

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **ARGENTINA**

### **LOAN TO THE ARGENTINE BATION. SECOND STAGE OF THE NATIONAL RURAL WATER SUPPLY PLAN**

**(AR-0024)**

**LOAN PROPOSAL**

**June 8, 1971**

# ARGENTINA

## LOAN TO THE REPUBLIC OF ARGENTINA FOR PARTIAL FINANCING OF THE SECOND STAGE OF THE NATIONAL RURAL WATER SUPPLY PLAN

### Table of Contents

	<u>Page</u>
SUMMARY .....	1
I. INTRODUCTION .....	9
Background .....	9
New Loan Application .....	9
Operations Mission .....	9
Project Priority .....	9
II. THE BORROWER AND PARTICIPATING AGENCIES .....	9
Borrower .....	9
Executing Agency and Other Participating Units .....	9
Purposes .....	10
SNAP Functions .....	10
SNAP Organization and Administration .....	11
Engineering .....	11
Economy and Financing .....	12
Promotion and Public Information .....	12
Regional Services .....	12
SNAP Personnel .....	13
Personnel Qualifications .....	14
Other Agencies Collaborating in Project Execution .....	15
SPAF Functions and Structure .....	15
Functions of SPAR Basic Units .....	16
Engineering .....	16
Administration and Accounting .....	16
Community Promotion .....	16
SPAR Personnel .....	16
Community Units .....	17
Description of Plan Accounting Systems .....	18
Evaluation of Accounting Systems .....	18
Budget System .....	19
SNAP Budget and Performance .....	19
SPAR Budgets and Performance 1967-69 .....	21
National Revolving Fund .....	21

	<u>Page</u>
Audit and Inspection .....	24
Internal .....	24
External .....	24
Evaluation of Execution of Loan 114/TF .....	25
Chronology of Execution .....	25
Summary of Results .....	25
SPAR Personnel .....	27
Introduction of Rate Systems .....	27
Training Activities .....	28
Establishment of the National Revolving Fund .....	28
Technical Assistance Under Loan 114/TF .....	28
Negotiation of the Plan of Operations .....	28
Definitive Objectives .....	29
Type of Execution Stipulated .....	29
Execution .....	30
Technical Assistance Results .....	30
Conclusions .....	31
III. THE PROJECT .....	33
Background .....	33
Project Description .....	34
Project Cost .....	36
Distribution of Resources .....	38
Origin and Use of Currencies .....	40
Investments Made .....	41
IDB Loan .....	41
Local Project Contribution .....	41
Local Fund Requirements for Plan Implementation .....	42
Rate System .....	43
Project Execution .....	44
Control of Project Execution .....	45
Schedule of Investments and Disbursements .....	45
IDB Inspection and Supervision .....	46
IV. PROJECT JUSTIFICATION .....	47
Technical Feasibility .....	47
Institutional Feasibility .....	48
Economic Evaluation .....	49
Loan Financing Conditions .....	50
V. CONCLUSIONS AND RECOMMENDATIONS .....	51
APPENDIXES	
A. Anexo B al Contrato de Préstamo	
B. Plan de Operaciones de Asistencia Técnica	

LOAN TO THE REPUBLIC OF ARGENTINA FOR PARTIAL FINANCING OF  
THE SECOND STAGE OF THE NATIONAL RURAL WATER SUPPLY PLAN

ARGENTINA 1/

SUMMARY

1. Borrower: The Republic of Argentina.
2. Executing Agency: The National Rural Water Supply and Sanitation Service (SNAP), an autonomous body established by Decree 9762 of December 2, 1964. SNAP is a unit of the Department of Water Resources of the Ministry of Public Works and Services. Other agencies participating in the project would be the Provincial Rural Water Supply Services (SPAR) at the provincial level, and community groups (cooperatives or neighborhood councils) at the rural community level.
3. Amount and Types of Currencies: Up to the equivalent of US\$12 million, of which up to US\$5 million would be disbursed in dollars and up to the equivalent of US\$7 million in Argentine pesos.
4. Source of Funds: The resources of the Fund for Special Operations.
5. Interest, Charges, Terms, Disbursement and Currencies of Payment:
  - a. Interest:  $2\frac{1}{4}\%$  per annum, payable semiannually on outstanding balances. The first payment would be made six months after the date of the contract.
  - b. Service charge:  $\frac{3}{4}$  of 1% per annum.
  - c. Commitment fee:  $\frac{1}{2}$  of 1% per annum on the undisbursed part of the loan.
  - d. Amortization term: 25 years, including a four-year grace period.
  - e. Period of disbursement:  $3\frac{1}{2}$  years.
  - f. Currencies of payment: Amortization and interest payments would be made in Argentine pesos or, at the option of the debtor, proportionately in currencies disbursed. The service charge would be paid proportionately in the currencies disbursed and the commitment fee proportionately in the currencies authorized or contracted.
6. Guarantee: The general responsibility of the debtor.

---

1/ Rate of exchange used: Arg. \$4 = US\$1, unless another exchange rate is expressly indicated.

7. Project Description: This project constitutes the second stage of the National Rural Water Supply Plan (hereinafter called the Plan), whose first stage was initiated in 1965 with IDB cooperation through Loan 114/TF and completed at the end of 1970.

In May 1967, after organization and startup of the mechanisms of the Plan at the national, provincial and community levels, construction of works under the first stage was launched. This stage developed somewhat slowly during 1968 but accelerated in mid-1969 and was completed at the end of 1970. By that time, studies of 77 additional specific subprojects for the second stage of the Plan were ready. These were presented to the Bank along with the loan application for the second stage. It is calculated that the first stage financed by IDB Loan 114/TF has supplied water through household connections to 190,000 persons in 217 rural communities with a total population of 256,000.

The new project would include implementation of approximately 250 specific subprojects designed to provide water to rural towns of up to 10,000 inhabitants, through the construction of small water catchment and treatment facilities and the corresponding household connections. The rural population to be benefited in agricultural communities of the interior, comprises approximately 260,000 out of a total population of 370,000.

The 77 specific subprojects presented with the application are completely defined and include feasibility studies, plans and complete specifications. To ensure continuity of action between the first and second stages of the Plan, SNAP began construction under the 77 subprojects with the knowledge and approval of the Bank, in March 1970.

One fundamental aspect of the project is the technical assistance involved. Its purpose is to implement preliminary recommendations made by the consultants responsible for the first stage of technical assistance granted to SNAP under Loan 114/TF, mainly concerned with introduction of the recommended organization and administrative, accounting and rate systems and supervision of their operation. The proposed technical assistance also includes special studies and training courses for personnel responsible for administration and operation of water supply systems under the Plan. The consolidation and institutional improvement to be derived from this technical assistance scheduled over a period of 12 months will help to ensure satisfactory execution of the project.

8. Project cost: The project cost, estimated at the equivalent of US\$25,000,000, is apportioned as shown in the following table:

(In US\$ thousands or the equivalent)

	<u>COSTS IN FOREIGN CURRENCIES</u>			Costs in	<u>Total</u>	<u>%</u>
	<u>Direct</u>	<u>Indirect 1/</u>	<u>Total</u>	<u>Local Currency</u>		
I. ENGINEERING AND ADMINISTRATION						
1.1 Investigation of water sources	-	-	-	1,000	1,000	4
1.2 Studies (project preparation)	-	-	-	750	750	3
1.3 Supervision and administration	-	-	-	4,930	4,930	20
1.4 Equipment	-	45	45	405	450	2
Subtotal	-	45	45	7,085	7,130	
II. DIRECT COSTS						
2.1 Construction	-	1,400	1,400	12,700	14,100	56
III. FINANCING EXPENSES						
3.1 Interest and charges	128	-	128	492	620	2
3.2 IDB inspection and supervision	120	-	120	-	120	1
IV. CONCURRENT EXPENSES						
4.1 Technical assistance	30	-	30	170	200	1
V. UNSPECIFIED						
5.1 Construction contingencies	-	-	-	1,480	1,480	6
5.2 Increased costs	-	-	-	1,350	1,350	5
	<u>278</u>	<u>1,445</u>	<u>1,723</u>	<u>23,277</u>	<u>25,000</u>	<u>100</u>

1/ The indirect external component has been estimated at 10% of equipment costs (items 1.4 and 2.1), including for this purpose the incorporation of parts and materials of external origins in goods produced in the country and the depreciation of imported equipment.

9. Distribution of Resources: The following table shows the distribution of financing resources:

# PROJECT TOTAL COST AND FINANCING PLAN

(In US\$ thousands of the equivalent)

	IDB LOAN						LOCAL CONTRIBUTION		
	CURRENCIES OF USE								
	IN FOREIGN CURRENCIES			In Local			Local	Foreign	
	Foreign Currency Costs			For Local			Currency	Currency	TOTAL
	Direct	Indirect	Total	Costs	Total	Currency	Costs	Costs	
ERING AND ADMINISTRATION									
Investigation of sources	-	-	-	-	-	800	800	200	200
udies (project	-	-	-	-	-	650	650	100	100
preparation)	-	-	-	-	-	-	-	4,930	4,930
chnical supervision	-	-	-	-	-	-	-	405	405
ministration expenses	-	-	-	-	-	-	-	45	45
COSTS									
onstruction	-	1,400	1,400	3,450	4,850	3,800	8,650	5,450	5,450
NG EXPENSES									
Interest and charges	-	-	-	-	-	-	-	492	62
OB inspection and	120	-	120	-	120	-	120	-	-
supervision									
RENT EXPENSES									
Technical assistance	30	-	30	-	30	120	150	50	50
IFIED									
onstruction contingencies	-	-	-	-	-	815	815	665	665
Increased costs	-	-	-	-	-	815	815	535	535
	150	1,400	1,550	3,450	5,000	7,000	12,000	12,827	13,000



10. Source and Use of Currencies: The source and use of currencies would be as follows:

(In US\$ thousand equivalents)

	<u>Currencies of Origin</u>		<u>Currencies of Use</u>			<u>%</u>
	<u>Foreign</u>	<u>Local</u>	<u>Foreign</u>	<u>Local</u>	<u>Total</u>	
<u>IDB Loan</u>	5,000	7,000	1,550 <sup>1/</sup>	10,450	12,000	48
<u>Local Contribution</u>	173	12,827	173	12,827	13,000	52
a) <u>Nation</u>						20
i) Investments	173	3,697	173	3,697	3,870	
ii) Supervision and admin. (SNAP)	-	1,200	-	1,200	1,200	
b) <u>Provinces</u>						21
i) Investments	-	1,400	-	1,400	1,400	
ii) Supervision and admin. (SPARS)	-	3,730	-	3,730	3,730	
c) <u>Community Units</u>						11
i) Cash	-	2,520	-	2,520	2,520	
ii) Materials and labor	-	280	-	280	280	
<u>GRAND TOTAL</u>	<u>5,173</u>	<u>19,827</u>	<u>1,723</u>	<u>23,277</u>	<u>25,000</u>	<u>100</u>
Percentage	21	79	7	93	100	

As shown in the above table, the IDB financing, in a total equivalent to US\$12 million, would cover 48% of the total project cost. The foreign exchange of the loan would be used to finance: (a) direct and indirect external costs, except for (i) the portion payable in dollars of loan interest and charges accrued during project execution (US\$128,000), and (ii) indirect external costs of the local equipment to be acquired with national resources (US\$45,000), and (b) local costs up to the equivalent of US\$3.45 million, accounting for 69% of the loan foreign exchange. The part of the loan disbursed in local currency would be used to cover local costs.

<sup>1/</sup> Includes US\$1,400,000 to cover indirect foreign currency costs.

The local contribution would cover 52% of the total project cost and would be earmarked for: (a) local costs up to the equivalent of US\$12,827,000, and (b) foreign currency costs up to US\$173,000, which would be used to finance (i) the portion payable in dollars of loan interest and charges accrued during project execution (US\$128,000), and (ii) indirect external costs of the local equipment (US\$45,000).

As that table indicates, the local contribution would be furnished by the nation, the provinces and the community units in estimated ratios of 20%, 21% and 11%, respectively, of total project cost. No difficulties are foreseen in connection with prompt provision of contributions from the provinces and the community units, but, if a shortfall in such contributions should occur, the nation would also agree to supply the funds needed for complete and satisfactory execution of the project.

