

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

SOCIAL AND URBAN INTEGRATION PROGRAM

(AR-L1306)

LOAN PROPOSAL

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REQUIRED
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2. Monitoring and evaluation plan
3. Environmental and social management report (ESMR)
4. Procurement plan
OPTIONAL
1. Economic analysis of the program
2. Draft Operating Regulations
3. Analysis of program compliance with the Public Utilities Policy
4. Representative project sample
5. Typology of neighborhoods
6. Diagnostic assessment of gender inequality and overburdened services in informal neighborhoods
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ABBREVIATIONS

AWP	Annual work plan
DGPECI	Dirección General de Proyectos Especiales y Cooperación Internacional [Office for Special Projects and International Cooperation]
ENES	Encuesta Nacional de Estructura Social [National Social Structure Survey]
ESMF	Environmental and social management framework
ESMR	Environmental and social management report
GOM	Global multiple works operation
ICAS	Institutional Capacity Assessment System
MSyDS	Ministry of Health and Social Development
PROMEBA	Barrio Improvement Program
RENABAP	Registro Nacional de Barrios Populares [National Registry of Informal Neighborhoods]
SEDRONAR	Secretaría de Políticas Integrales sobre Drogas de la Nación Argentina [National Secretariat for Comprehensive Drug Policies]
SISU	Secretaría de Integración Socio Urbana del MSyDS [Secretariat for Social and Urban Integration under the MSyDS]
UEPEX	Unidad Ejecutora de Préstamos Externos [external loan execution unit]

PROJECT SUMMARY

ARGENTINA SOCIAL AND URBAN INTEGRATION PROGRAM (AR-L1306)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility ^(a)	
Argentine Republic			Amortization period:	25 years
Executing agency:			Disbursement period:	5 years
The borrower through the Ministry of Health and Social Development (MSyDS)			Grace period:	5.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	50,000,000	100	Credit fee:	(c)
			Inspection and supervision fee:	(c)
Total:	50,000,000	100	Weighted average life (WAL):	15.25 years
			Currency of approval:	U.S. dollar
Project at a Glance				
Program objective/description: Promote social and urban integration of the country's vulnerable neighborhoods, prioritizing those included in the National Registry of Informal Neighborhoods (RENABAP).				
Special contractual conditions precedent to the first loan disbursement: (i) MSyDS approval and entry into force of the program Operating Regulations on terms previously agreed upon with the Bank (paragraph 3.6). See Annex B of the environmental and social management report (ESMR) for other special contractual conditions precedent to the first disbursement.				
Special contractual condition for execution: Before transferring loan proceeds to a beneficiary province or municipio under the program, the MSyDS will sign an agreement with the relevant province or municipio establishing the obligations regarding the execution of the resources and the activities of the respective project, including the obligation to comply with the provisions of the loan contract and the program Operating Regulations, as well as the arrangements for operation and maintenance of the works, as applicable (paragraph 3.7). See Annex B of the ESMR for other special contractual conditions for execution.				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges: ^(d)	SI	<input checked="" type="checkbox"/>	PI	<input checked="" type="checkbox"/>
			EI	<input type="checkbox"/>
Crosscutting themes: ^(e)	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 in the amortization schedule as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

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

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

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

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

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale

- 1.1 Argentina is one of the most urbanized countries in Latin America, with more than 92% of the population residing in towns of more than 2,000 inhabitants [1].¹ The growth of Argentina's cities, as elsewhere in Latin America, has been characterized by expansive, diffuse development, with areas of limited social mix and limited mix of uses. In the last decade, the density of the country's main urban centers decreased by 10.8%, while the urban area growth rate rose from 1.22% to 1.8% per year.² This accelerated expansion created greater demand for local and provincial governments to increase the provision of quality services and infrastructure, making it more difficult for provinces and municipios to ensure a quality habitat for all.³
- 1.2 The country has for decades been contending with significant housing deficits,⁴ as a result of the formal market's insufficient response to the rise in demand. It is estimated that Argentina's housing deficit affects 3.8 million households,⁵ at least 2.1 million of which face problems related to housing quality (qualitative deficit).⁶ These shortcomings have hit the lower-income sectors: it is estimated that 49.2% of the deficit is concentrated in the two lowest income quintiles.⁷ Consequently, the population that is not served by the formal market in solving its housing needs has responded by resorting to informal urbanization and self-help construction [2]. The population residing in these neighborhoods faces numerous limitations in terms of increasing its human development. These limitations interact with and reinforce one another, creating a "poverty trap" that cannot be overcome through an isolated approach.
- 1.3 In 2016, in an unprecedented effort to measure and understand the informal habitat and the status of shantytowns (*villas*) and unregulated settlements, the government joined forces with civil society organizations to conduct a national survey, which led to the creation of the National Registry of Informal Neighborhoods (RENABAP).⁸ According to the definition adopted for the survey, an informal neighborhood is any neighborhood consisting of at least eight families grouped together or living contiguously and where more than half the population lacks ownership title to the land and regular access to at least two of the three basic services (running water system, electricity with residential meter, and/or sewer network). This is the first official mapping and characterization survey of

¹ [Optional link 17](#) contains the bibliographic references identified by the bracketed number [#].

² Over the 2010-2016 period, 78% of the expansion in the [country's 33 largest urban centers](#) was for residential uses. For more information, see [optional link 16](#).

³ These requirements have been addressed through a coordinated effort by various government programs ([optional link 16](#)).

⁴ According to a [World Bank 2016](#) document, 230,000 households are created annually in Argentina, and the formal market only manages to produce 190,000 units per year.

⁵ The government works to cover the housing deficit by producing new housing through the Institutos Provinciales de Vivienda [Provincial Housing Institutes].

⁶ According to data from the National Statistics and Census Institute.

⁷ Households in the two lowest income quintiles show a qualitative deficit rate almost twice that of the average for Argentina (IDB Group Country Strategy with Argentina 2016-2019).

⁸ [Decree 358/2017](#) provides formal recognition of the RENABAP ([optional link 16](#)).

- informal settlements in Argentina. The RENABAP identified 4,416 informal neighborhoods housing approximately 935,000 families, for a total of close to 4 million people living in vulnerable conditions.
- 1.4 These neighborhoods are characterized by a lack of urban and social integration. In urban terms, they are not part of land-use planning efforts and are marked by precarious land tenure status, resulting in an adverse impact on the quality of life of their inhabitants. This situation has limited residents' access to quality infrastructure, facilities, and public services, helping to create poverty, marginalization, and social fragmentation.⁹ The registry shows that 55% of informal neighborhoods predate the year 2000, while 26% sprang up in the first decade of the century and 19% between 2010 and 2016. In general, these urbanizations have come into being in peripheral areas on contaminated residual soil and are exposed to floods and heat waves that have intensified in recent years as a consequence of climate change.¹⁰
- 1.5 The diagnostic assessment shows that informal neighborhoods face barriers to urban development due to: (i) weak land-use planning, since these neighborhoods are not included in urban planning instruments [23,24]; (ii) insecure tenure, since more than 50% of their residents lack ownership title; and (iii) limited access to basic services;¹¹ according to RENABAP data, it is estimated that 93.81% of households lack access to the formal running water system, 98.81% lack access to the formal sewer network, and 70.69% lack access to the formal electricity grid. At the same time, there is a shortage of public spaces and recreational areas, hindering social cohesion and limiting the possibilities for development. For example, only 24% of informal settlements in Argentina have squares or parks [3]. The survey shows that informal neighborhoods tend to be located in urban fringe areas,¹² where the population is particularly sensitive to public transportation inefficiency.¹³ In addition, these neighborhoods have limited access to telecommunication services, restricting digital connectivity for their residents.¹⁴
- 1.6 Residents of informal neighborhoods face barriers to human capital accumulation. According to data from the National Social Structure Survey (ENES) (2015), only 38% of adults aged 25 to 45 have completed high school, compared to 61% nationwide. The main limitations are: (i) low effective coverage of basic health services (only 30% of the population received at least one basic health service over the past 12 months);¹⁵ (ii) limited access to child development and early

⁹ [Decree 358/2017](#).

¹⁰ Urban expansion has been characterized by informal settlements in low-lying and flood-prone areas ([optional link 16](#)) [12].

¹¹ Basic services are understood to refer to a running water system, electricity with residential meter, and/or sewer network.

¹² See [optional link 16](#).

¹³ The lack of transportation coverage and limited accessibility in marginal areas contribute to the rise in sociospatial inequalities. Between 2016 and 2017, there were approximately [7,200 deaths due to unsafe roads](#) [45].

¹⁴ The program will establish a baseline for use in the initial diagnostic assessment and for subsequently measuring the outcomes ([optional link 16](#)).

¹⁵ Estimates made through studies of gender gaps in informal neighborhoods, applying the definition of informal neighborhood to data from the [ENES \(2015\)](#). The estimates were based on data from the SUMAR plan for the population of the areas included in the representative project sample.

- stimulation services (80% of children aged 0-4 do not attend child care centers);¹⁶ (iii) early use of psychoactive substances (according to the National Secretariat for Comprehensive Drug Policies (SEDRONAR), it starts an average of two years earlier than in the rest of the nation's population);¹⁷ and (iv) low educational level (according to the National Social Structure Survey (ENES), only 15.5% of young people aged 18 to 24 in informal neighborhoods attain higher education, compared to 29.7% nationwide).¹⁸
- 1.7 In addition, residents of informal neighborhoods are vulnerable in terms of employment due to their low skill level and productivity, which affects their income.¹⁹ According to the RENABAP, 44.5% of adults in these neighborhoods are economically inactive (including housewives, full-time students, retirees and pensioners), 39.4% are in a vulnerable employment situation (22% have a job with no retirement contributions, 9.4% are precariously self-employed, and 8% are unemployed), and only 16.1% have a registered job.
- 1.8 In terms of the capacities of local governments, there are serious territorial management weaknesses.²⁰ While the municipal governments are responsible for land-use planning, in most cases they fail to utilize all available planning instruments to guide the development of their territory, giving rise to uncontrolled growth and high informality rates.²¹ In addition, the municipios have financial limitations and low revenue collection capacity, hindering their ability to make investments in informal neighborhoods. For example, in the 1993-2013 period, while national and provincial tax collection grew by more than 70% in relation to the gross domestic product, municipal taxes, duties, and contributions grew by less than 20%.²² This exacerbates the lack of local capacity to address demand for services and infrastructure as well as to mitigate the negative impacts of informality.²³
- 1.9 There is evidence that the implementation of public management at the subnational level becomes more efficient and sustainable as social capital is strengthened and coordination between public agencies and civil society is reinforced.²⁴ Subjective community networks are an indicator for measuring this situation, since they describe the interrelationship level of participants. Thus,

¹⁶ Idem.

