

## PROGRAM OF INSTITUTIONAL STRENGTHENING FOR FOREIGN TRADE POLICY

(AR-0256)

### EXECUTIVE SUMMARY

<b>Borrower and guarantor:</b>	Argentine Nation	
<b>Executing agency:</b>	External Trade Subsecretariat (SSCE) of the Secretariat of Industry, Trade, and Mining (SICyM)	
<b>Amount and source:</b>	IDB: (OC)	US\$5.0 million
	Local:	US\$3.0 million
	Total:	US\$8.0 million
<b>Financial terms and conditions:</b>	Amortization period:	20 years
	Grace period:	3 years
	Disbursement period:	3.3 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	United States dollars from the Single Currency Facility
<b>Objectives:</b>	<p>The general objective of the program is to support the process of shaping and implementing Argentina's external trade policy. The specific objectives are: (i) to strengthen SSCE capacity for analyzing, formulating, administering, and evaluating the instruments of external trade policy; (ii) to support linkages between the SSCE and the private sector and provincial government bodies responsible for foreign trade policy.</p>	
<b>Description:</b>	<p>A program consisting of two components has been designed to achieve the specific objectives: (i) institutional strengthening of the SSCE, and (ii) coordinating trade policy with the private sector and provincial government bodies.</p> <p>The objective of the SSCE institutional strengthening component is to assist the Secretariat with the process of training and developing its human capital and the reengineering of internal and technical and administrative procedures in order to enhance its capacity for analysis,</p>	

design, management, and evaluation of foreign trade policy instruments and their effectiveness. To this end, financing will be provided for training, advisory assistance, and the development of new organizational and information systems technologies.

The purpose of the component to coordinate trade policy is to strengthen the linkages and support mechanisms between the SSCE and the private sector and provincial government bodies, in order to incorporate these agents into the process of shaping policy and applying it more effectively and help broaden the export prospects for national production. To this end, financing will be provided for the dissemination, coordination, and establishment of a trade information network and the design of pilot export sector programs in order to encourage trade opportunities to be maximized more fully by the private sector and enhance Argentina's competitive position in world markets.

A Program Executing Unit (PEU) will be set up within the SSCE with the core staff required so that at the SSCE's request, INTAL would lend technical and administrative assistance for the smooth functioning of the PEU and the program. Given the nature of the operation, the PEU will be financed in accordance with the Bank's technical cooperation funding policies.

**Relationship of project in Bank's country and sector strategy:**

The Bank's operating strategy for Argentina prioritizes activities in the following basic areas: (i) deepening and consolidating the process of State modernization; (ii) reducing poverty and improving the quality of life; and (iii) raising productivity and competitiveness of Argentine production. The proposed program meshes with this strategy. Specifically, through support for developing new organizational technologies and new trade promotion and policy instruments, the program will help bring about the modernization of government so that the private sector can benefit more effectively from participation in a global market on more favorable conditions and support efforts to improve the competitiveness of national production, thus permitting greater opportunities for job creation and a better quality of life for broad sectors of the country.

**Environmental and social review:**

The program was considered by the Committee on Social Impact and Environment on April 27, 1999. The Committee recommended that: (i) information and training activities in the areas of environmental external trade regulations be included in the program; (ii) information on environmental trade standards for the private sector and provincial government bodies be disseminated; and (iii) environmental considerations be included in the pilot export programs to be developed. All of the recommendations were taken into account in designing the operation (paragraph 4.4).

**Benefits:**

The SSCE's capacity to formulate and manage external trade policy more efficiently will be boosted as a result of the program. Also, the program will help to strengthen the linkages between the SSCE and the private sector and provincial government bodies involved in foreign trade through the establishment and operation of an information services network and interactive consultation on standards, procedures, policy, and instruments of trade promotion so that Argentine products will be better able to penetrate world markets.

The program will also help to formally establish new policies to promote external trade, particularly through the design of pilot sector export programs in the areas of furniture and garment making and educational services in order to better position these sectors internationally and to serve as a demonstration effect for others.

The training actions to be undertaken, particularly in the area of new trade disciplines will make it possible to enhance the SSCE's operating capacity to effectively implement existing agreements and negotiate new ones at a critical juncture in negotiations at the regional, hemispheric, and multilateral level.

**Risks:**

The improvement in the SSCE management is predicated on effective implementation of the new organizational methods and information systems planned as part of the program. To this end, it will be essential that the Subsecretariat personnel are supported by the new techniques otherwise they are likely to be implemented improperly or inefficiently. To minimize this risk, a number of training activities have been planned to prepare SSCE staff and sensitize them to the importance of effectively putting such techniques in place, especially with respect to the need for articulation and internal coordination in the Subsecretariat as well as in other government agencies and the private sector.

With respect to the training components, particularly the in-service training abroad, there exists the risk of qualified personnel leaving their positions with the SSCE upon completion of their training. To minimize this risk, participants will be required to make a commitment to stay on with the SSCE for at least one year after the in-service training is over.

The dissemination and articulation activities need to go beyond simply supplying information, particularly when they are aimed at the public and private sectors in the provinces, in order to fulfill their objectives. Accordingly, every effort will be made to ensure that the dissemination activities include practical and basic elements in each of the topics addressed.

**Special contractual clauses:**

- a. Conditions precedent to the first disbursement:
  - (i) The PEU must be set up and its staff hired (paragraph 3.10).
  - (ii) The PEU technical and administrative assistance agreement between the SSCE and INTAL must have entered into force on the terms and conditions agreed (paragraph 3.12).
  - (iii) The annual operating plan for year one of the program must be submitted (paragraph 3.24).

Also, the contract must make sufficient provision for follow up and proper evaluation of the program (paragraphs 3.24, 3.27, 3.28, and 3.30)

**Poverty-targeting and social sector classification:**

This operation does not qualify as a project to promote social equity pursuant to the key objectives for the Bank's activity contained in the Eighth General Increase in Resources (document AB-1704).

**Exceptions to Bank policy:**

There are no exceptions to Bank policies.

**Procurement:**

The procurement of goods and services planned for the program will be carried out in accordance with the Bank's procedures. International competitive bidding will be used for contracts valued at more than US\$350,000 in the case of goods and at more than US\$200,000 in the case of consulting services. For contracts below these thresholds, procurement will be done in accordance with national legislation. No construction works are anticipated under the program.

At the executing agency's request, the project team has determined that, as an exception to the hiring procedures for consulting services, INTAL should be contracted directly to provide technical and administrative support for the Program Executing Unit because of the institution's comparative technical and institutional advantages. Such an exception is permitted under the Bank's procurement policy (chapter GS-403 of the Bank's Procurement Manual). The costs of such contracting will be charged to the local counterpart funding (paragraph 2.28 and 3.11).

## I. FRAME OF REFERENCE

### A. The process of reform, trade liberalization, and economic integration

1.1 Since the early 1990s, Argentina has been implementing a successful process of economic reform and restructuring. The macroeconomic discipline introduced under the 1991 Convertibility Plan, together with reforms in the form of trade liberalization, deregulation, privatization, and deepening of regional integration agreements, have helped to improved economic performance, by altering the structure of production and the supply of national exports.

1.2 One of the key elements of the economic reform program was the development of an active external trade policy, which ultimately seeks to increase the country's share of trade in goods and services in world markets. Importantly, trade in goods tripled from US\$16.428 billion (12% of GDP) in 1990 to US\$56.847 billion (19% of GDP) in 1998. For the 1990-1997 period, exports expanded at an average annual pace of 10%; at the same time, imports were up by an average annual rate of 33.3%. This process has witnessed a structural change in the composition of import demand. In the early 1990s, intermediate goods accounted for over one half of the total value whereas capital goods represented around one third. By 1998, this relationship had reversed with capital goods accounting for about 50% accompanied by a decline in the share of intermediate goods. As far as the structure of exports is concerned, although the share of nontraditional exports with high added value has increased in percentage terms, the share of traditional goods continue to be high, at around 65% for the entire period. The growth in Argentine exports slowed in 1998 and so far this year, due mainly to the impact of the global financial crisis and the devaluation of the *real* in early 1999, which affected the country's ability to compete with its principal partner in Mercosur.

ARGENTINA				
Selected indicators	1990	1995	1997	1998
Exports (in US\$ millions)	16,428	28,076	30,450	56,847
- Mercosur + Chile (%)	14.4	18.6	43.5	42.7
- Nafta (%)	15.9	16.8	9.7	10.1
- European Union (%)	29.7	33.6	15.1	17.4
- Asia (%)	14.5	15.4	10.5	10.7
- Other (%)	25.5	15.6	21.2	19.1
Imports CIF (in US\$ millions)	5,817	4,076	30,450	56,847
- Mercosur + Chile (%)	19.6	24.3	27.2	27.5
- Nafta (%)	19.2	24.6	23.5	23.0
- European Union (%)	30.9	28.9	27.3	27.5
- Asia (%)	11.8	7.6	12.6	12.6
- Other (%)	18.5	14.6	9.4	9.4
Degree of liberalization (% of GDP)	11%	12%	18%	19%
Average annual growth rate (%)	10%	33.3%	2%	20%
Imports subject to tariff (%)	20%	20%	3%	3%
Source: Official data of IDB, IMF and SSCE				

- 1.3 Argentine trade policy has centered on a number of related policies: first, the unilateral liberalization and deregulation of the economy; second, active policy of integration in the subregional economy under Mercosur and other bilateral agreements<sup>1</sup>; third, supplementing and applying the rules negotiated in the Uruguay Round and in accordance with the GATT/WTO rules; four, by becoming actively involved in other nonregional initiatives such as the Free Trade Area of the Americas (FTAA); and fifth, the establishment of a negotiating framework with the European Union. The process of opening up and trade integration resulted in a sharp drop in tariff levels (most favored nation status), which declined from 45% on average in the period prior to trade reform to an average of 11% at the present time, with the entry into effect of the Mercosur's Common External Tariff. Also, nontariff barriers have been gradually dismantled, with import coverage shrinking from 20% prior to reform to 3% at present.
- 1.4 The country's proactive trade liberalization policy has been supplemented with specific policies. In the administrative sphere, a National Customs Administration Information System has been introduced, with the financial support of the Bank, and major advances have been made in deregulating maritime, overland, river, and rail transport infrastructure. In the operational sphere, five types of incentives have been reintroduced to encourage exports by the private sector: tax, fiscal, customs, credits, and special exports regimes<sup>2</sup>.

## **B. Institutional structure of support for foreign trade**

- 1.5 In the national public sector, the institutional structure of support for external trade includes the Ministry of Economy, Public Works, and Services (MEyOSP), the Ministry of Foreign Affairs, International Trade and Worship (MRECIC), and the Office of the President of the Nation.
- 1.6 The MEyOSP, with its broad powers in different areas of economic activity, is responsible for designing and applying virtually all trade policy although negotiations and trade representation in the multilateral and regional spheres is shared and coordinated with MRECIC. Within the MEyOSP and reporting to the Secretariat of Industry, Trade, and Mining (SICyM), is the External Trade Subsecretariat (SSCE).
- 1.7 The SSCE is the main public body responsible for designing and managing Argentina's external trade policy. Accordingly, its functions are: (i) to analyze, propose, manage, and assess trade policy; (ii) to help coordinate export promotion

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<sup>1</sup> With the creation of Mercosur in 1991, Argentine trade with neighboring countries increased substantially, particularly Brazil, a market accounting for approximately 30% of the value of exports.