11. Justification: Satisfactory fulfillment of the first stage of the Plan constitutes a valuable experience in Argentina with regard to improving sanitation conditions in rural towns with low income levels through active participation by the beneficiary communities. The receptiveness evinced by these communities has in turn demonstrated the demand for such services that justifies continuation and expansion of the Plan through a second stage, presently under consideration. In effect, the first stage of the Plan produced good results after having overcome initial difficulties caused by lack of a national system to develop water supply installations at the rural level. Although the system could still be improved as far as administrative organization and internal coordination are concerned, a network of agencies including SNAP, SPAR and the community units established to carry out the first series of works. Construction in the rural communities is considered to have been technically sound, with each system provided with its own household connections and rates. In addition, it was possible to enlist the active participation of the beneficiary communities, which complied with financial and manpower contribution requirements established.

The experience acquired also ensures that, with the institutional improvement contemplated, the executing agencies of the project will be able to carry it forward and that no technical problems would arise in construction of the works already defined or in selection and preparation of the remaining subprojects.

The project would permit elimination or substantial reduction of the risk of water-borne diseases, one of the main health problems of small rural towns in the interior. This justifies such an undertaking in terms of provision of a basic social service designed to prepare the communities for accelerated socioeconomic development that can narrow the considerable gap between living standards and opportunities for

progress in these towns and in the cities. The socioeconomic conditions of the townspeople benefited and their relatively low income level justify the proposed utilization of resources from the Fund for Special Operations.

12. Recommendation: Based on studies by the Project Committee, the Operations Department submits this loan document to the President of the Bank for consideration and subsequent presentation of the corresponding proposed resolution to the Board of Executive Directors for approval.

## I. INTRODUCTION

### Background

- 1.01 On August 12, 1965, the IDB granted Loan 114/TF to the Argentine Republic in the equivalent of US\$5 million for partial financing of the first stage of the National Rural Water Supply Plan prepared in 1964 by the Ministry of Social Welfare and Public Health.

### New Loan Application

- 1.02 On May 14, 1970, the Argentine Government requested a new loan from the IDB to continue and expand, through a second stage, the Plan begun with the abovementioned loan. As a result of conversations with high officials of the Department of Water Resources and SNAP who visited Bank headquarters in December 1970, during which the various aspects of the project were studied and the proposed IDB participation determined, the amount of the new loan application was established at US\$12 million and the total project cost at US\$25 million.

### Operations Mission

- 1.03 In May 1970, a mission from the Bank visited Argentina to evaluate the project and negotiate, in principle, for possible financing bases. As a result of conversations with officials of the Argentine Government, it was agreed that the borrower for the operation would be the Republic of Argentina and the project executing agency the National Rural Water Supply and Sanitation Service (SNAP).

### Project Priority

- 1.04 This operation was included in the program of credit operations established by the Bank and the Argentine authorities in November 1969. Its priority was restated to the IDB through a formal communication from the Secretariat of the National Development Council on October 5, 1970.

## II. THE BORROWER AND PARTICIPATING AGENCIES

### Borrower

- 2.01 The borrower would be the Republic of Argentina. As noted in the corresponding legal report, there is no legal impediment to contracting of the proposed loan by the Argentine Government.

### Executing Agency and Other Participating Units

- 2.02 Implementation of the project would be the responsibility of SNAP, an independent agency established by Executive Decree 9762 of December 2,

1964, under the Department of Water Resources of the Ministry of Public Works and Services. SNAP has the authority to coordinate and carry out the project. 1/

#### Purposes

- 2.03 SNAP is the agency responsible for preparing and implementing the Plan. As such, it programs the actions to be carried out, including the study and preparation of agreements with national and international agencies for implementation of the planning process. It also prepares policies suited to these purposes and coordinates the several agencies participating in execution of the Plan, which it advises on aspects related to realization of the projects and administration of construction funds. SNAP also supervises work at the provincial and community levels and makes the necessary evaluations.

#### SNAP Functions

- 2.04 To carry out these objectives, SNAP has the following powers:
- a. To establish national policy for rural water supply;
  - b. To study and approve construction projects for rural water supply systems within the Plan;
  - c. To establish technical, accounting, administrative and promotional standards for the implementation of Plan programs and projects;
  - d. To prepare and administer its annual budget of expenses for works administration and financing;
  - e. To administer the National Revolving Fund for Rural Water Supply;

---

1/ SNAP was originally established as an office of the Ministry of Social Welfare and Public Health. On October 20, 1969, Law 18416 on Organization and General and Specific Powers of Ministries and Department of State was issued setting up within the Ministry of Public Works and Services the Department of Water Resources, responsible for planning and issuing standards for the utilization of national water resources. Later, on December 31, 1969, Decree 8605 approved the organic structure of the Department of Water Resources, including SNAP, National Sanitation Works and the National Service of Underground Waters as agencies at the same organizational level within the National Administration of Water Services. This administration establishes the policy for services of the three agencies and coordinates their activities, although implementation and financing of installations are the responsibility of the agency in charge of the project concerned.

- f. To supervise compliance with established technical standards and standards governing administration of funds for investments in works, as well as all other aspects provided for in national and international agreements signed for this purpose by the provincial administration and rural community agencies;
  - g. To promote participation of rural communities in planning, financing, constructing and administering water supply systems.
- 2.05 In addition to the functions described above, SNAP has authority with regard to sewerage systems for rural towns and rural sanitation and health. However, given the priority assigned to the water supply problem, in practice all SNAP activities are concentrated on the Plan. It is expected that only in a later stage, after an acceptable level of water service has been ensured, would SNAP consider implementing rural sanitation works.

#### SNAP Organization and Administration

- 2.06 SNAP is administered by a director appointed by the Secretary of Water Resources and three board members from the SNAP Staff. 1/ The director has direct control over a special account which provides it with a high degree of administrative and financial independence and decentralization. The director is empowered to account directly to the National Accounting Office.
- 2.07 Operating under the Executive Director of SNAP are the engineering, economy and financing, promotion and public information, and regional services units.
- 2.08 The specific functions of these units are:

#### Engineering 2/

- a. To make studies on planning and implementation of works;
- b. To establish technical standards for works and services;
- c. To enforce the standards and the operation and maintenance of services;

---

1/ Executive Decree 469-1971.

2/ The engineering unit was strengthened during implementation of the first stage of the Plan by adding to it a section for investigation of water supply sources and another for operation and maintenance of water supply systems.

- d. To advise the provincial administrations within the area of its competence.

Economy and Financing

- 2.09
  - a. To carry out studies and duties related to the personnel system and to contract employees;
  - b. To prepare budgets and administer the accounting system;
  - c. To supervise and control aspects related to financing of the Plan at the provincial and community levels;
  - d. To furnish administrative and accounting advisory services to the provincial administrations.

Promotion and Public Information 1/

- 2.10 This unit carries out activities related to the community promotion program.

Regional Services

- 2.11 SNAP has six regional services that administer the following areas of the country:

Zone I:	Buenos Aires, Entre Ríos and Santa Fé.
Zone II:	Corrientes, Misiones, Chaco and Formosa.
Zone III:	Santiago del Estero, Tucumán, Salta and Jujuy.
Zone IV:	Córdoba, Catamarca and La Rioja.
Zone V:	San Luis, San Juan and Mendoza.
Zone VI:	La Pampa, Neuquén, Río Negro, Chubut and Santa Cruz.

The SNAP regional services were established after the first stage of the Plan had been launched. These units are a very important instrument in expanding the administrative and operational capacity of SNAP.

---

1/ The promotion and public information unit was strengthened during the first stage by adding the following three sections: (i) sociological and anthropological studies; (ii) health education and information, and (iii) regulations and supervision.

- 2.12 The purpose of the regional services, which advise and directly supervise the provincial administrations and community units, is to achieve adequate consolidation of supervision and advisory actions and closer coordination with agencies participating in the Plan. The regional services have been given broad powers to expedite the processing of all provincial and community documents to be forwarded to SNAP.
- 2.13 The main functions of the regional services are:
- a. To represent SNAP before provincial administrations;
  - b. To approve subprojects and certificates of works under construction;
  - c. To authorize startup of the works;
  - d. To supervise the operation, maintenance and administration of rural water supply services.
- 2.14 Every regional service is headed by an engineer who, in turn, represents SNAP before the provinces. Each is made up of three units: engineering, administrative and accounting control, and community promotion.
- 2.15 The consultants contracted by SNAP with technical assistance funds from Loan 114/TF have carefully analyzed the agency's administrative organization and found it to be basically satisfactory. They have suggested certain measures designed, among other aims, to accelerate the flow of technical, financial and statistical information and to improve coordination between the central office and the provinces, in order to achieve greater efficiency in the supervisory and control processes carried out by SNAP. Paragraphs 2.65 to 2.71 of this document present an evaluation of the results of the technical assistance furnished and a detailed description of the pertinent recommendations made by the experts. SNAP has already begun to introduce the suggested measures, and supervision of their execution would be handled by the consultants to be contracted with the new technical assistance funds provided for in the loan. (See paragraph 3.11)

SNAP Personnel

- 2.16 On July 31, 1970, SNAP employed the following staff of professional, technical and administrative personnel in its central office:



	<u>Prof.</u>	<u>%</u>	<u>Tech.</u>	<u>%</u>	<u>Admin.</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Management	1	4.0	1	5.3	11	47.8	13	19.4
Engineering	14	56.0	3	15.8	1	4.3	18	26.9
Administration and accounting	7	28.0	7	36.8	11	47.9	25	37.3
Promotion	3	12.0	8	42.1	-	-	11	16.4
TOTAL	<u>25</u>	<u>100.0</u>	<u>19</u>	<u>100.0</u>	<u>23</u>	<u>100.0</u>	<u>67</u>	<u>100.0</u>
Percentage	37.3		28.4		34.3		100.0	

#### Personnel Qualifications

- 2.17 SNAP has skilled technical personnel who coordinate, supervise and advise, in accordance with correct technical standards for rural water services, the provincial administrations and the community units established to operate and administer water supply systems. In implementing the first stage of the Plan, the technical services of the agency were considerably strengthened. SNAP duly trains the engineering and administrative and accounting control units of the provincial administrations, as well as the operators and administrators of the community units. For these reasons, in implementing the project the technical elements needed to ensure sound development of the Plan will be available. The precedents set and experience acquired in the first stage will prevent any technical problems in investigating water sources, preparing engineering studies, building the systems, organizing the communities and establishing rate schedules, since the agency is experienced in design standards and instructions.
- 2.18 Although the present administrative staff of SNAP has made it possible to develop the Plan acceptably to date, assuring the attainment of first stage goals, it is considered necessary to strengthen the personnel to ensure that SNAP can continue performing its functions satisfactorily during the second stage, when its present activities will be expanded. To achieve these ends, provision has been made for additional personnel, with an adequate level of remuneration enabling the new staff members to devote themselves exclusively and on a full-time basis to project supervision and administration. For this reason, the proposed resolution establishes as part of the local contribution minimum amounts for salaries for new SNAP and SPAR, personnel under the "supervision and administration" item in the table on costs in paragraph 3.13. In addition, the chapter on conclusions and recommendations includes the obligation of the debtor to submit to the Bank, prior to the first disbursement of the loan, a report on measures adopted to provide SNAP and SPAR with sufficient qualified personnel to handle the expanded supervisory and administrative activities entailed in the project.

Other Agencies Collaborating in Project Execution

- 2.19 To implement the project, SNAP will have the collaboration of provincial administrations, the Rural Water Supply Services (SPAR) agencies and community units (cooperatives or neighborhood councils) at the rural and community levels suited to the institutional characteristics of Argentina. The components of the system made up of SNAP, SPAR agencies and community units are described in the following paragraphs.

SPAR Functions and Structure

- 2.20 The SPAR agencies will be responsible for preparing specific sub-projects for construction of water services under the project, as well as their implementation and supervision of their operation and maintenance. During the first stage of the Plan, 21 SPAR agencies were formed, leaving only one province, Santa Cruz, without such a unit. 1/
- 2.21 SNAP has established the minimum structures and general functional guidelines governing SPAR agencies. These are stipulated in agreements signed by the nation, represented by SNAP, and the SPAR to bring the provinces under the Plan. The agreements provide above all that the provinces will have an agency responsible for carrying out the Plan.
- 2.22 The SPAR have the following powers:
- a. To administer directly a special account established in each province for the accounting of funds allocated for the respective works;
  - b. To make purchases and employ personnel;
  - c. To maintain relations with SNAP through its regional services;
  - d. To maintain the number of technical and administrative personnel at a proper level working full-time and distributed among three units concerned with: (i) engineering; (ii) administration and accounting, and (iii) community promotion.
- 2.23 As stated in subparagraph d above, the structure of the SPAR is similar to that of SNAP inasmuch as both have three basic working units in the sectors specified.

