

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP)
(AR-O0003)**

**FIRST OPERATION UNDER THE
PROGRAM TO SUPPORT THE NATIONAL EARLY CHILDHOOD PLAN AND THE
POLICY FOR UNIVERSALIZATION OF EARLY CHILDHOOD EDUCATION
(AR-L1254)**

LOAN PROPOSAL

This document was prepared by the project team consisting of: Mario Sánchez (SPH/CAR), Program Team Leader; Andrea Bergamaschi (EDU/CAR), Program Co-Team Leader; Florencia López Boo (SCL/SPH); Sheyla Silveira (SCL/SPH); Krysia Ávila (LEG/SGO); Natalia Benasso (CSC/CAR); Diana Hincapié (SCL/EDU); Mercedes Mateo-Berlanga (SCL/EDU); Marcelo Pérez Alfaro (EDU/CUR); Teodoro Noel (FMP/CAR); and Marisol Pinto (FMP/CAR).

This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve the document with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION OF THE CCLIP, FIRST OPERATION, AND RESULTS MONITORING	1
A.	Background, challenges, and rationale	1
1.	Rationale and characteristics of the CCLIP	5
B.	Objectives, components, and cost of the first operation	8
C.	Key results indicators	11
II.	FINANCING STRUCTURE AND MAIN RISKS OF THE FIRST OPERATION	12
A.	Financing instruments	12
B.	Environmental and social risks.....	12
C.	Fiduciary risks	12
D.	Other project risks	13
III.	IMPLEMENTATION AND MANAGEMENT PLAN	13
A.	Summary of implementation arrangements for the first operation	13
B.	Summary of results monitoring arrangements	16

APPENDIXES

Proposed resolution

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

ELECTRONIC LINKS	
REQUIRED	
1.	Multiyear Execution Plan
2.	Monitoring and Evaluation Plan
3.	Procurement Plan
OPTIONAL	
1.	Program Economic Analysis – Component 1
2.	Program Economic Analysis – Component 2
3.	Bibliography
4.	Technical Specifications for the New Preschools
5.	Early Childhood Facility Evaluation Form
6.	Multiyear Execution Plan – Component 1
7.	Multiyear Execution Plan – Component 2
8.	Environmental Filters

ABBREVIATIONS

CCLIP	Conditional Credit Line for Investment Projects
DGCFI	Dirección General de Cooperación y Financiamiento Internacional [Bureau of International Cooperation and Finance]
DGUFI	Dirección General de Unidad de Financiamiento Internacional [International Cooperation and Finance Unit]
ECERS-R	Early Childhood Environment Rating Scale
EPIs	Espacios de primera infancia [early childhood facilities]
ICAS	Institutional Capacity Assessment System
ICB	International competitive bidding
ITERS-R	Infant/Toddler Environment Rating Scale
JGM	Jefatura de Gabinete de Ministros [Office of the Chief of the Cabinet of Ministers]
LIBOR	London Interbank Offered Rate
MDS	Ministerio de Desarrollo Social [Ministry of Social Development]
MED	Ministerio de Educación y Deportes [Ministry of Education and Sports]
PBA	Province of Buenos Aires
PNPI	Plan Nacional de Primera Infancia [National Early Childhood Plan]
RENEPI	Registro Nacional de Espacios de Primera Infancia [National Registry of Early Childhood Facilities]
SCMI	Secretaría de Coordinación y Monitoreo Institucional [Secretariat of Institutional Coordination and Monitoring]
SENNAF	Subsecretaría Nacional de Niñez, Adolescencia y Familia [National Secretariat of Childhood, Adolescence, and the Family]
SPI	Subsecretaría de Primera Infancia [Office of the Undersecretary for Early Childhood]
SSCA	Subsecretaría de Coordinación Administrativa [Office of the Undersecretary for Administrative Coordination]
TBD	To be determined
UEC/DGUFI	Central Executing Unit of the Bureau of International Cooperation and Finance

PROJECT SUMMARY

ARGENTINA CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) (AR-O0003)

FIRST OPERATION UNDER THE PROGRAM TO SUPPORT THE NATIONAL EARLY CHILDHOOD PLAN AND THE POLICY FOR UNIVERSALIZATION OF EARLY CHILDHOOD EDUCATION (AR-L1254)

Financial Terms and Conditions					
Borrower: Argentine Republic			Flexible Financing Facility^(a)		
			Amortization period:	25 years	
Executing agency: Argentine Republic, through the Ministry of Social Development (MDS) and the Ministry of Education and Sports (MED)			Original weighted average life:	15.25 years	
			Disbursement period:	3 years	
			Grace period:	5.5 years	
Source	CCLIP (US\$)	First operation (US\$)	%	Inspection and supervision fee:	(b)
IDB (Ordinary Capital)	1.2 billion	200 million	88.5	Interest rate:	LIBOR-based
Local	-	26 million	11.5	Credit fee:	(b)
Total	1.2 billion	226 million	100	Approval currency:	United States dollars from the Ordinary Capital
Program at a Glance					
Program objective/description: The multisector objective of the CCLIP is to help increase the number of children ages 0 to 5 with age-appropriate physical, language and communication, and socioemotional skills. The objective of the first operation under the CCLIP is to increase the coverage of quality public services aimed at promoting the development of physical, language and communication, cognitive, and socioemotional skills among children ages 0 to 5.					
Special contractual conditions precedent to the first disbursement of the loan: See the requirements in Annex III on special contractual conditions.					
Special contractual condition for execution: Prior to disbursement of program resources for the construction of new <i>espacios de primera infancia</i> [early childhood facilities] (EPIs), the Operating Regulations for Component 1 will spell out the following construction-related aspects of EPIs: (i) a local estimate of the unmet demand for services to be provided by the EPIs; (ii) the mechanism for works execution and supervision; (iii) the measures to be implemented to prevent and mitigate construction-related environmental and social risks; and (iv) the arrangements for operation and maintenance of the EPIs (paragraph 3.5).					
Exceptions to Bank policies: None					
Strategic Alignment					
Challenges: ^(c)	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(d)	GD	<input checked="" type="checkbox"/>	CC	<input checked="" type="checkbox"/>	IC <input type="checkbox"/>

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

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

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

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

I. DESCRIPTION OF THE CCLIP, FIRST OPERATION, AND RESULTS MONITORING

A. Background, challenges, and rationale

- 1.1 From a rights perspective, the promotion of childhood development is essential. Social interventions during early childhood (ages 0 to 5 years) are also considered the most cost-effective [1].¹ The human brain develops faster than any other at this stage, readily facilitating the development of physical, language and communication, cognitive, and socioemotional skills [2]. There is a solid body of evidence showing that investing in this age group is the most efficient way to improve educational achievement and increase income earning potential upon reaching adulthood [3].
- 1.2 The child's early biology, availability of material inputs from his or her home environment, and quality of interactions with adults complement one another in developing these skills [4] [5]. Consequently, poverty, malnutrition, improper child-rearing practices, and the lack of access to quality child care centers and educational facilities constitute interrelated risk factors that adversely impact childhood development [6] [7]. These factors are more prevalent among poorer households, resulting in a socioeconomic gradient in the various dimensions of childhood development that becomes visible beginning at age three. Therefore, the lack of offsetting interventions during early childhood becomes a mechanism for the intergenerational transmission of poverty and inequality [8] [9].
- 1.3 Good, evidence-based practices—including in the developing countries—make it possible to identify the most effective childhood development programs. These programs: (i) foster collaboration across sectors and with civil society to coordinate interventions in the areas of health, nutrition, education, and social development; (ii) focus on the children of low-income families; (iii) involve intensive contact with the children, starting from a very early age and continuing over time; (iv) enlist families as partners of the children's caregivers as well as teachers in promoting early childhood development; (v) provide opportunities for children to initiate and further their own learning, through age-appropriate activities; (vi) combine traditional child-rearing practices with evidence-based initiatives; and (vii) provide caregivers, teachers, and principals with systematic and ongoing in-service technical training and supervision, methods for monitoring children's development and learning, a theoretical foundation, and appropriate support materials [10].
- 1.4 The vast body of evidence regarding the essential role that early childhood development plays in promoting social equity and economic growth [11] has prompted efforts by many countries in the Latin America and Caribbean region to expand childcare centers and preschool education, making at least some of this a mandatory part of the cycle in some countries [12]. However, to effectively increase access, such a policy must give priority to covering children whose family environments are less stimulating, while ensuring that the services meet minimum quality standards. These standards include structural conditions, such as the condition of buildings, security of the environments, the presence of appropriate educational materials, and the caregiver- or teacher-to-child ratio. It has been shown, however, that the greatest impact on development is through the interactions between caregivers or teachers and the children [13]. Quality

¹ References provided in [optional electronic link 3](#).