<sup>2</sup> All of the export incentives used by Argentina are consistent with the principles and standards agreed on within the WTO framework. In fact, this was the finding of the WTO 1998 assessment of Argentina's trade promotion instruments and policies.

activities; and (iii) to take part in the process of trade negotiation. To perform these functions, the SSCE has been organized into two national directorates and one Origin of Goods Department. The two directorates are the National Directorate of External Trade Policy (DNPCE) and the National Directorate of External Trade Management (DNGCE).

- 1.8 The SSCE is assisted in its functions by other Secretariats and public bodies within the MEyOSP such as: (i) the National Foreign Trade Commission for analysis and investigation of damage to national production from unfair foreign competition; (ii) the Federal Public Revenue Administration for regulation, customs, and tax collection; and (iii) Banco de Inversion y Comercio Exterior for financing of productive investment and foreign trade. Outside the purview of MEyOSP and the SSCE assistance is provided by (i) the Secretariat of International Economic Relations and the Exportar Foundation of MRECIC, for international trade negotiations and export development; and (ii) the Secretariat of Small and Medium-sized Enterprise, which reports to the Office of the President in matters concerning small business.
- 1.9 To achieve inter-agency coordination of external trade development policy, there is an Export Development Policy Coordinating Unit (UCPFE), consisting of three secretariats: Secretariat of Industry, Trade, and Mining, Secretariat of International Economic Relations, and Secretariat of Agriculture, Livestock, Fisheries, and Food.
- 1.10 At a subnational level, each provincial government has a trade support unit of its own, usually located in the provincial Secretariat of Economy.
- 1.11 As for mechanisms in place for coordinating trade policy with the private sector, as of August 31, 1998, the National Secretariat of Industry, Trade, and Mining (SICyM), pursuant to Resolution 570, set up the Foreign Trade Business Advisory Council (CAECE), which meets regularly once a month to discuss and exchange views on trade.<sup>3</sup>
- 1.12 Lastly, at a regional level, the Institute for the Integration of Latin America and the Caribbean (INTAL) has been making significant contributions to the process of integration in the region through training programs, workshops, technical assistance and studies (specifically those carried out as part of the INTAL/Integration Research Centers), statistical information systems, and its documentation center. The Institute has provided support in particular for boosting the trade negotiating capacity of the Bank's member countries within the framework of WTO disciplines and rules, Regional Agreements, Nonregional Agreements, and trade negotiating

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<sup>3</sup> The CAECE, which is chaired by the Secretary of Industry, Trade, and Mining, has two regular member and two alternates from businesses of a national scope and two regular members and two alternates from the coordinating unit of Foreign Trade Associations within the country. The Under Secretary of Foreign Trade serves as Executive Secretariat of the CAECE and its meetings are held at the Secretariat's facilities.

processes under way (FTAA). In performing this function, INTAL has earned recognition across the hemisphere as an institute committed to supporting the process of economic integration and trade liberalization.

### **C. The main challenges to external trade policy**

- 1.13 Since 1991, the aim of Argentina's foreign trade policy has been to help boost the country's economic competitiveness. To accomplish this aim, efforts have focused successfully on introducing incentives associated with an open market economic system based on a dismantling of trade (tariff and nontariff) barriers and on getting other countries to reciprocate by opening up their markets to Argentine products. The challenge for trade policy in the years ahead will be to produce conditions for ensuring that the private sector fully maximizes the opportunities offered by this process of economic liberalization and globalization. Here, trade policy will need to concentrate on: (i) consolidating and perfecting the process of economic liberalization; (ii) supporting the efforts by the private sector to penetrate and consolidate its presence in foreign markets; and (iii) ensuring that the trade commitments assumed are fulfilled and commercial practices applied.
- 1.14 In keeping with this challenge, the role of the government bodies responsible for formulating and promoting foreign trade policy is being transformed. The SSCE has made major changes to its organizational and operating structure in order to act as a genuine catalyst with the private sector, mainly at the provincial level.
- 1.15 Also, the policy instruments to be designed will need to conform to the regulatory framework and commitments assumed at the subregional and multilateral level, which establish the rules for trade and ensure free competition in an expanded market. Such instruments, which are consistent with the State's new role, will need to be geared to eliminating the market flaws and imperfections that hinder the export process and/or the reaction speed of private agents. Based on WTO rules, particularly the terms of the Agreement on Subsidies, incentives must be measured generally, available to the private sector, with those permitted having to do with human resources training, research, and development, and supply of information.
- 1.16 The SSCE has identified and accorded priority to the following areas of actions for guidance in selecting and formulating policy and promotion instruments and actions: (i) reducing the costs of entry for Argentine companies to world markets (barriers to entry); (ii) making use of externalities arising from the opening up and consolidation of new markets; (iii) facilitating access by the private sector to timely and relevant trade information (trade rules and administrative and organizational procedures); (iv) enhancing the capacity for analysis and monitoring of trade variables, by establishing early warning systems and systems to assess the effectiveness of the policy instruments applied; and (v) strengthening the links and coordinating capacity between the SSCE, the relevant provincial bodies, and the private sector.



- 1.17 As to support for public entities that provide foreign trade services at the provincial level, a SSCE survey has found that certain institutional weaknesses that had been noted should be eliminated. These shortcomings include mainly insufficient qualified human resources in the area of trade management and a lack of speedy and timely access to trade information on rules, procedures, existing trade policy and promotion instruments, scope of regional and multilateral trade agreements and obligations entered into by the country.
- 1.18 To address these challenges, to supplement this policy and successfully put in place the reforms made to its structure, as well as to strengthen the linkages and capacity to coordinate its dealings with the private sector and official provincial bodies, the Subsecretariat of Foreign Trade has approached the Bank for support which is the basis of the present program. The technical-cooperation funding from the Bank will facilitate the transfer of technical expertise and satisfactory experiences with a view to supplementing and strengthening local technical capacity in the areas targeted by the program.

**D. Strategy and rationale for the Bank's participation**

- 1.19 The operating strategy for the Bank's involvement in Argentina prioritizes activities in the following basic areas: (i) deepening and consolidating the process of State modernization; (ii) reducing poverty and improving the quality of life; and (iii) raising productivity and competitiveness of Argentine production. The program as proposed meshes with this strategy. Specifically, through support for developing new organizational technologies and new trade promotion and policy instruments, the program will help bring about the modernization of government in the area of trade so that the private sector can reap the benefits of a globalized market on better conditions and support efforts to improve the competitiveness of national production, thus offering more opportunities for employment and a better quality of life for broad sectors of the country.
- 1.20 The program will supplement other efforts that the Bank is undertaking to help boost productivity and improve the competitive position of the country's tradable goods. Given the magnitude of the areas involved and the nature of the different lines of action to achieve this goal, the Bank's support has been aimed, through different operations, at: (i) offering access to support services, technical and advisory assistance for the restructuring of SMEs (support for business restructuring, loan 989/OC-AR, for US\$100 million); (ii) supporting the development and supply of modern technologies that would enable manufacturing companies in Argentina to compete in an open economy (technology modernization program TMP I, loan 802/OC-AR, for US\$95 million); (iii) expediting procedures for foreign trade operations and strengthening institutions for tax collection (support for the institutionalization of the AFIP, loan 1034/OC-AR, for US\$96 million); and (iv) improving the management, efficiency, and transparency of antitrust policy (Committee for Competition Protection ATN/MT-6574-AR, for US\$360,000).

Furthermore, the Bank's operations program in Argentina for 1999 includes the following related operations: (i) global credit program for SMEs (AR-0127), for US\$96 million, which has now been approved; and (ii) technology modernization program II (AR-0171) with expected financing of US\$140 million.

- 1.21 Importantly, all of the aforesaid operations in the Bank's portfolio still in progress have been classified as proceeding satisfactorily with probably fulfillment of objectives and that the present operation supplements these efforts. The program will be the first Bank operation in support of institutional strengthening of the main entity responsible for Argentina's external trade policy. A summary of the objectives and the status of the operations mentioned are available in the program technical files, as well as the principal characteristics of the programs being considered by the Bank.

#### **E. Conceptualization of the program**

- 1.22 The program has been conceptualized as an operation in support of specific activities in areas identified by the SSCE as of priority in guiding external trade policy (see paragraph 1.16). Specifically, the program includes training activities, advisory assistance, and new organizational and information systems technologies to improve capacity for analysis, design, and assessment of foreign trade policy instruments as well as dissemination activities, training, and establishment of a trade information network, and development and implementation of pilot export programs to encourage the private sector to make full use of the trade opportunities presented and improve the country's competitive position in world markets.
- 1.23 Given INTAL's experience and expertise in the areas targeted by the program and its comparative institutional and technical advantages in this field, it is recommended that this institution participate in the program in a technical and administrative support capacity (paragraph 3.11).

## **II. THE PROGRAM**

### **A. Objective**

- 2.1 The general objective of the program is to support the process of formulating and implementing Argentina's official external trade policy. The specific objectives are: (i) to strengthen SSCE capacity for analyzing, formulating, administering, and evaluating external trade policy instruments; (ii) to support linkages between the SSCE and the private sector and provincial government bodies responsible for foreign trade policy.

### **B. Aims**

- 2.2 The indicators that will be used to determine the extent to which the program objectives have been achieved are: (i) 355 qualified officials of the SSCE and other government agencies concerned with foreign trade; (ii) system for monitoring and evaluation of SSCE efforts, designed and functioning; (iii) early warning system for monitoring trade flows, designed and in place; (iv) 185 events and workshops held to disseminate information and coordinate efforts with the private sector and provincial bodies, for a total of 2,730 participants; (v) integrated network of external trade policy information installed; (vi) specialized study completed on electronic commerce that contains a proposal for public policy and adoption of new electronic commerce technologies by Argentine companies; (vii) 25 in-service training events held, of which 20 took place abroad for SSCE officials and five were offered at SSCE headquarters for the private sector; and (viii) three pilot sector programs for organizing export capacity, designed with recommendations on specific actions for their implementation.

### **C. Description**

- 2.3 A program consisting of two components has been designed to achieve the specific objectives of the operation. The program includes activities that clearly quantify the goals and resources allocated. These activities may be carried out separately, although the components must proceed in pace with design. The SSCE is in charge of all of the program's proposed activities.

#### **1. Institutional strengthening of the SSCE (US\$2,841,000)**

- 2.4 The objective of this component is to assist the Subsecretariat with human resources training and development as well as reengineering of internal and technical and administrative procedures in order to enhance its capacity for analysis, design, and evaluation of external trade policy instruments and their effectiveness. To this end, financing will be provided under this component for

training, advisory assistance, and the development of new organizational and information systems technologies.

**a. Training (US\$1,336,000)**

- 2.5 The training activities are intended to address specific needs resulting from the new disciplines negotiated under subregional and international agreements. The training will target the following specific areas: (i) policy instruments for promoting foreign trade; (ii) government procurement; (iii) environment; (iv) dispute settlement; (v) unfair practices and safeguards; and (vi) other areas.

**(i) New policy instruments for promoting foreign trade (US\$211,000)**

- 2.6 The training activities are designed to develop new policy instruments for promoting external trade, based on their compatibility with the agreements reached within the WTO. To accomplish this aim, a specialized study will be performed, that will serve as basis for two courses for 20 SSCE officials. These will include (a) analysis and evaluation of existing national and international policy instruments; (b) recommendations on policy instruments compatible with WTO agreements; (c) design of proposals for an export development strategy policy; (d) proposal for streamlining the institutional structure for export development. In addition, these activities will be accompanied by two in-service training courses at the WTO on these subjects. The program will finance the fees of individual consultants and trainers, per diems, learning materials, and the in-service training.