¹⁷ Internal data provided to the MSyDS by the National Secretariat for Comprehensive Drug Policies (SEDRONAR). See [optional link 16](#).

¹⁸ The average dropout age is 15; in the case of women, the rates of unwanted teenage pregnancy are an aggravating factor.

¹⁹ The main areas of activity are: construction, 41.5%; neighborhood commerce, 7.3%; work on public roads, 5.9%; waste-picking (*cartoneros*) and similar, 4.2%; textiles, 4.0%; and food preparation 4.0% ([optional link 16](#)).

²⁰ The difficulties experienced by the municipios in charge of managing Argentine cities are related to their limited competencies, low capacity, and limited fiscal autonomy ([optional link 16](#)) [47].

²¹ Balan, (2016). Capacidades Estatales en las Provincias Argentinas. Universidad Di Tella.

²² Most municipios depend on legal authorization from the provinces to develop alternative resource-generation instruments such as surplus capture [47].

²³ Experts identify greater problems [6,7], see [optional link 16](#).

²⁴ Using the methodology for social network analysis, the MSyDS estimates the network's "amplitude" (number of nodes) and "density" ratio (ratio of existing relationships to possible relationships among nodes) [46].

greater network density denotes higher social capital and better coordination with governmental actors and civil society organizations. As a diagnostic mechanism, the Ministry of Health and Social Development (MSyDS) has begun to explore mapping the informal neighborhoods' social fabric and community organizations, as well as the existing relationships in the subjective community networks. For a sample of RENABAP neighborhoods,²⁵ the densification of the subjective community networks is calculated at 43%, indicating that more than 50% of the possible relationships can still be strengthened.

- 1.10 With regard to gender issues in informal neighborhoods (2015),²⁶ there is a gap in the distribution of responsibilities for the care of dependents and the time devoted to unpaid activities. In informal neighborhoods, 67% of women aged 24 to 65 address the demand for direct care of children and/or persons with disabilities. In the case of men, this proportion drops to 41.7%. Argentine women devote 42 hours per week to unpaid tasks, compared to 17 hours per week in the case of men, and 24, 32, and 36 hours in the case of women in Brazil, Colombia, and Uruguay, respectively.²⁷ These responsibilities limit women's access to income-generating activities.²⁸ These data show the importance of recognizing and understanding the specific needs of women regarding their role as caregivers (whether tending to small children, senior adults, or persons with disabilities) and of implementing actions that can alleviate this work overload, especially in contexts of material and economic deprivation, so as to contribute to reducing the gender gaps.²⁹
- 1.11 With regard to the problem of climate change, 45% of informal neighborhoods are located in areas subject to some type of environmental risk.³⁰ This occupancy pattern puts greater pressure on factors that aggravate the effects of floods and the vulnerability of the population [9,10]. In addition, basic services in informal neighborhoods are more exposed and vulnerable to storms, heat waves, and other phenomena [11,12].³¹
- 1.12 **Rationale.** The Government of Argentina, through the MSyDS, requested a loan operation to promote social and urban integration of informal neighborhoods, with a view to providing innovative and comprehensive responses in terms of infrastructure, human and productive development, urban planning, and land tenure security. Since the program will finance works that are similar to, but physically independent from, one another and the viability of which is not contingent on the implementation of a given number of the planned works, it has been structured as a global multiple-works operation (GOM).

²⁵ For the list of neighborhoods used in calculating the densification percentage, see [optional link 16](#).

²⁶ See [optional link 16](#).

²⁷ CEPALSTAT, 2013. Average time devoted to paid and unpaid work.

²⁸ The activity rate of women aged 24 to 65 living in informal neighborhoods is 61.5%, 30% lower than that of men and 7% lower than that of women in the same age living in formal neighborhoods ([optional link 16](#)).

²⁹ [Optional link 6](#)

³⁰ See [optional link 16](#).

³¹ Over the 1960-2010 period there was a rise in average temperature in most of the country. See [optional link 16](#).

- 1.13 The Social and Urban Integration Program will prioritize the RENABAP neighborhoods, where it will adopt a comprehensive intervention model that will seek to provide basic infrastructure to coordinate existing State social programs and services, using various models to address the specific deficits of each neighborhood. The MSyDS classifies the universe of informal neighborhoods under four types ([optional link 5](#))³² based on level of risk and degree of consolidation. The types are: (i) non-urbanizable informal neighborhoods;³³ (ii) informal neighborhoods that are urbanizable with restrictions;³⁴ (iii) informal neighborhoods that may be subject to interventions through various operations without the need of special investments to mitigate environmental risks and with minimal needs of population resettlement;³⁵ and (iv) new urbanizations on parcels located within the neighborhood's extended perimeter.³⁶ The program will focus on neighborhoods classified as the third of these types and allowing for a comprehensive intervention.³⁷
- 1.14 The program seeks to integrate informal neighborhoods into their environment, promoting channels to link them to the urban, social, and productive fabric of the formal city. It will begin by strengthening the social fabric through an early, intensive, and targeted delivery of social services for the human and productive development of the beneficiaries and for the physical improvement of the neighborhoods.³⁸ By providing infrastructure, the program will seek to improve access to basic services and quality of life for their population. In addition, by strengthening the human and productive capital, the program expects to improve the social mobility of these communities and, in the long term, help to break the intergenerational cycle of poverty and thus prevent the creation of new informal settlements. Figure 1 summarizes the program's theory of change and [optional link 8](#) shows the vertical logic for each specific objective.

³² Details on the types identified by the Secretariat for Social and Urban Integration (SISU).

³³ Those subject to an environmental risk affecting more than 30% of their surface area and requiring the relocation of an equivalent percentage of their population ([optional link 5 i](#)).

³⁴ Neighborhoods subject to risks that affect less than 30% of their surface area and for which the risk mitigation and management measures are proportional to the priorities in the cities in which they are located ([optional link 5 ii](#)).

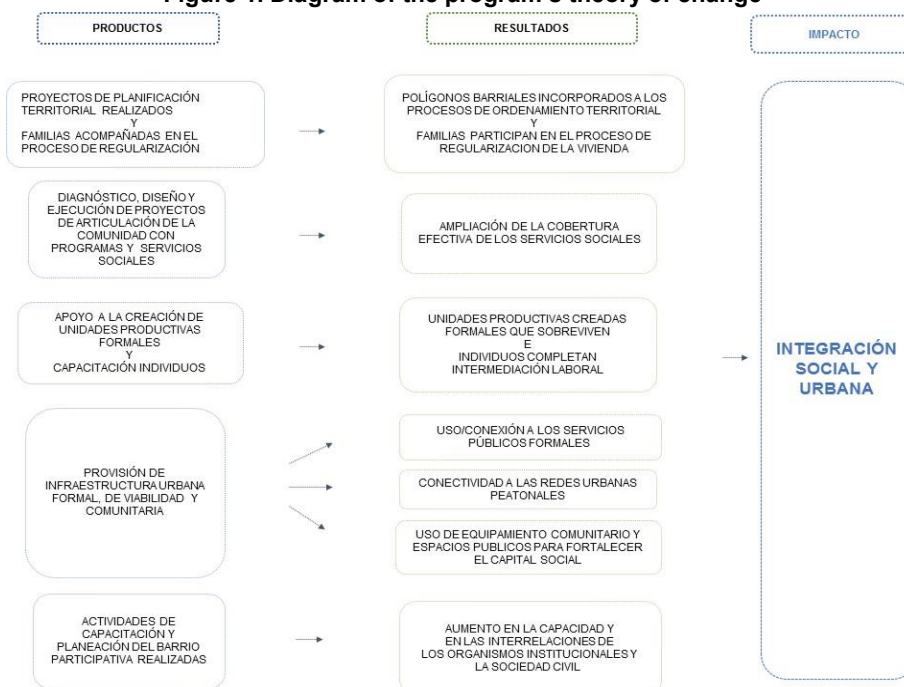
³⁵ This type is in turn divided into three subtypes: (i) 3a- central; (ii) 3b- urban; and (iii) 3c- urban fringe ([optional link 5 iii](#) and [optional link 12](#)).

³⁶ Intended to develop solutions consisting of lots with services to house the population voluntarily relocated due to interventions in neighborhoods of other types ([optional link 5 iv](#)).

³⁷ Specifically, the program will target [three subtypes known as 3a, 3b, and 3c](#), from which different lessons may be drawn.

³⁸ This aims to solve the three key problems of neighborhood improvement programs, as set out in the Urban Development and Housing Sector Framework Document (document GN-2732-6). For details, see [optional link 16](#).