---

1/ The limited number of rural centers in this province makes such mechanisms unnecessary for the time being.

- 2.24 Of the 21 provinces included in the project, the SPAR agencies are units of provincial ministries or departments of public works in 13, which allows them to benefit from technical resources and equipment support that can be offered by the provincial agencies experienced in the field of hydraulics. In three provinces where the programs emphasize health the SPAR operate under the public health departments. In the five remaining provinces, the SPAR are constituted as decentralized or independent units.

#### Functions of SPAR Basic Units

- 2.25 The specific functions of the three basic units of each SPAR agency are:

##### Engineering

- a. Preparation and evaluation of projects;
- b. Implementation of works or, if done by contract, their supervision;
- c. Advisory services and cooperation in maintaining the services and supervising their operation and maintenance by the community agencies.

##### Administration and Accounting

- a. Administration of the special deposit account for resources to be invested in works and funds collected from the users in accordance with established rates;
- b. General accounting of the provincial service;
- c. Advisory services and supervision of administrative and accounting functions which are the responsibility of community units.

##### Community Promotion

- a. Economic and social studies;
- b. Promotion of the Plan at the rural community level;
- c. Health education;
- d. Organization of community units.

#### 2.26 SPAR Personnel

To July 31, 1970, the 21 SPAR agencies maintained the following personnel:

	<u>Prof.</u>	<u>%</u>	<u>Tech.</u>	<u>%</u>	<u>Admin.</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Management	23	21.3	-	-	38	47.5	61	14.3
Engineering	47	43.5	116	48.7	9	11.3	172	40.4
Administration and Accounting	9	8.3	45	18.9	30	37.5	84	19.7
Promotion	29	26.9	77	32.4	3	3.7	109	25.6
<b>TOTAL</b>	<u>108</u>	<u>100.0</u>	<u>238</u>	<u>100.0</u>	<u>80</u>	<u>100.0</u>	<u>426</u>	<u>100.0</u>
Percentage	25.4		55.9		18.7		100.0	

- 2.27 The SPAR personnel included in the above table was considered sufficient in number and caliber for execution the first stage of the Plan. However, for the project proposed in this document, this staff should be increased for satisfactory fulfillment of the stated goals. These additional staff members would be paid out of the items referred to in paragraph 2.18. Furthermore, provision has been made to continue the SPAR personnel training program which SNAP has been successfully conducting to date. (See paragraph 3.12.)

#### Community Units

- 2.28 The operation and administration of water systems is the responsibility of rural community units that have evolved from the promotional and health education efforts made by the SPAR agencies under the supervision and counseling of SNAP. These community groups are the last link in the mechanism for execution of the several stages of the Plan. The units are usually constituted as cooperatives. <sup>1/</sup> In some provinces, however, other types of associations are used, such as neighborhood councils, development corporations or consumer centers.
- 2.29 The personnel of these community units varies considerably, depending on the needs of the system. It is considered that they performed acceptably during the first stage. However, since operation and maintenance of works is carried out in the communities, it is expected to be necessary to increase the personnel for the proposed project. The cost of this increase has not been included in the table of costs shown in paragraph 3.10, because of the small amount involved, but it has been considered in the calculation of rates called for under the Plan. In addition the extra staff would be trained in operation and administration

---

<sup>1/</sup> The usual type of community unit organized as a cooperative consists of shareholders who meet to appoint an administrative committee which is controlled by a trustee. The committee, or the manager contracted by it, appoints an operator and an administrator for the water service, in the case of very small areas, both positions may be filled the same person.

of systems under the technical assistance operation provided as part of the loan. (See paragraph 3.12.)

- 2.30 The community units must be able to acquire rights and contract obligations, for which they are granted the necessary legal status. The statutes and regulations they establish generally follow the models prepared and issued by SNAP in this regard. 1/
- 2.31 The basic functions of the community units are:
- a. To help create a favorable attitude among the townspeople toward improvement of their living standards through the Plan and related programs;
  - b. To control the work carried out under the Plan with participation of the inhabitants through their individual contributions to construction of works;
  - c. To operate and administrate the water systems after they are built, including collection of rate receipts;
  - d. To serve as organ of coordination with the SPAR agencies.

#### Description of Plan Accounting Systems

- 2.32 SNAP uses a budget accounting system. It also keeps economic and financial records of the Plan's progress.
- 2.33 Furthermore, the SPAR accounts system is similar to that of SNAP, except that the provincial administrations are responsible for the control of rate collections, which means that each SPAR must keep the necessary collection records and prepare the financial statements they must send periodically to SNAP. Each of the community groups has a bank account for the deposit of funds from rate payments. These funds are allotted for operating, maintenance and administration costs, and for servicing the debt with the respective province. 2/

#### Evaluation of Accounting Systems

- 2.34 The accounting systems of the participating entities are considered acceptable, although at the level of the SPAR and community units, some complexity exists mainly owing to the excessive accumulation of

---

1/ The models used by SNAP meet the requirements of the National Law on Cooperatives (11388) and, where applicable, provincial laws as well. In the latter case, as already mentioned, the community unit could be a neighborhood council, development corporation, etc.

2/ The financial terms of the debt of community units with the provinces are not similar to those of the Bank loan. (See paragraph 2.42.)

financial data that delays receipt by SNAP of the corresponding information. This situation was uncovered by the consultants contracted by SNAP with resources of Loan 114/TF, who made specific recommendations aimed at systematic organization of the plan of financial data relating to Plan construction works. Implementation of those recommendations would considerably simplify the various systems for processing information and transmitting it, properly prepared, from the SPAR to SNAP.

#### Budget System

- 2.35 The operations budget of SNAP is made up of appropriations in the general national budget channeled through the Department of Water Resources. The funds for salaries and operation of the SPAR agencies are obtained from budget allotments to the provincial agency in which they are included. SNAP, in order to provide the budget allocation required by the SPAR agencies, signs additional annual agreements with the provinces committing the nation to contribute to the SPAR operating costs.
- 2.36 Furthermore, as already noted (see paragraph 2.18), to ensure satisfactory development of the Plan's second stage, budget allotments have been included in the project cost as needed to cover personnel increases and remunerations, which are considered essential for both the SPAR agencies and SNAP itself.

#### SNAP Budget and Performance

- 2.37 The SNAP budgets for 1967 through 1970 and performance in 1967, 1968 and 1969 are summarized below:

SNAP Budgets 1967-1970 and  
Performance 1967-1969  
(In US\$ thousands or the equivalent)

	<u>1 9 6 7</u>			<u>1 9 6 8</u>			<u>1 9 6 9</u>			<u>1970</u>	<u>T O T A L</u>	
	<u>Budget</u>	<u>Per-</u> <u>formance</u>	<u>%</u>	<u>Budget</u>	<u>Per-</u> <u>formance</u>	<u>%</u>	<u>Budget</u>	<u>Per-</u> <u>formance</u>	<u>%</u>	<u>Budget</u>	<u>Budget 1/</u>	<u>Per-</u> <u>formance</u>
penditures	44.3	39.9	90.1	80.0	68.1	85.1	125.7	113.2	90.1	294.3	250.0	221.2
expenses	25.7	1.1	0.4	38.2	19.6	51.3	118.3	85.5	72.3	227.1	182.2	106.2
services	8.6	-	-	22.8	25.7	112.7	40.0	40.0	100.0	50.0	71.4	65.7
penses	-	-	-	-	-	-	571.4	325.9	57.0	628.6	571.4	325.9
ces 2/	-	-	-	-	-	-	-	-	-	-	-	-
ent Expendi-	78.6	41.0	52.2	141.0	113.4	80.4	855.4	564.6	66.0	1,200.0	1,075.0	719.0
s												
ontribution												
rks	571.4	184.7	32.3	571.4	432.0	75.6	571.4	941.5	164.8	1,426.0	1,714.2	1,558.2
ion of water												
rces and												
eparation	-	-	-	-	-	-	-	20.0	-	20.0	-	20.0
stments	571.4	184.7	32.3	571.4	432.0	75.6	571.4	961.5	168.3	1,446.0	1,714.2	1,578.2
nditures	650.0	225.7	34.7	712.4	545.4	76.6	1426.8	1526.1	107.0	2,646.0	2,789.2	2,297.2

1970 figures not included.

Contribution of the nation, in addition to programmed amount, to ensure proper organization and operation of SPAR agencies.

Rate of exchange, US\$1 = 3.50 pesos.

- 2.38 The foregoing table shows that, for investments in works, performance with respect to programmed use was excellent (97%) during 1967-69. As regards administrative expenses, the main component, remuneration of personnel, was satisfactory (88.5% during the same period). However, operating expenses reflect a low ratio of performance to programmed budget (58.39%); the trend has been upward since 1968, obviously related to steady improvement of the mechanism for Plan implementation throughout the period.

Figures for 1970 (for which no budget performance information is available) show sizable increases in all items that reflect the execution requirements of the final phase of the Plan's first stage and the initiation of works chargeable to the second stage (see paragraph 3.19).

SPAR Budgets and Performance 1967-69

2.39

SPAR BUDGETS

Implemented in 1967-70

(First stage)

(In US\$ thousands)

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u> 1/
Administrative costs	286	600	660	1,600
Investments	<u>104</u>	<u>218</u>	<u>475</u>	<u>96</u>
Total	<u>390</u>	<u>818</u>	<u>1,135</u>	<u>1,696</u>

- 2.40 As seen in this table, budget performance by the SPAR agencies in 1967, which totaled the equivalent of US\$286,000, was very limited. This was because in most provinces the SPAR agencies were established in the middle of that year. Beginning in 1968, as a result of improved organization and implementation of their tasks, SPAR budget performance rose by 40% over 1967, recording slight gains in the following two years and substantial use increases in 1970, reflecting the stability attained in Plan development as its implementation proceeded.

National Revolving Fund

- 2.41 As a result of Loan 114/TF, in order to channel resources to finance the Plan, a National Revolving Fund was established with funds from three different sources:

1/ Estimated figures.

NOTE: Exchange rate used: US\$1 = 3.50 pesos for 1967, 1968 and 1969;  
US\$1 = 4 pesos for 1970.



- a. Funds from Bank loans;
- b. Funds contributed as a counterpart from the nation, the provinces and the communities;
- c. The part of rate collection set aside for servicing the debt with the Bank.

In turn, withdrawals from the fund are made through:

- a. The resources furnished by SNAP to the provinces to finance works;
  - b. Financing and amortization costs deriving from Bank loans.
- 2.42 The finance costs payable to the Bank for Loan 114/TF total 3.5% annually (2.75% for interest and 0.75% for service charge) while the cost for SNAP loans to the provinces is 6%, leaving a difference of 2.5% annually in favor of the fund. <sup>1/</sup> The Bank loan is amortized in 51 semiannual installments with three years of grace and the SNAP loans in 80 quarterly installments (40 semiannual installments) on one year of grace, representing a term for utilization of the corresponding resources in favor of the fund. In addition, the nation advances its own resources in an amount equivalent to future disbursements of the Bank loan, which earn interest at 6% in favor of the fund until such time as the respective IDB disbursement is made. The balances deriving from these terms should be invested in works under the Plan.
- 2.43 Fund operations for the period between 1967 and 1970 are summarized as follows:

---

<sup>1/</sup> The communities receive loans from the provinces on the same terms as the provinces receive them from SNAP.

