and solar panels in camping sites and building infrastructure (paragraphs 1b, 1a, and 1b). Lastly, based on the [multilateral development banks' joint methodology](#), 18% of IDB resources will be invested in climate financing, thus contributing to the IDB's climate financing target (30% of

the volume of annual approvals). The project is aligned with the IDB Group's country strategy with Argentina 2021-2023 (document GN-3051) through the following objectives: (i) improve the population's employability through training actions; (ii) move towards environmental sustainability through the sustainable development of nature tourism; (iii) reduce infrastructure gaps and expand coverage and access to financing, by building infrastructure in less developed natural areas; (iv) promote entrepreneurship; (v) expand coverage and access to financing for the sustainable productive sector, with financial support for entrepreneurs; and (vi) promote engagement in foreign trade with products and services of value, particularly through support for positioning of the country brand through the Nature Route tourism sub-brand. The operation is also included in the 2022 Operational Program (AR-O0017), and it contributes to the following indicators in the Corporate Results Framework 2020-2023 (document GN-2727-12): productivity and innovation, through its technical and financial support for MSMEs in the tourism sector; gender equality and diversity, through the empowerment of women entrepreneurs; and climate change and environmental sustainability, through support for the sustainable management of 1,200 ha of habitat using an ecosystem approach, the installation of generation capacity based on renewable energy sources (MW) (with infrastructure that will use renewable energy), and investments in resilient or low-carbon infrastructure (with 3% of infrastructure investment allocated to ensuring the resilience of works for climate change adaptation). Lastly, the program is consistent with the four dimensions of success in the Tourism Sector Framework Document (document GN-2779-7), inasmuch as it seeks to increase the economic benefits of tourism and the harnessing of those benefits by the local population, taking advantage of natural and cultural heritage for tourism in a sustainable manner and strengthening the tourism institutional framework.

## **B. Objectives, components, and cost**

- 1.18 **Objectives.** The program's general objective is to increase tourism expenditure in natural areas defined as of interest and their associated destinations. The specific objectives are to: (i) strengthen tourism governance along the proposed Nature Route; (ii) expand the supply of tourism services in natural areas; and (iii) enhance Argentina's visibility in the tourism market as a nature tourism destination.
- 1.19 **Eligibility criteria for the Nature Route corridors.** Of the 17 nature routes included in the PRN, 7 have been selected for support under this program, based on the following eligibility criteria: (i) the existence of natural and cultural tourist attractions; (ii) the presence of developed destinations with potential tourism demand spillovers to complementary and/or emerging destinations; (iii) the existence of territories with local communities for whom tourism represents an opportunity to diversify the production matrix; (iv) the need for interventions not achieved under previous operations but which complement those already carried out (loan 2606/OC-AR); and (v) direct connections with other, related national or binational corridors.
- 1.20 Based on this, the following [seven routes](#) in the PRN were prioritized for this program: (i) the Puna, los Valles, Quebradas, and Yungas route across the mountains of northwestern Argentina, which has good connectivity in terms of



attracting tourism from consolidated destinations (e.g., the Quebrada de Humahuaca valley) and is close to well-positioned attractions in neighboring countries (e.g., the Atacama desert in Chile and the Uyuni salt flats in Bolivia); (ii) the Fin del Mundo [End of the World] route, which aims to deconcentrate flows from consolidated destinations such as the Tierra del Fuego National Park; (iii) the Selva Misionera [Misionera Forest] route, which includes the Iguazú National Park (the most visited in the country), from which it is hoped visitors can be drawn into new areas; (iv) the Litoral and Grandes Ríos [Coastline and Great Rivers] route, which takes in the major urban agglomerations that represent the largest markets for domestic tourism; (v) the Llanuras and Costa Atlántica [Plains and Atlantic Coast] route, which has the potential to capture demand from the city of Buenos Aires (the country's top destination for tourist arrivals); (vi) the Mar Patagónico [Patagonian Sea] route, which continues on from the Llanuras and Costa Atlántica route and has the potential to distribute tourism flows and the development strategy from the Patagonian Andes towards the eastern coast, up to the Valdés peninsula and beyond; and (vii) the Altos Andes [High Andes] route, which could attract demand from Mendoza into the northern provinces along the route (San Juan and La Rioja), while also providing easy access to the Santiago, Chile metropolitan area. Within each route, [beneficiary destinations](#) have been prioritized based on the following: (i) a preliminary inventory of NBT projects aligned with the scope of the PRN and identified from provincial investment portfolios; (ii) the interest of subnational governments in signing framework agreements with the program; and (iii) their location within the area of influence of a consolidated destination with potential for tourism spillover effects.

- 1.21 **Component I. Strengthen tourism and socioenvironmental governance along the proposed Nature Route (US\$3.2 million).** By providing support for the subnational governance necessary to develop NBT, this component responds to the challenges of the impact of COVID-19, the concentration of tourism activities, and socioenvironmental and climate management in the tourism sector. The component will finance:
- a. **Strengthening of tourism governance** primarily through the following activities: (i) assistance and training in the areas of spatial planning and productive development for localities along the priority routes (training for local governments in implementation of the SACT, including implementation of the Equality Stamp and technical assistance for spatial planning and productive development); (ii) identification, development, and promotion of private investment opportunities; (iii) development of instruments to build awareness among local governments surrounding the scope and objectives of the Nature Route; (iv) assistance to local and provincial governments in maintaining the public infrastructure financed under the program; and (v) assistance for provincial and local tourism bodies for the harmonization of collection and processing methods for tourism data and statistics and the development of statistics systems, with priority placed on the inclusion of gender and diversity indicators.
  - b. **Strengthening of environmental and climate management in nature destinations**, through (i) the preparation of sustainable management and public use plans for protected areas, the development of spatial and/or tourism development plans for priority destinations within the beneficiary

routes; (ii) the creation of guidelines for the sustainable management and protection of ecosystems along tourism routes; (iii) the development of spatial and/or tourism development plans for destinations along the Nature Route; (iv) studies to reduce the carbon footprint; and (v) other strategic environmental studies.