**(ii) Government procurement (US\$87,000)**

- 2.7 These training activities are tailored to a review and analysis of government procurement regulations contained in trade agreements to which Argentina is a party or agreements relating to future negotiations (WTO Agreement, corresponding NAFTA Chapter, European Union Directives, Agreement of the Group of Three, bilateral agreements signed by Mexico). In pursuance of this aim, two theoretical and practical courses will be offered to 15 SSCE officials on (a) provisions, rules, and disciplines included in multilateral, hemispheric, and regional agreements on government procurement; (b) methods of negotiating agreement coverage; (c) systems for classification of goods and services used in negotiation and implementation of agreements; and (d) existing systems for handling complaints and challenges filed by the private sector. As an adjunct to the training activities and to ensure that their benefits are maximized, a study will be performed to propose possible adjustments and/or modifications that should be made to the local system to make it compatible with the requirements of existing international agreements. This activity will include a proposed methodology for preparing a statistical data base on official procurement. The program will finance the fees of individual consultants and trainers, per diems, and teaching materials.

**(iii) Environment (US\$26,000)**

- 2.8 The training activities are designed to strengthen the SSCE in problem areas of environmental management in terms of multilateral, hemispheric, and regional trade agreements and regulations. To this end, 30 members of the SSCE staff will be given three practical and theoretical courses to include: (a) an analysis of multilateral, hemispheric, and regional environmental trade regulations; (b) requirements for compliance with environmental control and certification of commercial transactions, WTO rules, and other regional agreements in this field; and (c) existing mechanisms to ensure compliance with such regulations. The program will finance trainers fees, per diems, and teaching materials.

**(iv) Dispute settlement (US\$274,000)**

- 2.9 The training activities are intended for the review and analysis of dispute settlement mechanisms and procedures used by the WTO, Mercosur, bilateral trade agreements, agreements on investment protection and promotion and international arbitration between States and private individuals. Two training courses combining theory and practice will be offered to 15 officials from the SSCE and provincial governments bodies that will include: (a) analysis of the development and application of dispute settlement procedures and mechanisms; and (b) a review of specific cases, with a focus on the legal arguments of the parties, adoption and implementation of resolutions and agreements, subsequent disputes. In addition, a program of five in-service training courses will be offered in institutions of excellence (WTO, OECD, ICSID, UNCITRAL, ICC) to identify international mechanisms and experiences that have proven effective in this area. To supplement the training activities and ensure that their benefits are maximized to the full, those cases in which Argentina has been involved will be analyzed and assessed, structuring the cases analyzed in a data base format and proposing methodologies for updating the cases registered on a regular basis. The program will finance the fees of individual consultants and trainers, per diems, and teaching materials.

**(v) Unfair practices and safeguards (US\$316,000)**

- 2.10 The training activities are intended for interpretation and application of regulations on unfair practices and safeguards. To accomplish this aim, six theoretical and practical courses will be held for 35 officials from the SSCE and provincial government bodies in the following areas: (a) investigation of antidumping (case studies, drafting of forms and methodologies for assessment, analysis, and verification of data); and (b) investigation of subsidies (case studies, calculating subsidy amount, concept of benefit, review and analysis of procedures and methodologies for determining whether duty should be maintained, modified, or eliminated). In addition, seven in-service training courses will be organized in institutions of excellence (Commission of the European Union, the United States Department of Commerce, and Ministry of Trade and Industrial Development of

Mexico) to identify best practices in trade protection procedures and methodologies. To supplement these training activities and to ensure that their benefits are maximized to the full, cases in which Argentina has been involved will be analyzed and assessed. The fees of consultants and trainers, per diems, teaching materials, and in-service training will be financed under the program.

**(vi) Other areas of training (US\$422,000)**

- 2.11 During years two and three of the program, training activities will be pursued in other areas: competition policy, electronic commerce, ISO 9000 and ISO 14000 quality standards, trade in services and programs to generate an export culture for new generations, the terms of reference of which will be defined in due course and based on the progress of the remaining program activities.

**b. Evaluation methodologies, early warning systems, and new organizational and information systems technologies (US\$1,505,000)**

- 2.12 The assessment activities and new organizational and information systems technologies will consist of: (i) developing methodologies to evaluate and establish early warning systems to monitor trade flows and other trade variables at the international and regional level; and (ii) installing new organizational and information systems technologies.

**(i) Evaluation methodologies and early warning system (US\$222,000)**

- 2.13 The activities for developing evaluation methodologies and establishing early warning systems are intended to analyze and follow up on the effectiveness of the different instruments of trade policy and on short-term crisis situations. The following tasks will be involved: (a) standardizing criteria and developing methodologies for processing and improving the statistical data bases in the SSCE Monitoring Unit; (b) proposing and incorporating into the data base new information with relevant variables to facilitate monitoring of foreign trade and production, ensuring in particular interaction with provincial governments and the private sector in order to supply information on a regular basis; (c) performing analyses and developing methodologies to ensure external trade statistics are consistent; (d) designing routines and standardizing criteria for the supply of relevant information for preparing sector reports on the Subsecretariat's different departments; (e) preparing econometric models for analysis of Argentina's trade flows at an aggregate, regional, and sector level and determination of sensitivity indicators for fluctuations in world markets; (f) developing and applying models and methodologies for predicting variables such as world prices, imports, and exports; (g) preparing methodologies for assessing the effectiveness of the trade policy tools applied; and (h) on-the-job training for the staff of the Subsecretariat in

the use of these methodologies. To accomplish these aims, three consultants will be hired (2 economists and 1 econometrist).

**(ii) Adoption of new organizational and information systems technologies (US\$1,283,000)**

- 2.14 New organizational and information systems technologies at the SSCE will be adopted to enhance management capacity in the area of external trade through modernization of management tools and internal procedures within the Subsecretariat. These activities will entail: (i) process redesign (reengineering) including computerization of information flows, electronic monitoring, and streamlining of internal procedures and control and evaluation of performance-based management and administration; (ii) modernization of the internal SSCE network (network design and cabling, hardware, and office applications); (iii) development of special applications to support different areas of the SSCE (statistics, trade legislation consultative systems, monitoring the use of trade policy tools, data base of cases of unfair trade practices and safeguards, dispute settlement, and so forth); (iv) design and preparation of digital catalogue for gradual introduction of an intelligent library system for trade policy issues; and (v) training in the systems to be implemented. To carry out these tasks, a consulting firm will be engaged to develop in-house software applications and tenders will be issued for procurement of an equipment component consisting of basic office applications systems in a single package.
- 2.15 The terms of reference and specifications for each activity and particulars on the costs and financing by investment for this component is available in the program technical files.

**2. Coordinating trade policy with the private sector and provincial government bodies (US\$3,231,000)**

- 2.16 The purpose of this component is to strengthen the linkages between the SSCE and the private sector, particularly at the provincial level, in order to incorporate these agents into the process of policy formulation and its most effective application and to help improve the export outlook for Argentine-produced goods. To this end, financing will be provided for the design of pilot export programs, establishment of an integrated external trade policy information network between the SSCE, the private sector, and provincial bodies, development of electronic commerce as an instrument of trade policy and dissemination and linkage activities.

**a. Design of pilot export programs (US\$1,651,000)**

- 2.17 The advisory assistance is being provided for the design of three integrated pilot programs for export promotion in sectors previously identified by the SSCE (furniture, garment making, and educational services). These programs will need to

have a demonstration effect and encourage replication in other areas of economic activity. The activities proposed for each program will be: (a) a study of goods available for export in the respective sector (including a detailed analysis of the structure of the business sector, products, technologies, design, competitiveness, marketing, export experience) in order to have a full assessment of the sector in terms of shortcomings, risks, strengths, and opportunities and an exhaustive list of the barriers to export; (b) an institutional analysis to identify the executing agency for the sector program and a specific proposal for strengthening activities; (c) a study of five foreign markets, identifying their characteristics and specific initiatives for potential penetration by Argentine exports; and (d) design of a two-pronged export development program that involves: (i) structural and institutional actions to identify and remove export barriers (fiscal treatment, credit, availability of information, institutional structure in support of export promotion); and (ii) specific actions of support for the business sector in general in the following areas: institutional and inter-sector coordination through the creation of consortiums, improved export capacity, business strengthening, international marketing and pilot activities for use of electronic commerce as an instrument of trade promotion. Three consulting firms with expertise in the respective sectors will be hired to attain these objectives.

**b. Establishment of an integrated external trade policy information network (US\$270,000)**

- 2.18 These activities are intended to improve SSCE capacity to interact with and respond to the needs of individual companies, trade associations, and provincial bodies linked to the export sector. The activities will include: (i) creation of a web site for the SSCE; (ii) establishment of the necessary data base publication on the web site; (iii) installation of the data base in an internet external server; (iv) establishment of the mandatory security access protocols for each data base and electronic processing of commercial procedures; and (v) establishment of systems for determining and accessing web site. The integrated network will facilitate the monitoring of results of the activities in the areas of dissemination and linkages, secure access and interactive consultation of information on commercial standards and procedures; expedite the processing and electronic monitoring of commercial procedures; and establish virtual sector forums for sharing successful experiences and disseminating best organizational practices for business activity. A consulting firm will be hired to perform these tasks.

**c. Electronic commerce as a trade promotion tool (US\$610,000)**

- 2.19 The advisory assistance in electronic commerce is designed to assist with the formulation of a proposal for public policy on the development and gradual adoption of new technologies in electronic commerce by Argentine companies. In pursuing these aims, the following activities will be carried out: (a) a diagnostic assessment of international conditions and the Argentine situation, covering the following issues: (i) analysis of the regulatory and legal framework for



development of electronic commerce; (ii) analysis of the role of public and private bodies that act as intermediaries in promoting and supplying information services; and (iii) a field study of individual companies to obtain a qualitative and quantitative assessment of the potential use of this tool (this field study will be repeated towards the end of the program in order to determine the degree to which it has been implemented and its effectiveness); and (b) preparation of a strategic proposal for public policies on developing and promoting this tool in Argentina that covers the following areas: (i) exhaustive list of barriers to the development of electronic commerce (legal, technological, fiscal, credit-related, cultural, information); and (ii) proposal for public policies on developing electronic commerce as a tool to support and promote external trade as well as on formulating recommendations on the removal of barriers to external trade. A specialized consulting firm will be hired to perform these tasks.

**d. Dissemination and linkages (US\$700,000)**

- 2.20 These activities will be carried out through seminars, forums, workshops, and in-service training to provide information on programs and tools of trade policy, to train private agents in the proper use of trade tools and procedures, to identify the challenges and opportunities that may come from new initiatives and trade agreements, and help create professional staff, confirming an export-oriented culture within the country.

**(i) Support for connecting between the SSCE and the private sector (US\$65,000)**

- 2.21 This activity will help to strengthen the connecting mechanisms available to the SSCE for creating linkages with the private sector, in particular through the Foreign Trade Business Advisory Council (CAECE), with a view to the deepening dialogue between the authorities responsible for shaping external trade policy and private agents. This will be achieved by means of 12 seminars that will serve as a basis for discussion between SSCE officials and representatives from the private sector. The seminars will cover such issues as: (a) positioning Argentina as a trade partner in world markets; (b) Argentina in the context of the multilateral trade regulation framework (WTO); (c) Argentina in the context of Mercosur; (d) Argentina in the context of hemispheric (FTAA) and nonregional (European Union) negotiations; (e) new areas of international trade; (f) new export promotion tools; and (g) regional dimensions in formulating external trade policy. This activity will be given at SSCE headquarters or at provincial centers, by SSCE personnel, with the support of international specialists in the areas covered. The program will finance the fees and per diems of these specialists and teaching materials.