National Revolving Fund 1967 - 70  
(In US\$ thousands or the equivalent)

<u>Source of Funds</u>	<u>12-31-67</u>	<u>%</u>	<u>12-31-68</u>	<u>%</u>	<u>12-31-69</u>	<u>%</u>	<u>12-31-70</u> <sup>1/</sup>	<u>%</u>
National contribution	209.0	48.1	432.0	24.7	941.5	22.1	2,170.1	32.1
Advance from nation <sup>2/</sup>	63.5	14.6	517.4	29.5	52.7	1.2	( 501.4)	(11.2)
Provincial contribution	104.2	24.0	217.8	12.4	475.2	11.1	95.7	2.1
Community contribution	58.1	13.5	357.9	20.4	880.4	20.6	489.4	10.9
Local contribution	<u>434.8</u>	<u>100.0</u>	<u>1,525.1</u>	<u>87.0</u>	<u>2,349.8</u>	<u>55.0</u>	<u>2,253.8</u>	<u>33.9</u>
IDB Loan <sup>3/</sup>	-	-	225.5	12.9	1,898.2	44.5	2,876.3	64.0
Amortization and interest on loans to provinces	-	-	1.8	0.1	18.7	0.5	91.8	2.1
Total available	<u>434.8</u>	<u>100.0</u>	<u>1,752.4</u>	<u>100.0</u>	<u>4,266.7</u>	<u>100.0</u>	<u>4,492.1</u>	<u>100.0</u>
<u>Use of Funds</u>								
Invested in works	222.7	89.9	1,635.1	97.5	3,777.0	98.1	4,702.8	91.4
Investigation of water sources and misc. <sup>4/</sup>	25.0	10.1	20.0	1.2	20.0	0.5	267.0	6.1
Interest and amortization on IDB loan	-	-	21.3	1.3	54.6	1.4	108.4	2.5
Total utilized	<u>247.7</u>	<u>100.0</u>	<u>1,676.4</u>	<u>100.0</u>	<u>3,851.6</u>	<u>100.0</u>	<u>5,078.2</u>	<u>100.0</u>
Balance for investment in works	187.1		76.0		415.1		143.7	

Rate of exchange: US\$1 = 3.50 Argentine pesos

- <sup>1/</sup> Estimated for last two months of year, since no real data are available after October 1970.  
<sup>2/</sup> Advance from the nation for account of the Bank to the provinces for the same purposes as the IDB loan.  
<sup>3/</sup> Loan 114/TF of August 26, 1965.  
<sup>4/</sup> Investigation of water sources not resulting in construction works and other miscellaneous minor expenses.

- 2.44 The preceding table shows that by the end of 1970, upon completion of disbursements under the previous loan, the local counterpart for constructions was estimated at a total of \$5,833,700, or 53.8% of the cost of the first stage of the Plan, of which 29.1%, 8.2% and 16.5% were contributed by the nation, the provinces and the communities, respectively, and 46.2% by the IDB loan. Of the total project construction now estimated at \$10.9 million, 91.4% was for works, 6.1% for investigation of water sources and 2.5% for finance costs and amortization of the first Bank loan. Of the total financing costs, amounting to US\$184,000, the communities' share was \$112,000, or 60%, and the nation's share, the remainder. Finally, the balance to be invested in future works was estimated at \$144,000 for the end of 1970.

#### Audit and Inspection

##### Internal

- 2.45 At the present time internal audit of SNAP is not consistent with technically acceptable standards. Central office operations are audited by the institution's own accountants and, insofar as the SPAR and community units are concerned, the number of field visits for audit purposes is considered unsatisfactory. This situation has been fully discussed with SNAP representatives, and the agency has agreed to improve its internal audit procedures by establishing an integrated, autonomous system to facilitate a systematic audit at all operational levels. This would be carried out through audit programs for each level of the project and by an internal auditor within SNAP who would audit SNAP itself and the SPAR agencies, and an auditor in the SPAR who would audit the community groups. This commitment by SNAP is included in the chapter on conclusions and recommendations. (See paragraph 5.01, 3.)

##### External

- 2.46 The General Audit Office of the Nation is responsible for external audit of SNAP for the purposes of Loan 114/TF. To date, this entity has systematically checked implementation of the budget appropriations for agencies participating in the Plan, as verified by IDB field missions, although it has not filed the corresponding reports to the Bank. The General Audit Office would continue exercising these functions for the proposed loan and would assume the obligation of sending to the Bank within 120 days after the close of each fiscal year, certified reports on the financial statements of SNAP and the project, as well as an analysis of delinquent rate collections. However, since the General Audit Office is responsible for auditing a considerable number of loans granted earlier by the Bank, which entails the assignment of a large number of skilled purpose, a provision would be made in the loan contract to appoint a firm of

independent public accountants if, in the Bank's opinion, the Audit Office should be unable to carry out its functions promptly and in accordance with established requirements.

Evaluations of Execution of Loan 114/TF

Chronology of Execution

- 2.47 Loan 114/TF was granted on August 12, 1965, and the respective contract was signed 14 days later. Physical construction under the program was initiated on April 1, 1967, and the first disbursement was made on January 29, 1968. The loan disbursement period, originally scheduled to expire on February 25, 1968, was successively extended to February 25, 1969, and December 25, 1970. At the end of 1970, the loan was fully disbursed, with the exception of a small item for technical assistance. 1/ (See paragraphs 2.70 and 2.71)
- 2.48 The 16 months elapsing between signature of the contract and initiation of construction were used to comply with conditions precedent to the first disbursement and to organize SNAP, which, at the time the loan was authorized, did not have sufficient manpower or financial resources, and lacked an adequate mechanism for supervision at the provincial level until May 1970.
- 2.49 As a result of the foregoing, the project was executed very slowly up to mid-1969; progress accelerated after that date and the project was completed in full by the end of 1970.

Summary of Results

- 2.50 The results of execution of Loan 114/TF are summarized below:

---

1/ The original disbursement term was established at two years, in accordance with the usual policy governing operations financed by the Social Progress Trust Fund. Subsequent experience showed that this term was unrealistic, since establishment of the institutional framework needed for development of the loan logically required a certain period for completion.

Population

Communities covered	217
Total population	256,000
Population directly connected	190,000

Construction systems

i. By contract	142
ii. By administration	75 <u>1/</u>

Costs

a. Studies of sources	US\$ 400,000
b. Engineering	453,900
c. <u>Construction</u>	
i. labor	4,144,210
ii. materials and equipment	5,555,220
iii. internal transportation	167,740
iv. administration (SPARS)	<u>986,720</u>

Total construction	10,853,890
--------------------	------------

d. SNAP supervision and administration	1,030,210
e. Training and research	<u>60,000</u>

TOTAL	<u><u>12,798,000</u></u>
-------	--------------------------

---

1/ Under the new loan a smaller ratio of construction will be done by administration (see paragraph 3.33).

SNAP staff

To date of loan authorization:

Professional	4
Technical	1
Administrative	<u>2</u>
Total	<u>7</u>

To date of project completion:

Professional	23
Technical	19
Administrative	<u>25</u>
Total	<u>67</u>

SPAR Personnel

2.51 The SPAR agencies did not exist at the time the loan was granted.

As of the date of project completion, its staff was as follows:

Professional	108
Technical	238
Administrative	<u>80</u>
Total	<u>426</u>

Introduction of Rate Systems

- 2.52 As the result of execution of Loan 114/TF, rates have been set up in the localities covered, based on adequate methods and covering operation and maintenance of the respective systems (including minor repairs and extensions), amortization of loan principal and interest, and depreciation of equipment and installations.
- 2.53 With regard to collections, in August 1970, 88 of the systems completed in 21 provinces were analyzed; the results indicated that from January to May of that year total collections amounted to 85.7% of projections, which is considered an acceptable level. Subsequent information indicates that estimated arrears as of September 30, 1970, were 12%. At any rate, the delinquency status in rate payments will improve as a result of the implementation of the recommendations made by the expert who studied this matter (see paragraphs 2.69 and 2.70).

### Training Activities

- 2.54 During execution of Loan 114/TF, training courses were held for 163 operators and administrators of the services at the community level and a training course given to 16 provincial supervisors.

### Establishment of the National Revolving Fund

- 2.55 The National Revolving Fund was also set up during the execution of Loan 114/TF. A description of the Fund's functioning and a summary of its operations are included in paragraphs 2.41 to 2.44 of this document.

### Technical Assistance Under Loan 114/TF

- 2.56 Loan 114/TF includes an item of US\$50,000 for technical assistance to advise SNAP on: (a) preparation and utilization of rate systems, and (b) adoption of administrative, accounting and collection systems.
- 2.57 As was usual at the time the loan was authorized and considering that institutional mechanism needed for project execution was not set up at that time, an over-all amount was allocated for technical assistance without the preparation of a corresponding plan of operations or the establishment of specific terms and conditions for its implementation. This provided the flexibility needed for gradual adaptation of the advisory services as needs arose and were identified during the course of the project, a policy that produced positive results, as will be seen from the evaluation of results of this technical assistance.
- 2.58 At the time the loan was granted (August 12, 1965), SNAP, which had been set up at the end of 1964 and whose functions were not legally regulated until May 1965, was an embryonic agency with a national staff of seven comprising four professionals, one expert and two administrative employees. There was no organization for execution of the project at the provincial or community level.
- 2.59 The original purpose of the technical assistance covered by Loan 114/TF was, in addition to providing the Plan with the a satisfactory rate system, to assist in the national organization of SNAP and to furnish adequate administrative and accounting procedures to both this new entity and to the agencies to be set up in the future for execution of the Plan at the provincial and community levels.

### Negotiation of the Plan of Operations

- 2.60 The project of Loan 114/TF as a whole was initiated very slowly; in fact, the first disbursement was not made until January 1968, 28 months after approval of the operation. This was the direct and to a certain

point expected consequence of the situation prevailing at the time the loan was approved. In addition to the need to provide SNAP with an effective organic structure and the essential manpower for execution of the project, it was necessary to enlist each of the participating provinces, to set up and organize the SPAR agencies and to introduce standards and procedures at the national, provincial and community levels, all the while overcoming financial resistance to introduction of a new system in which the country had no experience.

- 2.61 While this laborious organization of the institutional framework for the project was progressing, the Bank, through missions to the field, exchange of correspondence and the work of the project specialist, attempted to specify with SNAP the terms of the plan of operations for the proposed technical assistance. At the beginning, SNAP objected even to the idea that the technical assistance was necessary, claiming that some of the aspects involved were being covered by its own personnel and the rest by the University of Buenos Aires and the World Health Organization. Finally, the resulting negotiations culminated at the end of 1968, when SNAP recognized the need for contracting certain experts on the terms and for the purposes indicated further on, which were agreed upon taking into consideration progress achieved in execution of the project and in its institutional organization, as well as the weaknesses detected in its development.

#### Definitive Objectives

- 2.62 The purposes of the technical assistance were agreed in the following items:
- a. Studies of the accounting systems and administrative, financial and accounting control and procedures of SNAP and of SPAR and recommendations on changes and means of standardizing them;
  - b. Study of the accounting and collection systems of agencies responsible for executing the project at the community level and recommendations on the necessary changes;
  - c. Preparation of the rate systems designed to make water supply services self-financing;
  - d. Optimization of the human and technical resources available at the provincial level and expedition of the corresponding administration processes in order to cut costs and time in execution of the works.

#### Type of Execution Stipulated

- 2.63 The technical assistance agreed upon was divided into two stages, the first covering study, evaluation and formulation of recommendations and the second (whose scope and duration would depend on the results of



evaluation of the first stage) aimed basically at supervising introduction of the recommendations suggested during the first stage. The corresponding plan of operations was finally approved by the Bank on December 2, 1968, and the respective agreement signed on September 15, 1969.

#### Execution

- 2.64 On July 15, 1970, in accordance with conditions previously approved by the Bank, SNAP signed the service contracts with the consulting firm for the purposes described in subsection a of paragraph 2.62 and with the experts responsible for those indicated in subsections b, c, and d, all concerned with the first stage of the technical assistance. Both the consulting firm and the individual expert responsible for the activities described in subsections b and c have completed their work and presented their respective final reports, which have been examined and found satisfactory by both the IDB and SNAP. The expert responsible for the duties covered in subsection d has completed his sampling and analysis at the provincial level and submitted three partial reports, but the final report, to which SNAP and the IDB made some objections, is now being changed.