1.22 **Component II. Expand the supply of tourism services in natural areas (US\$25 million).** By supporting works to develop emerging NBT destinations in the strategically prioritized areas, this component responds to the challenges of the impact of COVID-19, the concentration of tourism activities, and the deficit in the tourism account. This component will finance:

- a. **Investment in tourism infrastructure works relating to NBT.** Financing will be provided for technical, economic, environmental, and social feasibility studies, detailed and final designs, and works and consulting services relating to tourism infrastructure in natural areas. This will be divided into nine categories: (i) service hubs (sanitation facilities, kitchens, storage spaces, reception and information facilities, etc.); (ii) improvements to existing trails and construction of new ones; (iii) bikeways; (iv) bridges; (v) viewpoints; (vi) shelters; (vii) camping sites; (viii) directional and interpretative signage; and (ix) docks. Sustainability and climate adaptation and mitigation criteria will be used in the case of works, promoting the use of eco-friendly construction materials and renewable energy.
- b. **Financing for tourism ventures and businesses belonging to the PRN priority routes.** [Financial assistance](#), through nonreimbursable contributions, for service providers is included to support investments by entrepreneurs, as well as technical assistance to ensure the long-term economic, financial, and socioenvironmental sustainability of these investments. Eligibility criteria include the following: (i) independent service providers involved in NBT, or MSMEs with up to 50 employees involved in NBT; (ii) providers of NBT-related activities along the Nature Route; and (iii) businesses must be compliant with tax obligations. This assistance will cover: (i) the purchase of moveable assets and/or work tools and/or technical equipment; (ii) the construction and/or improvement of buildings; and (iii) essential eligible expenditures for full execution of the investment project financed through nonreimbursable contributions in accordance with the Bank's financial management and procurement policies. This assistance will prioritize new tourism activities based on the value of the ecosystem services sustained by the protected areas, allowing new narratives to be developed regarding the territories. Special emphasis will be placed on the inclusion of women from the areas in which the beneficiaries are active, directing 35% of the nonreimbursable contributions to women-led companies. The assistance will also include training and technical assistance to businesses to strengthen their environmental practices (e.g., solid waste management in environmentally fragile areas).

1.23 **Component III. Enhance Argentina's visibility in the tourism market as a nature tourism destination (US\$3 million).** By supporting the positioning of the Nature Route under the umbrella of the Country Brand Strategy, this component responds to the challenges of the impact of COVID-19, as well as the need to

strengthen the tourism account and tourism brand. The objective is to establish a differentiated profile for Argentina in the post-COVID-19 world, promoting the country's exports, talent, culture, and tourism.

- 1.24 This component will finance actions to promote Argentina's Country Brand in both domestic and international markets. Domestically, the objective is for the public and private sectors to understand the scope of the Country Brand, its implementation and use, and the benefits for stakeholders involved directly or indirectly with the Nature Route. Internationally, the objective is to attract foreign tourists. The following activities will be financed: (i) design and implementation of the Country Brand Platform, containing crosscutting and cross-sector information on Argentina; (ii) the development of digital training capsules<sup>14</sup> covering the Country Brand and the Nature Route; (iii) in-person workshops on the Country Brand; (iv) support for active participation in workshops, business networking events, national and international trade fairs, and other events relevant to the Country Brand strategy; (v) procurement of goods and/or equipment for promoting the Country Brand strategy; (vi) implementation of a communications strategy using digital and traditional media in both national and international markets, including the preparation and production of Country Brand promotional material relating to the Nature Route; and (vii) nonreimbursable contributions for cooperatives, producers' associations, and MSMEs that are present in the routes prioritized under the program, participate in the NBT value chain, and meet the necessary requirements for obtaining the [Country Brand](#) license. The latter stipulates that companies must (a) offer differentiated, exportable Argentine products and/or services relating to the Nature Route; (b) have an impact on the entire NBT production chain; (c) provide tourism services oriented to foreign visitors, local agroindustrial producers, and craft producers, among others; (d) be legal persons established in the Argentine Republic; and (e) be of predominantly local ownership. The objective of the nonreimbursable contributions is to assist beneficiaries in properly implementing the Argentina Country Brand in their digital communications and labeling of products and services. This will also lead to broad improvements in communications and inroads into international markets.
- 1.25 **Administration, audit, and evaluation expenses (US\$1.8 million)** This amount is broken down as follows: (i) executing agency operating expenses, US\$1,031,250; (ii) program audit, US\$300,000; (iii) evaluation of program economic impact, US\$150,000; and (iv) strategic program evaluation activities to be undertaken by the executing agency in coordination with the Secretariat for Strategic Affairs (SAE), US\$318,750.

### C. Key results indicators

- 1.26 Based on the general objective of increasing expenditure, results will be measured through international and domestic nature-based tourism expenditure in the priority routes. The specific objectives will be measured through (i) indicators relating to the strengthening of tourism and socioenvironmental management; (ii) the number of tourism enterprises and visitors to the Nature

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<sup>14</sup> This refers to educational capsules, a teaching innovation that uses information and communications technologies to produce short, thematic digital resources or content aimed at facilitating the teaching-learning process.



Route; and (iii) visits to the official websites for the Nature Route. The Results Matrix (Annex II) agreed with the executing agency breaks down the outcome and output indicators.

- 1.27 **Program economic evaluation.** An ex ante [economic impact analysis](#) was carried out to evaluate the economic viability of the program and estimate its net present value and internal rate of return. An Integrated Economic-Environmental Model was used, allowing estimation of the direct and indirect effects of (i) program investments; and (ii) additional spending by local and international tourists as a result of the program. The results show positive effects and, more precisely, a positive net present value for the program. It is estimated that the program will increase foreign exchange earnings from inbound tourism by US\$173.4 million compared with the non-project scenario. The number of poor individuals will be reduced by 2,663, and an additional 2,166 jobs will be created compared with the non-project scenario. Based on a discount rate of 12%, the net present value of the program is estimated at US\$30.7 million and the internal rate of return at 17.7%.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 The program will be financed through an investment loan using the multiple works modality, as it will fund works that are physically similar but independent of each other. The maximum period for material commencement of the works will be four years from the loan contract's effective date. The disbursement period is five years.
- 2.2 **Program cost and financing.** The total program cost is US\$33 million. The Bank will finance the entire program (100%) with resources from its Ordinary Capital.