Figure 1. Diagram of the program's theory of change



- 1.15 **Evidence of effectiveness of the interventions.** The following evidence on neighborhood improvement effectiveness is worth noting due to its relevance for the design of the program. The quasi-experimental evaluation of the Rio de Janeiro Urban Upgrading Program, “Favela-Bairro” in Brazil [25] showed an improvement in access to services, infant mortality, literacy, and income, as well as in general well-being (under a hedonic price model) [26]. There are other rigorous evaluations that focus on specific aspects of the effectiveness of some of the components of these programs.
- 1.16 Regarding the effects of property titling, a study conducted in Argentina [27] found that the delivery of property title increases investment in the home, children’s education, and access to credit markets, while at the same time resulting in improved health for children in the beneficiary households [28]. In addition, quasi-experimental studies of titling interventions in Peru [29, 30, 31] show improvements in private household investment, access to credit markets, and job offerings. With regard to the provision of infrastructure, an experimental study in Morocco [32] found that a connection to the formal water system improves health, mental well-being, use of time, employment outcomes, and relationships among the beneficiaries. Another experimental study, in Mexico [33] showed that paving the street improves investment in the home, employment outcomes, household consumption, and satisfaction with the government. Similarly, a quasi-experimental evaluation of road improvement in Brazil [34] revealed a 6% improvement in the quality of life of residents, making it a highly cost-effective intervention.
- 1.17 There is evidence that expanding effective coverage of certain social services, such as primary health care and child care, generates high social returns. In the former case, an expansion in the coverage of health prevention and promotion

services leads to a reduction in preventable hospitalizations and morbimortality [35,36]. In the latter case, evaluations show that child care services have positive effects on both long- and short-term child development measurements [37,38]. The evidence regarding tutoring is limited, but a qualitative study of tutoring in the context of Argentina suggests that it is an instrument that favors inclusion [44].

- 1.18 With regard to the effectiveness of job productivity programs, rigorous job training programs in vulnerable neighborhoods [39, 40, 41] yield positive effects in terms of job outcomes for some segments of the population. An impact evaluation using quasi-experimental methods found that the Business Development Support Program (operation 989/OC-AR) yielded significant positive outcomes for the employment level and wages of the beneficiary MSMEs [42, 43].
- 1.19 **Sector experience.** This program will build on the capacities developed through the neighborhood improvement programs in the region and through the social and productive development programs. In the area of neighborhood improvement, the Bank has experience in Argentina at the national and subnational levels. In terms of operations entailing national execution and provincial and municipal subexecution, the Bank has worked on PROMEBA (CCLIP AR-X1004), a remedial program that has upgraded informal neighborhoods throughout the country. In addition, the Bank has supported the city of Buenos Aires through the Urban Integration and Social and Educational Inclusion Program in the Autonomous City of Buenos Aires (operation AR-O0005), working at the subnational level through a comprehensive intervention model. In the region: Favela-Bairro (operation BR-0250) in Brazil, Neighborhood Improvement Program in Uruguay (CCLIP UR-X1003), and others. In terms of production, the Bank has experience in Argentina fostering the development of small productive units (MSMEs) and the creation of new businesses by providing technical and financial assistance (operations 989/OC-AR, 1884/OC-AR, and 2923/OC-AR). On the social side, the Bank has for years been working with the MSyDS on various programs that have generated key lessons for the design of this program. This includes the MSyDS's work experience in the Program to Support the National Early Childhood Plan and the Policy for Universalization of Early Childhood Education (operation 4229/OC-AR), strengthening the national network of early childhood facilities, and the *Hacemos Futuro* [Forging Our Future] program, focused on training the most vulnerable segments of the population to join the workforce (operation 4648/OC-AR). There are two related technical cooperation operations³⁹ that will deliver inputs to strengthen execution, including a guide for the inclusion of climate change issues in infrastructure, property title regularization strategies, and development of new management models.
- 1.20 **Lessons learned.** The Bank has been implementing comprehensive neighborhood improvement programs for approximately 20 years⁴⁰ and has conducted numerous evaluation studies [19, 20, 21] which confirm the programs' positive impacts on quality of life but at the same time underscore the need to place greater emphasis on participatory work, address the issue of citizen security, and improve social capital. These lessons may be consulted at [optional link 11](#).

³⁹ [Support to GEF Project: ATN/OC-14155-AR](#); [Support for the Preparation of the Urban and Social Integration Program: ATN/OC-17140-AR](#).

⁴⁰ List of programs in [optional link 16](#).

- 1.21 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and with the Corporate Results Framework 2016-2019 (document GN-2727-6) through the development challenges of: (i) social inclusion and equality, by reducing the housing deficit, expanding access to urban services for all segments of the population, increasing the number of people who benefit from health services, and increasing the number of children living in poverty who receive early childhood development services; and (ii) productivity and innovation, by strengthening the neighborhood's productive units and their link to economic activities in the city and developing human and economic capital. In addition, the program is aligned with the following crosscutting themes and is consistent with the following Sector Framework Documents: (i) Gender and Diversity (document GN-2800-8), by facilitating titling in the name of, or shared by, women, developing safe public spaces, promoting women's employability, and expanding the coverage of social services that facilitate women's economic empowerment; and (ii) Climate Change (document GN-2835-8), including the Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy (document GN-2609-1), by engaging in climate change adaptation and mitigation activities such as LED public lighting and resilient infrastructure, and by investing [an estimated 30.2% of the operation's resources in these activities in accordance with the joint methodology of the multilateral development banks for tracking climate change adaptation finance](#). These resources contribute to the IDB Group target of increasing financing for climate-related projects to 30% of total operational approvals by the end of 2020. The operation is also consistent with the following Sector Framework Documents: Health and Nutrition (document GN-2735-7), by promoting and incentivizing the use of health services; Social Protection and Poverty (document GN-2784-7), by promoting the delivery of services that favor comprehensive development of the vulnerable population and fostering the reinforcement of child care and development services; Labor (document GN-2741-7), by seeking to expand access to formal employment and ensure equality of opportunities; and Urban Development and Housing (document GN-2732-6) (paragraph 1.14); and it is aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2) through the institution-strengthening component. Lastly, the program is aligned with the IDB Group Country Strategy with Argentina 2016-2019 (document GN-2870-1), through its contribution to the priority area of poverty and inequality reduction and to job creation by proposing improved habitat and access to basic services in informal neighborhoods and by promoting prevention and early detection of noncommunicable chronic diseases, closing of the coverage gap in early childhood care services, and increased employability of the population and women's participation in the job market. The operation is included in the 2019 Operational Program Report (document GN-2948).
- 1.22 **Compliance with the Public Utilities Policy (document GN-2716-6).** The program meets the policy's conditions of financial sustainability and economic evaluation and is consistent with its principles ([optional link 3](#)). In addition, the interventions to be financed meet criteria of: (i) social sustainability, by promoting a formal connection to public utilities, enabling families to have access to a reliable and affordable service through a low-income rate; (ii) financial sustainability, by providing a cost-efficient service through a connection to the distribution networks; and (iii) environmental sustainability, by not creating significant impacts on the

environment and promoting efficient use of water and energy. Furthermore, both the energy and water sectors have an adequate institutional structure, with entities responsible for policy and planning as well as for utilities regulation, setting rates that recover the cost of services and targeted subsidies;⁴¹ and private-sector participation, promoting transparency in the delivery of services (running water, sanitation, electricity, and gas).

B. Objectives, components, and cost

1.23 The objective of the operation is to promote the social and urban integration of the country's vulnerable neighborhoods, prioritizing those included in the RENABAP. The specific objectives of each component are as follows:

1.24 **Component 1. Land-use planning and land-tenure security (US\$2.0 million).**

The specific objective of this component is to incorporate the area within the informal neighborhoods into the land-use planning processes for inclusion in urban planning, ensuring land-tenure security and promoting property title regularization. The component will finance primarily: (i) technical and legal studies; (ii) development of a draft ordinance for amendment of urban codes; (iii) expenses related to the communities' participation in the processes of preparing plans; (iv) survey maps; (v) demarcations; (vi) cadastral inclusion of new parcels; (vii) legal regularization of lots as needed to transfer property title; and (viii) family assistance in titling, with a gender approach. Under this component, an effort will be made to incorporate new technologies, such as blockchain titling, survey actions, and community mapping.

1.25 **Component 2. Human and productive development (US\$6.0 million).** This component is divided into two strategic subcomponents:

a. **Subcomponent 2.1: Human development.** The specific objective is to enhance the presence of governmental agencies and civil society organizations in the neighborhood, expanding the coverage of, and community participation in, social programs. The subcomponent will finance primarily: (i) social diagnostic assessments and studies of gaps in existing social services (e.g., mapping of early childhood centers, healthcare establishments, schools), with a gender perspective; (ii) development of intervention plans; (iii) health and environmental campaigns on priority issues and coordination with other promotion or prevention actions or initiatives; (iv) training of health workers; (v) campaigns, facilities, and operations on issues such as health, the environment, sports, recreation, and culture; (vi) training caregivers; (vii) upgrade of community centers; (viii) school dropout awareness campaigns; (ix) tutoring for young people on priority subjects; (x) training, education, and implementation of mechanisms for preventing and addressing substance abuse; and (xi) design and implementation of an ongoing awareness-raising, dissemination, and promotion strategy for gender policies. The subcomponent may also finance temporary structures such as stands and stalls for providing social services.⁴²

⁴¹ See [optional link 16](#).

⁴² Structures similar to those currently enabling actions under the program "*El Estado en tu barrio*" [The State in Your Neighborhood] will be considered eligible expenditures under this item. See [optional link 16](#).