#### Technical Assistance Results

- 2.65 Pursuant to the terms of reference stipulated, an in-depth study has been made of the organic structure of SNAP, its accounting systems and administrative procedures and its relations with the provinces, together with preparation of the corresponding evaluation and of a series of manuals covering, among other matters, organization of the agency, its relations with the provinces, cash flows, accounting systems, data processing and procurement procedures.
- 2.66 The recommendations made with regard to the matters noted, without attempting to make any basic changes in SNAP structure, are designed to improve and simplify coordination between its various organizational levels, to define the specific functions and responsibilities of each department and to improve the distribution of works through an effective delegation of functions. With regard to accounting systems, the recommendations are aimed at preventing duplication of records and encouraging mechanized accounting procedures. With regard to administrative procedures, an office manual has been prepared for the handling of correspondence and documents and a detailed analysis has been made of filing problems, among others.
- 2.67 With reference to the objectives indicated in subsection d of paragraph 2.62, a survey and sampling of a total of eight provinces and 28 communities covered by the SNAP Plan was undertaken and led to preparation, in addition to the monthly reports in the form of evaluations, of a series of standards and instructions designed to improve

SNAP procedures relating mainly to censures and records of users, consumer invoicing, collections, receipt records, use of funds and accounting.

- 2.68 The standards prepared for this purpose are directed toward facilitating better administration of services at the provincial and community levels through standardization of administrative and accounting procedures and guaranteed supply of statistical information enabling SNAP to supervise and control Plan progress on the national level.
- 2.69 In connection with preparation of rate systems, detailed methods have been drawn up for calculating the rates applicable to various types of rural users, reflecting the standards established in this matter in the contract for Loan 114/TF, the agreements between the government and the provinces and between the latter and the communities, and SNAP regulations.
- 2.70 As regards the objectives stated in subsection d of paragraph 2.62, the corresponding information has been compiled in three provinces covered by the Plan, and the expert responsible for this work has agreed to complete the tasks assigned him within the near future.

#### Conclusions

- 2.71 In conclusion, it can be stated that, once the network of agencies had been set up on the national, provincial and community levels as required by the project, execution of Loan 114/TF was carried out satisfactorily, encouraging active participation by the beneficiary communities and establishing an adequate institutional mechanism for execution, supervision and administration of the works. Specifically in connection with technical assistance, with the exception of the contents of the preceding paragraph, it is considered that the basic objectives of the first stage of the technical assistance provided have been satisfactorily fulfilled. The second stage (supervision of startup of the recommended measures) would be executed under the new loan, since the resources and time available were insufficient for such purposes during the first stage (see paragraph 3.12).
- 2.72 The positive results obtained from execution of the loan represent, furthermore, a wholly satisfactory application of the philosophy on which establishment of the Social Progress Trust Fund was based. In fact, one of the basic prerequisites for operations financed by that Fund is that they involve projects which, in addition to being investments designed to improve conditions of the population, are related to effective measures aimed at initiating or expanding institutional improvements in the countries benefiting from the loans.

- 2.73 As shown by the evaluation of loan progress described in the preceding paragraphs and in application of the Social Progress Trust Fund policy, the operation provided an important incentive for establishment of an effective institutional mechanism that made possible satisfactory development of the first stage of the Plan and created the conditions needed for execution of the second stage.

### III. THE PROJECT

#### Background

- 3.01 Today, the potable water supply is a determining factor in public health and socioeconomic development almost throughout the world and especially in the developing countries.
- 3.02 The lack, shortage or delayed provision of this vital element increasingly requires national governments and local agencies to make serious efforts to establish new services or improve those in existence.
- 3.03 In Argentina the water supply service is in seriously short supply in rural areas, especially in towns with fewer than 10,000 inhabitants. It can be estimated that of Argentina's 24 million inhabitants, 3.4 million live in rural towns with a population of up to 10,000. Of this number, only 6.7% had household water connections in 1954. In fulfillment of the goal established in the Charter of Punta del Este, calling for a 50% reduction in the Latin America deficit in this important service, the Argentine Government decided in 1964 to carry out a nation-wide program to supply water to rural towns.
- 3.04 To achieve these objectives, the Argentine Government, with the advice of the Pan American Health Organization, prepared the National Rural Water Supply Plan. Its basic objectives are:
  - a. To improve the health of the rural population living in small towns through water supply and a sustained process of health education at the community level to decrease morbidity and mortality rates and increase life expectancy at birth. 1/
  - b. To encourage organization of community groups within beneficiary rural communities to help implement other socioeconomic development programs supported by the provinces and the national government.
  - c. To supply potable water to 50% of the rural population living in towns and to prepare a supplementary plan for subsequent application to supply water to all rural towns in the country.
- 3.05 The original numerical goal of the Plan was to meet the needs of 50% of the unserved population, that is, to provide services to 1.7 million inhabitants in three stages over a span of six years. The first phase directly benefited 190,000 persons of a total population of 256,000 in 217 rural towns. The second stage of the Plan is the objective of this document, and it is expected that once the third stage has been completed, the needs of 900,000 rural inhabitants in approximately 650 communities in all provinces of the country will have been met.

---

1/ The basic objective of the Plan is to reduce infant mortality by one half (at present Argentina has an infant mortality rate of 5.5% and a general mortality rate of 1.2%) and increase life expectancy at birth by five years (life expectancy at birth in Argentina is currently estimated at 67 years).

- 3.06 Most of the rural towns that would benefit from this second stage lack water services. With few exceptions these towns receive water from a few public spigots or fountains located at convenient points. <sup>1/</sup> This type of service, which at one time represented a substantial improvement for the rural zones, offers no security from the standpoint of health and would be replaced through the project by systems of household connections which would furnish a sufficient volume of treated water to every household.

Project Description

- 3.07 The project would involve approximately 250 specific subprojects for construction of water catchment, treatment and household connections in 250 rural towns in the interior with up to 10,000 inhabitants, service an aggregate population of approximately 260,000. The total population in the areas served would be approximately 370,000.
- 3.08 In addition to construction of the systems, at locations throughout the country, the project includes investigation of water sources, preparation of engineering studies, organization of community units and their promotion at the local level, establishment of adequate rate systems and a technical assistance program.
- 3.09 The essential features of the project are summarized below:
- a. Catchment facilities involving wells or surface intakes, depending on the type of catchment technically best suitable to each case.
  - b. Installation of storage tanks in each system with a minimum capacity equivalent to 25% of daily consumption in each community.
  - c. Installation of pumping equipment where a gravity flow supply is not feasible.
  - d. Water treatment through disinfection, coagulation, chlorination and fluoridation, as applicable in each case.
  - e. Installation of more than 2 million meters of pipe, 87% plastic and the rest asbestos, cement and/or cast iron.
  - f. Installation of household connections with regulators or meters for a estimated total of 49,500 buildings or houses.
- 3.10 The total cost of the project has been estimated at the equivalent of US\$25 million. Excluding the supervisory and administrative costs of the SPAR agencies, this cost would represent a total investment per individual served of US\$82. In the first stage of the Plan, total

---

<sup>1/</sup> These public spigot systems were built and are administered by the National Sanitation Works (OSN).

investment per individual served, calculated on the same basis, was US\$70. The per capita cost increase in the second stage derived from the need to use more surface sources for treatment plants, desirable increases in supervisory and administrative costs and the reduction in estimated percentage of population served, which declined from 75% in the first stage to 70% in the second.

- 3.11 One fundamental aspect of the project is the technical assistance included, whose basic purpose is to implement the recommendations made by the consultants responsible for the first stage of technical assistance granted to SNAP for execution of Loan 114/TF (see paragraph 2.61). These recommendations mainly concern implantation of the administrative and accounting structure and systems and the recommended rates and supervision of operations. The technical assistance proposed also includes special technical studies and training courses for personnel involved in the supervision, administration and operation of water supply systems under the Plan.
- 3.12 The specific terms of reference for the technical assistance would cover:
  - A. In the administrative field, preparation of the schedule for implementation of recommendations made during the first stage; detailed design of organization and procedural manuals applicable under the standards prepared during the second stage governing organic structure, division of attributes and operation of the systems recommended, and drafting of the definitive organizational and flow charts for SNAP.
  - B. In the accounting and financial field, definition of the characteristics of the data processing equipment recommended as a result of the first stage of the technical assistance; integration and coordination of internal control and accounting systems at the community, provincial and regional levels; active supervision of the new accounting systems, and preparation of financial statement models.
  - C. In connection with rate systems, introduction of the recommendations made during the first stage of the technical assistance, including adaptation of the rate policy applicable in accordance with the socioeconomic conditions of the communities and design of the file cards, invoices, schedules and records required for community accounting management.
  - D. With regard to specific studies, the preparation of standards for quality control and inspection and procedures for construction and pipe installation, as well as procedures for contracting of services, works and equipment.

- E. With regard to training, design and development of training courses for personnel directly related to the execution of project works and operation of the services.

Finally, the technical assistance would include various technical studies on underground sources and on removal of arsenic and other noxious substances, as well as on other specific matters as needs are identified during project execution.

Project Cost

- 3.13 As already noted, the total project cost amounts to US\$25 million, of which it is estimated that US\$1,723,000 corresponds to foreign exchange costs and the equivalent of US\$23,227,000 to costs in local currency, according to the following breakdown:

(In US\$ thousands or the equivalent)

	COSTS IN FOREIGN CURRENCIES			Costs in Local		
	Direct	Indirect 1/	Total	Currency	Total	%
ENGINEERING AND ADMINISTRATION						
Investigation of water sources	-	-	-	1,000	1,000	4
Studies (Project preparation)	-	-	-	750	750	3
Supervision and administration	-	-	-	4,930	4,930	20
Equipment	-	45	45	405	450	2
Subtotal		45	45	7,085	7,130	
FACT COSTS						
Construction	-	1,400	1,400	12,700	14,100	56
FINANCING EXPENSES						
Interest and charges	128	-	128	492	620	2
IDB inspection and supervision	120	-	120	-	120	1
CURRENT EXPENSES						
Technical assistance	30	-	30	170	200	1
UNSPECIFIED						
Construction contingencies	-	-	-	1,480	1,480	6
Increased costs	-	-	-	1,350	1,350	5
	278	1,445	1,723	23,277	25,000	100

The indirect external component has been estimated at 10% of equipment and construction costs (items 1. computing for this purpose the incorporation of parts and materials of external origins in goods produced locally and the depreciation of imported equipment.



Distribution of Resources

3.14 The following table shows the distribution of financing resources:

PROJECT TOTAL COST AND FINANCING PLAN

(In US\$ thousands of the equivalent)

	IDB LOAN							LOCAL CONTRIBUTION		
	CURRENCIES OF USE									
	IN FOREIGN CURRENCIES					In		Local	Foreign	
	Foreign Currency Costs			For Local		Local		Currency	Currency	
	Direct	Indirect	Total	Costs	Total	Currency	TOTAL	Costs	Costs	TOTAL
ERING AND ADMINISTRATION										
Investigation of sources	-	-	-	-	-	800	800	200	-	200
udies (project	-	-	-	-	-	650	650	100	-	100
preparation)	-	-	-	-	-	-	-	4,930	-	4,930
chnical supervision	-	-	-	-	-	-	-	405	45	450
ministration expenses	-	-	-	-	-	-	-	-	-	-
COSTS										
onstruction	-	1,400	1,400	3,450	4,850	3,800	8,650	5,450	-	5,450
ING EXPENSES										
Interest and charges	-	-	-	-	-	-	-	492	128	620
OB inspection and	120	-	120	-	120	-	120	-	-	-
supervision										
RENT EXPENSES										
Technical assistance	30	-	30	-	30	120	150	50	-	50
IFIED										
onstruction contingencies	-	-	-	-	-	815	815	665	-	665
Increased costs	-	-	-	-	-	815	815	535	-	535
	150	1,400	1,550	3,450	5,000	7,000	12,000	12,827	173	13,000

Origin and Use of Currencies

3.15 The origin and use of currencies would be as follows:

(In US\$ thousands or the equivalent)						
	<u>Currencies of Origin</u>		<u>Currencies of Use</u>		<u>Total</u>	<u>%</u>
	<u>Foreign</u>	<u>Local</u>	<u>Foreign</u>	<u>Local</u>		
<u>IDB Loan</u>	5,000	7,000	1,550 <sup>1/</sup>	10,450	12,000	48
<u>Local Contribution</u>	173	12,827	173	12,827	13,000	52
a. Nation						20
i. Investments	173	3,697	173	3,697	3,870	
ii. Supervision and admin. (SNAP)	-	1,200	-	1,200	1,200	
b. Provinces						21
i. Investments	-	1,400	-	1,400	1,400	
ii. Supervision and admin. (SPARS)	-	3,730	-	3,730	3,730	
c. Community Units						11
i. Cash	-	2,520	-	2,520	2,520	
ii. Materials and labor	-	280	-	280	280	
GRAND TOTAL	5,173	19,827	1,723	23,277	25,000	100
Percentage	21	79	7	93	100	

3.16 As the above table shows, the Bank financing, totaling the equivalent of US\$12 million, would cover 48% of total project cost. The foreign exchange of the loan would be used to finance: a) direct and indirect external costs, with the exception of (i) the portion payable in dollars of loan interest and charges accrued during project execution (US\$128,000), and (ii) indirect external costs of the local equipment to be acquired with resources of the country (US\$45,000) and b) local costs up to the equivalent of US\$3,450,000, accounting for 69% of the foreign exchange of the loan. The part of the loan disbursed in local currency would be used to cover local costs.