Table 2. Program cost and financing (US\$ million)

Investment Components *	IDB Total	%
<b>Component I. Strengthen tourism and socioenvironmental governance along the proposed Nature Route</b>	3.20	9.70
1.1 Strengthening of tourism governance	2.10	6.37
1.2 Strengthening of environmental and climate management in nature-based destinations	1.10	3.33
<b>Component II. Expand the supply of tourism services in natural areas</b>	25.00	75.76
2.1 Investment in NBT infrastructure works	21.80	60.06
2.2 Financing for tourism ventures and businesses belonging to the PRN priority routes	3.20	9.70
<b>Component III. Enhance Argentina's visibility in the tourism market as a nature tourism destination</b>	3.00	9.09
3.1 Communication, with actions to promote Argentina's Country Brand locally and internationally	1.60	4.85
3.2 Implementation of the Country Brand	1.40	4.24
<b>Administration, audit, and evaluation</b>	1.80	5.45
<b>Total</b>	<b>33.00</b>	<b>100</b>

\* Indicative costs for the main activities.

- 2.3 **Restrictions on the pace of disbursement.** Pursuant to document AB-2990, the disbursement of resources from the Bank's Ordinary Capital will be subject to the following maximum limits: (i) during the first 12 months, a maximum of 15% of the total loan amount approved by the Bank; (ii) during the first 24 months, a maximum of 30%; and (iii) during the first 36 months, a maximum of 50%. These periods will be counted from the date the loan operation is approved by the Board of Executive Directors. These limits may not apply if the requirements established in the Bank's policy in this regard have been fulfilled, provided that the borrower has been notified in writing. The projected disbursement schedule is included in Table 3.

**Table 3. Disbursement schedule**

Source	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
IDB (US\$ million)	4.95	4.95	6.60	10.00	6.50	33.00
IDB (%)	15%	15%	20%	30%	20%	100%

- 2.4 **Representative sample.** The program meets the conditions stipulated for multiple works investments, as the sample used (made up of the [technical designs](#) for two works in the Province of Jujuy, three in Salta, four in Tierra del Fuego, and one in Misiones) accounts for 48% of the total loan amount and includes the main categories of civil works identified for the operation, as described in paragraph 1.22(a).
- 2.5 **Beneficiaries.** The program is expected to directly benefit 60,385 employees in the tourism sector and 27,492 tourism enterprises. Within the sample, it is expected to benefit 12,077 employees and 5,498 tourism enterprises.
- 2.6 **Eligibility criteria for projects under the program.** The following eligibility criteria apply to the representative sample and will apply to all other projects financed under the program and implemented through the executing agency: (i) interventions will take place in protected or natural areas of tourist interest that are geographically close to or belong to a circuit with other, consolidated destinations that help to deconcentrate and diversify the services they offer; (ii) prior to the start of works, participation agreements must be signed with the beneficiary provinces and municipios that include mechanisms for maintaining the works by the beneficiaries and the MTD; (iii) projects that represent the different categories of works in the different types of destinations under the program and are viable from a land ownership, technical, economical, and socioenvironmental standpoint; (iv) no Category A projects will be included; (v) no projects will require physical resettlement activities; (vi) no projects with moderate or significant adverse impacts on indigenous peoples will be considered; (vii) no projects with moderate to significant impacts on critical natural habitats will be considered; and (viii) no funding will be provided for land purchases.

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

- 2.7 Pursuant to the Bank's Environment and Safeguards Compliance Policy (OP-703), this has been classified as a category "B" operation due to adverse environmental and social impacts of a temporary, localized nature, including associated social impacts. Effective measures are available to mitigate these. A

Strategic Environmental and Social Evaluation has been carried out for the operation, including lessons learned from the previous “Tourist Corridors” operation (loan 2606/OC-AR), which is somewhat similar to this new operation. Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs) have been prepared for the works in the representative sample, for each of the four provinces in which these are located. An Environmental and Social Management Framework (ESMF) has also been prepared for future projects to be financed that are not part of the representative sample, with guidelines for classifying, analyzing, and mitigating socioenvironmental impacts based on the categories of projects in the sample. The final version of these studies is available on the Bank’s website. The studies have characterized the socioenvironmental impacts as generally positive. Negative impacts during the construction phase include: (i) temporary changes in air quality, increased sound pressure levels, and increased sediment concentrations in runoff and surface water bodies due to vehicle and machinery movement; (ii) temporary losses of vegetation cover; (iii) increased vehicle-pedestrian collision rates due to vehicle traffic; (iv) ground or water pollution from solid waste and wastewater; (v) increased rates of work-related accidents or accidents involving people from the community; and (vi) disruptions stemming from contact between tourists and vulnerable indigenous communities.

- 2.8 Significant consultations were carried out from November 2021 to February 2022, involving a total of 84 local officials, private and civil society stakeholders (including vulnerable stakeholders), all of whom are relevant to program success. The consultations yielded favorable results, as none of the participants had any objections to the program; on the contrary, most identified potential benefits for themselves and for their communities in general, including the possibility of improving environmental conservation, generating new revenue that will spill over into the community and new job options, particularly for women and young people; indigenous communities could benefit from the placement of their products and crafts; and the decentralization of tourism under the program would expand the possibility for local participation. A sociocultural analysis was conducted, which included consultation with indigenous stakeholders, including significant participation by women leaders, in a safe and accessible manner to understand their perceptions and listen to how they could benefit from the works and activities. The entire consultation process was documented in a Consultation Report that has been published on the Bank’s website. Based on the [risk narrative – Step 3](#) document, prepared in accordance with the Disaster and Climate Change Risk Assessment Methodology for IDB Projects (IDB, 2019), the disaster risk classification for this operation is high. This narrative identifies a high level of risk associated with the new bridge over the Yabotí Creek in Misiones, which is included in the representative sample. A Failure-Mode Workshop ([Step 4 of the Disaster Risk and Climate Change Risk Assessment Methodology, IDB 2019](#)) has been held to conduct a detailed qualitative analysis. This concludes the need to update/validate the design before the bidding process is launched for works under the project, among other relevant issues, such as those focused on managing future incremental risk. The other projects in the sample are estimated to be of moderate risk and are addressed qualitatively through the ESIA, ESMP, and ESMF. The level of environmental and social risk is classified as substantial, since several of the works fall within protected areas,

with proximity to indigenous communities. The ability of the executing agency to properly classify and supervise the projects needs to be strengthened.