- b. **Subcomponent 2.2: Productive development.** The specific objective is to promote the development of human capital and economic activities in the neighborhood, with a focus on linking them to economic activities in the city. The subcomponent will finance primarily: (i) social and productive diagnostic assessments of the neighborhood and its environment; (ii) intervention plans by neighborhood; (iii) technical and/or financial assistance for new productive units and the strengthening of existing productive units; (iv) mentoring and training in skills related to local job market demand;⁴³ and (v) improvement of infrastructure associated with the neighborhood's productive apparatus. A gender approach will be adopted, seeking to boost the economic empowerment of women.
- 1.26 **Component 3. Urban infrastructure (US\$39.5 million).** The specific objectives are to: (i) promote household connection to formal public services; (ii) improve the accessibility and connectivity of urban road and pedestrian networks; and (iii) strengthen social capital through community facilities and public spaces that ensure the neighborhoods' integration into the structures of their respective cities. The component will finance primarily: (i) baseline diagnostic assessment; (ii) formulation of final project designs, including the technical documents to set up the bidding terms and conditions and technical specifications for comprehensive project works and their preliminary studies; (iii) construction of drinking water, sewer, storm drainage, gas distribution,⁴⁴ electricity, public lighting, and telecommunications service networks; (iv) construction of household water and sewer connections; (v) construction of mobility systems such as road and pedestrian networks; (vi) construction of safe public spaces and green areas, fostering the use of digital technologies and mapping in their design; and (vii) smart urban facilities, community facilities, such as multipurpose rooms, meeting centers, social service delivery centers, and the required associated climate change mitigation and adaptation works, such as LED public lighting, green infrastructure, and resilient design of public spaces.⁴⁵ The program will finance new housing if any resettlement is required.
- 1.27 **Component 4. Strengthening of governmental and community institutions: (US\$1.5 million).** The objective of this component is to promote a more efficient implementation of neighborhood integration plans. To this end, the component will seek to improve the institutional capacities of, and the links between, governmental and civil society actors. This is expected to optimize the sustainability of the interventions in the neighborhoods. The component will finance primarily: (i) studies and consulting services in preparation for the formation of urban and social integration roundtables; (ii) expenses arising from the formation of urban and social integration roundtables, including the cost of workshop space and travel costs for participants; (iii) training of community leaders, civil society organizations, and governmental actors; (iv) dissemination events, communication campaigns, and meetings associated with the neighborhood integration roundtables and with the neighborhood integration plan validation and monitoring process; and (v) expenses for the subexecution units associated with program management.

⁴³ See [optional link 16](#).

⁴⁴ In areas of the country in which there is coverage.

⁴⁵ Identified actions that will favor inclusion are listed in [optional link 16](#).

- 1.28 **Administration and supervision (US\$1.0 million).** Includes administration expenditures; specific consulting services required to support program management from the central unit; external auditing expenditures; and consulting services for program monitoring and evaluation.

C. Key results indicators

- 1.29 Approximately 5,000 families residing in about 14 informal neighborhoods will benefit from the program. The impact indicator to evaluate the urban and social integration of the informal neighborhoods will be the vulnerability index based on the SIEMPRO⁴⁶ Social File and the urban and social integration indicator. The expected outcomes are to: (i) incorporate the area within the informal neighborhoods into the land-use planning processes and ensure land tenure security; (ii) improve the presence of governmental agencies and civil society organizations in informal neighborhoods, expanding the coverage of, and community participation in, social programs; (iii) promote the development of human capital and economic activities in the neighborhoods; (iv) promote household connection to formal public services; (v) improve accessibility and connectivity to urban road and pedestrian networks; (vi) strengthen social capital through the use of community facilities and public spaces; and (vii) improve the institutional capacities of, and the links between, governmental and civil society actors. Annex II, the Results Matrix, lists the indicators for measuring the extent of the outcomes and specific objectives and their projected values.
- 1.30 **Economic viability.** A cost-benefit analysis of a [representative project sample was performed for an economic evaluation of the program](#). This evaluation was based on a comparison of incremental costs and benefits at economic prices in with- and without-project scenarios ([optional link 12](#)). The analysis of the sample, performed using a 12% annual discount rate, yielded a net present value of US\$1,184,277 and an internal rate of return (IRR) of 21%. In addition, the sensitivity analysis showed that the operation can support a 10% increase in investment and yield an IRR of 14.3%.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Cost and financing.** This operation will be financed by means of a US\$50 million loan from the Bank's Ordinary Capital. Table 1 shows the distribution of resources.

⁴⁶ [SIEMPRO](#) is the Spanish-language acronym for Sistema de Información, Evaluación y Monitoreo de Programas Sociales [Social Program Information, Evaluation, and Monitoring System]. See [optional link 16](#).

Table 1. Estimated program costs (in millions of U.S. dollars)

Components	IDB	Total	%
1. Land-use planning and land tenure security	2.0	2.0	4.0
2. Human and productive development	6.0	6.0	12.0
3. Urban infrastructure	39.5	39.5	79.0
4. Strengthening of governmental and community institutions	1.5	1.5	3.0
Administration and supervision	1.0	1.0	2.0
Total	50	50	100

- 2.2 **Technical considerations.** The [representative project sample](#) that was analyzed consists of three projects with complete technical designs for an amount of US\$16.4 million, which represents 32.8% of the planned financing. The projects included in this representative sample are located in the province of Corrientes; they are: (i) Punta Taitalo, which encompasses 274 lots and 236 families within a well-defined area of 18 hectares, categorized as 3c; (ii) Río Paraná, which encompasses 436 lots and 448 families within a well-defined area of 18.8 hectares; and (iii) Dr. Montaña, which encompasses 1,050 lots and 327 families within an area of 17 hectares, categorized as 3b.
- 2.3 **Eligibility criteria.** Eligibility will apply to the country's provinces and municipios that have neighborhoods included in the RENABAP and classified as type 3 ([optional link 5](#)) according to the MSyDS definition, which will be included in the program Operating Regulations. A neighborhood will be eligible if it meets the following conditions: (a) it is located in areas not affected by environmental risk and/or regulatory restrictions; (b) it is located on government-owned land where title conditions make it feasible to legalize land tenure; and (c) obtaining basic residential services (water, sanitation, and power) is technically feasible.
- 2.4 This operation will be structured as an investment loan using the global multiple-works operation (GOM) modality (paragraph 1.12). The estimated timeframe for the material commencement of works will be no later than six months prior to the end of the original disbursement period, to ensure that interventions can be started in the informal neighborhoods during most of the execution period. The program will be disbursed over a five-year period from the effective date of the loan contract, as shown in Table 2.

Table 2. Disbursement schedule (in millions of U.S. dollars)

Financing/Year	1	2	3	4	5	TOTAL
IDB	11.8	21	8.7	5.9	2.6	50
%	24	42	17	12	5	100

B. Environmental and social risks

- 2.5 In accordance with the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703), this program has been classified as a category "B" operation. Its adverse environmental and/or social impacts are expected to be moderate and subject to existing mitigation measures. Since this is a GOM, an environmental and social management framework (ESMF) and an environmental and social analysis (ESA) have been prepared along with their respective

environmental and social management plan (ESMP), including a resettlement plan, for the three projects in the sample (Dr. Montaña, Río Paraná, and Punta Taitalo neighborhoods in the city of Corrientes). According to the ESA, the main impact is the relocation of 142 families whose dwellings are in environmental risk areas or in areas adversely affected by the projects' works (102 in the Dr. Montaña neighborhood, 47 in Río Paraná, and 9 in Punta Taitalo). The resettlement plan includes a socioeconomic census of all those adversely affected and identifies the different types of impacts and compensation options: rehabilitation works for the affected dwelling, which remains on the same lot (34 cases); construction of a new home on the same lot (20 cases); or construction of a new home on a different lot in the same neighborhood (104 cases). All resettlement will take place within the same neighborhood to avoid disrupting the social fabric of the families involved.

- 2.6 From 11 to 13 April, the ESA/ESMP and the ESMF were consulted with the residents of the three neighborhoods in the sample. The resettlement plan was submitted to two rounds of consultations with those affected. In the first round, held on 11 April in the Dr. Montaña neighborhood, on 12 April in Río Paraná, and on 13 April in Punta Taitalo, all individuals included in the census of those affected by the resettlement were invited. The second round, held on 22 April in all three neighborhoods, was held with the committee of representatives of affected individuals formed during the first round. The concerns of consultation participants are essentially related to the compensation options and the participants' specific situations. There was no stated opposition to or dissatisfaction with the projects from any participant.
- 2.7 Since the program acts on socially sensitive areas, there is a risk that the community may not participate in formulating the projects. To mitigate this risk, projects will be prioritized in jurisdictions in which there is an organized community and residents are available to work.

C. Fiduciary risks

- 2.8 Based on the risk analysis and taking the findings of the ICAS assessment into account, the following fiduciary risks have been identified: (i) restrictions on fiscal headroom adversely affecting the budget available for investments, to be mitigated by allowing the participating provinces to incur debt by signing subsidiary agreements, which will also be a contractual condition for execution; (ii) the MSyDS's lack of prior experience in the procurement of Bank-financed infrastructure works; and (iii) the difficulty of ensuring proper fiduciary management (disbursements, appropriate control environment, and timely procurement management) in view of the potential for operational overload, to be mitigated by hiring fiduciary staff or support firms for specific interventions. There are no expected waivers of or exceptions to Bank policies.

D. Other risks and key issues

- 2.9 Aside from the environmental, social, and fiduciary risks, the following additional risks have been identified: (i) macroeconomic and fiscal sustainability risk: should the restrictions on fiscal headroom continue at the national and provincial levels, this could affect the scope of the program and its execution timeline. To mitigate this risk, projects in jurisdictions with fiscal headroom will be given priority; (ii) public management and governance risk: (a) the MSyDS's possible lack of prior

experience in executing infrastructure programs financed by the Bank could give rise to delays in the program implementation timeframes. To mitigate this risk, the executing agency team will be strengthened through additional staff for specific interventions and will train and supervise the subexecuting agencies, and the hiring of competent and properly trained staff will be its performance indicator; and (b) in the event of shortcomings in communications between the various government levels (national, provincial, and municipal), the program implementation timeframes could be adversely affected. To mitigate this risk, the program's project cycle ([optional link 9](#)) envisages mechanisms for keeping all three government levels and the community informed.