3.17 The local contribution would cover 52% of the total project costs and would be used to: a) cover local costs up to the equivalent of US\$12,827,000, and b) foreign exchange costs up to US\$173,000, to be used to finance (i) the portion payable in dollars of the loan interest and charges accrued during project execution (US\$128,000), and (ii) indirect external costs of the local equipment (US\$45,000).

<sup>1/</sup> Includes US\$1,400,000 to cover indirect foreign currency costs.

- 3.18 As seen in the preceding table, the local contribution would be furnished by the nation, the provinces and the community units in ratios estimated at 20%, 21% and 11%, respectively, of total project cost. No problems are expected to arise in connection with prompt provision of the provincial and community contributions, but in the hypothetical case of shortfalls in these contributions, the nation would also agree to contribute the funds necessary for total and satisfactory implementation of the project.

#### Investments Made

- 3.19 To ensure continuity between the second and first stages of the Plan, provision has been made to include in the project the works under the 77 subprojects approved by the Bank (see paragraph 3.30) which were started prior to signature of the loan contract but after March 20, 1970, <sup>1/</sup> as long as requirements substantially similar to those provided for in the resolution and in the loan contract have been met and documents on the studies, procedures and costs of the works are presented to the Bank's satisfaction, no later than 120 days after signature of the loan contract. The total cost of these works may not exceed the equivalent of US\$3,750,000. Of this amount, up to the equivalent of US\$2,175,000 may be financed with IDB loan resources, and up to the equivalent of US\$1,575,000 would be recognized as part of the local contribution. These ratios were estimated on the basis of the percentages of IDB and local contributions planned for construction (72% chargeable to the loan and 28% chargeable to the local contribution), which includes the investments acknowledged.

#### IDB Loan

- 3.20 The IDB contribution to the project would consist of the amount of the loan proposed, equivalent to US\$12 million, of which up to the equivalent of US\$7 million would be disbursed in Argentine pesos. Direct and indirect expenses in foreign currencies have been estimated at a sum equal to US\$1,723,000. A total of US\$3,450,000 of the loan in foreign currencies and the Argentine pesos of the loan would be used to finance local costs.

#### Local Project Contribution

- 3.21 The local contribution to the project, equivalent to US\$13 million, would be paid by the nation, the provinces participating in the Plan and the beneficiary communities, in accordance with the following approximate distribution: nation, US\$5,070,000 (39%); provinces, US\$5,130,000 (40%), and community groups, US\$2.8 million (21%).
- 3.22 In the contribution to be made by the nation and the provinces, consideration has been given to both investments in works and the costs of project supervision and administration. The latter include salaries

---

<sup>1/</sup> Although the loan application was dated May 14, 1970, at that time the Argentine authorities proposed to the Bank that investments made after March 20, 1970, be included in the second stage of the Plan.

and expenses for SNAP and SPAR technical personnel who will supervise execution of the works, as well as costs of transportation and other services directly related to these activities.

Local Fund Requirements for Plan Implementation

- 3.23 Given the characteristics of the project, which constitutes the second stage of a plan already in progress, and the necessary continuity and inter-relationship between activities carried out under its different stages, the duties of SNAP and SPAR personnel during the next few years would include supervision of the administration of systems constructed under the first stage of the Plan. 1/
- 3.24 For the exclusive purpose of making a comparison between supervisory and administrative costs for both stages and determining that the increases projected in these items in order to ensure satisfactory execution of the Plan would remain at reasonable levels, a table is included below showing projections of resources to be used for: a) financing project investments, and b) covering the costs entailed in separate supervision and administration of the two stages of the Plan.

(In US\$ thousands)					
	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974 2/</u>	<u>TOTAL</u>
<u>National Contribution</u>	1,497	1,809	2,011	931	6,248
i. Investments	872	1,139	1,341	518	3,870
ii. Supervision and admin. (SNAP)					
First stage	371	310	247	250	1,178
Second stage	254	360	423	163	1,200
<u>Provincial Contribution</u>	1,963	2,263	2,538	1,659	8,423
i. Investments	305	414	469	212	1,400
ii. Supervision and admin. (SPARS)					
First stage	885	731	802	875	3,293
Second stage	773	1,118	1,267	572	3,730
<u>Community Contributions</u> (second stage only)	556	864	1,072	308	2,800
i. Cash	500	778	965	277	2,520
ii. Materials and labor	56	86	107	31	280

1/ The cost of SNAP and SPAR supervision and administration of the operation of works constructed during the first stage has not been computed as a local contribution to the project in the table appearing in paragraph 3.14.

2/ Refers only to the first half of the year.

- 3.25 The above figures reflect the sustained increase in the flow of resources to finance the Plan during the years of project execution. This is particularly important as regards the SNAP and SPAR supervisory and administrative costs, since in order for the project to be successful as already indicated (paragraphs 2.18 and 2.28), the staff must be expanded as needed for proper handling of the larger number of tasks involved in the activities that would derive from project execution. 1/
- 3.26 Furthermore, a comparison of the amounts allotted for supervisory and administrative expenses of the second stage of the Plan with those required for continued development of the first stage leads to the conclusion that the increases provided for are reasonable. In effect, as established in the tables included in paragraphs 2.37 and 2.39 showing the SNAP and SPAR budgets for 1967-1970, the amounts allocated by both agencies for such costs during 1970 totaled the equivalent of US\$521,400 and US\$1.6 million, respectively. This indicates that the items provided for these purposes in the projections for 1971-74 and specifically for 1971 (US\$625,000 for SNAP and US\$1,658,000 for SPAR) are reasonable.
- 3.27 Finally, the additional requirements for investment and for supervisory and administrative expenses needed for implementation of the project, compared with the amounts actually used for the same purpose during development of the first stage of the Plan, indicate that the local contribution projected would not entail a disproportionate financial effort by the nation, the provinces and the communities, and that, as a result, this contribution is adequate.
- 3.28 For utilization of the local counterpart funds under Loan 114/TF, SNAP has consolidated administration of the corresponding resources through the National Revolving Fund (see paragraph 2.41) and channeled these funds to the works by means of an account in the Bank of the Argentine Nation. Special accounts have been opened for each SPAR agency, to which SNAP transfers the appropriate amounts as soon as the contributions from the nation, the province concerned and the corresponding group (when this is made in cash) have been deposited in the provincial account. In cases where the community also contributes materials and/or labor, the obligation is formalized and quantified through an agreement signed by the province and the respective community unit. The same financial mechanism would be used for the project under consideration, in view of its satisfactory results.

#### Rate System

- 3.29 Provision has been made, just as in the case of Loan 114/TF, for payment by users of the water supply systems under the Plan of

---

1/ Not only would the number of personnel be increased but an adequate general salary level would be guaranteed in order to retain qualified SNAP and SPAR personnel and encourage recruitment of the additional experts required.

rates to cover at least the operations and maintenance costs of the system and service of the debt. However, if feasible on the basis of local income levels, SNAP would attempt to cover depreciation of equipment and installation as well. In no case would the annual cost of services exceed the equivalent of earnings for a period of 14 days, an amount consistent with the beneficiaries' payment capacity.

#### Project Execution

- 3.30 It is planned to complete the project within three and one-half years. Along with the loan application the final studies of systems for 77 communities were presented and have been approved by the Bank. It is estimated that the rest of the subprojects will be ready in time to ensure total implementation of the project within the time provided, which has been estimated on the basis of the average rate of execution recorded in recent years for the earlier loan. Taking this into account, together with the greater experience and better organization of the SPAR agencies and the trend toward execution of more works and studies by contract, the proposed schedule is considered to be feasible.
- 3.31 The provinces, through the SPAR, would be responsible for investigating water sources, preparing studies and implementing works.
- 3.32 Investigation of water sources and preparation of projects would be carried out through direct administration and/or through contracts with specialized engineers when possible.
- 3.33 Works would be constructed by contracts with private enterprises selected through public international bidding. Occasionally, with express prior authority from the Bank, some works would be carried out by direct administration; these as a whole could in no case exceed 25% of the loan. <sup>1/</sup> This procedure would be employed only: a) when the amount of the works is very small; b) when no contractors are interested; and c) in cases where the community makes its contribution predominantly in the form of labor.
- .. . 3.34 The procedure described in the foregoing paragraph has been agreed upon with the Argentine authorities, who stated that, for purposes of the loan in question they would waive application of the provisions contained in Article 1 (b) of Law 18785 (Law on National Procurement) which obliges state agencies, except in special cases, to award contracts for the public works for which they are responsible to local construction firms. The authorized representatives of the Argentine Government will supply assurances satisfactory to the Bank in this

---

<sup>1/</sup> In the preceding loan, works executed by administration totaled 35% (see paragraph 2.50).

connection, and, in any case, the first loan disbursement would be contingent upon the presentation of such assurances (see proposed resolution, section 9, (c)).

- 3.35 The specific subprojects would be selected by the SPAR agencies with SNAP approval, in accordance with the pertinent criteria and standards established by SNAP. Application of these standards and criteria would ensure that: i) the beneficiary communities, of up to 10,000 inhabitants, would be eligible because of their rural nature, the health priority of the service and the public income level; ii) the works projected would entail the lowest initial investment, taking into consideration possible alternative water sources (wells, surface catchments, etc.) and construction of networks (iron, plastic and other types of pipe) and the lowest operating costs; iii) the water sources would be proven and have an adequate, assured, long-term capacity, and iv) the community agencies would be able to make their contribution, in labor or cash, and to operate the systems and collect the rates established.

#### Control of Project Execution

- 3.36 Supervision of the works would be the responsibility of the technical personnel in each SPAR agency. Coordination at the national level and general supervision would be the responsibility of SNAP, operating through its central office personnel and especially through its six regional offices.
- 3.37 It is expected that adequate implementation of the technical assistance provided will improve the institutional, accounting and technical aspects of the SNAP-SPAR community implementation mechanism.

#### Schedule of Investments and Disbursements

- 3.38 The project would be completed in a period of three and one-half years. In accordance with the SNAP work program, the following tentative schedule of investments and disbursements has been drawn up:

(Equivalent in US\$ thousands)				
	<u>IDB</u>	<u>Local Contribution</u>	<u>Total</u>	<u>%</u>
First year	2,300	2,760	5,060	20
Second year	3,800	3,895	7,695	31
Third year	4,600	4,572	9,172	37
Fourth year (6 months)	1,300	1,773	3,073	12
TOTAL	12,000	13,000	25,000	100



IDB Inspection and Supervision

- 3.39 Inspection and supervision of the project would be carried out by the Bank through the engineer in charge of Loan 114/TF. If the number of works simultaneously under construction should so require, a local engineer would be contracted.

#### IV. PROJECT JUSTIFICATION

##### Technical Feasibility

- 4.01 The precedents and experience of the first stage of the Plan suggest that no technical problems will arise in preparing the engineering studies. SNAP has adopted standards for design of the works which it has been using and perfecting for several years. This would facilitate the action of agencies participating in the project. The study for each subproject includes considerations leading to economic solutions which, in turn, constitute the best technical alternatives.
- 4.02 The subprojects for each water supply system provide that an adequate water source will be available prior to initiating the works. The preference shown in the project for use of subterranean waters as a source of supply is justified by the fact that this type of source provides more healthful water, requires less treatment and makes unnecessary the construction of adduction lines and the treatment required for surface sources. However, it is expected that the use of surface waters will increase as Plan execution progresses, owing to the growing number of systems in regions where it is increasingly difficult to obtain adequate subterranean sources of water. The measures provided under the project for catchment of surface waters when absolutely necessary are technically acceptable and justifiable, although obviously the costs of initial investment, operation and maintenance of these works would be greater. The material to be used in each project would be selected on a technically and economically acceptable basis. Only materials whose quality meets the standards of the Argentine Institute for Standardization of Materials (IRAM) would be used.
- 4.03 Proper criteria have been followed in determining the importance of the works to be built, taking into account present and future population and the socioeconomic conditions of the towns to be served. The studies and plans of 77 water supply systems presented to the Bank with the loan application are considered to be a representative sampling of the project and are consistent with standards of the Plan and of the IDB in this regard. These subprojects have already been given final approval by SNAP and the Bank, and a substantial number of them are being implemented.
- 4.04 The programs of water source investigation, preparation of studies and implementation of works, as well as the investment schedule, are considered adequate and technically sound.
- 4.05 As a result of the foregoing, it is considered that the project is technically feasible and has the elements necessary to ensure its satisfactory implementation.