- assessments performed at childcare centers and preschools in the region's countries indicate that meeting quality standards poses an enormous challenge [14] [15].
- 1.5 A series of home-visit programs aimed at improving child-rearing practices has proven to be effective in promoting the development of cognitive and socioemotional skills of children from vulnerable families [16]. As a result, a number of countries in the region have begun to implement them on a large scale. These programs are curriculum-based and use simple materials, aimed at communicating and demonstrating in a practical way the type of interactions that are conducive to promoting early childhood development.
 - 1.6 An estimated 15% of Argentine children between ages 3 and 5 do not achieve the expected age-appropriate level of development. This lag is even more pronounced among those from lower socioeconomic households.² These children also have less exposure to the interaction with adults necessary to stimulate their development. For example, while 94% of children ages 3 to 5 in the highest income quintile had four or more positive interactions with adults (e.g. reading books or telling stories) in the home over the previous three days, only 73% of those in the lowest income quintile had that opportunity [17].
 - 1.7 While the various levels of government—municipal, provincial, and national—and civil society have made significant strides to expand the coverage of childcare and early childhood education services in recent years, Argentina still faces a challenge in terms of guaranteeing access to, and ensuring a minimum quality level of, such services. Early childhood education in Argentina includes children ages 3 to 5 and is provided through preschools. Attendance is currently mandatory for 4- and 5-year-olds. Provincial governments and the Autonomous City of Buenos Aires are responsible for regulating early childhood education, financing publicly-owned facilities (and providing contributions to private facilities), and providing publicly-managed services.³ Argentina had 18,000 preschools in 2015, 75% of which were publicly operated and the remainder managed privately. Some 1.8 million children ages 3 to 5 attended these facilities; 66% of which were government-operated and 34% private preschools.⁴
 - 1.8 Commonly known as early childhood centers (EPIs), these are nonformal education facilities that provide social services—i.e. childcare and childhood development promotion—for children 45 days to 4 years of age. These centers vary widely in terms of structural conditions, as well as management, financing, and care models. According to the National EPI Registry (RENEPI), in 2015 there were at least 3,000 such centers operating in the country, serving approximately 189,000 children. While no demographic data is available on children who attend EPIs, it is widely assumed the most are from vulnerable population segments. This

² According to the Early Child Development Index, calculated by the United Nations International Children's Emergency Fund (UNICEF), based on self-reported data from the Multiple Indicator Cluster Survey 2011/2012.

³ Some preschools also provide facilities for children between the ages of 45 days and 2 years (*jardines maternas*) [nursery schools], though coverage is low.

⁴ Argentine Bureau of Educational Planning, based on annual survey data. In Buenos Aires province, there are 5,416 preschools (62% publicly managed) serving 721,000 (60%) children. In 2015, the total population of children ages 3 to 5 was 2.2 million.

perception is consistent with the RENEPI's description of these facilities (which is addressed further on) and based on qualitative studies in specific communities [18] [19]. The EPIs are managed by nongovernmental organizations (43%), municipal governments (41%), provincial governments, the Autonomous City of Buenos Aires (13%), and the national government (3%). Irrespective of management model, provincial governments frequently provide community and municipal EPIs with cofinancing. It is also common for these centers to offer extended-day service, making them particularly attractive to mothers who work outside the home. For example, according to the authors' calculations drawing on RENEPI data, nearly 80% of EPIs in Greater Buenos Aires offer extended operating hours.

- 1.9 The available cohort studies for Argentina do not distinguish among types of coverage for children under 5. However, a cross-referencing of various information sources suggests that access for 5-year-olds is nearly universal (97.2%), and that coverage is almost exclusively for preschools.⁵ Coverage among 4-year-olds is also high (87.5%), 10% of which is provided by EPIs. Coverage among 3-year-olds is 57.6%, a little more than a fifth of which is provided by EPIs. Lastly, coverage for children age 2 and under is only 11.7%. Of the total number of children covered by EPIs, 1- and 2-year-olds account for 4% and 9%, respectively.
- 1.10 A bill is currently before the National Congress that would require 3-year-olds to attend preschool, making universal coverage for children ages 3 to 5 a State policy. From a technical standpoint, identifying the coverage gap for younger children (ages 0 to 2) is complex. Prioritizing childhood development over other objectives, such as women's participation in the workforce, it would only make sense to send a child to a center if it could offer quality care and stimulation that are better than the conditions the child would have in his or her own home [20]. Moreover, Argentina still has no reliable surveys to gauge the demand for childcare centers. What is evident, however, is that there is a socioeconomic disparity in coverage. EPI and preschool coverage rates for 2-, 3-, and 4-year-olds from households with unmet basic needs—those who could potentially benefit most from a high-quality offering—are 65%, 29%, and 5%, respectively, considerably below the national average. Twenty-three percent of the country's children ages 3 to 5 with unmet basic needs and who do not attend preschool are from suburban areas of the Province of Buenos Aires (PBA).⁶
- 1.11 A particular challenge to promoting the EPI and preschool quality is the lack of adequate information to guide policy design and implementation. No systematic information is accessible on the condition of preschool facilities and only select information is available on the corresponding condition of EPI facilities. For example, according to the RENEPI, only 39% of the teachers and caregivers at these facilities have a secondary education or less. EPIs and preschools also lack the information necessary to assess whether the interaction between adults and children is conducive to promoting early childhood development or to determine—in a systematic way—if children are achieving age-appropriate skills and competencies.

⁵ Authors' estimates, based on the 2015 Permanent Household Survey and the RENEPI.

⁶ Bureau of Educational Planning, based on data from its annual survey (2015).

- 1.12 *Primeros Años* (Early Years) is the only large-scale national program in Argentina for improving child-rearing patterns. Its aim is to foster parental practices that promote childhood development and increase access to other types of care services (e.g. nutrition and health) for children. Created in 2006, the program initially operated solely under a community (group) arrangement. However, beginning in 2016, it added two-hour weekly home visits over a three-month period. Thus far, only one evaluation of the program's community arrangement has been conducted [21]. While the evaluation did not include a control group, the descriptive analysis showed that the Early Years program: (i) promotes shared responsibility for child-rearing and household work between women and men; and (ii) increases the number of times that adults read to and play with their children. An evaluation of the program's effectiveness is crucial, especially the home-visit component, given that a recent study on the quality of the implementation of large-scale home-visit programs in the region shows that the social workers conducting these visits were having success in establishing a positive, quality relationship with the children and their families, but were less successful in implementing the curriculum, carrying out the activities, and instilling the desired behaviors [22].
- 1.13 The Argentine government has implemented two multisector policy frameworks that coincide in their goal of guaranteeing the rights and promoting the integral development of children under 5. In April 2016, the Argentine government approved the National Early Childhood Plan (PNPI), to be implemented by the Ministry of Social Development (MDS), the objective of which is to guarantee adequate and healthy nutrition, early stimulation, and health promotion of Argentina's most vulnerable children in the 0-4 age group. It aims to strengthen or build 4,000 EPIs, and gradually offer home interventions designed to foster child-rearing practices that lead to proper early childhood development.

The policy of universal early childhood education is one of the fundamental pillars of the master plan announced in April 2017, which sets targets for the education sector over the next 10 years. Within this framework, the Ministry of Education and Sports (MED) has planned to build/expand and equip 3,000 preschools (the Three Thousand Preschools Plan) to guarantee universal access for children ages 3 to 5, under conditions of appropriate quality. As part of the plan, preschools with innovative preschool learning models—e.g. Waldorf, Montessori, Reggio Emilia, Spectrum, and the Free-flow Play system—will be implemented.⁷ These models make children a central and active agent of the education process at the critical stage in their early years and share a holistic approach to their development. These models set a high bar for teacher training and supervision. Moreover, there are specific requirements for school infrastructure, such as toy libraries, flexible furniture, and multipurpose rooms. Unlike traditional methods, which standardize knowledge and administer it uniformly across a given age group, innovative pedagogical methods recognize and attempt to respond to differences in how skills are acquired among children in each area of development on an individualized basis.

⁷ See [required electronic link 2](#) for a detailed description of these models.

1. Rationale and characteristics of the CCLIP

- 1.14 Fulfilling the objectives of the PNPI and the policy of universal early childhood education require technical and operational coordination between the MDS and the MED to efficiently expand coverage of childcare and child stimulation services in the 10-year period envisaged by the national government. This also requires coordination between these and other national and subnational government agencies, as well as with civil society, so that, through the institutional capacities of each, children ages 0 and 5 with the highest developmental risk have access to a comprehensive set of services. The Early Years program is a promising platform for fostering this multisector coordination in the most impoverished areas of the country.
- 1.15 In the present case, a CLIPP is the most appropriate instrument for supporting the government's medium-term objectives within the time frame it established for achieving them, and would provide a reference framework for financial resources consistent with that time frame. The strategies of the two ministries are substantially different. Hence, their implementation will not necessarily occur at the same pace. The CCLIP proposed here will be implemented under the second multisector modality, pursuant to the modifications approved for CCLIPs in October 2016 (document GN-2246-9). This modality will facilitate the necessary coordination between the two institutions, while enabling both to continue pursuing new operations once they have met the Bank's policy conditions, regardless of the other ministry's pace of execution.
- 1.16 At the request of the Office of the Chief of the Cabinet of Ministers (JGM), and with the aim of identifying potential synergies or overlaps between sectors, the MDS and MED prepared the first CCLIP operation simultaneously and jointly, structuring their respective activities into components of a single program. In addition to other benefits, this method of preparation has made it possible to: (i) build a common, specific approach to the role each sector plays in expanding childcare and child stimulation services; (ii) identify the need for standardized, georeferenced information from other sectors to facilitate the appropriate physical planning; (iii) identify common knowledge gaps and develop a joint survey to close them; (iv) reach agreements on common metrics for measuring EPI and preschool quality; and (v) develop an action plan to facilitate the transition to the school system of children attending the EPIs or supplement preschool care with EPI offerings. These lessons have resulted in specific multisector planning (see Table 2) designed to facilitate and guide interactions between the two ministries throughout the operations prepared under the CCLIP.
- 1.17 As discussed in paragraph 1.16, the second operations of each sector are expected to be processed separately, owing to the specific pace of each strategy. Nonetheless, the executing agencies will be responsible for ensuring that the operations of each sector are consistent with the CCLIP's objective and multisector operational approach. Pursuant to Bank policy (document GN-2246-9, paragraphs 1.21 and 1.22), a second CCLIP operation could be financed in each sector, provided that it: (i) falls under the sectors and components defined under the CCLIP; (ii) has an objective that contributes to achieving the CCLIP's multisector objective; (iii) is included in the country program; and (iv) has the same executing agency as the first operation and its performance level has not

deteriorated. Furthermore, the first operation of the respective sector⁸ must comply with the following: (i) its execution performance has been satisfactory and its development objectives are likely to be achieved; (ii) at least 75% of its funds have been committed or 50% of its funds disbursed in the same sector by the same executing agency; (iii) the borrower and executing agency have complied with the contractual conditions of the loan contract and with the Bank's disbursement and procurement policies; and (iv) financial and operational reports have been prepared and presented in a timely manner and demonstrate an acceptable quality standard with respect to financial administration and project operational control.