**C. Fiduciary risks**

- 2.9 Four medium-high fiduciary risks were identified during the preparation stage: (i) insufficient budgetary allocations; (ii) a failure in the first year of execution to sign participation agreements with the provinces benefiting from the investments; (iii) insufficient competent staff and resources to perform procurement management tasks; and (iv) inadequate internal control structures for program execution and ineffective supervision. These risks are described in detail in Annex III. Fiduciary supervision will be undertaken during execution of the operation with a view to monitoring risks and mitigation actions.

**D. Other key issues and risks**

- 2.10 A further two medium-high risks were identified that could delay the operation: (i) insufficient staff for environmental, social, and occupational health management; and (ii) a lack of mechanisms for interagency coordination at the technical level. These will be mitigated through (i) the executing agency adding an environmental or social specialist, and ensuring that the firms contracted for the works have environmental and social specialists; and (ii) the inclusion in the program Operating Regulations of a flowchart setting out coordination with other entities, as well as response times, and strengthening of the executing agency to support the provinces, municipios, and different institutions participating in preparation of the projects.

### **III. IMPLEMENTATION AND MANAGEMENT PLAN**

**A. Summary of implementation arrangements**

- 3.1 The executing agency will be the Argentine Ministry of Tourism and Sport (MTD), through the Strategic Development Department, which will have primary responsibility for the core activities of the operation, and the International Loan Execution Office, which reports to the Administrative Management Department, which will be responsible for administrative coordination (or to any units replacing these in the future that have similar legal authority and competencies). The executing agency will sign participation agreements with the provinces benefiting from the works and also with municipios in the event that works are located on municipal lands. The basic responsibilities of the MTD focus on monitoring and consolidating technical, administrative, and financial information relating to the program. Its specific responsibilities, as initially identified, will include (i) verifying and/or preparing disbursement requests and supporting documentation for expenditures and submitting these to the Bank; (ii) hiring and serving as counterpart to the external auditor for the program; (iii) creating and maintaining program files; (iv) program monitoring and evaluation; and (v) launch and supervision of works bidding processes and supervision of the works. Execution of all components and preparation of detailed project designs will be centralized in the MTD. The executing agency has sufficient institutional capacity to execute the program and suggests the following: (i) hiring additional procurement staff; (ii) strengthening internal control structures; and (iii) describing in the program Operating Regulations the specific technical and operational arrangements and

- coordination mechanisms for program procurement, financial management, internal control, and audit. The executing agency is considered capable of handling the actions identified in the short term, as well as managing execution of the operation. The unit responsible for managing the loan within the MTD is the International Loan Execution Office (DEPI), which has executed earlier programs with the Bank (loans 1648/OC-AR and 2606/OC-AR). The provinces will collaborate with the executing agency and assist it with both works supervision and monitoring and control tasks. Once execution has been completed, the provinces will be contractually committed to maintain the infrastructure through their participation agreements with the MTD.
- 3.2 **Program Operating Regulations.** Program execution will be governed by the program [Operating Regulations](#), which set out the guidelines applicable to the executing agency. This manual establishes rules and procedures in the areas of programming of activities, administrative and financial management, procurement, audit management, monitoring and evaluation, and the responsibilities of each executing agency. The program Operating Regulations also include: (i) the rules and the procedures for the MTD; (ii) the operating regulations for the competitive funds that will be executed under Components 2 and 3; (iii) the ESMF for the program; and (iv) the education and professional experience required for each staff member of the executing agency, including the minimum structure of the executing agency and its respective specialists assigned to program execution (technical official and procurement and financial management specialists) and the outputs expected from them.
- 3.3 The following will be a special contractual condition precedent to the first disbursement of the loan proceeds: **the borrowing, through the executing agency, has presented evidence of the approval and entry into force of the program [Operating Regulations](#), under the terms previously agreed with the Bank.** The condition is necessary to ensure satisfactory program execution, as approval of the program Operating Regulations prior to the first disbursement is useful for the internal organization of the executing agency with a view to successful implementation of the operation.
- 3.4 **As a special contractual condition for execution, prior to launching the bidding process for works under provincial or municipal jurisdiction, evidence will be presented that the corresponding participation agreement has been signed between the MTD and the relevant province or municipio, including the planned mechanisms for maintaining the works.** This condition is necessary for the construction and development of program works and to ensure their maintenance once they are transferred to the jurisdiction of the provinces or municipios. The participating provinces and municipios must present to the executing agency for subsequent delivery to the Bank, within the first quarter of each calendar year during the program execution period, a report on the status of the works and equipment and the annual maintenance plan for that year.
- 3.5 **Fiduciary management.** The fiduciary agreements and requirements for program execution are laid out in Annex III. The MTD will be responsible for program administration, procurement, financial management, and accounting.

- 3.6 **Procurement.** Procurement items will be listed in the [Procurement Plan](#) approved by the Bank, and procurements will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-15) and Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-15).
- 3.7 **Retroactive financing.** Provided that requirements substantially similar to those established in the loan contract have been met, the Bank may provide retroactive financing under the loan of up to US\$4.95 million (15% of the total loan amount) for eligible expenditures (goods, works, consulting services, and/or nonconsulting services) made by the executing agency prior to the loan approval date. Such expenditures must have been made on or after 13 August 2021. Under no circumstances will expenditures incurred more than 18 months prior to loan approval be eligible. The amount retroactively financed will be subject to the limitations applicable to disbursements (paragraph 2.3).
- 3.8 **Disbursements.** The Bank will disburse resources under the advance of funds modality or other modality established in document OP-273-12. Funds will be advanced based on a financial plan for the following six months or other reasonable period, provided the payments are made and duly documented. With the exception of the first advance of funds, subsequent advances may be processed once supporting documentation has been submitted for 80% of the total cumulative balance. If necessary, use of the flexible measures established in document OP-273-12 can be examined. The Online Disbursement electronic platform will be used to manage disbursement transactions with the Bank.
- 3.9 **Audit.** The annual audited program financial statements are to be presented to the Bank within no more than 120 days following the close of each fiscal year of the executing agency, duly audited by an independent auditing firm acceptable to the Bank or by the Office of the Auditor General (AGN). The final audited financial statements will be presented within 120 days following the date of the last program disbursement. Should the audit be carried out by an independent audit firm, it is anticipated that the contract will be financed with Bank resources. The decision as to whether an independent firm or the AGN should perform the audit will be taken during execution, in agreement with the SAE as liaison body. Both modalities are viable for auditing IDB-financed projects in Argentina.