**(ii) Regional forums for dissemination of information on unfair trade practices and safeguards (US\$82,000)**

- 2.22 These activities are intended to help provide a better understanding of legislation in place and the tools available for trade protection in the public sector in support of external trade for the provinces as well as in the private sector. To accomplish this objective, 24 events will be held during the three-year program for officials of SSCE counterparts in the provinces and representatives from the private sector in the provinces. These events will include the following issues: (a) disseminating information on relevant legislation in force in the multilateral and regional agreements to which Argentina is a party; (b) reporting on the existing mechanisms and procedures to be followed in filing requests to have measures imposed to counter unfair trading practices (dumping and subsidies) and safeguards; and (c) promoting participation by the parties concerned in investigations on the imposition of such measures. This activity will be held at provincial centers and will be offered by SSCE staff with specific support from international specialists. The program will finance the fees and per diems of these specialists and teaching materials.

**(iii) Specialized workshops in conjunction with the private sector on unfair trading practices and safeguards (US\$69,000)**

- 2.23 The purpose of these activities is to interpret and apply existing laws on trade protection as well as to ensure effective participation by the private sector in requests for steps to be taken in filing and carrying out investigation of dumping, subsidies, and safeguards. To this end, 18 workshops will be held during the program for the private sector in the following areas: (a) antidumping investigation procedures (case studies, preparation of forms and evaluation methodologies, and data verification); (b) procedures for investigation of subsidies (case studies, calculating the amount of the subsidy, concept of benefit, review and analysis of procedures and methodologies for determining whether a duty should be maintained, modified, or eliminated); and (c) application of safeguards. These activities will be offered at SSCE headquarters or at provincial centers by SSCE staff with specific support from international specialists in their respective fields. The program will finance the fees and per diems of the specialists and teaching materials.

**(iv) Other forums and workshops for dissemination of information and linkages (US\$303,000)**

- 2.24 In years two and three of the program, other activities on dissemination of information and linkages with the private sector will be offered in the following areas: new policy tools for external trade promotion, government procurement, environment, early warning systems, and monitoring of external trade, and dispute settlement. The activities, to be offered in a total of 12 events and workshops in the

last two years of the program, will be carried out at SSCE headquarters or provincial centers. Staff from the SSCE will be in charge of the activities, with the support of international experts in the respective fields. The program will finance consulting services including fees and per diems of trainers and teaching materials.

**(v) SSCE in-service training program (US\$181,000)**

- 2.25 The in-service training program to be organized at the SSCE will be supplemented with practical experiences for training professional staff specializing in external trade so that they can join institutions in the public and private sectors. The idea is that in-service training will be offered on a quarterly basis for a period of two years at the Monitoring Unit and at five departments of the SSCE (Export Promotion, Imports, Unfair Competition, Mercosur and Integration, and Trade Negotiations). There will be a total of 40 participants, of whom 10 will come from the provinces. A Framework Agreement has been designed for signing between the SSCE and the participating universities setting out the scope of the program and the obligations of the parties. The program will finance per diems, stipends, and teaching materials for the participants.
- 2.26 The terms of reference and specifications for each activity and details of the costs and financing for this component by investment are available in the program technical files.

**3. Management and administration (US\$618,000)**

- 2.27 Management and administrative expenses for the program are attributable to: (a) consulting services and procurement of the minimum equipment required for setting up the Program Executing Unit (PEU), within the Subsecretariat for External Trade; and (ii) technical and administrative assistance services for management of the PEU to be supplied by the Institute for the Integration of Latin America and the Caribbean (INTAL).
- 2.28 Specifically, the management and administrative expenses to be financed are: (i) the PEU team, consisting of two consultants, a program coordinator, a financial/administrative coordinator, and a secretary, to be hired according to the terms of reference agreed on with each one and which are available in the program technical files; (ii) a percentage of the administrative expenses (2.5%) to be charged by INTAL for the tasks described in the SSCE/INTAL cooperation agreement, also available in the program technical files. The expenses for the PEU team will be financed from the program resources (IDB financing and local counterpart funding), and a percentage of the administrative expenses charged by INTAL will be covered out of the local counterpart funding.

#### D. Cost and modality of financing

2.29 The total cost of the program has been put at US\$8 million, with the Bank funding up to the equivalent of US\$5 million and local counterpart funding up to the equivalent of US\$3 million. The operation will be financed in accordance with the Bank's technical-cooperation policies. The program costs in thousands of United States dollars and the sources of financing by component are summed up in the following table:

<b>CONSOLIDATED BUDGET BY COMPONENT (US\$)</b>				
<b>Item</b>	<b>IDB/OC</b>	<b>Local counterpart</b>	<b>Total</b>	<b>%</b>
<b>Institutional strengthening for the SSCE</b>	<b>1,938,000</b>	<b>903,000</b>	<b>2,841,000</b>	<b>35.51</b>
1. Consulting services	1,361,700	340,300	1,702,000	21.28
2. Equipment	145,500	339,500	485,000	6.06
3. Training	394,600	169,200	563,800	7.05
4. General support and services	36,200	54,000	90,200	1.13
<b>Coordination of trade policy</b>	<b>2,532,000</b>	<b>699,000</b>	<b>3,231,000</b>	<b>40.39</b>
1. Consulting services	2,141,000	438,500	2,579,600	32.25
2. Training	379,600	162,800	542,400	6.78
3. General support and services	11,300	97,700	109,000	1.36
<b>Program management and administration</b>	<b>279,700</b>	<b>338,300</b>	<b>618,000</b>	<b>7.73</b>
1. Consulting services	277,000	119,000	396,000	4.95
2. Equipment	2,700	6,300	9,000	0.11
3. Technical and administrative support for INTAL		200,000	200,000	2.50
4. General support and services		13,000	13,000	0.16
<b>Contingencies</b>	<b>200,300</b>	<b>454,300</b>	<b>654,600</b>	<b>8.18</b>
<b>SUBTOTAL</b>	<b>4,950,000</b>	<b>2,394,600</b>	<b>7,344,600</b>	<b>91.81</b>
<b>Financial costs</b>	<b>50,000</b>	<b>605,400</b>	<b>655,400</b>	<b>8.19</b>
1. Interest		558,000	558,000	6.98
2. Credit fee		47,400	47,400	0.59
3. Inspection and supervision	50,000		50,000	0.63
<b>TOTAL</b>	<b>5,000,000</b>	<b>3,000,000</b>	<b>8,000,000</b>	<b>100</b>
<b>%</b>	<b>60</b>	<b>40</b>	<b>100</b>	

2.30 In addition to the local counterpart funding, the borrower would also provide further support in kind which, given its nature, has not been recorded in the table of costs to be audited. These contributions are in the form of facilities made available for courses,

Source:	Ordinary capital
Amount:	US\$5 million
Amortization period	20 years
Grace period:	3 years
Disbursement period:	3.3 years
Interest:	Variable
Inspection and supervision:	1% of the loan amount
Credit fee:	0.75% of undisbursed balance

workshops, seminars, and forums planned for the program, SSCE staff involved in training at the provincial level, and the cost of the office that will be used by the PEU. These costs come to approximately US\$2.2 million.

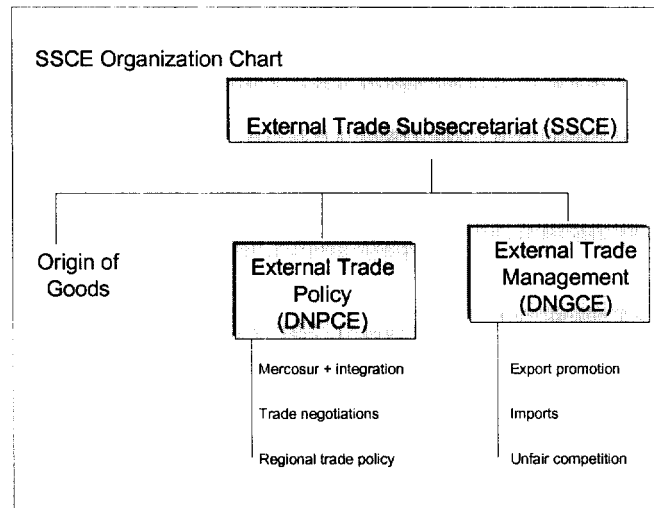
- 2.31 The Bank's contribution to the program (US\$5 million) will be charged to the Single Currency Facility of the ordinary capital on the terms and conditions indicated in the box beside. The proceeds of the Bank financing will be disbursed in United States dollars. The local counterpart contribution in cash (US\$3 million) will be funded with allocations from the national budget.

### III. PROGRAM EXECUTION

#### A. The borrower and the executing agency

3.1 The borrower will be the Argentine Nation and the executing agency will be the External Trade Subsecretariat of the Secretariat of Industry, Trade, and Mining of the Ministry of Economy, Public Works and Services.

3.2 The SSCE is involved in the design, administration, and evaluation of Argentina's external trade policy. It has been organized into two national departments - Department of External Trade Policy (DNPCE) and the Department of External Trade Management (DNGCE) - and an origin of goods unit. To perform these functions, the SSCE has a complement of 110 professionals and 140 administrative support staff. The organizational structure of the SSCE is shown in the table inset.



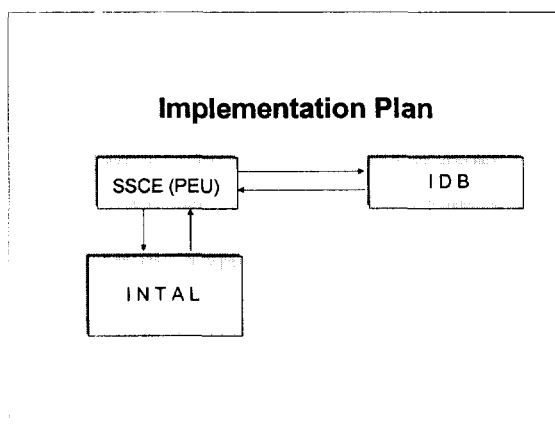
3.3 The DNPCE performs the following tasks: (i) analyze, propose, and evaluate the strategic guidelines of external trade and trade development; (ii) prepare and propose guidelines for the country's economic and trade negotiations; (iii) help to administer Argentine participation in Mercosur and in other forums and integration arrangements; (iv) assist in coordinating export development policy; and (v) satisfy the requirements of the private sector and provincial government bodies in terms of providing information and interpreting the standards and tools of external trade policy. To help it perform these functions, the DNPCE is divided into three departments: Mercosur and Integration, Trade Negotiations, and Regional Trade Policy. The DNPCE has a team of 30 professional and 26 administrative staff.

3.4 The DNGCE's mission is as follows: (i) ensure effective management of the trade policy tools used for export development (rebates, temporary admission, trading, consortiums, quotas, general system of preferences, etc.), analysis and investigation of cases of unfair trade competition and establishment of duty free zones; and (ii) serve the needs of the private sector in providing information, guidance, and interpretation of external trade rules and procedures and furnish quantitative and qualitative information on matters related to commercial transactions. The DNGCE is organized into three departments (Export Promotion, Imports, and Unfair Competition) and has a team of 45 professional and 81 administrative staff.

- 3.5 The Origin of Goods Unit has the following functions: (i) provide assistance and advisory support for the drafting of legislation on rules of origin and for its interpretation and application; and (ii) issue, control, and follow up on certificates of origin of goods for export. The Unit has a staff of two professionals and 8 administrative personnel.
- 3.6 The organizational structure of the SSCE is considered adequate for performing these functions. The deployment of positions and responsibilities has been altered twice, in 1997 and again in 1998, reflecting the need to come to grips with the challenges of external trade policy (see chapter I, section C). Specifically, new functions of coordination and support have been assigned to the private sector so that it can penetrate and gain a foothold in a global marketplace on competitive conditions through the design and implementation of sector plans. In the area of administrative management, the SSCE has identified the need for introducing improvements, mainly in controlling internal procedures, an aspect covered in the proposed program.
- 3.7 As to financing, the SSCE budget for fiscal 1999 amounts to US\$8.7 million. The budgetary forecast for the present fiscal year has enabled it so far to comply fully with the proposed work program. The documentation on the SSCE's structure, functions, and budget (1997-1999) is available in the program technical files.