- 1.18 The Bank will support the implementation of the PNPI and Argentina's policy of universal early childhood education, through a US\$1.2 billion CCLIP, the multisector objective of which is to increase the number of children ages 0 to 5 who achieve an age-appropriate level of physical, language and communication, and socioemotional skills. The execution period for the CCLIP is 10 years.
- 1.19 The executing agencies of the projects to be approved under the CCLIP will be the MDS and MED. Both ministries will therefore assume fiduciary, technical, and monitoring responsibilities for executing their respective components or projects. The JGM will serve as the liaison institution between the two ministries. By law, the JGM's responsibilities include coordination and control of the following: (i) the activities of government ministries and the specific areas of its competence, to ensure consistency in the government's actions and enhance its efficiency; and (ii) priorities and subnational relations associated with the administration and execution of financing from the international credit agencies. As the liaison agency, the JGM will be responsible for monitoring the overall progress of investments made through operations approved under the CCLIP, and for prioritizing projects involving external financing, to ensure that each operation approved under the CCLIP is aligned with its objective and multisector approach.
- 1.20 As the borrower, the Argentine Republic meets the Bank's policy requirements for obtaining a CCLIP (document GN-2246-9, paragraph 1.18), provided that: (i) both executing agencies have completed a similar project in the last five years in each of the sectors the CCLIP is being requested (i.e. Strengthening of Policies on Childhood, Adolescence, and Family (operation AR-L1118) with the MDS, and the Program to Support the Policy on Improving Equity in Education (operation AR-L1152) with the MED⁹); (ii) both previous projects meet the following conditions: (a) the overall execution performance and progress in achieving expected results has been satisfactory, in accordance with the Bank's Progress Monitoring Report System; (b) both the borrower and executing agencies have complied with the conditions of the respective loan contracts, including the policies applicable to disbursements and procurement of goods and services; (c) the

⁸ Each operation in the respective sector—specifically, in this case, Component 1 executed by the MDS or Component 2 executed by the MED—corresponds to the concept of the project for purposes of document GN-2246-9, under the second multisector modality of the CCLIP.

⁹ Through operation AR-L1118 (loan 2607/OC-AR), which was completed in June 2016, the MDS financed, among other programs, the strengthening of more than 400 EPs. Under CCLIP AR-X1011 (Program to Support a Policy on Improving Equity in Education – PROMEDU), between 2008 and 2014, the MED fully executed three loan operations for the construction of schools. The fourth phase of that CCLIP, AR-L1180 (loan 3455-OC-AR, is currently being executed (financial execution 20% completed), and includes the construction of preschools.

audited financial statements, prepared by external auditing firms, have been prepared and presented in a timely manner and without reservations or observations; and (d) the investments completed with financing from both projects have been adequately operated and maintained; (iii) the executing agencies have had a solid track record of satisfactory performance in the execution of the previous projects and, as discussed further on, their performance record has been satisfactory and is expected to be maintained in the areas to be covered under the CCLIP; and (iv) the areas to be financed under the CCLIP are within the priorities defined in paragraph 1.16 of the Bank's country strategy with Argentina.

- 1.21 Although the MDS has previous EPI remodeling experience, the number and scale of the current operation's works are greater and, as a decentralized project to be executed by subnational governments and civil society organizations, its nature is inherently complex. Consequently, the project team used the methodology of the Institutional Capacity Assessment System (ICAS) to assess the fiduciary capacity of the executing agency (MDS). It found that the MDS had the requisite capacity to execute its component, provided that it strengthened its Bureau of International Cooperation and Finance (DGCFI) and network of local offices, and that it completed and implemented its manuals of financial management and procurement rules and procedures. With respect to the MED, the project team opted to forego an ICAS assessment, since its last one had been conducted recently (July 2016) and met with favorable results.
- 1.22 As an executing agency, the JGM meets the eligibility criteria for obtaining the CCLIP (document GN-2246-9, paragraph 1.20): (i) pursuant to its institutional mandate, it has a solid track record of monitoring the progress of the overall investment program of projects financed by the Bank and all other multilateral financial institutions operating in Argentina; (ii) it has a clear understanding of the multisector objective that the CCLIP is expected to achieve, since it coordinated and approved the technical and financial documents that led the national government to prioritize the CCLIP and its first operation; (iii) it has demonstrated capacity to manage the CCLIP and monitor the overall investment program to ensure that it is on track to meeting its multisector objective; and (iv) it set a goal for the CCLIP that is consistent with the objective of stimulating early childhood development included in the Bank's current country strategy with Argentina.
- 1.23 **Lessons learned.** The design of the this operation incorporates the lessons learned from executing a set of loans and technical cooperation operations that the Bank has supported in Argentina and other countries of the region, namely, that: (i) socioeconomic gaps in early childhood development related to language and socioemotional skills are more pronounced (operations NI-L1059, BR-T1330, BR-T1300, and RG-T1894), a fact taken into account in designing the results matrix impact indicator; (ii) expanding coverage of childcare and early childhood education services requires a careful assessment of demand, taking into consideration family characteristics and the existing local supply of such services (operations BO-L1064, BR-L1329, PE-L1062, and PR-L1051), prompting the inclusion of a specific activity in Subcomponent 2.1 to strengthen demand estimation, which the MED is currently undertaking; (iii) early childhood teachers, principals, and managers need specific training to be effective (operations PE-L1062, EC-L1107, and BR-L1329), prompting the inclusion of the training activities in management and planning and new pedagogical models of early

childhood education set out in Subcomponent 2.2; (iv) programs designed to improve child-rearing practices require intensive interaction with families to be effective (operations RG-K1454 and NI-L1059), prompting the inclusion of intensive interaction and its assessment in the Early Years program (Subcomponent 1.2); and (v) effective project execution involving transfers to subnational entities or civil society organizations requires training and intensive interaction on fiduciary matters with civil servants at the central level of government (operation AR-L1118, Subcomponent 1.1), which was taken into account in identifying the fiduciary risks in Component 1.

- 1.24 **Strategic alignment.** Both the CCLIP and its first operation are consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and aligned with the development challenge of social inclusion and equality by directly addressing the goal of eradicating poverty through investments in human capital, beginning in early childhood. They are also aligned with the crosscutting area of gender equality and diversity, since they will: (i) promote shared responsibility for child-rearing between women and men; (ii) take steps to overcome gender stereotypes starting in early childhood; and (iii) have the potential to increase the participation of in-home female childcare givers in the labor market. The first operation will contribute to the Corporate Results Framework 2016-2019 (document GN-2727-6), through its expected impact on the country development indicator, “number of students benefiting from education projects” (14,700 children) and on auxiliary indicator 2, “number of children receiving early childhood development services targeted to the poor” (56,700 children). It is also aligned with the crosscutting theme of climate change, since the preschools will be built according to an environmentally friendly design, using a prefabricated system. Approximately 49.2% of the operation’s resources will be invested in climate change mitigation activities, pursuant to the multilateral development banks’ joint methodology for estimating climate finance. These resources will support the IDB Group’s goal of having 30% of all approvals targeted to climate change by end-2020. The CCLIP and its first operation will contribute to the Strategy on Social Policy for Equity and Productivity (document GN-2588-4), since it addresses one of the priority areas for IDB lending and analytical work: investing in early childhood. Both are consistent with the IDB Group Country Strategy with Argentina 2016-2019 (document GN-2870-1), since they support the priority area of poverty and inequality reduction, through the strategic objective of stimulating early childhood development. The operation is also consistent with sector framework documents Education and Early Childhood Development (document GN-2708-5), Social Protection and Poverty, (document GN-2784-3), and Health and Nutrition (document GN-2735-7), by helping to expand access to high-quality early childhood development programs (including the dimensions of nutrition and health), particularly to reach groups at socioeconomic levels.

B. Objectives, components, and cost of the first operation

- 1.25 The objective of the first operation under the CCLIP, in the amount of US\$200 million and a local counterpart contribution of US\$26 million, is to increase the coverage of high-quality public services aimed at promoting development of the physical, language and communication, cognitive, and socioemotional skills of children ages 0 to 5. The operation is structured in two components.

- 1.26 **Component 1. Strengthening nonformal education interventions to promote early childhood development (IDB US\$100 million; local counterpart US\$13 million).** This component will be executed by the MDS. Its target population is socially vulnerable children ages 45 days to 4 years. The component accords priority to children from provinces in the Argentine Northwest and Northeast, as well as Greater Buenos Aires, which are the regions with the highest prevalence of poverty. The component's objective is twofold: (i) increasing this population's access to EPIs that meet quality standards; and (ii) developing analytical tools to increase the effectiveness of interventions aimed at improving child-rearing practices in the 200 communities with the greatest unmet basic needs. This component is structured in two subcomponents.
- 1.27 **Subcomponent 1.1. Strengthening early childhood facilities.** The objective of this subcomponent is to raise the quality of existing EPIs, by closing the gaps in established standards of facility conditions and gradually improving the process of interaction between caregivers and children. Through an agreement to be signed between the MDS and EPI managers, the subcomponent will finance the remodeling of at least 800 facilities, based on an on-site assessment of their conditions.¹⁰ A ceiling of up to US\$100,000 per EPI will be spent for remodeling. In the case of facilities with highly deficient structural conditions or if the remodeling costs exceed that ceiling, this subcomponent provides for building up to 10 EPIs. In addition to other obligations, the agreements will require EPI managers to: (i) ensure that the different areas of the facility are staffed pursuant to regulations; and (ii) maintain the investment in remodeling.¹¹ In order to support managers in meeting these obligations, the MDS will provide them with a monthly per capita subsidy of Arg\$400 from the local counterpart contribution. This subcomponent will also finance the validation of an instrument to supervise interactions between caregivers and children in provinces of the Argentine Northwest and Northeast.¹² The instrument will be used in a pilot program funded to mentor caregivers. This pilot will be implemented in 250 EPIs slated for remodeling. Lastly, the subcomponent will fund an early childhood survey with the aim of closing a series of analytical gaps in Argentina. This survey is designed to: (i) estimate representative EPI and preschool attendance rates among children ages 0 to 2 at the national and provincial levels; (ii) conduct observational measurements (rather than rely on self-reporting) of childhood development and child-rearing practices; (iii) provide a robust estimate of the factors that determine whether families of children ages 0 to 5 send them to EPIs or preschools; and (iv) on the basis of administrative data on the georeferenced location of EPIs and preschools, estimate the impact of the centers' existence and proximity on the female workforce.