- 4.06 Finally, as already noted, the technical assistance provided as part of the IDB loan would cover the administrative, accounting and rate aspects of the agencies responsible for carrying out the project, which would facilitate management of the project resources and collection of service rates.

#### Institutional Feasibility

- 4.07 To support project execution there would be an adequate institutional mechanism and a body of standards and procedures prepared as a result of implementation of Loan 114/TF. Another outcome of this loan was the collaboration of the provinces in the Plan, which required establishment of the 21 SPAR agencies. Under SNAP supervision, these agencies have demonstrated the capacity necessary to carry out the activities assigned to them within the Plan implementation mechanism.
- 4.08 It is considered that the operation of SNAP under the new Department of Water Resources would permit improved implementation of the project, since it would supply SNAP with better and more complete hydrogeological studies consolidating information in this field and providing improved coordination with the SPAR in technical aspects of source investigation. Furthermore, the assignment of SNAP to this department, together with the National Sanitation Works (OSN) and on the same organizational level, would help to coordinate and make more efficient the functions of supplying water to the Argentine population still lacking this service. 1/
- 4.09 The technical assistance provided in the project would include aspects related to organization of SNAP and the SPAR aimed at adapting these agencies to future tasks under the Plan. SNAP would continue its training program for SPAR personnel in the various areas of engineering, administration and accounting. For their part, the beneficiary communities of the Plan would maintain their promotional program to improve health education and to secure fuller cooperation in implementation of the project, including provision of the initial contributions necessary to build the works, operate and maintain the services and assume responsibility for payment of rates. Furthermore, the community units would continue to receive the full support and advisory services of the SPAR agencies and of SNAP. An efficient training program would instruct their personnel in the technical, administrative and accounting aspects of water supply systems.
- 4.10 It is believed that the system made up of SNAP, the SPAR and the community units is adequate and flexible enough to implement the project and that it is duly covered by the policy established by the Argentine Republic for carrying out similar projects of national scope by means of centralized administration and decentralized implementation.

---

1/ The OSN is the agency responsible in Argentina for the construction of water supply systems for urban populations.

### Economic Evaluation

- 4.11 In accordance with the studies made, the project is economically feasible and its implementation is justified. Of the Argentine population living in rural towns, only approximately 3.4 million receive water service. The purpose of the second stage of the Plan is to provide water to as many family housing units as possible through direct connections. The project will supply water to 286,000 persons in 250 rural communities with a total population estimated at 375,000.
- 4.12 As a consequence of the project, it is expected that the incidence of water-borne diseases will be reduced and the infant mortality rate consequently decreased. In addition, the supply of water would facilitate socioeconomic development of the towns, mainly the construction of new housing. Implementation of Loan 114/TF has already had a significant stimulating effect on housing construction and the establishment of new businesses and small industries. The project would help to narrow the considerable gap between social and economic conditions in rural zones and urban zones, thus contributing as well to curtailing the rural exodus to the cities.
- 4.13 The criteria used in the project for the selection of communities (see paragraph 3.35) are considered adequate. These criteria have taken into account the social and economic needs of the rural towns and the possibilities of supporting investments in water supply systems, their operation and prospects for future expansion.
- 4.14 The feasibility study for each water system of the project includes, in addition to technical studies, a complete socioeconomic study confirming the possibility of constructing the works in accordance with general economic conditions in the localities and the ability of users to finance the investments called for and the operating costs of the systems. The ratio of investment recoverable through the payment of rates would vary in accordance with the economic capacity of each town, a policy considered acceptable and consistent with both social and economic needs. The technical assistance provided under the project would include adoption of the pertinent recommendations deriving from the review of the rate system made under the technical assistance granted with resources of Loan 114/TF.
- 4.15 One of the most notable achievements in the first stage of the Plan was the establishment and acceptance of the project and its rate system by the rural communities. It is expected that this acceptance will be still further consolidated during implementation of the project considered in this document.
- 4.16 The rates applied under Loan 114/TF have been reasonable and those provided for the second stage would also be consistent with the needs of the project and the economic possibilities of the towns served (see paragraph 3.29).

Loan Financing Conditions

- 4.17 The contribution to be made by the IDB to the project is acceptable as regards its share of the total cost (48%) and which is well below the average for IDB loans to finance sanitation projects (55.4%). From the standpoint of currencies proposed (US\$5 million and the equivalent of US\$7 million in Argentine pesos), distribution is based on the high component of local project costs (93% of total cost) and on the aim of restricting the use of dollars to cover internal costs insofar as possible. 1/
- 4.18 The dollar percentage of the loan to be allotted to finance local costs is 69%, despite the high ratio of local currency used (US\$7 million out of a total of US\$12 million). This is the result of not only of the exceptionally high local component of the project, which is characteristic of projects of this type in the more developed member countries of the Bank, but also of the aim of utilizing FSO in Argentine pesos availabilities in other projects as well as both in Argentina and elsewhere.
- 4.19 Although Argentina has a self-sufficient and quite diversified economy in comparison to that of other member countries, the execution of projects with a high component of local costs exerts an induced impact on the balance of payments. Even utilizing a conservative multiplier of 3, the disbursement of so large an amount in Argentine pesos (equivalent to US\$23.3 million) would induce a total expenditure equivalent to US\$70 million, and, assuming a marginal propensity to import of 0.08, the induced demand for imports would be US\$5.6 million, which would be covered only partially by the US\$3.4 million of dollar resources of the loan earmarked to finance local costs.
- 4.20 Utilization of the Fund for Special Operations is justified basically by the low income level of the beneficiary communities as compared to the general situation in the country. Actually, of the 77 projects presented to the Bank, Verónica, the most prosperous of the communities served, has an average income representing only 50% of the national average. 2/

---

1/ Even with the distribution recommended, the percentage of loan dollars earmarked to finance local costs is 69%.

2/ In order to verify the comparative poverty of the communities served, the four projects for Buenos Aires, the richest of the provinces benefited, were analyzed, and the annual per capita income of the respective communities was found to range between 885 and 1,676 pesos, with an average of 1,373 pesos (the average per capita income in Argentina during 1969 was approximately 2,900 pesos).

## V. CONCLUSIONS AND RECOMMENDATIONS

5.01 In accordance with the analysis of the preceding chapters, the project is feasible from the technical, economic, financial and legal points of view. Therefore, it is recommended that a loan of up to the equivalent of US\$12,000,000 be granted to the Argentine Nation from the Fund for Special Operations subject to the conditions established in the corresponding resolution and to the following provisions to be fulfilled to the satisfaction of the Bank:

1. Within a year from the date of the loan contract, the debtor shall present to the Bank:

- (i) the program for personnel training, additional investigations and consulting on specific problems, primarily with respect to the study of subterranean water sources and the removal of harmful substances, referred to under subparagraphs 6 and 7 of the Plan of Operations in Appendix B, as well as the periods for the selection and contracting of the necessary consultants, and
- (ii) evidence that the autonomy of the internal auditing of SNAP as well as the structure of the unit in charge of the external auditing of the SPARS and the communal entities have been strengthened.

### 2. Other Conditions

- (i) the National Revolving Fund to which Section 3.01 (g) of Loan Contract 114/TF-AR, dated August 26, 1965 refers shall be used to finance, in addition to the investments mentioned in such contract, the reposition of installations and equipment for the water supply systems of the Plan in those communities where the proceeds of rates do not cover the depreciation of the installations.
- (ii) the Bank may recognize as part of the local contribution to the project the expenses, other than those mentioned in paragraph 9 (c) of the resolution, incurred in the execution of the project before the date of the loan contract, but after March 20, 1970, up to the equivalent of US\$1,575,000, provided that requirements substantially similar to those set forth in the resolution and in the loan contract have been fulfilled.
- (iii) the financial statements of SNAP and of the project shall be audited in accordance with the requirements to be

established in the loan contract, taking into account the provisions of paragraph 2.46 of this document.

- (iv) the selection and contracting of consultants financed totally or partially with the resources of the loan shall be made in accordance with procedures satisfactory to the Bank.

- 5.02 From the resources of the loan up to the equivalent of US\$150,000 may be utilized to finance technical assistance costs, and SNAP shall enter an agreement with the Bank which substantially shall incorporate the plan of operations set forth as Appendix B of this document.
- 5.03 The amount of US\$120,000 of the resources of the loan shall be allocated to the respective Inspection and Supervision Fund of the Bank.
- 5.04 The contents of Appendix A of this document shall be incorporated in substance in an annex of the loan contract.
- 5.05 The United States dollars to be utilized in the loan shall be drawn from the resources contributed to the Fund for Special Operations by virtue of the increase authorized by Resolutions AG-2/65 and/or AG-10/67.

ANEXO B AL CONTRATO DE PRESTAMO

I. Descripción del Proyecto

- 1.01 El proyecto, que se completará en un período de 3-1/2 años, abarcará aproximadamente 250 subproyectos específicos de construcción de servicios de captación, tratamiento y conexión domiciliaria de agua en igual número de núcleos rurales del interior del país, para servir a una población total de alrededor de 260,000 habitantes. Para administrar y operar cada sistema, se establecerá una organización local que tendrá la responsabilidad de cobrar las tarifas correspondientes.
- 1.02 Un aspecto fundamental del proyecto lo constituye la asistencia técnica que lo integra y que tiene por objeto poner en marcha las recomendaciones preliminares formuladas por los consultores a cuyo cargo estuvo la primera etapa de la asistencia técnica otorgada a SNAP en ocasión de la ejecución del préstamo 114/TF-AR del Banco y la realización de estudios técnicos especiales y la celebración de cursos de adiestramiento del personal comprometido en la administración y operación de los sistemas de abastecimiento de agua potable del Plan de Abastecimiento de Agua Potable a Poblaciones Rurales. La ejecución de esta asistencia técnica se llevará a cabo en un período de 12 meses.