## **B. Timetable for program execution and administration**

- 3.8 As the program executing agency, the SSCE will have basic responsibility for the program, working directly with the Bank and charting a course of action. To this end, a Program Executing Unit (PEU) will be set up with a core staff so that, at the SSCE's request, INTAL would lend technical and administrative assistance for the smooth functioning of the PEU and the program. The proposed execution mechanism has been established according to criteria of simplicity and transparency, while seeking efficiency in operational performance and coordination.



### **1. The Program Executing Unit (PEU)**

- 3.9 The PEU will be set up within the External Trade Subsecretariat and be in charge of administering the program, with the following functions:

- a. Ensure that conditions precedent to the first disbursement of the loan are fulfilled;
  - b. Prepare annual operating plans (AOPs) and program progress reports;
  - c. Handle the procurement of goods for the operation;
  - d. Arrange for the contracting with individuals consultants, consulting firms, trainers, and coordinators for seminars and workshops, as well as authorize payments for the services performed;
  - e. Establish the revolving fund for Bank financing, obtain local counterpart funds, administer resources, prepare statements of accounts, and process the replenishment of resources for revolving fund;
  - f. Prepare program financial statements for audits;
  - g. Coordinate execution of the program components;
  - h. Establish commitments with entities in the private sector and provincial government bodies for participation in activities in conjunction with external trade policy;
  - i. Ensure that the program is carried out according to the contractual terms and conditions agreed on between the Bank and the SSCE;
  - j. Work closely with INTAL to ensure that the latter provides technical and administrative assistance in support of program execution.
- 3.10 To this end, the PEU will have a General Program Coordinator, an Administrative and Financial Coordinator, and an administrative assistant, and will have the logistical support needed to perform these functions. The terms of reference for the members of the PEU are available in the program technical files. **As a condition precedent to the first disbursement, it shall be demonstrated that the PEU has been set and its staff hired, to the Bank's satisfaction.**

## **2. Technical and administrative assistance by INTAL for the PEU**

- 3.11 The executing agency has requested that INTAL take part in the operation in light of its proven experience in the areas and with the services to be covered under the program. The project team has assessed the comparative technical and institutional benefits offered by INTAL. Accordingly, INTAL's participation in the program is



considered justified, specifically to provide technical and administrative assistance to the PEU in the following areas:<sup>4</sup>

- a. Identify short lists of consultants and/or issue invitations for submissions of bids for the hiring of consulting firms to provide professional services for program activities.
- b. Submit the panels and/or short lists of consulting firms to the PEU for subsequent forwarding to the Bank for the latter's nonobjection, including in each case the timetable for the activities and the proposed budget.
- c. Prepare the contracts for consultants selected by the PEU for signature by the SSCE.
- d. Assist the PEU in coordinating the work of the consultants performing the tasks planned.
- e. Assist the PEU with the review of the respective consultants' reports, which must be approved by the SSCE and the Bank, and with drafting of the AOPs and program monitoring reports.
- f. Propose to the PEU the technical content of the training and dissemination activities for years two and three and to assist the latter in organizing and carrying out such activities, including establishing agendas, identifying presenters and trainers, preparing teaching materials, and providing such other logistical support as is necessary.
- g. Issue on behalf of the PEU and for the latter's account payments in connection with consulting services hired by the SSCE and keep a record of program consultants and financial receipts for delivery to the PEU for subsequent registration and audit by the entity responsible as specified in the prospective loan contract.

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<sup>4</sup> The technical advantages of having INTAL are based on the following factors: (i) its recognized expertise in trade and integration, having recently entered into an agreement with the World Trade Organization (WTO), whereby INTAL will be the entity through which the WTO will channel its technical cooperation training services to Latin America; (ii) it has highly qualified personnel and is in ongoing contact with individual consultants highly skilled in the areas targeted by the program; and (iii) its proven capacity to coordinate the work of specialists in other technical assistance programs concerned with trade. The institutional benefits of having INTAL are based on: (i) its superb working relationship with the executing agency (SSCE) and the borrower; (ii) its ability to offer continuity in subsequent support for the program; (iii) its experience with the program activities will help to ensure that deadlines are met; (iv) its register of skilled consultants and its familiarity with the Bank's hiring procedures; and (v) its effective and efficient administrative mechanism for supporting the hiring and supervision of consulting services (a summary of INTAL's experience with programs, projects, and activities in support of the process of integration and external trade are available in the program technical files).

- 3.12 The scope and commitment of the technical and administrative assistance services to be provided by INTAL to the PEU are described more fully in the technical cooperation agreement between the SSCE and INTAL. This agreement is available in the program technical files. **As a condition precedent to the first disbursement, the SSCE shall demonstrate to the Bank that the agreement between the SSCE and INTAL is in force on the terms and conditions agreed.**

**C. Operating procedures**

**1. Execution of program components**

**a. SSCE institutional strengthening component**

- 3.13 **Training.** Two types of training activities will be offered: (i) in-house, and (ii) in-service, and they will be coordinated with the PEU. To ensure that the proper officials are involved, the SSCE directors and unit chiefs will take part in programming the events, according to the subjects covered.
- 3.14 The in-house training will be given at the Subsecretariat. The authorities have agreed to allow participants a special dispensation for the duration of the courses so that SSCE staff can attend on a continuous basis. The participants will evaluate the effectiveness of each course upon its conclusion. The financing for the teaching materials and the instructors will be charged to the program. To make the program more flexible so that it can effectively respond to the changing dynamics of the trade sector, the terms of reference and specifications for the hiring of training services scheduled for year one of the operation have been established. Also, technical areas have been identified for years two and three, and the terms of reference will have to be prepared during program implementation with the help of INTAL.
- 3.15 The in-service training will be offered at organizations and institutions selected in advance and with which agreement have been reached. Participants will be selected on the basis of such criteria as minimum years of service with SSCE, professional background, and work performance, and familiarity with the language of the country in which the training is to take place. The officials will be selected by the Subsecretary of External Trade on the recommendation of the Ad hoc Evaluation Committee in the training area. Also, candidates taking part in this training will need to satisfy the following requisites: attendance and compliance with usual timetable at the training site; preparation of a report with recommendations at the end of the training; and a commitment to continue working for the Subsecretariat for at least 12 months after completion of the training.
- 3.16 **Development of evaluation methodologies and establishment of an early warning system.** These activities will be carried out at the SSCE monitoring unit. The unit will form a group to follow up on the work of the consulting team, providing support and facilitating access to information and existing data bases. At

the outset, the consulting team will establish a timetable for the training of unit personnel according to the activities planned. Also, a follow up group, with the help of the unit programmers, will ensure that information processed and the models developed during the consultancy can be readily incorporated into the SSCE's internal information network and the integrated external network if necessary.

- 3.17 **Implementation of new organizational and information technologies.** The activities will be coordinated directly by the External Trade Subsecretariat Unit. Modernization of the network, process reengineering, and establishment of management and administration control applications will take into consideration the interest variables defined by the Unit and make it possible to monitor the performance of activities and tasks assigned to each SSCE department and unit. Under the program, financing will be provided to hire a consulting firm on a short-term basis to prepare the bidding conditions, based on generally available specifications and terms of reference. This task, which is expected to cost some US\$80,000, will be carried out in 4 months and the terms of reference are now ready. The internal software application will be developed by a consulting firm. The equipment component including the basic office systems application will be put out to tender in a single package.

**b. Component for trade policy linkages with the private sector and provincial government bodies**

- 3.18 **Design of pilot export programs.** The consulting work on the design of the programs for each sector selected will be coordinated directly with the Export Development Department. Under the terms of reference for the design of the programs, consultants specializing in the sectors concerned will be hired. The tasks will take into account the rate of advance of the design for each sector, particularly in the case of sector programs for furniture and garment making, in which a joint committee now exists. Also, the tasks to be carried out by the consulting firms will need to be coordinated with the internal work of the Subsecretariat on these areas. Such coordination and technical monitoring of the works will be assured by two consultants (one for the furniture and garment making programs and the other for educational services and electronic commerce) who will fulfill the following functions for the duration of the programs: prepare the necessary bidding conditions; assist with the evaluation of the consulting firms' backgrounds and their proposals; and serve as a technical contact between the SSCE and the Bank for the review of the firm's progress and final reports. Given its nature as a pilot program and the demonstration effect that the activities seek to provide, the results (review of the bid, market study, list of barriers, strategic plan of sector programs) will be disseminated on the Subsecretariat's web site.
- 3.19 **External trade policy integrated information network.** Like the activities to implement new technologies and information systems, these activities will be

coordinated directly with the External Trade Subsecretariat Unit. The preparation of the bidding conditions for the network is included in the terms of reference mentioned in paragraph 3.17. Consequently, the bidding for the external and internal software applications for the network will be done as a single package to be awarded to one consulting firm.

- 3.20 **Electronic commerce as an instrument of trade promotion.** The consulting work associated with the diagnostic study and the proposal for public policies in this area will be coordinated directly with the External Trade Subsecretariat Unit. A consulting firm will be hired to prepare the terms of reference for these activities. However, given the scope of the tasks involved and the need for specializations in different areas, particularly for a field study based on 400 surveys of companies, the winning consulting firm will be permitted to submit its proposal, including the subcontracting or formation of a consortium with another firm specializing in studies of this kind. In view of the importance of this tool in promoting external trade, the results of this activity will be disseminated on the Subsecretariat's web site.
- 3.21 **Dissemination and coordination.** Forums, workshops, and seminars in conjunction with the private sector and provincial government bodies concerned with foreign trade will be coordinated by the PEU and will involve SSCE directors and unit chiefs in planning and holding the events to ensure the participation of the appropriate officials. The forums and workshops will take place at the provincial government facilities or at SSCE headquarters, depending on the course, with the support of specialists to supplement the presentations made by SSCE officials. Information on the events will be disseminated in the provinces by the respective Secretariat, Subsecretariat, Directorate or Department responsible for trade policy in each province.
- 3.22 The seminars to deepen dialogue between the SSCE and the private sector will be held in the context of the External Trade Business Advisory Council (CAECE) set up within the SICyM or any other body representing the private sector. The seminars will be take place at the SSCE or at provincial centers and specific proposals on external trade policies and tools will be made available to the Council members in order to stimulate discussion and exchanges of views and to facilitate recommendations. The seminar topics have been identified and the presenters will prepare their discussion papers.
- 3.23 The in-service training will be coordinated by the PEU with the help of the five directorates and the SSCE monitoring unit. The PEU will assist with negotiations on framework agreements to be signed by the External Trade Subsecretariat and the universities, prepared specifically for the program. The Directorates and the Monitoring Unit will draw up detailed work programs for the participants in their respective areas and be responsible for the training process.

## **2. Annual operating plans**

- 3.24 To ensure that the program runs smoothly, the PEU, with technical and administrative support from INTAL, will establish and develop annual operating plans (AOP). The AOP will consist of a report, work plan for the calendar year, to include: (i) an estimate of the number of activities planned; (ii) the program objectives and goals for the period; (iii) the timetable for the planned activities and their costs; and (iv) the financing requirements for the period, with an indication of the most important benchmarks for accomplishing the objectives. **As a condition precedent to the first disbursement, the PEU shall submit the AOP for year one of the operation.** For years two and three, the AOPs shall be submitted to the Bank within 60 days before the end of the year.