¹⁰ The assessment of facility structural variables is provided in [optional electronic link 5](#). It contains the preliminary standards established for EPIs.

¹¹ The content of the agreements to be signed between the MDS and EPI managers is set out in the program Operating Regulations for Component 1. These agreements stipulate, *inter alia*, the commitments assumed by the managers and the actions to be taken in the event of noncompliance. Fulfillment of the commitments will be monitored by the local teams described in paragraph 3.4, and will be reported via the EPI Information and Management System.

¹² This instrument is currently being validated in Greater Buenos Aires, with resources from technical cooperation operation AR-T1163 (ATN/OC-15836-AR).

- 1.28 **Subcomponent 1.2. Strengthening home-visit interventions.** The objective of this subcomponent is to develop analytical inputs to guide the design of the Early Years program. Specifically, it will finance: (i) an impact evaluation of the program; (ii) implementation and evaluation of a pilot program to double the intensity of Early Years home visits; and (iii) a qualitative survey of the program's home visit staff, regarding its challenges and opportunities for improvement.
- 1.29 **Component 2. Improving the education system's performance in early childhood education (IDB US\$100 million; local counterpart US\$13 million).** The MED will execute this component. Its target population will be children ages 3 to 5, prioritizing children in vulnerable areas of the PBA, based on unmet basic needs criteria. Its objective will be to increase high-quality coverage for early childhood education. The component is structured in three subcomponents.
- 1.30 **Subcomponent 2.1. Expanding educational infrastructure.** The objective of this subcomponent is to expand early childhood education coverage by expanding school infrastructure. Specifically, it will finance: (i) strengthening processes for estimating unmet demand and gaps in coverage at the national level, with breakdowns for the provincial and municipal levels, identification of opportunities for determining where to build new EPIs and preschools; (ii) construction or expansion of 98 preschools¹³ in the PBA (10 with innovative learning models¹⁴) and equipping their furnishings; (iii) procurement of teaching materials for preschools participating in the program (toy library, books, musical instruments, science kits, laptops for students, notebooks for teachers, and connectivity infrastructure); and (iv) procurement of additional teaching materials to implement innovative learning models in 10 of the 98 new preschools.
- 1.31 **Subcomponent 2.2. Strengthening school management and improving teaching and learning processes.** The objective of this subcomponent is to support the expansion and implementation of new preschools using high-quality processes. Specifically, it will support: (i) design and implementation of training modules in early childhood education planning and management for PBA technical teams; (ii) design and implementation of the program and training modules in early childhood education for supervisors, principals, and teachers at PBA ongoing training centers; (iii) specific teacher training aimed at launching innovative models of early childhood education; and (iv) development of a comprehensive management dashboard for the Three Thousand Preschools Plan.
- 1.32 **Subcomponent 2.3. Evaluation and monitoring.** The objective of this subcomponent is to support program administration, monitoring, and evaluation. Specifically, it will support: (i) design and implementation of a quasi-experimental evaluation to measure the impact that the construction of the new preschools will have on early childhood enrollment (ages 3 to 5) in the PBA, as well as the impact of strengthening school management on improvements in learning and teaching processes; (ii) implementation of an assessment of the quality of learning environments in PBA preschools; and (iii) an evaluation of the component's implementation and operation.

¹³ See [optional electronic link 4](#) for a detailed description of the preschools' building characteristics and equipment.

¹⁴ See [required electronic link 2](#) for a detailed description of these models.

1.33 Table 1 summarizes the costs of the operation by subcomponent and source.

Table 1. Cost and financing (US\$ thousand)

Category	IDB	Local counterpart	Total
1. Strengthening nonformal education interventions to promote childhood development	100,000,000	13,000,000	113,000,000
1.1. Strengthening early childhood facilities	97,356,000	13,000,000	110,356,000
1.2. Strengthening home-visit interventions	1,430,000	–	1,430,000
Administration and audits	1,214,000	–	1,214,000
2. Improving the education system's performance in early childhood education	100,000,000	13,000,000	113,000,000
2.1. Expanding educational infrastructure	98,500,000	7,300,000	105,800,000
2.2. Strengthening school management and improving teaching and learning processes	–	4,250,000	4,250,000
2.3. Evaluation and monitoring	500,000	1,000,000	1,500,000
Administration and audits	1,000,000	450,000	1,450,000
Total cost	200,000,000	26,000,000	226,000,000

C. Key results indicators

- 1.34 The operation will finance a nationally and provincially representative survey in 2018, providing the country with updated and technically robust measurements of the various dimensions of early childhood development. These measurements will serve as a baseline for monitoring the fulfillment of the CCLIP's multisector objective.
- 1.35 In terms of impact, achieving the objectives of the first operation will be measured against the increase in childhood development indicators for children attending EPIs that have been strengthened in terms of the structural conditions of such facilities and interactions between their caregivers and the children.
- 1.36 In terms of outcomes, achieving the operation's objectives will be measured using indicators that consider: (i) increases in access to high-quality public services in the area of early childhood development (EPIs, preschools, and home visits); (ii) improvements in the quality of the EPIs and preschools; (iii) improvements in the conditions of the family environment of the children participating in the Early Years program; and (iv) the extent to which preschool teachers, supervisors, and principals trained in the program obtain skills certification in innovation planning and management at the early childhood education level. Improvements in the quality of EPIs and preschools will be evaluated using instruments that have been shown to be good predictors of the different dimensions of early childhood development—improvements that can thus be considered medium-term impacts.¹⁵
- 1.37 According to the cost/benefit analysis of the two components,¹⁶ using an 8% discount rate, both have a positive net present value. The literature that considers the appropriate discount rate to use for social projects with potential

¹⁵ ITERS-R and ECERS-R for children ages 0 to 2 and 3 to 5, respectively. [Required electronic link 3](#) describes these instruments.

¹⁶ See [optional electronic link 1](#) and [optional electronic link 2](#).

intergenerational impact, suggests a rate of between 3% and 5% [23] [24]. The benefits are calculated based on the expected increase in: (i) the future incomes of children who attend a quality EPI or preschool, as a result of their increased cognitive and socioemotional skills; and (ii) their mothers' incomes as a result of their workforce availability. The costs include costs those of remodeling/building EPIs and preschools as well as operating costs.

II. FINANCING STRUCTURE AND MAIN RISKS OF THE FIRST OPERATION

A. Financing instruments

- 2.1 The first operation proposed under the CCLIP is structured as an investment loan for specific projects, from the Bank's Ordinary Capital resources, to be disbursed over three years. Both the MDS and the MED expect to have carried out preinvestment studies prior to signing the loan contract, to verify that the operation's execution can be finalized within that time frame. By then, the MDS expects to have conducted an on-site assessment of the structural conditions of at least 400 EPIs. As discussed earlier, the MED has expressed interest in moving forward with the international competitive bidding (ICB) processes for the construction of the 98 preschools included under the program. The CCLIP's first operation meets the applicable requirements of Bank policy (document GN-2246-9, paragraph 1.21): (i) its objectives and components mesh with the objectives of the CCLIP; (ii) the operation is included in the 2017 country program document; and (iii) the MDS and MED are the same executing agencies as for each of the previous loans, a role they performed satisfactorily.

B. Environmental and social risks

- 2.2 According to the Environment Safeguards Compliance Policy (Operational Policy OP-703), this operation has been classified in category "C," since it poses minimal environmental and social risks. The structural interventions in both components will be very low-impact, since the scope of EPI remodeling works will be minor (e.g. waterproofing roofs and walls, painting, and plastering); the scale of EPI construction will be small (300-500 square meters each), built on public land, with no foreseeable resettlement of people or economic impact on third parties; and the impact of preschool construction (each of which measures an average of 672 square meters) will be minimal.

C. Fiduciary risks

- 2.3 As pointed out in Annex III, although the MDS has previous execution experience remodeling EPIs, the amount and scope of such works in this operation are greater. The project team therefore decided to conduct an ICAS evaluation of the Ministry's executing capacity in fiduciary matters. As a result, two medium-level fiduciary risks were identified: (i) discrepancies could arise between the physical and the financial execution, owing to potential delays in the provision of funding to the EPIs; and (ii) delays could arise in the hiring process—both in terms of when and as requested—of the central and local support teams required to implement the activities. To mitigate the former, the following measures will be taken: (i) the program Operating Regulations will stipulate that the executing agency must register, with the national Executing Units for External Loans (UEPEX) system, the accounting statements provided by the EPI managers, and periodically reconcile

this information with its management reports; and (ii) the Bank will monitor the hiring and training of an MDS fiduciary team, which will work in the field to support EPI managers in the accounting process. To mitigate the latter, the following measures will be taken: (i) in preparing the terms of reference for the central and local teams, the Bank will work closely with the executing agency to ensure that their professional profiles are consistent with required level of quality; and (ii) with a view to streamlining the hiring process, the Operating Regulations will spell out the procedures for coordination and interaction between the MDS teams involved.