**B. Summary of arrangements for monitoring results**

- 3.10 The program's [monitoring and evaluation plan](#) has been agreed with the executing agency and is included in the budget as a specific line item. It contains (i) indicators for monitoring and evaluating program impact, with their respective baselines and source of information; (ii) a critical path for activities and outputs; (iii) a description, timeline, and details of the responsible parties for monitoring; and (iv) a methodology, activities, and budget for plan implementation.
- 3.11 **Monitoring.** Within 60 days of the end of each six-month period during execution, the MTD will submit a semiannual progress report to the Bank covering progress in the program activities for which it is responsible. The reports will focus on the attainment of output indicators and progress towards the outcomes included in the Results Framework, while also analyzing problems that have been encountered and describing the corrective action taken. In the case of

reports for the second half of each year, these will include the annual work plan for the following calendar year, with disbursement projections and an updated procurement plan.

- 3.12 **Evaluation.** The MTD will submit a midterm evaluation report to the Bank within 90 days of the date on which 50% of loan proceeds have been disbursed, or after 50% of the disbursement period has elapsed, whichever occurs first. It will submit the project completion report within 90 days of the date on which 90% of resources have been disbursed. These reports will include (i) analysis of program financial execution; (ii) progress with respect to outputs, outcomes, and impacts identified in the Results Framework; (iii) effectiveness in applying the program Operating Regulations; (iv) the level of compliance with contractual clauses; and (v) a summary of the results of program audits of financial statements, procurement processes, disbursement requests, and internal control systems. The final evaluation report will also include the results of the measurement of program impact, in accordance with the agreed evaluation plan. The difference-in-differences method will be used for the impact evaluation. Moreover, for the Program Strategic Assessment, the executing agency will be responsible for fiduciary execution and the SAE for technical-methodological execution.



Development Effectiveness Matrix		
Summary		AR-L1336
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	<div>-Productivity and Innovation</div> <div>-Gender Equality and Diversity</div> <div>-Climate Change</div> <div>-Institutional Capacity and the Rule of Law</div>	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	<div>-Micro / small / medium enterprises financed (#)</div> <div>-Enterprises provided with technical assistance (#)</div> <div>-Women beneficiaries of economic empowerment initiatives (#)</div> <div>-Habitat that is sustainably managed applying ecosystem-based approaches (ha)</div> <div>-Installed power generation capacity from renewable sources (MW)</div>	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3051	(i) improvement of the employability of the population, through training actions; (ii) move towards environmental sustainability, in the sustainable development of nature tourism; (iii) reduce infrastructure gaps, expand coverage and access to financing, by generating infrastructure in natural areas that have been left behind; (iv) encourage entrepreneurship; (v) Expand coverage and access to financing for the sustainable productive sector, as long as there is financial support for entrepreneurs; and (vi) is aligned with the promotion of participation in foreign trade with products and services of value
Country Program Results Matrix	GN-3087	The intervention is included in the 2022 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		8.3
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		2.3
4. Ex ante Economic Analysis		9.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		0.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		B
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control.  Procurement: Information System.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
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	Support was provided from TC RG-T3528 for workshops on the identification of Failure Modes in a project.

The general objective of the program is to increase tourist spending in natural areas determined to be of interest, as well as in their associated destinations. The specific objectives are: (i) strengthen tourism governance along the proposed Natural Route; (ii) increase the tourist offer in natural areas; and (iii) increase the visibility of Argentina as a nature tourism destination in the tourism market. The diagnosis is adequate, and the solutions proposed generally respond to the opportunities and deficiencies identified for the development of nature tourism. The vertical logic of the Results Matrix could be strengthened, and some result indicators are not SMART.

The economic viability of the operation was estimated by applying an IEEM (Integrated Economic-Environmental Modeling) model that allows for the direct and indirect effects of: (i) the program's investments; and (ii) the increases in additional spending by national and international tourists as a result of the program.

The monitoring and evaluation plan is adequate and details the methodology that will be used to evaluate the impact of the program on the specific objectives. The program includes an impact evaluation using the difference-in-differences methodology to estimate the impact attributable to the change in some of the indicators of interest, including tourism spending.



## RESULTS MATRIX

<b>Project objective:</b>	The program's general objective is to increase tourism expenditure in natural areas defined as of interest and their associated destinations. The specific objectives are to: (i) strengthen tourism governance along the proposed Nature Route; (ii) expand the supply of tourism services in natural areas; and (iii) enhance Argentina's visibility in the tourism market as a nature tourism destination.
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### General Development Objective

Indicators	Unit of measurement	Baseline amount	Baseline year	Expected year achieved	Target	Means of verification	Comments
<b>General development objective: Increase tourism expenditure in natural areas defined as of interest and their associated destinations</b>							
International expenditure on nature-based tourism (priority routes)	US\$ million	<b>970.32</b>	2019	2027	<b>991.53 (10.52)</b>	Ministry of Tourism and Sport (MTD) calculations based on its International Tourism Survey (ETI)	The overall target will be observed throughout the project, but the increase shown in parentheses will be evaluated at the end of the program (see the <a href="#">Methodological Annex for calculating indicators</a> ).
Domestic expenditure on nature-based tourism (priority routes)	US\$ million	<b>437.80</b>	2019	2027	<b>465.70 (23.08)</b>	MTD calculations based on its Household Travel and Tourism Survey (EVYTH)	The overall target will be observed throughout the project, but the increase shown in parentheses will be evaluated at the end of the program.