- 2.10 **Prioritization criteria.** Provinces and municipios will be prioritized in accordance with their institutional, financial, and legal capacity to enter into agreements with the MSyDS and assume the responsibility of executing the specific projects. In addition, priority will be given to informal neighborhoods in which: (i) the area of intervention is part of a local strategic project; (ii) the intervention generates positive impacts on the urban and social environment; (iii) there is an organized community and residents are available to work on the project; and (iv) there has been a prior social intervention by the MSyDS. All projects are required to meet all program criteria and technical requirements.
- 2.11 The intervention strategy will be outlined in the neighborhood integration plans, which will be the main investment coordination instrument and where the various national and subnational actors (ministry, province, municipio), together with the community, will agree on the investments to be made, which will already have been aligned with municipal plans in execution in each informal neighborhood.⁴⁷ The neighborhood integration plans will incorporate priority investments in social programs and infrastructure on a coordinated basis and will define strategies for the program's actions and presence in the territory, helping to intensify State action in the targeted informal neighborhoods. To this end, the following tasks will be carried out: (i) urban planning recommendations to incorporate informal neighborhoods into the municipal planning instruments; (ii) definition of strategies to address tenure security; (iii) definition of social and productive approach strategies that will build on existing programs and initiatives (such as *El Estado en tu Barrio* [The State in Your Neighborhood] or *Salud en tu Barrio* [Health in Your Neighborhood]), enabling the delivery of social services from the outset of the program; (iv) design of infrastructure works and reduction of environmental vulnerability; (v) prefeasibility studies of infrastructure services; (vi) preliminary projects for infrastructure interventions; (vii) definition of actions for community reinforcement; and (viii) strategies to ensure the sustainability of the investments, such as by preparing the communities or signing sustainability agreements. The civil society organizations may carry out a part of the above-described tasks, and the specific mechanism governing their participation will be described in the program's Operating Regulations. The neighborhood integration plans will be developed taking into account the importance of fostering the inclusion of issues such as gender equality and climate change⁴⁸ in program planning and

⁴⁷ [Optional link 5.](#)

⁴⁸ A work team has been created in the context of the operation under [the sustainable construction roundtable](#). See [optional link 16](#).

implementation. The following eligibility criteria will be included in the program Operating Regulations: infrastructure projects will comply with the Public Utilities Policy and will have a rate of return similar to that reflected in the representative project sample. In addition, in formulating the plans, priority will be given to actions that contribute to resolving gender problems identified in the [Diagnostic assessment of gender inequality and overburdened services in informal neighborhoods \(optional link 6\)](#).

- 2.12 **Sustainability of the interventions.** One of the benefits of the program is the greater emphasis to be placed on working with the community via social projects, which represent the guiding principle of the operation. This will lead to greater empowerment of the community and the local governments, as well as to an improvement and consolidation of the relationship between the two. Thus, the intent is to train the communities for when the program is ended to ensure greater ownership and care of the works carried out under the program. Similarly, the program calls for transferring the responsibility for maintenance of the works to the service providers (electricity and water companies, etc.) by means of investment sustainability agreements.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The Argentine Republic will execute the program through the Ministry of Health and Social Development (MSyDS), which will act by means of the Urban and Secretariat for Social and Urban Integration (SISU) as the entity responsible for program coordination and for technical supervision of the individual projects. In turn, the Office for Special Projects and International Cooperation (DGPECI) will support the SISU and be responsible for fiduciary management (including financial management and procurement planning) and monitoring of the program, as well as other tasks. The duties and responsibilities of each of the areas of the MSyDS involved in executing the program will be described in the program Operating Regulations.
- 3.2 The activities included in the various components may be carried out in decentralized fashion, with the beneficiary provinces and municipios⁴⁹ acting as subexecuting agencies.⁵⁰ The projects will be formulated and managed by the subexecution units, which will be responsible for the procurement processes, certification of progress on the works, financial monitoring, payments, and other tasks, all of which will be described in the program Operating Regulations. Prior to starting these tasks, the institutional capacity of each subexecution unit will be evaluated by the executing agency. In addition, the MSyDS may also execute projects directly.
- 3.3 The MSyDS will sign agreements with the program's beneficiary provinces and municipios for execution of the individual projects and transfer of the loan proceeds. These agreements will include a requirement to comply with the

⁴⁹ The Autonomous City of Buenos Aires is included for purposes of the program.

⁵⁰ An ICAS assessment will be conducted to determine the institutional capacity of the subexecuting agencies. See [optional link 16](#).

provisions of the loan contract and the program Operating Regulations, and arrangements for the operation and maintenance of the works, as applicable. The loan proceeds, depending on the national and provincial fiscal headroom, may be transferred to the beneficiary provinces and municipios as: (i) reimbursable resources (loans) or as (ii) nonreimbursable resources.

- 3.4 The provinces and municipios may provide financing for land-title regularization, undertakings by productive units, and household connections in accordance with a mechanism (e.g., fund managed by housing institutes) that will be subject to access conditions, eligibility criteria, and other operational considerations to be described in the program Operating Regulations. Before committing resources for such financing, the MSyDS will be required to update the program Operating Regulations with the Bank's prior no objection, so as to include the operational regulations applicable to the financing mechanism as an annex thereto.
- 3.5 The program Operating Regulations will include the following: (i) programming and management of the projects financed under the program, including the project cycle; (ii) criteria for prioritizing provinces and municipios and for eligibility of informal neighborhoods; (iii) financial execution of the program; (iv) monitoring, evaluation, and reporting; (v) modalities of linkages with and responsibilities of subexecuting agencies, when applicable; (vi) access conditions, eligibility criteria, and other operational considerations for financing that may be granted by provinces and municipios using program resources; and (vii) environmental and social management requirements, including those set forth in the program's ESMF.
- 3.6 **A special contractual condition precedent to the first loan disbursement will be MSyDS approval and entry into force of the program Operating Regulations on terms previously agreed upon with the Bank.** This condition is necessary to ensure that, through the program Operating Regulations, there is the operational framework necessary to start up program execution.
- 3.7 As a special contractual condition for execution, before transferring loan proceeds to a beneficiary province or municipio under the program, the MSyDS will sign an agreement with the relevant province or municipio establishing the obligations regarding the execution of the resources and the activities of the respective project, including the obligation to comply with the provisions of the loan contract and the program Operating Regulations, as well as the arrangements for operation and maintenance of the works, as applicable. This condition is necessary so the respective municipio or province legally commits to use the resources in accordance with the applicable contractual conditions and program Operating Regulations.
- 3.8 **Financial management and procurement.** Annex III contains the fiduciary arrangements for execution in terms of disbursement modalities, financial administration and procurement systems, and auditing arrangements. The loan proceeds will be disbursed in the form of advances of funds, the frequency of which will be determined on the basis of the financial programming and its consistency with other planning and financial instruments, such as the annual work plan (AWP) and the procurement plan. The Bank may advance more funds, preferably on a six-monthly basis, provided that at least 70% of all previously advanced funds has been accounted for. This percentage is due to the complexity of the program's execution, including a funds flow circuit that involves

subexecution units in all provinces and the concomitant fragmentation of processes and expenses, which could considerably delay the receipt and analysis process. The procurement of works, goods, and consulting services will be undertaken in accordance with the Policies for the Procurement of Works and Goods Financed by the IDB (document GN-2349-9) and the Policies for Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9). For a description of procurement mechanisms for achieving the objectives of Component II, see Annex III-(A) Procurement execution, paragraphs 4.2(b) and 4.8.

- 3.9 **Retroactive financing.** The Bank may retroactively finance, as a charge against the loan proceeds, up to US\$10 million (20% of the proposed loan amount) in eligible expenditures incurred by the borrower prior to the approval date of the operation for the procurement of works, goods, consulting and nonconsulting services, and social interventions in the informal neighborhoods targeted by the program, provided that requirements substantially similar to those established in the loan contract have been met. Such expenditures will have been incurred on or after 15 March 2019 (the project profile approval date), but will under no circumstances include expenditures incurred more than 18 months prior to the loan approval date.
- 3.10 **Audits.** During the execution period, the DGPECI will submit audited financial statements for the program on an annual basis, pursuant to the requirements established by the Bank in its policies. The audited financial statements will be submitted within 120 days after the close of the fiscal year. The closing audit reports for the program will be delivered within 120 days after the last disbursement. Audits for this program may be conducted by the Auditoría General de la Nación [National General Auditing Office] or an independent auditing firm acceptable to the Bank.

B. Summary of monitoring and evaluation arrangements

- 3.11 The executing agency will have an execution monitoring system in place that will make it possible to define the agreed upon output and outcome indicators at the project level, as well as the associated targets for each period. The program website will provide access to the files for the informal neighborhoods targeted by each project.
- 3.12 Program planning, updating, and monitoring of the execution actions will be carried out through instruments such as the Results Matrix, multiyear execution plan, AWP, progress monitoring reports, annual reports, onsite supervision plan, and periodic updates of the risk matrix.
- 3.13 Fiduciary considerations will be monitored using country systems satisfactory to the Bank. All project transactions will be performed using the UEPEX system. The required financial reports are: (i) financial execution plan for the six months following the request for an advance; (ii) annual audited financial statements; and (iii) other reports that may be required by the Bank. Procurement will be monitored through the SEPA.
- 3.14 The midterm evaluation will focus on the program's operational considerations and processes. The final evaluation will review these considerations, as well as the final achievement of output, outcome, and impact targets in accordance with the Results Matrix and a closing economic analysis of the intervention following the

guidelines agreed upon with the Bank. An ex post impact evaluation will be conducted (including causal attribution) to measure the degree of achievement of the outcome and impact indicators. Details are included in the monitoring and evaluation plan ([required link 2](#)).