## **D. Monitoring and evaluation**

- 3.25 In monitoring and evaluating the program, consideration will be given to the success indicators established in the program logical framework. Also, the extent to which the targets set out in the AOPs have been attained will need to be determined. The logical framework is contained in Annex I-1.

### **1. Inspection and supervision**

- 3.26 The PEU will be in charge of monitoring each component of the program as well as its overall supervision, based on the annual plans. To this end, monitoring and evaluation meetings will be held regularly.
- 3.27 During program execution, semiannual progress reports shall be submitted to the Bank within 60 days after the close of each six-month period. The reports must describe the progress made with respect to the AOPs and the results of the program performance indicators, the rationale for any deviation from the benchmarks and any adjustments that might need to be made to the plan for the following semiannual period.
- 3.28 In addition, it is recommended that the Bank conduct a mid-term evaluation 18 months into the program to gauge the results achieved and to establish a timetable for the activities planned to conclusion of the program. On the basis of this evaluation, resources may be reallocated, if necessary, from one component to another.

### **2. Audit and control**

- 3.29 The replenishment of funds after the first advance will be conditional on an accounting report by the PEU, which will keep records based on the chart of accounts approved by the Bank as a condition precedent to the first disbursement.

- 3.30 During program execution, the borrower shall submit each year the audited financial statements of the program within 120 days after the close of the corresponding financial year. The financial statements shall be audited by an independent firm of auditors acceptable to the Bank.

### **3. Ex post evaluation**

- 3.31 In accordance with the Bank's policy, the executing agency was consulted on a mid-term evaluation of the program, which the latter declined. However, the executing agency will have access during program execution to a series of reports (plans, consultants' reports, specific evaluations, progress reports) as well as the monitoring results of the logical framework indicators so that the Bank can perform an ex post evaluation, if considered appropriate.

### **E. Procurement of goods and services**

- 3.32 The procurement of equipment and supplies and of services planned for the program will be carried out in accordance with the Bank's procedures. International competitive bidding will be used for contracts valued at more than the equivalent of US\$350,000 in the case of goods and at more than US\$200,000 in the case of consulting services. For contracts below these thresholds, procurement will proceed in accordance with national legislation. Financing of construction works is not anticipated under the program.
- 3.33 To expedite the program and facilitate supervision by the Country Office, it is recommended that the procedures for review of the selection and hiring of consulting services be modified to permit an a posteriori review by sampling for contracts of less than US\$50,000 in the case of individual consultants and US\$100,000 in the case of consulting firms. The SSCE, through the PEU, may therefore expedite the process for consideration of such contracts without the Bank's prior approval. However, should the ex post review of the documentation and procedures used to select and hire consultants show that Bank policies have not been applied, the consulting services will not be eligible for financing under the program, and in fact the new procedure will no longer be permitted and will be changed back to the one in place before the modification.

### **F. Recognition of expenses**

- 3.34 During the analysis mission, the SSCE authorities requested that the Bank recognize expenses of up to the equivalent of US\$20,000 in order to press ahead with the tasks required for fulfillment of the conditions precedent so that the operation may be implemented promptly. Such expenses must have been incurred between August 1, 1999, and the date on which the Board of Executive Directors approves the loan. Because such expenses are part of the program design, which will be carried out in accordance with the terms of reference and specifications agreed on with the authorities during the analysis mission and procurement

procedures substantially similar to those of the Bank will be used, the project team recommends that such expenses be recognized. The request was presented by the deadlines established by the Bank for recognition of expenses.

#### **G. Revolving fund**

- 3.35 A revolving fund of up to 5% of the Bank's contribution will set up to implement the program after the conditions precedent to the first disbursement have been fulfilled. To this end, a special account will be opened with Banco de la Nación Argentina, in which funds for the program will be deposited. This fund may be replenished by a similar percentage as the program activities are completed, with justification of the expenses to the Bank's satisfaction. Flexibility will be permitted in allocating resources from one component to another to ensure that program activities are carried out smoothly.

#### **H. Execution period and timetable for disbursements**

- 3.36 The program will be implemented in three years (36 months) from the date on which the loan contract becomes effective. The financing will be disbursed over 3.3 years (39 months) based on the period of time required for the review of the final reports. The timetable for disbursements by component is shown below. The procurement schedule is attached as Annex I-2.

<b>DISBURSEMENT SCHEDULE BY YEAR</b> (in US\$)				
<b>Source of financing by component</b>	<b>Total</b>	<b>Year 1 (12 months)</b>	<b>Year 2 (24 months)</b>	<b>Year 3.3 (39 months)</b>
<b>Institutional strengthening SSCE</b>	<b>2,841,000</b>	<b>710,250</b>	<b>1,136,400</b>	<b>994,350</b>
1. IDB	1,938,000	484,500	775,200	678,300
2. Local counterpart	903,000	225,750	361,200	316,050
<b>Trade policy linkage with private sector</b>	<b>3,231,000</b>	<b>807,750</b>	<b>1,292,400</b>	<b>1,130,850</b>
1. IDB	2,532,000	633,000	1,012,800	886,200
2. Local counterpart	699,000	174,750	279,600	244,650
<b>Program management &amp; administration</b>	<b>618,000</b>	<b>154,500</b>	<b>247,200</b>	<b>216,300</b>
1. IDB	279,700	69,925	111,880	97,895
2. Local counterpart	338,300	84,575	135,320	118,405
<b>Financial expenses</b>	<b>655,400</b>	<b>163,850</b>	<b>262,160</b>	<b>229,390</b>
1. IDB	50,000	12,500	20,000	17,500
2. Local counterpart	605,400	151,350	242,160	211,890
<b>Contingencies</b>	<b>654,600</b>	<b>163,650</b>	<b>261,840</b>	<b>229,110</b>
1. IDB	200,300	50,075	80,120	70,105
2. Local counterpart	454,300	113,575	181,720	159,005
<b>TOTAL</b>	<b>8,000,000</b>	<b>2,000,000</b>	<b>3,200,000</b>	<b>2,800,000</b>
1. IDB	5,000,000	1,250,000	2,000,000	1,750,000
2. Local counterpart	3,000,000	750,000	1,200,000	1,050,000

#### **IV. VIABILITY, BENEFITS, AND RISKS**

##### **A. Institutional and financial viability of the program**

- 4.1 The program was designed strictly in accordance with the mission and functions of the executing agency. Consequently, all of the planned activities are in line with the tasks to be carried out by the SSCE's different Departments and Units. Also, the content and scope of the activities were prepared with the active involvement and in consultation with the SSCE's professional staff, since they have been shown to have the capacity and expertise to provide guidance for the operation and monitor its execution of the operation. Thus, the program has the ownership that is needed to ensure that it will be well received and properly implemented.
- 4.2 INTAL's involvement in the operation would contribute significantly to the institutional viability of the program. Not only would INTAL bring to bear its vast experience and know-how in the design and organization of training programs, workshops, and seminars, the preparation of studies, development of information systems, and the supply of technical assistance in the areas to be targeted under the program, it would also make available its expertise and familiarity with the Bank's operating procedures and policies, thus enabling the executing agency to provide more effective and timely management of the program.
- 4.3 The budget amount requested and the SSCE projections for 2000 and 2001 show an annual increase of US\$2 million over the budget for 1999. Consequently, the SSCE resources of US\$10.7 million would cover the local counterpart funding requirements, ensuring that the program proceeds smoothly. The SSCE budget documentation for the 1999-2001 period are available in the program technical files.

##### **B. Environmental and social impact**

- 4.4 The program was considered by the Committee on Social Impact and Environment on April 27, 1999. The Committee recommended that: (i) information and training activities in external trade environmental regulations be included in the program; (ii) information on trade environmental standards for the private sector and provincial government bodies be disseminated; and (iii) environmental considerations be included in the proposed pilot export programs. All of the recommendations are reflected in the program design.
- 4.5 The impact assessment found that, although the program will not have any direct environmental or social impact, it does include dissemination and training activities on environmental standards and regulations governing external trade. It is therefore felt that the indirect impact of the operation on the environment will be favorable. Also, indirectly through support for efforts to improve the competitive position of



national production, the program will offer more opportunities for employment and improve the quality of life for broad sectors of the population.

**C. Benefits**

- 4.6 The SSCE's capacity to formulate and manage external trade policy more efficiently will be boosted as a result of the program. Also, the program will help to strengthen the linkages between the SSCE and the private sector and provincial government bodies involved in foreign trade through the establishment and operation of an information services network and interactive consultation on standards, procedures, policy, and instruments of trade promotion. These new SSCE services will facilitate access by companies that produce goods and market services for export to quality information that is relevant and essential for addressing their international strategies more effectively.
- 4.7 The training activities to be undertaken, particularly in the area of regional, hemispheric, and multilateral trade, will enhance the country's negotiating capacity by increasing the number of qualified personnel available for such tasks and honing the degree of specialization of such individuals. This feature will make a meaningful contribution to strengthening Argentina's role in the negotiations and, therefore, in presenting more competent negotiating strategies and positions in so-called "new topics" such as services, dispute settlement, government procurement, environment, etc., particularly in light of the prospects for a possible WTO millenium round and the deepening of the Mercosur process.
- 4.8 It should also be noted that the SSCE will have a blueprint for trade promotion tools to ensure that these designs conform to WTO standards for timely implementation in accordance with the commitments assumed in this multilateral forum. Also, in the public and private sectors, a larger pool of expertise will be available to draw on in the practical and conceptual aspects of dispute settlement, a mechanism that poses growing challenges for both sectors in the present context of a global economy.
- 4.9 As to making the Argentine private sector more competitive, the program will help set up sector export committees in furniture and garment making, and in educational services, as well as improve linkages between the SSCE and the private sector. The new trade promotion tools to be created through actions will permit more coordinated and sustained support for these sectors that now account for a sizeable share of production in some cases and with considerable potential in others, but which are made up of units that, because of their size, have trouble in gaining access to foreign markets as individual companies.
- 4.10 The program includes components to create in Argentina a stronger "export culture" that in the medium and long term have a pool of skilled resources for the public and private sectors that are effectively committed to the prospects of bringing Argentina

into the international economy and to the principles and guidelines of external trade policy. Another promising area for the country has to do with the practical and legislative developments that will occur in the field of electronic commerce, a leading activity for the services sector and foreign market penetration by small and medium-sized companies.

- 4.11 As to management, the actions proposed with respect to the organizational structure of the SSCE will help to improve internal coordination between its units and with other government agencies active in foreign trade. This will streamline and speed up procedures and decision making, which will have a direct and favorable impact on the private sector.