### Specific Development Objectives

Indicators	Unit of measurement	Baseline amount	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Project completion	Means of verification	Comments
<b>Specific development objective 1: Strengthen tourism governance along the proposed Nature Route</b>											
Municipios that have implemented sustainable management guidelines	Municipios	0	2021	15	20	20	20	25	100	MTD supervision reports on application of the guidelines	
Number of provincial resolutions approving provincial management plans	Resolutions	0	2021		1	1	1	1	4	MTD monitoring report	
Number of socioenvironmental indicators implemented	Statistical indicators	0	2021		1	2	3	3	9	MTD monitoring report	
<b>Specific development objective 2: Expand the supply of tourism services in natural areas</b>											
Number of tourism-related enterprises along the Nature Route	Number of micro, small, and medium-sized enterprises (MSMEs)	27,492	2021						31,044 (292)	Registry of formal tourism enterprises in the MTD	(See Methodological Annex)
Number of visitors to the Nature Route	Number of visitors	4,156,837	2019						4,693,937 (537.100)	Calculated based on provincial and MTD data	(See Methodological Annex)
<b>Specific development objective 3: Enhance Argentina's visibility in the tourism market as a nature tourism destination</b>											
Number of visits to the official websites for the Nature Route	Number of visits	0	2021						100,000	Key performance indicators for each official website	(See Methodological Annex)

Outputs

Indicators	Unit of measurement	Baseline amount	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Project completion	Means of verification	Comments
<b>Component 1: Strengthen tourism and socioenvironmental governance along the proposed Nature Route</b>											
Number of sustainable management guidelines designed for municipios	Guidelines	0	2021	15	20	20	20	25	100	MTD monitoring report	The guidelines cover issues of sustainable management and protection of ecosystems, as well as measures to reduce the carbon footprint.
Investment opportunity survey reports prepared	Investment opportunity report	0	2021		1	1	1	1		MTD monitoring report	
Public investment requirements platform implemented	Digital platform	0	2021		1				1	MTD monitoring report	
Training events and workshops relating to use of the platform carried out	Training events	0	2021			2	2	2	6	MTD monitoring report	
Technical training of statistical teams completed	Training events	0	2021	4	4	4	4	4	20	MTD monitoring report	
Design of management plans for provincial or municipal protected areas along the Nature Route, aimed at strengthening conservation of these areas	Management plans	0	2021		1	1	1	1	4	MTD monitoring report	Sustainable habitat management using ecosystem-based methods is expected to impact 1,200 ha. (Corporate Results Framework (CRF) indicator).
Number of public service providers receiving support for implementing tools under the Argentine Tourism Quality System (SACT)	Number of public service providers	0	2021		100	100	100	100	400	MTD monitoring report	

Indicators	Unit of measurement	Baseline amount	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Project completion	Means of verification	Comments
Number of public service providers receiving support for implementing the SACT gender Equality Stamp	Number of public service providers	0	2021		30	30	30	30	120	MTD monitoring report	
Strategic environmental and climate studies completed	Studies	0	2021		1	1	1	1	4	MTD monitoring report	The four studies are included in the Methodological Annex.
Carbon footprint reduction studies completed	Studies	0	2021		1	1	1	1	4	MTD monitoring report	Studies to be carried out for each route.
<b>Component 2: Expand the supply of tourism services in natural areas</b>											
Infrastructure works along the Nature Route completed	Civil works	0	2021		4	6	8	8	26	MTD monitoring report indicating the completed contracts and the corresponding temporary completion certificates	US\$650,000 will be allocated for the inclusion of climate change adaptation measures in the infrastructure works (CRF indicator).
Infrastructure works with power generation based on renewable sources completed	Civil works	0	2021		1	2	2	2	7	MTD monitoring report indicating the completed contracts and the corresponding temporary completion certificates	US\$550,000 will be allocated for the installation of renewable energy infrastructure in the seven works projects (CRF indicator).
Number of beneficiary MSMEs receiving nonreimbursable contributions	Number of MSMEs	0	2021		150	150			300	MTD monitoring report indicating the agreements signed with beneficiaries	300 MSMEs are expected to receive financing (CRF indicator).
Number of women-led beneficiary MSMEs receiving technical assistance and nonreimbursable contributions	Number of MSMEs	0	2021		80	80			160	MTD monitoring report indicating the agreements signed with beneficiaries	160 women-run MSMEs are expected to benefit from economic empowerment initiatives (CRF indicator).

Indicators	Unit of measurement	Baseline amount	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Project completion	Means of verification	Comments
Number of private service providers receiving support for implementing SACT tools	Number of MSMEs	0	2021		100	100	100	100	400	MTD monitoring report indicating the agreements signed	
<b>Component 3: Enhance Argentina's visibility in the tourism market as a nature tourism destination</b>											
Digital campaigns to promote the Nature Route and Country Brand completed	Number of digital campaigns	0	2021	2	2	2	2	2	10	MTD monitoring report indicating the campaigns were developed	
Workshops provided on the Country Brand	Number of workshops	0	2021	6	6	6	6	6	30	MTD monitoring report indicating the list of training events provided and their participants	30 enterprises are expected to receive technical assistance (CRF indicator).
Number of beneficiaries receiving nonreimbursable contributions	Number of MSMEs	0	2021		30	30	30		90	MTD monitoring report indicating the agreements signed with beneficiaries	90 MSMEs are expected to receive financing (CRF indicator).
Digital training capsules prepared	Number of digital training capsules	0	2021			1	1	1	3	MTD monitoring report	
Country Brand platform implemented	Web platform	0	2021		1				1	MTD monitoring report and website in operation	
Country Brand outputs prepared	Number of outputs	0	2021			3	7		10	MTD monitoring report	

Country: Argentina Division: RND Project number: AR-L1336 Year: 2022

## Fiduciary Agreements and Requirements

**Executing agency:** Argentine Ministry of Tourism and Sport (MTD)

**Name of operation:** Development, Investment, and Facilitation Program for Argentine Nature Tourism: the Nature Route

### I. The Executing Agency's Fiduciary Context

- 1. Use of country systems in the operation** (Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of validation by the Bank.)