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Productivity and Innovation -Gender Equality and Diversity -Climate Change and Environmental Sustainability	
Country Development Results Indicators	-Beneficiaries receiving health services (#)* -Beneficiaries of on-the-job training programs (#)* -Women beneficiaries of economic empowerment initiatives (#)* -Micro / small / medium enterprises provided with non-financial support (#)* -Households with new or upgraded access to drinking water (#)* -Households with new or upgraded access to sanitation (#)* -Roads built or upgraded (km)* -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)* -Children receiving early childhood development services targeted to the poor (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2870-1	3.5 Improve the habitat and access to basic services, particularly in lower-income regions.
Country Program Results Matrix	GN-2948	The intervention is included in the 2019 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability	Evaluable	
3. Evidence-based Assessment & Solution	8.9	
3.1 Program Diagnosis	2.4	
3.2 Proposed Interventions or Solutions	4.0	
3.3 Results Matrix Quality	2.5	
4. Ex ante Economic Analysis	6.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	0.0	
4.4 Sensitivity Analysis	0.0	
4.5 Consistency with results matrix	0.0	
5. Monitoring and Evaluation	10.0	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	7.5	
III. Risks & Mitigation Monitoring Matrix	Medium	
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	B	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Accounting and Reporting. Procurement: Information System.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

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

Evaluability Assessment Note: The general objective of the operation is to promote the social and urban integration of the "barrios populares" (BP) of Argentina. In order to achieve this objective, the proposal defines the following specific objectives: (i) to incorporate the polygons of the BPs to the processes of territorial planning; (ii) improve the presence of government and civil society organizations in the neighborhoods; (iii) promote the development of human capital and impulse economic activities in the neighborhood, (iv) promote the connection of families to formal public services; (v) improve the accessibility and connectivity of urban roads and pedestrian networks; (vi) strengthen social capital through improving community facilities and public spaces. The proposal diagnoses that the BPs are not integrated socio-urbanistically, which is a gap that can be improved with technical and legal studies to address problems of territorial ordering and allocation of property rights. It is identified that the inhabitants of the BP both, have low levels of human capital and find it difficult to insert themselves productively in the labor market, with which the implementation of programs of productive insertion, human capital investments and training are conceived as strategies to overcome these barriers. It is proposed to address problems of limited access of the inhabitants of the BP to social services with demand studies that will allow dimensioning, designing and implementing investment projects in health, early childhood, and pregnancy prevention (among others). It is proposed to invest in infrastructure to fill the gap in accessibility and connectivity to road and pedestrian networks, as well as access to basic public services, public spaces and recreation facilities. The program will invest in studies, workshops and training to fill the existing gaps in the institutional capacity of subnational governments for the management of the territory. The quantification of these needs is disaggregated, and their magnitudes expressed quantitatively. The vertical logic is clear since the products can be straightforwardly connected with the achievement of results and, whenever those results are achieved it is to be expected that the objective of promoting social and urban integration will be achieved. Although the ex ante cost-benefit analysis is complete, this analysis is based on estimates of a model built with insufficient data to credibly estimate the economic benefits of the PISU program. The monitoring will be carried out with data from a series of monitoring and evaluation reports that will be combined with statistical data (census of the neighborhoods and BP investment program data). The program includes a non-experimental evaluation (propensity score matching methods) to estimate the effects of the program on the changes in housing prices. The evaluation plan contemplates exploring innovative evaluation options to estimate the effects of the PISU program on employment opportunities of the beneficiaries using the "Audits Contract" method.

RESULTS MATRIX

Program objective:	The objective of the program is to promote social and urban integration of the country's vulnerable neighborhoods, prioritizing those included in the National Registry of Informal Neighborhoods (RENABAP).
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EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments ¹
IMPACT 1											
Neighborhood vulnerability index	Standard deviations	Neighborhood census	2019-2020						20% decrease	SIEMPRO Social File data	Synthetic vulnerability index based on the neighborhood census (expanded SISFAM)

¹ (#) For more details, see the monitoring and evaluation plan ([required link 2](#)).

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	Final target	Means of verification	Comments
OUTCOME 1. Land-use planning and land tenure security: incorporate the area within the informal neighborhoods into the land-use planning processes for inclusion in urban planning, ensuring land-tenure security and promoting property title regularization.						
Informal neighborhoods added to the municipal land-use planning instruments	Percentage of neighborhoods	-	2019 - 2020	100%	Website of Ministry of Interior, Urban Planning Secretariat, city codes by city	(#)
Families signing the administrative document that launches the formal regularization process	Percentage of families	-	2019 - 2020	100%	Reports delivered by the organizations/institutions assisting the families	(#)
Families signing the administrative document that launches the formal regularization process, with title in a woman's name or shared by men and women	Percentage of families	-	2019 – 2020	30%	Same as above	(#)
OUTCOME 2. Human development: enhance the presence of governmental agencies and civil society organizations in the neighborhood, expanding the coverage of, and community participation in, social programs.						
People with effective basic coverage	Percentage of the population	Neighborhood census	2019-2020	50%	Administrative data from the SUMAR national health program and the neighborhood census (health module, question S2)	(#)
Unmet demand for early childhood (ages 1½ months to 4 years) care and rearing in public, private, or community centers and for community and family assistance	Percentage of the population	Neighborhood census	2019-2020	50%	Results of neighborhood census (SISFAM child care and education module)	(#)

Indicators	Unit of measure	Baseline	Baseline year	Final target	Means of verification	Comments
Spaces related to the issue of substance abuse	Number of spaces	Mapping and field work	2019-2020	42	Mapping of actors and data provided by the urban and social integration roundtable (human development and approach roundtable)	(#)
Consultations on substance abuse attended by agents trained under the local protocol designed by this intervention	Number of consultations	0	2019-2020	1,680	Data gathered by the urban and social integration roundtable	
Tutoring completed by school-age youth at risk of dropping out or who have dropped out of the obligatory basic education cycle	Percentage of young people	0	2019-2020	15%	Neighborhood census and administrative data from local educational institutions	
Spaces related to the issue of gender violence	Number of spaces	Mapping and field work	2019-2020	42	Data provided by the urban and social integration roundtable	
OUTCOME 3. Productive development: promote the development of human capital and economic activities in the neighborhood, with a focus on linking them to economic activities in the city.						
Productive units created by the program that remain in operation 12 months after the conclusion of the productive project	Percentage of productive units	0	2019-2020	50%	Subexecution units and DISP monitoring team based on a monitoring plan for productive units at the neighborhood level	(#)
Productive units formalized	Percentage of productive units	0	2019-2020	50%	Same as above	
Individuals joining the job placement actions/processes (performed by private or public providers)	Percentage of people	0	2019-2020	40%	Same as above	
Productive units that mitigate labor and environmental risks	Percentage of productive units	0	2019-2020	30%	Same as above	

Indicators	Unit of measure	Baseline	Baseline year	Final target	Means of verification	Comments
Social and productive projects implemented that promote economic activities with climate change mitigation and/or adaptation impact	Percentage of projects	0	2019-2020	30%	Same as above	
Women-led productive units strengthened	Percentage of productive units	0	2019-2020	30%	Same as above. Subexecution units and DISP monitoring team based on a monitoring plan for productive units	(#)
OUTCOME 4. Urban infrastructure: (i) promote household connection to formal public services.						
Families formally disposing of wastewater six months after the intervention	Percentage of families	Neighborhood census	2019-2020	90%	(*) ²	(#)
Families making use of the formal water service six months after the intervention	Percentage of families	Neighborhood census	2019-2020	90%	Neighborhood census. Information from users' meters.	(#)
Families with formal household natural gas connection	Percentage of families	Neighborhood census	2019-2020	To be determined	(*), SISFAM	
Families with formal household electric power connection	Percentage of families	Neighborhood census	2019-2020	40%	(*), SISFAM	
OUTCOME 5. Urban infrastructure: (ii) improve the accessibility and connectivity of urban road and pedestrian networks.						
Index of accessibility and connectivity to road and pedestrian networks	SD	Neighborhood census	2019-2020	+15%	(*), expanded SISFAM	
Families making use of internet service in the neighborhood	Percentage of families	Neighborhood census	2019-2020	+30%	Modified neighborhood census (SISFAM dwellings module, question B15).	

² (*) Neighborhood census. Housing module.

Indicators	Unit of measure	Baseline	Baseline year	Final target	Means of verification	Comments
OUTCOME 6. Urban infrastructure: (iii) strengthen social capital through community facilities and public spaces that ensure the neighborhoods' integration into the structures of their respective cities.						
Families that report having used the neighborhood's community and/or recreational facilities	Percentage of families	Neighborhood census	2019-2020	+40%	Neighborhood census. Expanded SISFAM	
OUTCOME 7. Strengthening of governmental and community institutions: promote a more efficient implementation of neighborhood integration plans. To this end, the component will seek to improve the institutional capacities of, and the links between, governmental and civil society actors.						
Increase in density of the community networks	Density percentage	To be determined in the mapping	2019-2020	25%	Data yielded by UCINET software based on field work	
Municipios submitting comprehensive urbanization projects for informal neighborhoods (not served by the Social and Urban Integration Program) to the Sistema de Identificación y Ponderación de Proyectos Estratégicos [Strategic Project Identification and Weighting System] (SIPPE) and achieving level 3 out of all municipios that participated in the program	Percentage of municipios	0	2019-2020	20%	SIPPE	

OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Component 1. Land-use planning and land tenure security											
Diagnostic assessments of existing city land-use codes performed	Number of reports	0	2019-2020	5	9	-	-	-	14	Subexecution unit diagnostic reports	
Projects to modify existing city land-use codes carried out	Number of projects	0	2019-2020	3	7	4	-	-	14	Subexecution unit projects	
Technical and legal studies on tenure security performed	Number of reports	0	2019-2020	5	9	-	-	-	14	Subexecution unit reports	
Regularization projects carried out	Number of projects	0	2019-2020	3	7	4	-	-	14	Subexecution unit project	
Operational guide to ensure tenure security submitted to and validated by the community	Number of guides	0	2019-2020	3	7	4	-	-	14	Operational guide prepared by the subexecution unit	
Families assisted in the regularization process	Number of families	0	2019-2020	-	180	420	420	180	1,200	Subexecution unit reports	(#)
Component 2. Human and productive development											
Subcomponent 2.1 – Human development											
Diagnostic assessments performed per neighborhood on existing social problems, extent of social services coverage, and unmet demand	Number of diagnostic assessments	0	2019-2020	5	9	-	-	-	14	Subexecution unit reports	

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Projects for coordination between the community and social programs submitted to and validated by the community	Number of projects	0	2019-2020	4	7	3	-	-	14	Subexecution unit projects	
Human development projects completed	Number of projects	0	2019-2020	-	-	-	-	14	14	Final report of the urban and social integration roundtable	
→ Milestone: Number of training and apprenticeship opportunities	Number of trainings	0	2019-2020	30	35	25	12	10	112	Six-monthly management report of the urban and social integration roundtable	
Subcomponent 2.2 Productive development											
Diagnostic assessments of the productive fabric by neighborhood and its environment carried out (with a gender perspective)	Number of diagnostic assessments	0	2019-2020	5	9	-	-	-	14	Subexecution units and SISU	
Comprehensive social and productive development plans designed	Number of plans	0	2019-2020	3	7	4	-	-	14	Same as above	
Social and productive projects implemented	Number of projects	0	2019-2020	-	5	12	18	-	35	Same as above	
→ Milestone: trained individuals who complete the courses offered by the program	Number of people	0	2019-2020	140	490	560	210	-	1,400	Same as above	(#)