#### **D. Risks**

- 4.12 With respect to the training components, particularly the in-service training abroad, there exists the risk of trained personnel leaving their positions with the SSCE upon completion of their training. To minimize this risk, participants will be required to make a commitment to stay on with the SSCE for at least one year after the in-service training is over.
- 4.13 The improvement in the SSCE management is predicated on effective implementation of new organizational methods and information systems which will be developed as part of the program. To this end, it will be essential that the Subsecretariat personnel are supported by these new techniques otherwise they are likely to be implemented improperly or inefficiently. To minimize this risk, a number of training activities has been planned to prepare SSCE staff and sensitize them to the importance of effectively putting such techniques in place, especially with respect to the need for internal coordination and linkages within the Subsecretariat as well as with other government agencies and the private sector.
- 4.14 The proposed dissemination and linkages must go beyond simply supplying information, particularly when they are aimed at the public and private sectors in the provinces in order to fulfill their objectives. Accordingly, stress will be placed on the conceptual design of the agendas and topics for these activities as well as the participating experts. With respect to topics such as dispute settlement, merely providing information on the existence of mechanisms will not suffice since the success of such measures calls for collaboration and a contribution from all of the agents in the public and private sectors involved in the areas targeted. Every effort will be made therefore to ensure that the dissemination activities include practical elements and tools from the different subject areas. This aspect is of particular importance in the case of export sector programs because if the specific results achieved are not properly promoted it would detract from the multiplier effect that they are supposed to have on other sectors.
- 4.15 Another important aspect of dissemination, linkages, and the information network lies in the ability to address the risks entailed in the type of traditional relationship

that the public and private sectors have had in the area of external trade. Although a favorable change has been noted in recent years, in the past the private sector's relationship with the public sector was beset by conflict and mutual distrust. The mechanisms for linkage, coordination, and joint efforts between both sectors through the actions planned under the program will help to change significantly the relationship that has traditionally existed between these two groups.

## LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>AIM</b>			
Improve capacity of public sector to formulate and implement Argentina's external trade policy	<p>Process of economic liberalization consolidated and perfected;</p> <p>Instruments to support efforts by the private sector to penetrate and strengthen its presence in foreign markets in place;</p> <p>Trade practices and commitments assumed at a multilateral and regional level fulfilled and fully applied.</p>	<p>Gradual dismantling of tariff and nontariff barriers to trade in goods and services;</p> <p>Entering into new trade agreements or amendment of existing ones (laws, agreements, executive orders, ministerial and interministerial decisions);</p> <p>Organization and implementation of sector plans for trade promotion and other services to facilitate trade;</p> <p>Examination of Argentine trade policies performed from time to time by the WTO.</p>	There is a commitment on the part of the authorities to move forward with the process of economic liberalization and integration as well as to help eliminate shortcomings and imperfections in the market that hamper exports and/or the ability of private agents to respond quickly.
<b>PURPOSE</b>			
Strengthen the capacity of the SSCE to analyze, formulate, administer, and evaluate the tools of external trade policy.	<p>355 officials from the SSCE and other branches of government concerned with external trade trained</p> <p>System for follow up and development of SSCE management function designed and in place</p> <p>Early warning system for monitoring trade flows designed and in place</p>	<p>Reports indicating the number of courses and officials trained</p> <p>Documentation and final report on system for monitoring and evaluation of SSCE management and the early warning system</p> <p>Documentation and final report indicating the number of participants from the public sector, and providing the evaluation by the participants and instructors</p>	<p>High degree of commitment to change by the authorities, SSCE officials, and officials from provincial government bodies</p> <p>Commitment by the institutions that will offer in-service training outside the country as well as by the authorities to allow employees to take time off from work for training</p> <p>Highly qualified Instructors and consultants available when services are required</p>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	In-service training offered abroad to 50 SSCE officials	<p>Delivery of studies and research with the corresponding recommendations</p> <p>Report on the amount of in-service training offered to SSCE officials and results, from the public trade sector</p>	
Linkage with private sector and provincial government bodies responsible for external trade policy	<p>185 seminars, workshops, discussions, and training courses held for representatives from private sector and provincial government bodies</p> <p>Integrated external trade policy integrated network fully implemented</p> <p>Specialized studies on electronic commerce prepared, with recommendations for their implementation</p> <p>In-service training for 40 officials offered at SSCE</p> <p>Sector pilot studies on furniture, garment making (including pilot activities in electronic commerce) and educational services developed and evaluated</p>	<p>Reports indicating the number of events and workshops for dissemination and linkages and number of participants</p> <p>Documentation and final report indicating the number of participants, public body or company represented, evaluation by the participant and instructors</p> <p>Consultants report on design, installation, implementation, operating results of the integrated external trade policy information network</p> <p>Delivery of studies and research with the corresponding recommendations</p> <p>Report indicating the number of individuals from private sector receiving in-service training at the SSCE and the results</p> <p>Report describing the design of parameters and indicators for evaluating sector programs</p> <p>Delivery of studies on furniture, garment making, and educational services</p> <p>Delivery of reports with recommendations on public policies for electronic commerce</p>	<p>High degree of commitment to change by the authorities, SSCE officials, and officials from provincial government bodies and the private sector</p> <p>Highly qualified Instructors and consultants available when services are required</p>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>COMPONENTS</b>			
<b>1. INSTITUTIONAL STRENGTHENING OF THE SSCE</b>			
<b>1.a TRAINING</b>			
<b>1.a(i) New policy tools for external trade promotion</b>			
<u>In-house training</u>  Analysis and evaluation of existing instruments at the national and international level  New policy tools compatible with WTO agreements, and  Design of proposals for policy strategy for export promotion	2 40-hour five-day courses will be offered to 20 participants for each course.	List and number of officials attending the courses  Semiannual reports  Annual operating plans  Evaluation of the courses by participants	Availability of specialized instructors on short notice  Commitment by SSCE to allow officials to take time from work for training
<u>Training abroad</u>  Compatibility of external trade policy instruments with multilateral framework	2 80-hour ten-day courses will be offered to a total of 6 participants	List and number of officials from international agencies and/or institutions  Letter of acceptance in service training from recipient agency indicating topics, duration, and prerequisites  Letter of commitment from participants with SSCE  Individual reports of participants with conclusions and recommendations  Semiannual reports  Annual operating plans	Criteria of excellence used in selecting organizations where in-service training will be offered  Agreements arranged for in-service training outside the country.  Application of selection criteria in order to identify candidates for training  Commitment by SSCE to allow officials to take time from work for training
<u>Specialized advisory support</u>  Analysis and evaluation of existing instruments at the national and international level	A basic study will be held for a duration of 180 days	Consultants' reports  Semiannual reports	Specialized consultants are available on short notice

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Recommendations on policy instruments compatible with WTO agreements</p> <p>Design of proposals for policy strategy for export promotion</p> <p>Proposal for streamlining institutional structure for export promotion</p>		<p>Annual operating plans</p>	<p>Integrated execution by consultants with a focus on findings and recommendations</p>
<b>1.a.(ii) Government procurement</b>			
<p><u>In-house training</u></p> <p>Analysis of provisions, rules, and disciplines in international and regional agreements</p> <p>Techniques for negotiating coverage of agreements</p> <p>Systems for classification of goods and services</p> <p>Systems in place to handle complaints and challenges by the private sector</p>	<p>2 24-hour three-day practical and theoretical courses will be offered to 15 participants for each course</p>	<p>List and number of officials attending the courses</p> <p>Semiannual reports</p> <p>Annual operating plans</p> <p>Evaluation of course by participants</p>	<p>Availability of specialized instructors on short notice</p> <p>Commitment by SSCE to allow officials to take time from work for training</p>
<p><u>Specialized advisory support</u></p> <p>Preparation of proposal to adjust and/or modify national system to make it compatible with international agreements</p> <p>Proposed methodology for preparing a statistical information data base on government procurement</p>	<p>A basic study will be held for a duration of 180 days</p>	<p>Consultants' reports</p> <p>Semiannual reports</p> <p>Annual operating plans</p>	<p>Specialized consultants are available on short notice</p> <p>Integrated execution by consultants with a focus on findings and recommendations</p>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>1.a.(iii) Environment</b>			
<u>In-house training</u>  Analysis of environmental trade regulations  Requirements for compliance with environmental control and certification for commercial transactions  Existing mechanisms for ensuring compliance with such standards	3 24-hour three-day practical and theoretical courses will be offered, with 30 participants per course	List and number of officials attending the courses  Semiannual reports  Annual operating plans  Evaluation of seminars by participants	Availability of specialized instructors on short notice  Commitment by SSCE to allow officials to take time from work for training
<b>1.a.(iv) Dispute settlement</b>			
<u>In-house training</u>  Analysis of dispute settlement procedures and mechanisms developed and applied and review of specific cases	2 80-hour ten-day practical and theoretical courses will be offered, with 15 participants per course	List and number of officials attending the courses  Semiannual reports  Annual operating plans  Evaluation of courses by participants	Availability of specialized instructors on short notice  Commitment by SSCE to allow officials to take time from work for training
<u>Training abroad</u>  Identify the mechanisms and experiences shown to be effective in this area	5 80-hour ten-day in-service training programs will be held at WTO, OECD, INCSID, UNCITRAL, ICC for a total of 10 participants	List and number of officials from international agencies and/or institutions  Letter of acceptance in service training from recipient agency indicating topics, duration, and prerequisites  Letter of commitment from participants with SSCE  Individual reports of participants with conclusions and recommendations  Semiannual reports	Criteria of excellence used in selecting organizations where in-service training will be offered  Agreements arranged for in-service training outside the country.  Application of selection criteria in order to identify candidates for training  Commitment by SSCE to allow officials to take time from work for training



OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
		Annual operating plans	
<u>Specialized advisory support</u>  Analysis and evaluation of cases in which Argentina has been involved, findings, and recommendations made  Development of data base of registered cases and proposed methodology for updating	A basic study will be performed, recommendations made, and date base set up in 180 days	Consultants' reports  Semiannual reports  Annual operating plans	Availability of specialized instructors on short notice  Integrated execution by consultants with a focus on findings and recommendations
<b>1.a.(v) Unfair practices and safeguards</b>			
<u>In-house training</u>  Investigation of antidumping activity  Investigation of subsidies	6 40-hour five-day practical and theoretical courses will be offered, with 35 participants per course (20 from the SSCE and 15 from provincial governments) for a total of 210 trained	List and number of officials attending the courses  Semiannual reports  Annual operating plans  Evaluation of courses by participants	Availability of specialized instructors on short notice  Commitment by SSCE to allow officials to take time from work for training
<u>Training abroad</u>  Best practices in procedures and methodologies for investigation in trade protection	7 120-hour fifteen-day in-service training programs (2 at EU Commission, 2 at the United States Commerce Department, and 3 at SECOFI in Mexico) will be offered to a total of 22 officials	List and number of officials from international agencies and/or institutions  Letter of acceptance in service training from recipient agency indicating topics, duration, and prerequisites  Letter of commitment from participants with SSCE  Individual reports of participants with conclusions and recommendations  Semiannual reports	Criteria of excellence used in selecting organizations where in-service training will be offered  Agreements arranged for in-service training outside the country.  Application of selection criteria in order to identify candidates for training  Commitment by SSCE to allow officials to take time from work for training

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
		Annual operating plans	
<u>Specialized advisory support</u>  Analysis and evaluation of cases in which Argentina has been involved, findings, and recommendations made	A basic study will be performed, recommendations made, and date base set up in 180 days	Consultants' reports Semiannual reports Annual operating plans	Availability of specialized consultants on short notice  Integrated execution by consultants with a focus on findings and recommendations
<b>1.a.(vi) Other areas of training (Years 2 and 3)</b>			
<u>In-house training</u>  Competition policy Electronic commerce Trade in services Programs to strengthen an export culture for new generations	3 40-hour five-day practical and theoretical courses will be offered, with 20 participants per course  4 80-hour ten-day in-service training programs (in the United States and EU) will be offered to a total of 12 officials	List and number of officials attending the courses  Semiannual reports Annual operating plans Evaluation of the seminars by participants	Availability of specialized instructors on short notice  Commitment by SSCE to allow officials to take time from work for training
<b>1.b. EVALUATION AND NEW ORGANIZATIONAL AND INFORMATION SYSTEMS TECHNOLOGIES</b>			
<b>1.(b)(i) Methodologies for evaluation and early warning systems</b>			
Development of methodologies for processing, expanding, analyzing, and disseminating internally statistical and information data bases  Preparation of models for analysis and prediction of trade variables and evaluation and monitoring of trade policy instruments  Training in the work place	Detailed outline of numerical and textual data base components of the system (definition of variables, periodicity, sources, classification systems used, etc.) in month eight  Models for analysis and forecasting of flows, prices, and other trade variables at the provincial, national, regional, and international level in month twelve  Indicators for monitoring and evaluation of effectiveness of trade policy in month twelve	Manuals for consultation of numerical and textual data bases, application of models, and interpretation of indicators  Semiannual reports Consultants' final reports Annual operating plans	Hiring of consultants with advanced academic degrees  Acceptance by users of the inter and intra agency system