D. Other project risks

- 2.4 With respect to public management and governance, the level of risk that the MDS and MED may not achieve the coordination needed to create performance synergies and avoid overlaps in coverage was identified as medium. As a mitigating measure, paragraph 3.8 presents a dashboard of multisector outputs that the JGM, as the liaison institution, will monitor. In addition, a decline in EPI caregiver skills was identified as a medium-level development risk, owing to potential turnover among trained personnel moving to the private sector. This will be mitigated by developing an ongoing mentoring arrangement for caregivers. Similarly, a series of medium-level development risks were identified concerning the timely and adequate operation of preschools, since managing these facilities falls to different levels of government, namely: (i) delays in implementing agreements between the central government and the PBA; (ii) delays in assigning teachers and staff to these facilities; and (iii) insufficient PBA team support to new preschools. These risks will be mitigated through the following strategies: (i) signing of the framework agreement necessary for the PBA's membership in the Three Thousand Preschools Plan; (ii) signing of the agreement necessary for the PBA's membership in the Three Thousand Preschools Plan and training and support for supervisors and principals in early childhood education management and planning, and for teachers in education paths and refresher courses in new teaching approaches; and (iii) training and support for PBA teams in early childhood education management and planning. Lastly, a medium-level sustainability risk was identified, due to potentially insufficient investment for preschool upkeep and maintenance. To mitigate this risk, the following measures will be implemented: (i) training in upkeep and maintenance issues for local teams; and (ii) implementation of the MED's maintenance strategy, through the PBA School Fund for Minor Repairs and Furnishings.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements for the first operation

- 3.1 The program's executing agency will be: (i) for Component 1, the Argentine Republic, through the MDS; and (ii) for Component 2, the Argentine Republic, through the MED. Both ministries will assume fiduciary, technical, and monitoring responsibilities for executing their respective components. As the liaison institution, the JGM will be responsible for monitoring the overall progress of the investment program, its alignment with the CCLIP's multisector objective, and for developing a set of multisector products, described further on in this document.

- 3.2 The MDS will be the executing agency for Component 1, through the Secretariat of Institutional Coordination and Monitoring (SCMI). Under the SCMI structure, the DGCFI will be responsible for the overall coordination of Component 1. It will have responsibility for the component's administrative, accounting, financial, and procurement management.
- 3.3 The Office of the Undersecretary for Early Childhood (SPI), an agency of the MDS' National Secretariat of Childhood, Adolescence, and the Family (SENNAF), will be responsible for the technical and operational execution of the activities under Subcomponent 1.1. The Office of the Undersecretary on the Rights of Childhood, an agency of the SENNAF, will oversee the technical and operational execution of the activities under Subcomponent 1.2. The Office of the Information, Monitoring, and Evaluation System for Social Programs (SIEMPRO), an agency of the Social Policy Coordination Council, will provide technical support for the monitoring and evaluation activities of Component 1.
- 3.4 For the execution of Subcomponent 1.1, the SPI is projected to have 30 local teams distributed throughout the country, each comprising an architect and two social workers (or similar staff), one of whom will coordinate physical planning. In addition to these teams, a subject matter expert will be tasked with overseeing the fiduciary aspects of strengthening the EPIs. This individual will report to the DGCFI. The local teams will be responsible for: (i) implementing actions at the local level aimed at registering the EPIs in the EPI Information and Management System; (ii) executing projects to remodel EPI facilities and equip each with functional equipment, with the aim of increasing the number of facilities that meet the standards approved by the Federal Council of Childhood, Adolescence, and the Family, as well as standards established by the PNPI; (iii) validating the price comparison process used by EPI managers to procure goods and services, as well as inputs required to assess the program's finances; (iv) supervising project implementation and supporting EPI managers, in order to provide an appropriate accounting and record of advances; (v) facilitating the management of commitments assumed by EPI managers under the management agreements they are to sign with the MDS; (vi) gradually implementing structured observation of schoolroom processes, with the aim of designing caregiver support strategies; and (vii) monitoring building and equipment maintenance conditions, as stipulated in the management agreements. The SPI and the DGCFI will have teams in place at the central level tasked with, *inter alia*, supervising the local teams and supporting them with technical assistance.
- 3.5 A set of technical, regulatory, and operational considerations for the construction of new EPIs is still being defined. With the aim of providing efficient assistance to implement the PNPI, while simultaneously safeguarding technical, regulatory, and operational conditions for using the resources envisaged for this activity (US\$5 million), prior to the first disbursement of program resources for the construction of new EPIs, the program Operating Regulations for Component 1 will spell out the following construction-related aspects of EPIs: (i) a local estimate of the unmet demand for services to be provided by the EPIs; (ii) the mechanism for works execution and supervision; (iii) the measures to be implemented to prevent and mitigate construction-related environmental and social risks; and (iv) the arrangements for operation and maintenance of the EPIs.

- 3.6 The MED will be responsible for executing Component 2. Coordination, operation, and administration of Component 2 will be overseen by the Office of the Undersecretary for Administrative Coordination (SSCA), through the International Cooperation and Finance Unit (DGUFI).
- 3.7 To that end, a dedicated Central Executing Unit (UEC/DGUFI) will be used, supported by MED technical divisions. The UEC/DGUFI will be responsible for: (i) managing and monitoring the procurement of works, goods, and services; (ii) processing loan disbursements with the Bank; (iii) contracting evaluations; (iv) overseeing external audit activities; (v) preparing the operational plans (e.g. the financial, procurement, and annual work plans) and presenting them to the Bank; (vi) presenting reports (e.g. auditing and progress reports, as well as evaluations) and other program documents to the Bank; and (vii) assisting in the supervision and inspection of works and in the contracting of services. The UEC/DGUFI will also coordinate with the other MED sectors participating in the program, namely: the SSCA's Bureau of Infrastructure for Subcomponent 2.1; the Secretariat for Innovation and Quality in Education's Bureau of Education Planning for Subcomponents 2.1 and 2.2; the National Teacher Training Institute for Subcomponent 2.2; and the Secretariat of Educational Evaluation for Subcomponent 2.3. The program Operating Regulations spell out the details of this coordination.
- 3.8 Table 2 illustrates the expected outcomes of multisector coordination. It presents a series of outputs to be developed by the two ministries, the completion of which will be monitored by the JGM in its capacity as liaison institution. These outputs represent the tools necessary to facilitate multisector operational and technical coordination, for this and future CCLIP operations. The JGM will monitor the development of these outputs through supervisory missions, the executing agencies' semiannual reports, and specific technical meetings.

Table 2. Dashboard of multisector coordination products

Coordination area	Multisector product
Joint planning for expansion of local coverage	Computerized tool to facilitate sharing of georeferenced information on EPIs and preschools
	Shared methodology for estimating gaps in demand
Data collection and analysis	Early childhood survey with an MDS-MED joint analytical framework for measuring gaps in demand and childhood development
Measurement of EPI and preschool quality using the same scales	Evaluation of center quality using the Infant/Toddler Environment Rating Scale (ITERS-R scale for children ages 0 to 2 (EPIs) and Early Childhood Environment Rating Scale (ECERS-R) for children ages 3 to 5 (EPIs and preschools)
Integration of MDS-MED services	Action plan to facilitate children's EPI-to-school system transition, or to supplement preschool care with EPI offerings

- 3.9 Annex III contains the fiduciary agreements for execution, governing disbursement, financial administration, procurement systems, and auditing arrangements. The Bank's disbursements are expected to be made using the advance of funds modality. New advances of funds will require justification by each executing agency of at least 80% of funds previously advanced. An independent audit firm acceptable to the Bank will be contracted to conduct the program's annual financial statements. All contracting of works, procurement of goods, and contracting of

consultants financed by the operation will be conducted in accordance with Bank policies (documents GN-2349-9 and GN-2350-9).

- 3.10 **Advance procurement.** The MED has expressed its interest in moving forward with a total of approximately US\$104 million (including counterpart funding) in ICB procedures for the construction of preschools in the PBA. The procurement process, including advertising, must abide by Bank policies to ensure that any subsequent contracts are eligible for financing. The Bank will review the MED's procedures in this regard. The MED will conduct procurement operations at its own risk and any concurrence by the Bank with the procedures, documentation or proposal for award does not commit the Bank to make a loan for the project in question.