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reporting	<input checked="" type="checkbox"/> Information systems	<input type="checkbox"/> National Competitive Bidding
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal Audit	<input type="checkbox"/> Shopping	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External Control	<input type="checkbox"/> Individual consultants	<input type="checkbox"/> Other

### 2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Specific fiduciary execution issues	<p>The borrower will be the Argentine Republic, and the executing agency will be the Argentine Ministry of Tourism and Sport (MTD). The latter will sign participation agreements with the provinces benefiting from the works and also with municipios where works are located on municipal lands.</p> <p>The basic responsibilities of the MTD focus on monitoring and consolidating technical, administrative, and financial information relating to the program. Its specific responsibilities, as initially identified, will include: (i) verifying and/or preparing disbursement requests and supporting documentation for expenditures and submitting these to the Bank; (ii) hiring and serving as counterpart to the external auditor for the program; (iii) creating and maintaining program files; (iv) program monitoring and evaluation; and (v) launch and supervision of works bidding processes and supervision of the works. The preparation of detailed project designs is expected to be centralized in the MTD.</p>
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### 3. Fiduciary capacity

Executing agency's fiduciary capacity	<p>It has been determined that the executing agency has sufficient institutional capacity to execute the program. In addition, the following opportunities for improvement and measures to address gaps have been identified: (i) hiring additional staff to strengthen procurement management; (ii) strengthening internal control structures; and (iii) describing in the program Operating Regulations the specific technical and operational arrangements and coordination mechanisms for program procurement, financial management, internal control, and audit. The executing agency is</p>
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	considered capable of handling the actions identified in the short term, as well as managing execution of the operation.
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#### 4. Fiduciary risks and risk response

Risk taxonomy	Risk	Risk level	Risk response
Institutional environment	In the absence of sufficient budgetary allocations during the life of the program, execution of the projects could be delayed, leading to underexecution of the resources.	Medium-High	Program activities will be planned out in detail with the aim of identifying resource requirements and negotiating budget allocations in a timely manner with the relevant authorities. Where a need is identified to modify or increase budget funding during the course of execution each year, this will be addressed in a timely manner.
Institutional environment	If sufficient skilled staff and resources are not available to undertake procurement management functions for the projects, this could lead to delays in the bidding processes for the works, delaying execution of Subcomponent 2.1.	Medium-High	The Bank will provide support to strengthen the team's capabilities. In terms of training, it is recommended that the team implement the procurement Operating Manual available in COLABORAR. Initially, at least two procurement transactions from each category will be subject to ex ante review. Once these have been completed, the Bank will conduct a review to determine whether ex ante supervision should be maintained for all processes or whether ex post review can be used instead, based on improvements in the executing agency's capabilities.
Institutional environment	A failure in the first year of execution to sign participation agreements with the provinces benefiting from the investments and the municipios in which the lands are located would impede the award of contracts for the works, leading to	Medium-High	The executing agency will designate staff members responsible for formulating the agreements and monitoring the signing process. Monitoring should cover both national and provincial/municipal circuits. The executing agency will provide both legal and technical support to the provinces, municipios, and

Risk taxonomy	Risk	Risk level	Risk response
	a delay of at least one year in planning.		different institutions involved in signing the agreements.
Institutional environment	In the absence of adequate internal control structures for program execution and effective supervision thereof, ineligible expenses may be incurred.	Medium-High	Mechanisms to ensure effective internal control structures for the execution of program activities will be included in the program Operating Regulations. Based on lessons learned from the execution of loan 2606/OC-AR, steps will be taken to avoid ineligible expenses and audited financial statements with qualified opinions.

**5. Policies and guidelines applicable to the operation.** Program financial management will be carried out in accordance with the Financial Management Guidelines for IDB-financed Projects (document GN-2811; OP-273-12). Works, goods, and nonconsulting services will be procured in accordance with the policies set out in document GN-2349-15, approved by the Bank on 2 July 2019. Consulting services will be selected and contracted in accordance with the policies set out in document GN-2350-15, approved by the Bank on 2 July 2019.

**6. Exceptions to policies and guidelines:** N/A.

## II. Considerations for the Special Provisions of the Loan Contract

1. Special conditions precedent to the first disbursement: N/A.
2. Exchange rate applicable to the documentation of expenditures in the borrower's local currency. To render accounts for program resources, the effective exchange rate on the date the approval currency or disbursement currency is converted to the borrower's local currency will be used, as provided for in Article 4.10 (b)(i) of the General Conditions. To determine the equivalency of expenses incurred in local currency chargeable to the local contribution or the reimbursement of expenditures from the program, the agreed exchange rate will be the rate in effect on the first working day of the payment month. Additionally, in light of the method used to enter transactions in the Management System for External Loan Executing Units (UEPEX), the exchange rate indicated in Article 4.10 (b)(i) of the General Conditions will be used for the recognition of local counterpart funding for expenses cofinanced with IDB and local resources.
3. The annual audited program financial statements will be presented to the Bank within no more than 120 days following the close of each fiscal year of the executing agency, duly audited by either an independent auditing firm acceptable to the Bank or by the Office of the Auditor General (AGN). The final audited financial statements will be presented within 120 days following the date of the last program disbursement.