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
→ Milestone: trained individuals who complete the courses offered by the program, disaggregated by gender	Number of men	0	2019-2020	50	165	185	67	-	467	Same as above	(#)
	Number of women	0	2019-2020	90	325	375	143	-	933		
→ Milestone: productive units strengthened by the program	Number of productive units	0	2019-2020	10	20	35	33	-	98	Same as above	
→ Milestone: productive units strengthened by the program, disaggregated by gender	Number of men	0	2019-2020	-	3	6	5	-	14	Same as above	
	Number of women	0	2019-2020	-	2	12	14	-	28		
→ Milestone: productive units created by the program with climate change mitigation and/or adaptation impact	Number of productive units	0	2019-2020	-	-	2	4	-	6	Same as above	(#)
Component 3. Urban infrastructure											
Urban diagnostic assessments performed on the level of infrastructure coverage, facilities, and accessibility	Number of diagnostic assessments	0	2019-2020	5	9	-	-	-	14	Subexecution unit report	
Final infrastructure project designs completed	Number of projects	0	2019-2020	-	3	4	5	2	14	Subexecution unit report	
→ Milestone: final infrastructure project designs presented and validated by the community	Number of projects	0	2019-2020	4	6	4	-	-	14	Subexecution unit project	
→ Milestone: lots with electric power connection installed	Number of lots	0	2019-2020	500	1,000	1,500	1,700	300	5,000	Work progress report	

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
→ Milestone: lots with gas connection installed	Number of lots	0	2019-2020	500	1,000	1,500	1,700	300	5,000	Work progress report	
→ Milestone: dwellings with formal household water connections	Number of dwellings	0	2019-2020	500	1,000	1,500	1,700	300	5,000	Work progress report	
→ Milestone: dwellings with household sewer connections installed	Number of dwellings	0	2019-2020	500	1,000	1,500	1,700	300	5,000	Work progress report	
→ Milestone: linear meters of street with storm drainage built	Number of kilometers	0	2019-2020	0.4	0.8	1.2	1.3	0.3	4	Work progress report	(#)
→ Milestone: linear meters of street with LED public lighting	Number of kilometers	0	2019-2020	0.8	1.6	2.4	3.0	0.2	8	Work progress report	
→ Milestone: neighborhoods that have carried out a telecommunication services project	Number of projects	0	2019-2020	0	3	4	6	1	14	Work progress report	
→ Milestone: road and pedestrian networks built	Number of kilometers	0	2019-2020	0.8	1.6	2.4	2	1.2	8	Work progress report	
→ Milestone: new or upgraded public spaces that incorporate green infrastructure guidelines	Number of spaces	0	2019-2020	0	0	2	3	1	6	Work progress report	(#)
→ Milestone: urban facilities installed	Number of facilities		2019-2020	8	13	15	12	2	50	Work progress report	
→ Milestone: community facilities installed and/or upgraded	Number of facilities	0	2019-2020	-	1	2	2	-	5	Work progress report	

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
➔ Milestone: supplementary works completed	Number of works	0	2019-2020	-	1	2	2	-	5	Work progress report	
Component 4. Strengthening of governmental and community institutions											
Subexecution unit officials trained in participatory management and organizational improvement of urban and social integration projects with a gender approach	Number of people	0	2019-2020	15	25	20	5	5	70	SISU report	
Civil society organizations trained in participatory management and organizational improvement of urban and social integration projects with a gender approach	Number of civil society organizations	0	2019-2020	5	11	8	2	2	28	Same as above	
Governmental and community units receiving technical assistance	Number of units	0	2019-2020	2	3	2	-	-	7	Same as above	(#)
Mapping of subjective community network actors prepared using the network analysis methodology	Number of mappings	0	2019-2020	4	8	2	-	-	14	Mapping of actors/ SISU	
Events held in the context of strengthening the urban and social integration roundtable	Number of events	0	2019-2020	2	2	2	2	-	8	SISU report	

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Argentina
Project number: AR-L1306
Name: Urban and Social Integration Program
Executing agency: Ministry of Health and Social Development (MSyDS)
Fiduciary team: Roberto Laguado and Analía La Rosa (FMP/CAR)

I. EXECUTIVE SUMMARY

- 1.1 The executing agency of the program will be the Ministry of Health and Social Development (MSyDS) through the Secretariat for Social and Urban Integration (SISU). The execution mechanism calls for decentralization through provincial and municipal interventions, with the provinces and municipios acting as subexecuting agencies in compliance with the Bank's procurement policies.
- 1.2 The Bank used the Institutional Capacity Assessment System (ICAS) to evaluate the executing agency's institutional capacity to plan, execute, and implement the program. Based on its findings, the fiduciary risk is considered medium.

II. THE EXECUTING AGENCY'S FIDUCIARY CONTEXT

- 2.1 The MSyDS has experience with Bank projects, having executed the following operations: the Program to Support the National Early Childhood Plan and the Policy for Universalization of Early Childhood Education (operation 4229/OC-AR) and the Program to Support the Equity and Effectiveness of the Social Safety Net in Argentina (operation 4648/OC-AR). The ministry's structure and responsibilities are set out in Decree 174/2018.¹
- 2.2 The SISU will have technical responsibility over the program, and its primary task will be to coordinate and supervise the urban and social integration projects. Together with the provinces and municipios, the SISU will identify, prioritize, and agree on the projects to be financed by developing neighborhood improvement plans as an investment planning and monitoring instrument (loan proposal, paragraph 2.11). The ministry's Office for Special Projects and International Cooperation (DGPECI) will support the substantive area and be in charge of administrative coordination and financial supervision of the projects.
- 2.3 The ICAS institutional capacity assessment performed on the MSyDS in its capacity as executing agency found a medium risk. This assessment and its findings take into account the challenges associated with an execution arrangement based on coordination of activities among various levels of execution

¹ See note 50 in [optional link 16](#).

authority (national-provincial-municipal). In addition, the ICAS assessment includes a description of the points that need to be strengthened in order for the MSyDS to qualify as an optimal control environment.

- 2.4 The program's Operating Regulations will lay out the standard responsibilities of the subexecuting agencies. These responsibilities will also be included in an agreement or equivalent establishing compliance with the Bank's policies and standards for fiduciary management of the resources.
- 2.5 For execution of the operation, and based on the ICAS assessment, the following fiduciary risks have been identified: (i) restricted fiscal headroom affecting the budget available for investments, to be mitigated through the subsidiary agreements with the provinces, which will be a contractual condition for execution; (ii) lack of MSyDS experience in works procurement for Bank-financed infrastructure programs; and (iii) difficulties in ensuring proper fiduciary management (disbursements, appropriate control environment, and timely procurement management) in view of the potential for operational overload, to be mitigated by hiring additional fiduciary staff or support firms for specific interventions. There are no expected waivers of or exceptions to Bank policies.
- 2.6 The recommended risk mitigation measures are as follows: (i) formalize the interagency support mechanisms by signing agreements to ensure fulfillment of the program objectives; (ii) review, improve, and ensure that the program Operating Regulations reflect administrative, fiduciary, and control environment procedures (including a financial and accounting chapter setting out the programming and budget, treasury, accounting and reporting systems, disbursement and cash flow, internal control and internal auditing, and external control processes) as well as specific responsibilities based on the execution arrangements (centralized or decentralized); (iii) update and/or develop relevant manuals, ministerial resolutions, or annexes to the program Operating Regulations for their proper functioning; (iv) encourage the filling of vacant positions so as to reinforce the control environment and address the rise in work volume and procurement processes; and (v) implement a fiduciary training plan for DGPECI staff and particularly for those in charge of decentralized execution.

III. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF CONTRACTS

- 3.1 The Bank may grant a new advance of funds when the executing agency has accounted for at least 70% of the cumulative advances not previously justified (see loan proposal, paragraph 3.8).
- 3.2 For purposes of Article 4.10 of the General Conditions of the loan contract, the applicable exchange rate will be the rate provided in subparagraph (b)(i) of the aforementioned article. To determine the equivalence for reimbursement of expenditures chargeable against the loan, the agreed-upon exchange rate will be the prevailing rate on the first business day of the month in which the reimbursement request is submitted.
- 3.3 For purposes of Article 7.03 of the General Conditions, the external financial audit report and other reports identified, as of the date of execution of the loan contract, as necessary for supervising financial management of the program are the program's audited financial statements. These financial statements are to be

submitted to the Bank within 120 days following the close of each fiscal year of the executing agency during the original disbursement period and any extensions thereof, duly audited by external auditors acceptable to the Bank. The last of these audited financial statements will be submitted to the Bank within 120 days following the end of the original disbursement period or any extensions thereof. For purposes of Article 7.03(a) of the General Conditions, the fiscal year of the program is the period from 1 January to 31 December of each year.

- 3.4 In the context of program execution, the possibility has been envisaged of introducing a transfer mechanism to provide compensation (subsidies) for land title regularization, household connections, and strengthening of productive units. Similarly, plans call for exploring arrangements for the use of loans for land title regularization and household connections. These arrangements will be subject to the Bank's procurement and financial management policies, on a case-by-case basis, once their scope has been determined and agreements have been signed with the relevant entities to the Bank's satisfaction. In the case of loans, it is also suggested that the respective credit regulations be a special condition for the release of funds associated with the loans. The details for extending, recognizing, and auditing these subsidies and loans, as well as their recognition as eligible expenditures will need to be approved by the Bank and set out in the program Operating Regulations.

IV. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 4.1 The fiduciary agreements and requirements for procurement establish the provisions that will govern all procurement provided for under this program.