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	SSCE staff trained		
<b>(b)(ii) Implementation of new organizational and information systems technologies</b>			
Modernization of internal network	Cabling and communications network in month three of program	Bidding conditions for hiring of consultants	Little resistance to change on the part of officials in the system
Reengineering of internal processes	Office hardware and software in place and functioning in month nine of program	Schedule of publications, liberalization, evaluation, selection and awarding of contract to consulting firm	Satisfaction by SSCE users
Development of special applications	Special applications in place and functioning in year two of program	Progress reports on design and implementation of system	Consulting firm of excellence exist.
Training in the work place	Electronic processing and monitoring of internal procedures commencing in year two of program	Final consultants reports	
	Design and preparation of digital catalogue for gradually introducing an intelligent library by end of year two	Annual operating plan	
	SSCE personnel trained, starting in month nine of the program		
<b>2. LINKAGE OF TRADE POLICY WITH PRIVATE SECTOR AND PROVINCIAL GOVERNMENT BODIES</b>			
<b>2.a. DESIGN OF PILOT EXPORT PREOGRAMS (3 SECTORS)</b>			
Sectors:	Assessment of sector in terms of its business structure, products, technologies, design, competitiveness, and export experience	Adoption of guidelines or legal standards for removing barriers identified in program	Specialized consulting firms are hired
Furniture	Identification of entity qualified to carry out sector program	Measures favoring business associations in the sector in support of export promotion (consortiums)	Commitment by the authorities to consider and adopt policies to implement sector program
Garment making			
Educational services.			
Study of supply available for export	Selection of potential markets for Argentine	Establishment of joint committee (public and private sectors) and minutes of the committee's meetings	
Institutional analysis to identify executing			

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
agency for the program  Studies of world markets  Design and strategy for implementation of sector program	exports  List of export barriers in the sector  Specific actions for a strategy to implement sector program (including costs and mechanisms for financing, technical assistance, and institutional coordination)  Indicators for gauging the results of proposed sector programs	Consultants' reports	
<b>2.b. ESTABLISHMENT OF AN INTEGRATED EXTERNAL TRADE POLICY INFORMATION NETWORK</b>			
Creation of a web site with interactive consultative and electronic processing capacity to handle commercial transactions  Installation of data base	Basic web site functioning by the end of year one of the program  Interactive applications functioning with external users and availability for electronic processing and monitoring of commercial procedures and forms by the end of year two  Letter box for suggestions open to external users by the end of year one	Bidding conditions for hiring of consultants  Schedules for publication, opening, evaluation, selection, and awarding of contract to consultant  Progress reports on design and implementation of system  Reports to determine access and use of network by external users  Semiannual reports  Annual operating plans	Relevance and quality of network data and the extent to which it has been updated.  Capacity and expediting of help process by SSCE in response to requests through web  Adequate capacity for connection to internet networks  Satisfaction of end users  Existence of consulting firms of excellence
<b>2.c. ELECTRONIC COMMERCE AS AN INSTRUMENT OF TRADE POLICY</b>			
Diagnostic study of international setting and the status of electronic commerce in Argentina  Preparation of a proposal for public policy strategy for development and promotion of electronic	400 quantitative and qualitative surveys of companies in the federal capital and in 3 provinces (Buenos Aires, Cordoba, and Santa Fe) will be done. Subjects will include 80 companies selected as a control group for in-depth interviews and follow up.	Survey and interview form  Lists of companies for field study  Methodologies for selection of sample  Consultants' reports	Consulting firm is hired  Commitment by the authorities to consider and adopt policies to develop and promote electronic commerce

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
commerce	<p>The findings will be available in month nine</p> <p>List of barriers and policy proposal will be available in month 14</p> <p>Ex post evaluation based on interviews with control group in month 26</p>	<p>Semiannual reports</p> <p>Annual operating reports</p>	
<b>2.d. DISSEMINATION AND LINKAGES</b>			
<b>2.d.(i) Support for mechanisms for linkages between SSCE and the private sector</b>			
<p>Mechanisms to strengthen linkages between SSCE and the private sector under the CAECE</p> <p>Positioning of Argentina in world markets</p> <p>Argentina in the context of multilateral, hemispheric, and regional negotiations</p> <p>New areas of international trade</p> <p>Regional dimensions in shaping trade policy</p>	<p>Each quarter 1-day (8-hour) seminars will be held in the context of the CAECE's periodic meetings</p>	<p>Annual work program including list of seminar topics</p> <p>List and number of participants attending meetings</p> <p>Basic technical documentation prepared by presenter</p> <p>Minutes of meetings</p> <p>Recommendations on policy and procedures for external trade</p> <p>Semiannual reports</p> <p>Annual operating plans</p>	<p>National and international experts are available</p> <p>Extent to which CAECE represents business community</p> <p>High degree of interest on the part of CAECE members</p> <p>SSCE capacity to convene meetings</p>
<b>2.d.(ii) Regional forums for dissemination of information on unfair practices and safeguards</b>			
<p>Practices and procedures in trade protection</p>	<p>24 two-day (16-hour) events will be held during the three years of the program for a total of 1,200 participants</p>	<p>List and number of officials attending the courses</p> <p>Semiannual reports</p> <p>Annual operating plans</p> <p>Evaluation of the seminars by participants</p>	<p>SSCE officials (disseminators) and provincial bodies (participants) have time</p> <p>High degree of interest on the part of provincial officials and representatives of sector</p>
<b>2.d.(iii) Specialized workshops for linkages with private sector on unfair practices and safeguards</b>			
Investigation of	18 two-day (16 hours)	List and number of officials	SSCE officials have sufficient

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
antidumping activity  Investigation of subsidies  Application of safeguards	workshops will be held during the three years of the program for a total of 360 participants-service training	attending the courses  Semiannual reports  Annual operating plans  Evaluation of the seminars by participants	time  High degree of interest on the part of representatives from sector
<b>2.d.(iv) Other events and workshops for dissemination and linkages</b>			
New instruments for promotion of trade  Government procurement  Environment  Early warning systems and monitoring of external trade  Dispute settlement	16 events and 16 workshops two-day (16 hours) will be held in the last two years of the program for a total of 1,170 participants	List and number of officials attending the courses  Semiannual reports  Annual operating plans  Evaluation of the seminars by participants	SSCE officials (disseminators) and provincial bodies (participants) have time  High degree of interest on the part of provincial officials and representatives of sector
<b>2.d.(v) SSCE in-service training program</b>			
Training of professional staff in external trade	Five 3-month in-service training courses will be offered to 40 participants (30 from the federal capital and Buenos Aires and 10 from other parts of the country)	Framework agreement with the universities  Semiannual reports  Annual operating plans	SSCE officials are available to supervise the participants  Dissemination of information on in-service training programs at universities

**PROGRAM OF INSTITUTIONAL STRENGTHENING FOR FOREIGN TRADE POLICY  
(AR-0256)**

**PROCUREMENT SCHEDULE**

<b>COMPONENT AND ACTIVITY</b>	<b>Amount US\$ (000's)</b>	<b>Type of bidding</b>	<b>Estimated date</b>
<b>1. INSTITUTIONAL STRENGTHENING OF SSCE</b>			
<b>a. TRAINING</b>			
(i) Unfair practices and safeguards			
– Consulting services			
* Individual consultants (6)	89	BSPP	May 00
(ii) Dispute settlement			
– Consulting services			
* Individual consultants (6)	194	BSPP	Jan-Apr-Jun-Sep 00
(iii) Government procurement			
– Consulting services			
* Individual consultants (4)	80	BSPP	Jun-Jul 00
(iv) New policy instruments			
– Consulting services			
* Individual consultants (3)	181	BSPP	Jun-Aug 00
(v) Environment			
– Consulting Services			
* Individual consultants (3)	21	BFPP	May 00
(vi) Other areas of training for years 2/3			
– Consulting Services			
* Individual consultants (15)	215	BSPP	2001-2002
* Other consultants	47	BSPP	2001-2002
<b>b. METHODOLOGIES, WARNING SYSTEM, NEW TECHNOLOGIES</b>			
(i) Methodology for evaluation and early warning systems			
– Consulting services			
* Individual consultants (3)	222	BFPP	Feb 00

COMPONENT AND ACTIVITY	Amount US\$ (000's)	Type of bidding	Estimated date
(ii) New organizational and information system technologies			
– Preparation of technical specifications for bidding	80	LCB	Dec 99
– Purchase of office hardware and software (with training)	576	ICB	Jul 00
– Internal process software applications	727	IBCF	Jul 00
<b>SUBTOTAL COMPONENT 1</b>	<b>2,432</b>		
<b>2. COORDINATING POLICY WITH PRIVATE SECTOR</b>			
a. Design pilot export sector programs			
– Consulting services			
Individual consultants (2)	301	BFPP	Dec 99
– Design furniture program	450	IBCF	Jun 00
– Design garment making program	450	IBCF	Jun 00
– Design educational services program	450	IBCF	Jun 00
b. Integrated external trade policy information network			
– External applications software and web page	270	IBCF <sup>1</sup>	Jul 00
c. Electronic commerce			
– Diagnostic study and proposal on public policies	610	IBCF	Apr 00
d. Dissemination and articulation			
(i) Relationship SSCE with private sector			
– Consulting services			
Individual consultants (12)	49	BSPP	Jun 00
(ii) Regional information events			
– Consulting services			
Individual consultants (4)	31	BSPP	May 00

<sup>1</sup> This service will be put out to tender as a single package with an SSCE internal software application.

BSPP The Bank's standard procurement procedures  
LBCF Local bidding for consulting firm, for contracts of up to US\$200,000  
IBCF International bidding for consulting firm, for contracts over US\$200,000  
ICB International competitive bidding for amounts over US\$350,000



<b>COMPONENT AND ACTIVITY</b>	<b>Amount US\$ (000's)</b>	<b>Type of bidding</b>	<b>Estimated date</b>
(iii) Specialized workshops for coordination with private sector			
– Consulting services			
Individual consultants (4)	31	BSPP	May 00
(iv) Other forums and workshops for dissemination and articulation			
– Consulting services			
Individual consultants (40)	72	BSPP	Mar 01
<b>TOTAL COMPONENT 2</b>	<b>2,714</b>		
<b>PROGRAM TOTAL</b>	<b>5,146</b>		

PROPOSED RESOLUTION

ARGENTINA. TECHNICAL COOPERATION LOAN. /OC-AR. NACION ARGENTINA  
INSTITUTIONAL STRENGTHENING OF THE FOREIGN TRADE POLICY PROGRAM

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 Nación Argentina, as Borrower, to grant it a financing to cooperate in the execution of a program for the Institutional Strengthening of the Foreign Trade Policy. Such financing will be for the amount of up to five million dollars of the United States of America (US\$5,000,000) from the Single Currency Facility of the Ordinary Capital resources of the Bank and will be subject to the "Financial Terms and Conditions" and the "Special Contractual Conditions" of the Executive Summary of the Technical Cooperation Loan Proposal.