B. Summary of results monitoring arrangements

- 3.11 **Monitoring arrangements.** Each of the executing agencies will present semiannual reports on its component, with information on: (i) performance in achieving the objectives and outcomes set out in their respective annual work plans and the program's progress monitoring report, including an analysis and monitoring of the associated risks and mitigation measures; (ii) the status of procurement plan execution; (iii) fulfillment of their respective contractual clauses; (iv) the status of the financial execution of the loan and its respective components; and (v) the status of execution of the [Monitoring and Evaluation Plan](#). The liaison institution will organize at least two joint meetings to review the program's overall progress and in developing the multisector outputs, as well as analyze the program's overall planning.
- 3.12 **Results evaluation arrangements.** With respect to Component 1, the program's monitoring and evaluation plan provides for the following evaluations: (i) an experimental evaluation for measuring the impact of structural strengthening, and strengthening of interactions between caregivers and children at the EPIs, on childhood development indicators, as compared with the impact of structural strengthening alone; (ii) an experimental evaluation to measure the impact of the Early Years program's intensive (six-month) and traditional (three-month) interventions on child-rearing practices, as compared with homes where no intervention occurred; and (iii) a pre and post evaluation to measure the component's effects on closing the gaps with regard to structural variables at the remodeled EPIs.
- 3.13 The following activities will be executed under Component 2: (i) an evaluation of the impact of the construction of new preschools on early childhood education enrollment (ages 3 to 5) in the PBA, using a quasi-experimental, differences-in-differences methodology; (ii) an evaluation of the impact of school strengthening on improving the learning process at preschools, using a differences-in-differences methodology; (iii) a study of the quality of early childhood education in the PBA; and (iv) an evaluation of the program's implementation and functioning.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change and Environmental Sustainability	
Country Development Results Indicators	-Students benefited by education projects (#)* -Teachers trained (#)* -Children receiving early childhood development services targeted to the poor (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2870-1	Stimulate early childhood development.
Country Program Results Matrix	GN-2884	The intervention is included in the 2017 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		
3. Evidence-based Assessment & Solution	Evaluable	
3.1 Program Diagnosis	9.6	
3.2 Proposed Interventions or Solutions	3.0	
3.3 Results Matrix Quality	4.0	
4. Ex ante Economic Analysis	2.6	
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis	10.0	
4.2 Identified and Quantified Benefits	4.0	
4.3 Identified and Quantified Costs	1.5	
4.4 Reasonable Assumptions	1.5	
4.5 Sensitivity Analysis	1.5	
5. Monitoring and Evaluation	10.0	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	7.5	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	C	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Treasury, Accounting and Reporting, Internal Audit. Procurement: nformation System.
Non-Fiduciary	Yes	Monitoring and Evaluation National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Gender Equality		
Labor		
Environment	Yes	The construction of preschools uses an energy saving design.
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	Operational and key analytical products for the design of the program are being developed through Technical Cooperation AR-T1163.
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan	Yes	Experimental evaluations to assess the impact of better care in EPI and Early Years on parenting (particularly males), and quasi-experimental evaluations to analyze impacts on preschool attendance will be carried out.

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

The objective of the CCLIP (\$1.2 billion) is to increase the number of children from 0 to 5 years of age who reach levels of physical, language and communication, cognitive and socio-emotional abilities expected for their age. The first operation (\$ 200 million) seeks to increase the coverage of quality public services aimed at promoting these skills in children from 0 to 5 years. To achieve these objectives, the program supports the construction or remodeling and equipping of early childhood spaces (EPI, by its Spanish acronym) and kindergartens, and the production of technical and analytical inputs including studies, surveys and evaluations.

The project presents a cost-benefit analysis that supports the economic viability of the proposed activities. The vertical logic presented in the loan proposal is consistent with the indicators presented in the results matrix, and includes indicators for the main outputs, outcomes and impacts. Indicators meet SMART criteria and include baseline and target values (with the exception of one outcome indicator) as well as the sources and means of verification that will be used to measure them. The final impact indicator is the proportion of children aged 0-48 months who attend EPIs strengthened by the program and achieve an expected level of development for their age.

The Office of the Cabinet of Ministers of the Nation will oversee monitoring of the multi-sectoral objective of the program and each Executing Agency will be in charge of the monitoring of its component. The project includes several experimental and quasi-experimental impact evaluations that will assess the impacts of improvements in the quality of EPI and the Early Years program as well as impacts on preschool assistance.

RESULTS MATRIX

Multisector objective of the CCLIP:	The multisector objective of the CCLIP is to help increase the number of children ages 0 to 5 with age-appropriate physical, language and communication, and socioemotional skills.
Multisector objective of the First Operation:	The objective of the first operation under the CCLIP is to increase the coverage of quality public services aimed at promoting the development of physical, language and communication, cognitive, and socioemotional skills among children ages 0 to 5.

EXPECTED IMPACTS OF THE FIRST OPERATION¹

Indicators	Unit of measurement	Baseline	Baseline year	Final target	Means of verification
Impact 1. Improve childhood development indicators					
Children ages 0 to 48 months who attend EPIs that have been strengthened by the program and achieve an age-appropriate development level	%	78	2012	80	Impact evaluation report

EXPECTED OUTCOMES

Indicators	Unit of measurement	Baseline	Baseline year	2018	2019	2020	Final target	Means of verification
Outcome 1. Increased access to quality public early childhood development services								
Children attending an EPI that has completed a quality-strengthening project financed by the program	Children	0	2017	0	28,000	28,700	56,700	EPI System report
Children benefited by the Early Years program's six-month family assistance modality	Children	0	2017	0	30,000	0	30,000	Semiannual reports

¹ Table B of Annex II, Monitoring and Evaluation, provides a detailed description of the methodology used to develop the program's impact and results indicators, baseline, and expected targets, as well as how they are to be updated during the execution stage.

Indicators	Unit of measurement	Baseline	Baseline year	2018	2019	2020	Final target	Means of verification
Students attending preschools built by the program	Children	0	2017	0	7,500	7,200	14,700	Education Sector Comprehensive Digital Information System report
Early childhood education net enrollment rate for children ages 3 and 4 in the PBA	%	79.6	2015	-	80.5	81.3	81.3	Impact evaluation report
Outcome 2. Improved quality of public early childhood development services								
EPIs strengthened by the program that simultaneously meet two conditions: (i) child/caregiver ratio of 5 for children up to age 1, and 10 for children ages 2 to 4; and (ii) the conditions of such facilities are satisfactory	%	55	2015	-	-	81	81	EPI System report
Preschools built by the program that achieve a minimum score on the ECERS-R scale ²	%	TBD	2018	-	-	-	TBD	Impact evaluation report
Child beneficiaries of the Early Years program, ages 0 to 4, who took part in four or more activities that stimulate early childhood development in the last three days with an adult member of his or her household	%	72	2012	-	-	80	80	Impact evaluation report
Child beneficiaries of the Early Years program, ages 0 to 4, who took part in four or more activities that stimulate early childhood development in the last three days with a male adult member of his or her household	%	46	2012	-	-	50	50	

² Early Childhood Environment Rating Scale. Annex B of the Monitoring and Evaluation Plan link describes how the minimum score required for considering a preschool to be a “quality” facility was calculated.

Indicators	Unit of measurement	Baseline	Baseline year	2018	2019	2020	Final target	Means of verification
Outcome 3. Strengthening the skills of early childhood education technical staff, teachers, principals, and supervisors								
Technical and local professionals certified in innovation planning and management at the level of early childhood education	Professionals	0	2017	100	100	100	300	MED and School of Government reports
Supervisors, principals, and teachers certified in innovation planning and management	Supervisors, principals, and teachers	0	2017	0	2.500	5.000	7.500	National Teacher Training Institute reports
Teachers certified in innovative early childhood education teaching models	Teachers	0	2017	50	100	100	250	National Teacher Training Institute reports

OUTPUTS

Outputs	Unit of measurement	Baseline	Baseline year	2018	2019	2020	Final target	Means of verification
Component 1. Strengthening nonformal education interventions to promote early childhood development								
Subcomponent 1.1. Strengthening early childhood facilities								
EPIs built	EPI	0	2017	0	10	0	10	Semiannual reports, supervisory visits, and auditing reports
EPIs remodeled	EPI	0	2017	0	400	400	800	
EPIs with study grants	EPI	0	2017	0	400	400	800	
Early childhood education survey completed	Survey	0	2017	1	0	0	1	Semiannual reports
Pilot validation of supervision procedures instrument completed	Pilot	0	2017	1	0	0	1	
EPIs with pilot project for improving care procedures	EPI	0	2017	0	250	0	250	
Impact evaluation on improving EPI care procedures completed	Evaluation	0	2017	0	1	0	1	Evaluation report

Outputs	Unit of measurement	Baseline	Baseline year	2018	2019	2020	Final target	Means of verification
Subcomponent 1.2. Strengthening home-visit interventions								
Impact evaluation of the Early Years program completed	Evaluation	1	2017	0	1	0	1	Semiannual reports
Impact evaluation of Early Years' expanded model completed	Evaluation	1	2017	0	1	0	1	
Qualitative study of Early Years' home-visit staff perceptions completed	Report	0	2017	0	1	0	1	
Component 2. Improving the education system's performance in early childhood education								
Subcomponent 2.1. Expanding educational infrastructure								
Preschools built and equipped for early childhood education	Preschool	0	2017	0	40	48	88	Semiannual reports, supervisory visits, and auditing reports
Innovative preschools equipped with materials for new early childhood education teaching models	Preschool	0	2017	0	10	0	10	
Estimates of unmet development demand developed and implemented	Report	0	2017	1	1	0	2	Semiannual reports
Subcomponent 2.2. Strengthening school management and improving teaching and learning processes								
Innovation and innovation management training modules designed and implemented by the liaison institution	Module	0	2017	2	1	1	4	Semiannual reports
Early childhood education preschools that have implemented innovative teaching models	Preschool	0	2017	0	10	0	10	
Action plan developed for the centers' teacher training, consulting, professional development, and ongoing education	Plan	0	2017	1	0	0	1	

Outputs	Unit of measurement	Baseline	Baseline year	2018	2019	2020	Final target	Means of verification
Management dashboard designed and operational	Management dashboard	0	2017	2	1	1	4	
Subcomponent 2.3. Evaluation and monitoring								
Tools to assess service quality developed and piloted	Tool	0	2017	1	1	0	2	Semiannual reports
Evaluation of processes for expanding coverage in the PBA	Evaluation	0	2016	0	0	1	1	

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country	Argentine Republic
Project number:	CCLIP, AR-O0003; First Operation, AR-L1254
Name:	Conditional Credit Line for Investment Projects (CCLIP) and first operation under the Program to Support the National Early Childhood Plan and the Policy for Universalization of Early Childhood Education
Executing agencies:	Ministry of Social Development (MDS) and Ministry of Education and Sports (MED)
Prepared by:	Marisol Pinto Bernal and Teodoro Noel (FMP/CAR)