A. Procurement execution

- 4.2 The Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-9), of April 2011, and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9), of April 2011, will apply.
- a. **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services² generated under the program and subject to international competitive bidding (ICB) will use the Bank's standard bidding documents (SBD). Contracts subject to national competitive bidding (NCB) will use national bidding documents agreed upon with the Bank.
 - b. **Procurement involving community participation.** Procedures for community participation in procurement processes may be used to execute human development activities under Component 2, based on a basic survey of needs, followed by a selection of small-scale builders or contractors at the neighborhood level with a geographic presence in the neighborhood. These builders or contractors will be responsible for activities including the following: calculating and preparing an itemized budget for interventions on each dwelling, providing materials, managing the labor with community participation, and certifying the functional status of the infrastructure installed and built so as to promote

² Policies for the Procurement of Goods and Works Financed by the IDB (GN-2349-9) paragraph 1.1: Nonconsulting services will be treated similarly to goods.

knowledge transfer. The selection of small-scale builders and contractors will be based on unit-price/rate quotes (on a lowest-cost basis) and availability. The execution details will be set out in the program Operating Regulations.

- c. **Selection and contracting of consultants.** Consulting service contracts generated under the program will be executed using the standard request for proposals (RFP) issued by the Bank.
 - d. **Selection of individual consultants.** Individual consultants will be selected through competitive processes on the basis of their qualifications to do the work, comparing the qualifications of at least three candidates.
- 4.3 The program sector specialist will be responsible for reviewing the technical specifications for the procurement of goods or works and the terms of reference for the contracting of consulting services.
- 4.4 Of the country subsystems approved by the Bank, the information system will be used for this program.

Table 4.1 Threshold amounts for international competitive bidding and international shortlist

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

(*) Simple works and off-the-shelf goods for an amount below the ICB threshold may be procured through the shopping method.

B. Main procurement items

Table 4.2 Procurement method and amounts

Activity	Procurement method	Estimated date**	Estimated amount (US\$)
Infrastructure works and urban services	NCB (several)		38,000,000
Early intervention works	S		700,000
Equipment to strengthen three subexecution units	S		300,000
Consulting services for works inspection	CQS		200,000
Hiring of management service for installation of household connections and home improvement	CQS		150,000
Hiring of company for urban planning	CQS		200,000
Company to support the land title regularization process	CQS		200,000
Social assistance	S		250,000
Hiring of technical teams to strengthen subexecution units	3CV		125,000
Consultants to form the local social team	3CV		180,000
Consultant for the design, formulation, and implementation of business plans	3CV		120,000
Hiring of an expert consultant for tenure security studies	3CV		180,000
Hiring of an expert consultant for physical and legal regularization of land parcels	3CV		165,000

(**) Estimated date to be determined.

C. Procurement supervision

- 4.5 Procurement will be supervised as indicated in the procurement plan but generally ex ante, with the exception of shopping, consulting firms selected on the basis of qualifications, and individual consultants, which will be subject to ex post supervision. The ex post review visits will be conducted every 12 months. At least 10% of the reviewed contracts will be subject to physical inspection during the program.
- 4.6 The threshold amounts established for ex post review apply based on the fiduciary capacity for execution of the MSyDS as examined during the program design, and may be modified by the Bank should that capacity change.

Table 4.3 Thresholds for ex post review (US\$)

Works	Goods	Consulting services	Individual consulting
<7,500,000	<900,000	<600,000	<50,000

D. Special provisions

- 4.7 **Measures to prevent prohibited practices.** These are addressed in the provisions of the policies contained in documents GN-2349-9 and GN-2350-9 regarding prohibited practices (lists of companies and individuals declared ineligible by multilateral agencies).
- 4.8 Procurement arrangements based on community participation (document GN-2349-9, paragraph 3.17) may be implemented in the case of activities under Component 2. Similarly, in the case of these activities, services or technical and administrative support may be contracted from nongovernmental organizations or public or private agencies specialized in housing project management.

E. Records and files

- 4.9 The bidding process documents will be filed in the offices of the MSyDS as the entity with overall responsibility for program procurement. For ex post review purposes, records and files of all documents generated in the procurement processes will be kept duly ordered, classified, and updated. In the event that execution is modified in favor of a decentralized approach, process-related documents will continue to be kept at least in the same MSyDS offices, in addition to other original documents kept at the provincial level.
- 4.10 **Retroactive financing.** The Bank may retroactively finance, as a charge against the loan proceeds, up to US\$10 million (20% of the proposed loan amount) in eligible expenditures incurred by the borrower prior to the approval date of the operation for the procurement of works, goods, consulting and nonconsulting services, and social interventions in the informal neighborhoods targeted by the program, provided that requirements substantially similar to those established in the loan contract have been met. Such expenditures will have been incurred on or after 15 March 2019 (the project profile approval date), but will under no circumstances include expenditures incurred more than 18 months prior to the loan approval date the IDB.

V. FINANCIAL MANAGEMENT

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

A. Programming and budget

- 5.2 The executing agency will be responsible for the process of formulating and programming its annual budget and be in charge of taking all steps to consolidate the annual budget for approval. If there is a need to expand or reallocate items, the executing agency will request the changes and takes steps to secure their approval. Budgetary credits are executed through quarterly and monthly commitment quotas on an accrual basis, allocated by the National Budget Office (Ministry of Finance).
- 5.3 The budget allocation should be made in advance to ensure that the operation is executed within the established time frame.

B. Treasury

- 5.4 Payments under centralized execution will be made through the DGPECI treasury at the MSDS. In the case of decentralized execution, it will depend on the arrangements set out in the specific agreements, which may provide for payments to be made through the DGPECI treasury or directly by the provincial execution unit.
- 5.5 Disbursements will be made to the program's executing agency pursuant to a detailed financial plan, the model for which has been agreed upon by the authorities of the Ministry of Treasury and Public Finance and the Office of the Chief of Cabinet.

C. Accounting, information systems, and reporting

- 5.6 The executing agency will use the external loan execution unit ([UEPEX](#)) system as its financial management system, which identifies the program funds as well as the sources of financing. The UEPEX system classifies program investments by expenditure matrix category in accordance with the chart of accounts approved by the Bank. Accounting records will be cash-based and will observe the International Financial Reporting Standards when applicable, in accordance with national criteria. The following financial reports will be required: (i) financial management plan for up to 180 days after the request for an advance; (ii) annual audited financial statements; and (iii) other reports as required by the fiduciary specialists.
- 5.7 The DGPECI is responsible for the following activities in relation to the loan: (i) making accounting entries for execution of the program in the UEPEX system; (ii) preparing the disbursement requests and monitoring their approval and the respective credits in the bank accounts; (iii) checking the balances of the special accounts in dollars on a monthly basis and reconciling the program's bank accounts; (iv) analyzing the accounting balances on a monthly basis and issuing the balances of reconciled amounts and balances in pesos and dollars; (v) preparing the financial reports required by the agencies; and (vi) preparing the financial statements for the loan and submitting them to the external auditors for preparation of the corresponding reports.

D. Disbursements and cash flow

- 5.8 Disbursements of loan proceeds and financial management of the loan will be carried out in accordance with the Bank's policies and the provisions of paragraph 3.8 of the loan proposal. The funds requested from the Bank in the form of advances will be deposited in an account set up in dollars and will be converted to local currency in accordance with operating needs in an account set up in pesos for the exclusive use of the program. This account will be used for paying program expenditures and for investments, as planned. The executing agency should ensure strict and effective control of the use of advanced funds by means of mechanisms that allow it to confirm and reconcile the balances in its records with those for the same charges in the Bank's records (LMS1 report).
- 5.9 The Bank may advance more funds, preferably on a six-monthly basis, provided that at least 70% of all previously advanced funds has been accounted for. This percentage is due to the complexity of program execution, including a funds flow circuit that involves subexecution units in various jurisdictions and the concomitant fragmentation of processes and expenses, which will considerably delay the receipt and analysis process.

E. Internal control and internal auditing

- 5.10 The national body responsible for internal control is the Office of the Comptroller General of the Nation (SIGEN). The internal audit of each executing agency is performed by the Internal Audit Unit. That unit reports directly to the minister, and is responsible for performing audits and making recommendations in accordance with the authority conferred under Law 24,156 (Law on Financial Management and Control Systems, 30 September 1992). The MSyDS's Internal Audit Unit will perform the program's internal audits.

F. External control: external financial auditing and program reports

- 5.11 In 2011 the Bank concluded a diagnostic assessment of governmental auditing practices by the Auditoría General de la Nación [National General Auditing Office] (AGN) in accordance with the Bank's guidelines to determine the development level of the public financial management systems. In light of the assessment's findings, the AGN was validated as auditor of Bank projects.
- 5.12 With a view to having flexibility and being able to adjust the loan portfolio to the AGN's auditing capacity at any given time, it is recommended that both the AGN and independent auditing firms be contractually eligible to conduct program audits.

G. Financial supervision plan

- 5.13 The financial supervision plan will be designed on the basis of the risk and fiduciary capacity assessments carried out in accordance with the onsite and "desk" reviews planned for the program, as well as on the basis of the reports issued by the external auditors. It includes the scope of operational, financial, and accounting actions, compliance, and legality. In principle, plans call for one financial inspection visit per year; this frequency may be reviewed based on the program risk evaluation. Disbursements will be subject to ex post review.

H. Execution arrangements

- 5.14 The MSyDS will act through the SISU as the party responsible for program coordination and technical supervision of the specific projects. In turn, the DGPECI

will support the SISU and will be responsible for the management of fiduciary considerations (including the planning of financial management and procurement) and program monitoring, as well as other tasks. The duties and responsibilities of each of the areas of the MSyDS involved in program execution will be specified in the program Operating Regulations, and the details of program execution are described in Chapter III of the loan proposal.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/19

Argentina. Loan ____/OC-AR to the Argentine Republic. Social and Urban Integration Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as borrower, for the purpose of granting it a financing to cooperate in the execution of the Social and Urban Integration Program. Such financing will be for an amount of up to US\$50,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2019)