### III. Agreements and Requirements for Procurement Execution

<input checked="" type="checkbox"/>	<p>Bidding documents</p>	<p>The procurement of works, goods, and nonconsulting services subject to international competitive bidding under the Bank's procurement policies (document GN-2349-15) will be carried out using either the Standard Bidding Documents issued by the Bank or the bidding documents agreed between the executing agency and the Bank for a particular procurement. Consulting services will be selected and contracted in accordance with the Policies for the Selection and Contracting of Consultants (document GN-2350-15) and will use either the Bank's Standard Request for Proposals document or the request for proposals agreed between the executing agency and the Bank for the selection in question. In the case of national competitive bidding and shopping for goods and nonconsulting services, the Bank's standard models for Argentina will be used, together with the corresponding standard evaluation templates. The review of technical specifications and terms of reference for contracts during preparation of the selection processes is the responsibility of the Project Team Leader. This technical review may be carried out ex ante and is independent of the method of procurement review.</p>
<input checked="" type="checkbox"/>	<p>Advance procurement/retroactive financing</p>	<p>Provided that requirements substantially similar to those established in the loan contract have been met, the Bank may provide retroactive financing under the loan of up to US\$4.95 million (15% of the loan amount) for eligible expenditures (actions relating to program works and the hiring of technical support staff for the executing agency) made by the borrower prior to the loan approval date. Such expenditures must have been made on or after 13 August 2021. Under no circumstances will expenditures incurred more than 18 months prior to loan approval be eligible. The amount retroactively financed will be subject to the limitations applicable to disbursements (see documents GN-2349-15, GN-2350-15, and the Policy on Recognition of Expenditures, Retroactive Financing, and Advance Contracting (document GN-2259-1)).</p>
<input checked="" type="checkbox"/>	<p>Procurement supervision</p>	<p>Except in cases where ex ante supervision is justified and the procurement plan so indicates, procurement will be subject to ex post review. Ex post reviews will be conducted every year in accordance with the project supervision plan, subject to changes over the course of execution. Ex post review reports will include at least one visit. Ex post review thresholds are as follows:</p>

		Works	Goods and services	Consulting Services
		US\$5 million	US\$500,000	US\$500,000
<input checked="" type="checkbox"/>	Records and files	The MTD will be responsible for maintaining the original files on procurement and financial management processes that fall under its purview as part of program execution.		

### Main procurement items

Item description	Selection method	New procedures/ tools	Estimated date	Estimated cost US\$
Goods				
Technology platform development	Shopping		July 2022	80,000
IT equipment	Shopping		July 2025	86,250
Works				
Tourist facilities in the Urugua-í Provincial Park	National competitive bidding		July 2022	2,778,389
Cabotage terminal and tourist dock for small vessels conducting maritime excursions in the Beagle Channel – Puerto de Ushuaia.	National competitive bidding		February 2022	5,234,043
Maimará - Tilcara bikeways	National competitive bidding		July 2022	2,111,226
Yabotí Creek bridge on Provincial Highway 2 (access to Moconá Provincial Park)	National competitive bidding		July 2022	1,532,237
Nonconsulting services				
Workshops	Shopping		March 2023	16,400
Firms				
Development of spatial and/or tourism development plans 1	Quality- and cost-based selection		October 2022	125,000
Development of the Country Brand platform	Quality- and cost-based selection		July 2022	200,000
Data gathering for the program baseline	Quality- and cost-based selection		July 2022	50,000
Individual consultants				
Environmental impact study	3 CVs		July 2022	10,000
Preparation of works manuals/sustainable classifications 1	3 CVs		July 2022	20,000

For the 18-month procurement plan, see [optional link 4](#).

## **IV. Financial Management Agreements and Requirements**

<input checked="" type="checkbox"/>	Programming and budget	The MTD, through the International Loan Execution Office (DEPI), is responsible for formulating and programming the annual budget, as well as all the procedures for consolidating the annual budget for approval. As needs arise to increase or reallocate line items, the DEPI will request the modifications and manage the approval process. Budget appropriations are executed through quarterly and monthly accrued commitment
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		installments, which are allocated by the National Budget Office (Ministry of the Economy).
<input checked="" type="checkbox"/>	Treasury and disbursement management	<p><b>Bank accounts.</b> The MTD, as executing agency, will manage and control the bank accounts opened in dollars and in local currency exclusively for the separate management of loan proceeds, as well as the bank reconciliation of those accounts.</p> <p><b>Financial plan.</b> Disbursements will be made in accordance with a detailed financial plan based on actual program liquidity needs.</p> <p><b>Disbursement methods.</b> The Bank will disburse resources under the advance of funds modality or other modality established in document OP-273-12. Funds will be advanced based on a financial plan for the next six months or other reasonable period, provided the payments are made and duly documented. With the exception of the first advance of funds, subsequent advances may be processed once supporting documentation has been submitted for 80% of the total cumulative balance. If necessary, use of the flexible measures established in document OP-273-12 can be examined. The Online Disbursement electronic platform will be used to manage disbursement transactions with the Bank.</p> <p>Pursuant to document AB-2990, the disbursement of Bank Ordinary Capital resources will be subject to the following maximum limits: (i) during the first 12 months, a maximum of 15% of the total loan amount approved by the Bank; (ii) during the first 24 months, a maximum of 30%; and (iii) during the first 36 months, a maximum of 50%. All these periods will be counted from the date the loan operation is approved by the Board of Executive Directors. These limits may not apply if the requirements established in the Bank's policy in this regard have been fulfilled, provided that the borrower has been notified in writing.</p> <p><b>Flow of project funds.</b> Program funds will be deposited in an account set up at the Central Bank of the Argentine Republic to receive IDB disbursements. Those funds will then be transferred to a special account for managing loan proceeds in Banco de la Nación Argentina. Use of the Treasury Single Account is not anticipated.</p>
<input checked="" type="checkbox"/>	Accounting, information system, and reporting	The executing agency will use UEPEX as the financial administration system, which makes it possible to identify program funds and sources of financing. In accordance with the chart of accounts approved by the Bank, the UEPEX system assigns the program investments by component from the cost table. Cash basis accounting will be used and the International Financial Reporting Standards followed, where applicable, in accordance with national criteria.
<input checked="" type="checkbox"/>	Internal control and audit	The Office of the Comptroller General (SIGEN) is responsible for internal control. Internal audit is the responsibility of the executing agency's internal audit unit.

<input checked="" type="checkbox"/>	<p>External control and financial reports</p>	<p>The external audit of the program may be performed by an independent auditing firm eligible to audit Bank-financed operations, selected and hired in accordance with the terms of reference and model contract previously agreed upon with the Bank. As the country's external control subsystem has been validated, the audit may also be performed by the Office of the Auditor General of Argentina, subject to prior agreement with the Bank and where its workload permits.</p>
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DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

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

Argentina. Loan \_\_\_\_/OC-AR to the Argentine Republic. Development, Investment, and Facilitation Program for Argentine Nature Tourism: the Nature Route

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the Development, Investment, and Facilitation Program for Argentine Nature Tourism: the Nature Route. Such financing will be for the amount of up to US\$33,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

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