I. EXECUTIVE SUMMARY

- 1.1 The program will be executed in two components: Component 1, Strengthening nonformal education interventions to promote early childhood development; and Component 2, Improving the education system's performance in early childhood education. The program executing agencies will be: (i) for Component 1, the Argentine Republic, through the MDS; and (ii) for Component 2, the Argentine Republic, through the MED.
- 1.2 Although the MDS has previous execution experience remodeling early childhood facilities (EPIs), the amount and scope of such works in this operation are greater and inherently complex, since they are being executed at the level of subnational governments and civil society organizations. Consequently, the project team used the methodology of the Institutional Capacity Assessment System (ICAS) to assess the fiduciary capacity of the executing agency (MDS). It found that the MDS had the requisite capacity to execute its component, provided that it strengthened its Bureau of International Cooperation and Finance (DGCFI) and network of local offices, and that it completed and implemented its manuals of financial management and procurement rules and procedures. With respect to the MED, the project team opted to forego an ICAS assessment, since its last one had been conducted recently (July 2016), yielding favorable results.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

- 2.1 The MDS will be the executing agency for Component 1, through the Secretariat of Institutional Coordination and Monitoring (SCMI). Under the SCMI structure, the DGCFI will be responsible for the overall coordination of Component 1. It will have responsibility for the component's administrative, accounting, financial, and procurement management. The Office of the Undersecretary for Early Childhood (SPI), an agency of the MDS' National Secretariat of Childhood, Adolescence, and the Family (SENNAF), will be responsible for the technical and operational execution of the activities under Subcomponent 1.1. The Office of the

Undersecretary on the Rights of Childhood, Adolescence, and the Family, an agency of the SENNAF, will oversee the technical and operational execution of the activities under Subcomponent 1.2.

- 2.2 Through operation AR-L1118 (loan 2607/OC-AR), which was completed in June 2016, the MDS financed, among other programs, the strengthening of more than 400 EPIs (its main physical and financial output). However, the complexity of the execution mechanism for this new project, which includes more complex EPI repair works and higher amounts than those of AR-L1118, called for an institutional capacity analysis be performed to determine the fiduciary risk of executing the component. Based on the ICAS, this analysis found that the MDS had the requisite capacity to execute its component, provided that it strengthened its Bureau of International Cooperation and Finance (DGCFI) and network of local offices, and that it completed and implemented its manuals of financial management and procurement rules and procedures. With respect to the MED, the project team opted to forego an ICAS assessment, since its last one had been conducted recently (July 2016), yielding favorable results.
- 2.3 The MED will be responsible for executing Component 2. Coordination, operation, and administration of that component will be overseen by the Office of the Undersecretary for Administrative Coordination (SSCA), through its International Cooperation and Finance Unit (DGUFI). To that end, a dedicated central execution unit (UEC/DGUFI) will be used, supported by MED technical divisions. The UEC/DGUFI will be responsible for: (i) managing and monitoring the procurement of the component's works, goods, and services; (ii) preparing the operational plans and presenting them to the Bank; and (iii) assisting in the supervision and inspection of works and in the contracting of services. The UEC/DGUFI will also coordinate with the other MED sectors participating in the program, namely, the SSCA's Bureau of Infrastructure for Subcomponent 2.1; the Secretariat for Innovation and Quality in Education's National Bureau of Education Planning for Subcomponents 2.1 and 2.2; the National Teacher Training Institute for Subcomponent 2.2; and the Secretariat of Educational Evaluation for Subcomponent 2.3.
- 2.4 The fiduciary systems that will be used for program execution are the Integrated Financial Information System (SIDIF), which is budgetary, and the information and accounting system (UEPEX).

III. EVALUATION OF FIDUCIARY RISK AND MITIGATION MEASURES

- 3.1 Members of the executing agency (MDS) participated in the institutional capacity analysis. It found a medium level of risk, owing to the complex nature of the decentralized execution mechanism, and the fact that the DGCFI's structure and network of local offices have not been sufficiently strengthened to execute more complex, higher-cost EPI repairs.
- 3.2 As indicated in the program Operating Regulations, to mitigate the risks inherent in the execution mechanism of the MDS's component, fiduciary specialists will be provided at the central level and in decentralized teams, each consisting of an architect, two social workers, and one fiduciary specialist, who will perform the following duties: (i) assessment of structural issues and the procedures of the EPIs

selected by invitation; (ii) monitoring of the management agreements; and (iii) supervisory support for the execution of strengthening and study grant projects.

3.3 In terms of risks, the Project Risk Management methodology was used to analyze the risks applicable to both the MDS and the MED. The findings of this exercise point to a medium fiduciary risk, due to the complexity of the execution mechanism for the portion of the program to be executed by the MDS. With respect to the MED, the risk is low, due to its centralized execution mechanism.

3.4 The program's fiduciary risks are summarized in the table below.

Institutional capacity and fiduciary risk			
Institutional capacity: <i>Procurement and financial management</i>			Tool: ICAS
Fiduciary risk: <i>Medium</i>			
Type of risk ¹	Risk	Level	Mitigation actions
FM	Significant lags could occur between the financial and physical execution of the program, impacting its schedule and outcomes, as a result of potential delays in executing advances of funds to the EPIs.	Medium	Record in UEPEX the accounting to be presented by the EPI managers, and reconcile that information with the management system.
			Strict monitoring by the fiduciary team (accountants/managers) in the field of the accounting of the EPIs to be provided by their managers.
			Training of managers.
PR	MDS: Delays in procurement processes and the contracting of central and local support teams could be longer than anticipated, impacting the program schedule, costs, and quality of the EPI remodeling program.	Medium	Bank support in preparing the terms of reference for the central and local teams, to ensure that team members are highly qualified.
			Strengthen coordination actions and interaction between the executing agency teams, to streamline contracting.
			Training and proper monitoring of central and local teams.

¹ Social Development (SD); Financial Management (FM); Procurement (PR).

IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT

- 4.1 Following are the requirements to be considered in the Special Conditions or in the Annex, as applicable, which may be updated or modified during the program's execution, where appropriate and after being documented and authorized by the Bank:
- a. **Procurement management.** Throughout the program, procurement will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9).
 - b. With regard to Component 1, for payment of the initial subsidies, only the relevance of the expenditure will be verified. The resources for transfers made under the program will be managed on a decentralized basis, under the supervision of the MDS's SPI and DGCFI, as detailed in the program Operating Regulations.
 - c. As explained in paragraphs 3.1 and 3.2, the Operating Regulations will include specific measures to mitigate fiduciary risks identified as part of the institutional capacity analysis. To this end, conditions precedent to the first disbursement will include: (i) for the component executed by the MDS, approval of the Operating Regulations for Component 1, to the Bank's satisfaction; and (ii) for the component executed by the MED, approval of the Operating Regulations for Component 2, to the Bank's satisfaction.
 - d. **Management of disbursements.** The executing agencies will present the financial plans for their respective components, in accordance with the guidelines agreed upon between the Bank and the country. For new advances, at least 80% of the total amount of resources disbursed as advances of funds must have been justified.
 - e. **Exchange rate.** For the purposes stipulated in Article 4.10 of the General Conditions, the Parties agree that the applicable exchange rate will be the one indicated in subsection (b)(i) of that article. For purposes of determining the equivalent amount of expenditures incurred in local currency and charged to the local contribution, the agreed exchange rate will be that which is in effect on the first business day of the month in which the borrower, the executing agency, or any other individual or legal entity authorized to incur expenses, makes the respective payments to the contractor, provider, or beneficiary. For purposes of determining the equivalent amount of the reimbursement of expenditures charged to the loan, the agreed exchange rate will be that which is in effect on the first business day of the month in which the reimbursement request is presented. In addition, due to the limitations of the UEPEX system, in order to determine the equivalent amount of expenditures incurred in local currency and charged to the loan and to the local contribution, the exchange rate indicated in subsection (b)(i) of Article 4.10 of the General Conditions will be used.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

1. Procurement execution

- 5.1 The Policies for the Procurement of Works and Goods Financed by the IDB (document GN-2349-9) and Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9) will be applied. For payment of the initial subsidies, only the relevance of the expenditure will be verified. Selection and contracting procedures will be subject to ex ante and ex-post supervision, as indicated in the respective procurement plan, which will be reviewed and adjusted by the executing agency once a year or whenever necessary. Changes to the plan will require the Bank's no objection, which will be obtained before carrying out the procedures included therein.
- a. **Procurement of works, goods, and nonconsulting services.** Works, goods, and nonconsulting services² under the project subject to international competitive bidding (ICB) will be carried out using standard bidding documents issued by the Bank. Bids subject to national competitive bidding will be carried out using national bidding documents agreed upon with the Bank. No direct contracting is envisaged in these categories, but any such contracting required during the program will be identified in the procurement plan and will be justified accordingly, along with a description of the selection process requiring prequalification of bidders.
 - b. **Selection and contracting of consultants.** Contracts for consulting services³ arising under the project will be included in the procurement plan, and will be executed using the standard request for proposals (SRP) issued by the Bank. No direct contracting is envisaged in this category, but any such contracting required during the program will be identified in the procurement plan and justified accordingly.
 - **Selection of individual consultants.** In the cases identified in the procurement plan, the contracting of individual consultants will be governed by the provisions contained in document GN-2350-9, Section V, paragraphs 5.1 to 5.4. For the operation of the executing agencies of the MDS and MED, contracting may take place according to the direct selection method for consultants who, at the time, are carrying out activities as part of contracts financed by other programs executed by these agencies.
 - c. **Recurring expenses.** Recurring expenses or operating and maintenance expenses required during the project will consist of: tickets, per diem expenses, transportation, equipment leases and services, office maintenance, miscellaneous expenses, stationery and training, graphic art products, printing, publications and reproductions, messenger and mail services, cleaning services, computer inputs, insurance, telephone, and minor expenses needed for the operation of the executing agencies in

² Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document [GN-2349-9](#)). Per paragraph 1.1, nonconsulting services are treated as goods.

³ Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9).

connection with the program, which will be financed by the loan proceeds and incurred according to the administrative procedures of the executing agency, to be detailed in the program's Operating Regulations. Operating costs do not include wages for public sector employees.

- d. **Advanced procurement.** The MED has expressed its interest in moving forward with an ICB process for the construction of schools in the Province of Buenos Aires, for an estimated amount of US\$105,800,000 (including counterpart funding). The procurement process, including advertising, will be carried out pursuant to Bank policies, such that the subsequent contracts are eligible for financing; the Bank will review the procedures used by the MED. The executing agency will carry out advanced contracting at its own risk, and the Bank's agreement with respect to the procedures, documentation, or proposed award will not constitute a commitment by the Bank to grant a loan for the project.
- e. **Relevance of expenditures.** The relevance of the expenditure, the Terms of Reference (ToR), the technical specifications, and the budget for procurement to be made for the program will be the responsibility of the Project Team Leader, and will always require the Bank's prior no objection.

Thresholds for International Competitive Bidding and International Shortlists (US\$)

Method	ICB works	ICB goods and nonconsulting services	International shortlist for consulting services
Threshold	≥25,000,000	≥1,500,000	≥1,000,000

Note: In addition, contracts for values exceeding the equivalent of US\$200,000 will be announced on the UNDB Online and the Bank websites.

1. Major procurement processes

- 5.2 The following table summarizes the list of major procurement processes identified for the program to date.

Major Procurement Processes

Activity	Selection method	Estimated date of announcement/invitation	Estimated amount (US\$ thousands)
Goods			
Procurement of teaching equipment for the new preschools	National competitive bidding	March 2018	1,478
Computer and telephone equipment	National competitive bidding	February 2018	108
Works			
Construction of schools	International competitive bidding	July 2017	105,800
Firms			
Early childhood survey	Quality- and cost-based selection	1 September 2018	1,500
Design and implementation of tools for ongoing evaluation of the quality of early education services	Quality- and cost-based selection	March 2018	900

Major Procurement Processes

Activity	Selection method	Estimated date of announcement/invitation	Estimated amount (US\$ thousands)
Program evaluation: (i) evaluation of impact based on the quality of the centers' services; and (ii) evaluation of the process for expanding coverage in the PBA	Quality- and cost-based selection	June 2020	600
Individuals			
Local teams (120 persons)	3 CVs	1 December 2017	5,616

* To access the 18-month procurement plan (PP₁₈) click [here](#).

2. Procurement supervision

- 5.3 The ex post supervision method for procurement by the **MED** and the **MDS** through national competitive bidding processes for works, goods, consulting services, and nonconsulting services will be carried out as follows:

Threshold for MED ex post review		
Works	Goods and nonconsulting services	Consulting services
<25,000,000	<1,500,000	<200,000

Threshold for MDS ex post review		
Works	Goods and nonconsulting services	Consulting services
To be defined when the management and execution mechanism is presented	<1,500,000	<200,000

Note: 1. The thresholds established for ex post review are applied based on the fiduciary capacity for execution by the executing agency, and may be modified by the Bank to the extent such capacity changes. 2. The procedures for goods valued at under US\$100,000 may use the shopping method, as is true in the case of works valued at under US\$350,000. In both cases, the review will be conducted on an ex post basis.

- 5.4 **For the entire program**, procedures for ICB, direct contracting, and procedures that so warrant **due to their complexity or risk** will be reviewed on an ex ante basis.
- 5.5 In the case of **individual consultants for the entire project**, all contracts for amounts above US\$50,000 and procedures that so warrant **due to their complexity or risk**, as well as direct contracting, will be reviewed on an ex ante basis. Contracts below that amount will be subject to ex post review.
- 5.6 Ex post reviews will be conducted every 12 months, pursuant to the program's supervision plan and will be based on a sample drawn from all procedures carried out from the start of the program, at the time of the first review, and from the previous review for each subsequent review. Reports on the ex post review will

include at least one physical inspection visit,⁴ based on a selection from the procedures subject to ex post review.

3. Special provisions

- a. **Measures to reduce the likelihood of corruption.** The provisions of policies set forth in documents GN-2349-9 and GN-2350-9 regarding prohibited practices will be observed. It will also be the duty of the executing agencies to review the list of firms and individuals prohibited from participating in financial processes financed by multilateral banks.
- b. **Other special procedures.** The procurement plan will be kept updated based on the program's needs, and integrated in program planning.

4. Records and files

- 5.7 The execution units' contracting area will be responsible for maintaining the files on project procurement carried out under the program.

VI. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

A. Programming and budget

- 6.1 Each executing agency will be responsible for formulating and programming its annual budget, and for carrying out all procedures needed to secure its approval. If the need arises to add to or reallocate budget items, each executing agency will request the necessary amendments and arrange to secure their approval. Budget appropriations are executed through accrued quarterly and monthly commitments allocated by the National Budget Office (Ministry of Finance).
- 6.2 No problems affecting execution are anticipated in budget management, timeliness of the local counterpart contribution, or system delays.

B. Treasury and management of disbursements

- 6.3 The National Treasury will transfer the local counterpart funds to the execution unit, to an account opened for the program to be used exclusively for this loan, as it is a program cofinanced by the Bank.
- 6.4 Disbursements will be made to each of the program's executing agencies, based on a detailed financial plan, whose model has been agreed with the authorities of the Ministry of Finance and the Office of the Cabinet of Ministers.

C. Accounting, information systems, and reporting

- 6.5 The executing agencies will use the UEPEX system for financial management. Accounting will be done on a cash basis and will follow international financial reporting standards when applicable, in accordance with established national criteria. The following financial reports will be required: (i) financial execution plan for up to 180 days after the request for an advance of funds; (ii) annual audited financial statements; and (iii) other reports required by the fiduciary specialists.

⁴ The inspection verifies the existence of the procurement, leaving the verification of quality and compliance with specifications to the sector specialist.

D. Internal control and internal audit

- 6.6 The national internal control entity is the Sindicatura General de la Nación (National Audit Office) [SIGEN]. Internal audits of each executing agency will be conducted through the Internal Audit Unit (UAI). That unit, which reports directly to the Minister, is responsible for conducting audits and making recommendations, based on the powers conferred on it by Law 24,156 (Law on Financial Management and Control Systems of 30 September 1992). The UAIs of the MDS and MED will conduct the program's internal audits.

E. External control: external financial audits and project reports

- 6.7 In 2011 the Bank concluded a diagnostic assessment of the government audit practices of the Auditoría General de la Nación (General Accounting Office) [AGN], based on the Bank's guidelines for determining the level of development of public financial management systems. The assessment concluded by validating the AGN as the auditor for Bank projects. However, based on the history of timeliness in the AGN's presentation of audited financial statements in recent years, it was agreed with the nation, in October 2014, to reduce its portfolio to align it with its actual capacity.
- 6.8 In light of the foregoing, and given the complexity of the operation's execution mechanism, it is recommended that the auditing be put out for bid, so that a single independent audit firm audits both program components.
- 6.9 Audits will be conducted based on the new 2016 version of the Terms of Reference prepared by the Bank.

F. Financial supervision of the project⁵

- 6.10 The initial financial supervision plan arose from the evaluations of risk and fiduciary capacity conducted on the basis of the on-site and desk reviews envisaged for the program, including the scope of operational, financial and accounting, compliance and legal actions, and the frequency thereof and the party responsible for them.
- 6.11 In addition to the reports required for processing disbursements and annual audits, a detailed financial plan will be requested, in order to allow for appropriate monitoring of disbursement projections.

⁵ See the Financial Management Guidelines for IDB-financed Projects (document OP-273-6), Annex I, Application of Financial Management Principles and Requirements, requirement 4, Financial Supervision.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/17

Argentina. Loan ___/OC-AR to the Argentine Republic. Program to Support the National Early Childhood Plan and the Policy for Universalization of Early Childhood Education.
First Individual Operation under the Conditional Credit Line for
Investment Projects (CCLIP) AR-O0003

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as Borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the Program to Support the National Early Childhood Plan and the Policy for Universalization of Early Childhood Education, which constitutes the first individual operation under the Conditional Credit Line for Investment Projects (CCLIP) AR-O0003 approved on _____ 2017 by Resolution DE-___/17. Such financing will be in the amount of up to US\$200,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____ 2017)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/17

Argentina. Conditional Credit Line for Investment Projects (CCLIP) AR-O0003
Program to Support the National Early Childhood Plan and the Policy for
Universalization of Early Childhood Education

The Board of Executive Directors

RESOLVES:

1. To authorize the President of the Bank, or such representative as he shall designate, to enter into such agreement or agreements as may be necessary with the Argentine Republic to establish the Conditional Credit Line for Investment Projects (CCLIP) AR-O0003, for an amount of up to US\$1,200,000,000 chargeable to the resources of the Ordinary Capital of the Bank, to cooperate in the execution of the Program to Support the National Early Childhood Plan and the Policy for Universalization of Early Childhood Education.

2. To determine that the resources allocated to the above-mentioned Conditional Credit Line (CCLIP) AR-O0003 shall be used to finance individual loan operations in accordance with: (a) the objectives and regulations of the Conditional Credit Line for Investment Projects approved by Resolution DE-58/03, as amended by Resolutions DE-10/07, DE-164/07, and DE-86/16; (b) the provisions set forth in documents GN-2246-9 and GN-2564-3; and (c) the terms and conditions included in the Loan Proposal for the corresponding individual operation.

(Adopted on ____ 2017)