II. Costo del proyecto y plan de financiamiento

- 2.01 El costo total del proyecto se ha estimado en el equivalente de US\$25.000.000 y se financiará del modo siguiente: -

(Ver cuadro en página siguiente)



(En miles de US\$ o su equivalente)

	PRESTAMO DEL BID						APORTE LOCAL			
	MONEDAS EN USO									
	EN DIVISAS									
	Para Gastos en Divisas			Para gastos		En Moneda	Gastos en Moneda	Gastos en		
	Directos	Indirectos	Total	LOCALES	Total	Local	TOTAL	Local	Divisas	TOTAL
INGENIERIA Y ADMINISTRACION										
Investigación de Fuentes	-	-	-	-	-	800	800	200	-	
Estudios (elaboración de proyectos)	-	-	-	-	-	650	650	100	-	
Supervisión y administración	-	-	-	-	-	-	-	4,930	-	4,930
Equipamiento	-	-	-	-	-	-	-	405	45	445
GASTOS DIRECTOS										
Construcción	-	1.400	1.400	3.450	4.850	3.800	8.650	5.450	-	5,450
GASTOS FINANCIEROS										
Intereses y Comisiones	-	-	-	-	-	-	-	492	128	620
Inspección y Vigilancia del BID	120	-	120	-	120	-	120	-	-	120
GASTOS CONCURRENTES										
Asistencia Técnica	30	-	30	-	30	120	150	50	-	150
ASIGNACION ESPECIFICA										
Imprevistos de construcción	-	-	-	-	-	815	815	665	-	665
Elevación de costos	-	-	-	-	-	815	815	535	-	535
	150	1.400	1.550	3.450	5.000	7.000	12.000	12.827	173	13,000

2.02 Origen y uso de monedas: El origen y uso de monedas sería como sigue:

(En miles de US\$ equivalentes)

	<u>Fuente de Fondos</u>		<u>Gastos a efectuarse</u>		<u>Total</u>	<u>%</u>
	<u>Divisas</u>	<u>Moneda Local</u>	<u>Divisas</u>	<u>Moneda Local</u>		
<u>Préstamo BID</u>	5.000	7.000	1.550 <sup>1/</sup>	10.450	12.000	48
<u>Aporte Local</u>	173	12.827	173	12.827	13.000	52
a) Nación						20
i) Inversiones	173	3.697	173	3.697	3.870	
ii) Supervisión y Admón (SNAP)	-	1.200	-	1.200	1.200	
b) Provincias						21
i) Inversiones	-	1.400	-	1.400	1.400	
ii) Supervisión y Admón (SPARS)	-	3.730	-	3.730	3.730	
c) Entidades Comunitarias						11
i) En efectivo	-	2.520	-	2.520	2.520	
ii) Materiales y mano de obra	-	280	-	280	280	
<u>TOTAL GENERAL</u>	<u>5.173</u>	<u>19.827</u>	<u>1.723</u>	<u>23.277</u>	<u>25.000</u>	<u>100</u>
Porcentaje	21	79	7	93	100	

2.03 Tal como se muestra en el cuadro anterior, el financiamiento del Banco, por un total del equivalente de US\$12.000.000, cubrirá el 48% del costo total del proyecto. Las divisas del préstamo se destinará a financiar: (a) los costos externos, directos e indirectos, con excepción de (i) la porción pagadera en dólares de los intereses y comisiones del préstamo devengados durante el período de ejecución del proyecto (US\$128.000) y (ii) los costos externos indirectos del equipo de origen local que se adquirirá con recursos del país (US\$45.000); (b) costos locales hasta un monto del equivalente de US\$3.450.000, que representa el 69% de las divisas del préstamo. La parte del préstamo desembolsada en moneda local se destinará a cubrir costos locales.

<sup>1/</sup> Incluye US\$1.400.000 para cubrir costos indirectos en divisas.

- 2.04 El aporte local cubrirá el 52% del costo total del proyecto y se destinará a (a) cubrir costos locales hasta el equivalente de U. S. \$12.827.000 y (b) costos en divisas hasta un monto de US\$173.000, que se destinará a financiar: (i) la porción pagadera en dólares de los intereses y comisiones del préstamo devengados durante el período de ejecución del proyecto (US\$128.000) y (ii) los costos externos indirectos del equipo de origen local (US\$45.000).
- 2.05 Se tiene previsto que los recursos locales adicionales al Préstamo provendrán de tres fuentes: la Nación, las Provincias y las entidades comunitarias en aproximadamente las siguientes cifras: el equivalente de US\$5.070.000 de la Nación; el equivalente de US\$5.130.000 de las Provincias; y el equivalente de US\$2 800.000 de las entidades comunitarias, sin que tal previsión signifique disminución o exoneración al deudor de la obligación de proporcionar todos los recursos que sean necesarios para la ejecución del Proyecto en una suma no inferior al equivalente de US\$13.000.000.

Licitación pública internacional: Cuando los bienes o servicios a adquirirse se financien total o parcialmente con divisas provenientes del préstamo del Banco, los procedimientos para las licitaciones y las bases específicas de éstas deberán permitir la libre concurrencia de postores originarios o provenientes de países elegibles, según las normas de elegibilidad que regulen el uso de los recursos del Fondo para Operaciones Especiales del Banco. Consecuentemente, en los citados procedimientos y/o bases específicas no se establecerán condiciones que impidan o restrinjan la concurrencia de tales postores.

PLAN DE OPERACIONES DE ASISTENCIA TECNICA

I ANTECEDENTES

En fecha 12 de agosto de 1965, el Banco otorgó a la República Argentina un préstamo de un monto de US\$5.0 millones (Préstamo 114/TF-AR) para ser utilizado por el Servicio Nacional de Agua Potable y Saneamiento Rural, (SNAP), en la ejecución de la primera etapa del Plan Nacional de Servicios de Agua Potable Rural. Dentro de este préstamo se incluyó una partida de US\$50,000 para cubrir el costo de una asistencia técnica destinada al mejoramiento institucional de SNAP y la implantación de un sistema adecuado de tarifas, factores que se consideraron indispensables para mantener la operación y mantenimiento de los servicios en niveles satisfactorios.

Debido a circunstancias que se mencionan en otro lugar del presente documento (véase ) el convenio concerniente a esta asistencia técnica no fue suscrito hasta el 15 de septiembre de 1969 y los contratos con los respectivos consultores hasta el 14 de julio de 1970.

En ejecución de dichos contratos, los consultores han cubierto prácticamente la totalidad de los objetivos de la asistencia técnica prevista en el préstamo 114/TF, formulando las recomendaciones de lugar en cada caso. 1/

En fecha 14 de mayo de 1970, la República Argentina formuló una solicitud de préstamo al BID encaminada a obtener financiamiento destinado a la ejecución de la segunda etapa del Plan Nacional de Servicios de Agua Potable Rural, incluyendo en la mencionada propuesta un programa de asistencia técnica que, básicamente, sería la continuación del financiado con los recursos del préstamo 114/TF. Dicha asistencia técnica complementaria se describe en el presente Plan de Operaciones.

II EL BENEFICIARIO

El beneficiario sería el Servicio Nacional de Agua Potable y Saneamiento Rural (SNAP), organismo encargado de la ejecución del proyecto consistente en la ejecución de la segunda etapa del Plan Nacional de Servicios de Agua Potable Rural.

III OBJETIVOS

El objetivo básico de esta Segunda Etapa de asistencia técnica reembolsable consistirá en poner en marcha las recomendaciones preliminares formuladas por los consultores a cuyo cargo estuvo la Primera Etapa que se realizó como consecuencia del préstamo 114/TF-AR, principalmente en lo que

- 1/ A la fecha sólo está pendiente el informe final del consultor que tuvo a su cargo la formulación de recomendaciones destinadas a agilizar los procesos administrativos a nivel provincial.

respecta a poner en marcha la estructura y sistemas administrativo-contables y tarifarios recomendados, y supervisar su funcionamiento para que estos respondan al logro de las metas previstas.

Además, se incluyen estudios técnicos sobre cañerías plásticas, uniformidad de instalaciones y equipos, instalaciones sanitarias internas, y otras consultorías técnicas específicas, así como la realización de cursos de adiestramiento de personal especializado.

Finalmente, como la Primera Etapa de esta asistencia técnica fue realizada en un período de tiempo muy reducido, en esta Segunda Etapa se deberán intensificar algunos aspectos específicos que no se desarrollaron totalmente en la Primera, que estuvo destinada, más que a nada, a evaluación, diagnóstico y prediseño.

#### IV DESCRIPCION

La asistencia técnica prevista cubriría los aspectos que se describen a continuación:

##### 1. En el Campo Administrativo

- a) Descripción de las atribuciones y características del funcionario o comité que, con amplias facultades de decisión, actuaría como coordinador, por parte de SNAP, en el desarrollo de la asistencia técnica.
- b) Preparación de un calendario tentativo de desarrollo para la ejecución de las recomendaciones formuladas por los consultores que intervinieron en la Primera Etapa de esta asistencia técnica, concernientes a las modificaciones de la estructura de SNAP.
- c) Preparación de los diagramas y esquemas de participación concreta del personal de SNAP asignado a la asistencia técnica para colaborar con el personal profesional designado por los consultores.
- d) Complementación de las recomendaciones preliminares formuladas por los consultores de la Primera Etapa, mediante el diseño en detalle de los manuales de organización y procedimientos que definan totalmente las normas que regirán los aspectos relativos a estructura orgánica, división de atribuciones y responsabilidades y funcionamiento de los sistemas recomendados. A tales fines, la descripción de las funciones administrativas contenidas en el manual de organización presentado como resultado de la Primera Etapa deberán completarse con la descripción de funciones básicas hasta el nivel de supervisión, estableciéndose también la descripción de funciones que correspondan al personal supervisado.

- e) Confección del esquema general definitivo de organización de SNAP, incluyendo el diseño de los organigramas básicos de cada sector, así como el diagrama de circulación que ilustre la secuencia e interrelación de cada uno de los procesos administrativos típicos.

2. En el Campo Contable-Financiero

- a) Definición de las características del equipo de procesamiento de datos que se adquiriría con cargo a esta asistencia técnica para dar cumplimiento a la recomendación efectuada en la Primera Etapa sobre mecanización de las operaciones.
- b) Implantación y puesta en marcha de las etapas necesarias para adoptar el sistema de procesamiento de datos seleccionado, incluyendo:
  - i) las pruebas y depuración de procesos necesarios;
  - ii) los manuales de operación requeridos;
  - iii) el asesoramiento a SNAP, si fuere necesario, en la contratación del personal especializado a emplearse;
  - iv) el adiestramiento del personal operativo a utilizarse;
  - v) el diseño del flujo coordinado de datos estadísticos, especialmente en lo relativo al control de la morosidad en el cobro de tarifas facturadas y su análisis por antigüedad por parte de SNAP, y a la determinación y registro real y efectivo de los costos directos e indirectos de cada sistema, discriminados por rubros principales, y
  - vi) la integración en la mecanización, en forma coordinada, de las operaciones contables presupuestarias y patrimoniales, su control y análisis.
- c) Integración y coordinación del sistema contable a los diferentes niveles (comunitario, provincial y nacional) para permitir a SNAP contar con información precisa, adecuada y oportuna sobre los resultados operativos, individuales y globales, del Plan Nacional de Agua Potable.
- d) Supervisión activa de los sistemas contables y su operación.
- e) Implantación, puesta en marcha y supervisión de un sistema integral y coordinado de control interno, a todos los niveles, con especial énfasis en:

- i) el control de suministros y servicios, y
  - ii) la separación de funciones.
- f) Preparación de los modelos de estados financieros intermedios y finales a presentar a los diferentes niveles de decisión y autoridad.

3. En el Campo del Régimen Tarifario

- a) Implantación de las recomendaciones de la Primera Etapa, incluyendo, aunque no limitativamente, los siguientes aspectos:
  - i) Ajuste de la política tarifaria a aplicarse, de acuerdo con las condiciones socio-económicas en las comunidades y los objetivos del proyecto.
  - ii) Diseño e impresión de las fichas, facturas, planillas y registros necesarios y/o convenientes para el manejo contable de las comunidades, especialmente en lo concerniente a gastos de operación, mantenimiento, depreciación y proporcionales del servicio de la deuda y al control de la morosidad en el cobro de tarifas facturadas, así como su análisis por antigüedad. A estos efectos, deberá tenerse en cuenta la necesidad de que la oficina principal de SNAP reciba información resumida sobre los resultados operativos de cada comunidad y sobre la morosidad en el cobro de tarifas, y
  - iii) Diseño e impresión de los manuales de procedimientos administrativos.

4. Estudios de Cañería y Accesorios Plásticos

- a) Revisión de la documentación vigente en Argentina, relacionada a normas y especificaciones para cañería de plástico.
- b) Visitas a las fábricas de cañería plástica y las instituciones de control e inspección de materiales de esta índole, para estudiar la inspección de producción y el control de calidad.
- c) Elaboración de las normas para la inspección y control de calidad que SNAP y los SPAR deben efectuar directamente o por contrato.
- d) Estudio de los procedimientos de construcción que utilicen cañería plástica, la instalación de la cañería en los sistemas y los domicilios, y la colección y disposición de las aguas servidas.

- e) Elaboración de un manual para la instalación, inspección y conservación de cañerías y materiales de plástico.

5. Normas de Diseño, Especificaciones, Materiales y Uniformidad de Instalaciones y Equipos

- a) Revisión de las normas, planos, materiales, equipos, instalaciones, métodos de construcción y sistemas de trabajo de cada Provincia, relacionados con sistemas de agua potable rural similares a los del proyecto.
- b) Revisión de los sistemas de trabajo, normas de diseño, normas de planos e informes, elaboración de presupuestos, procedimientos de contratación de servicios, obras y equipos, documentación de licitaciones y legislación pertinente a licitaciones en cada Provincia y SPAR relacionado con sistemas de agua potable rural similares a los del proyecto.
- c) Elaboración de un compendio de planos típicos de los elementos que se repiten en las obras, planillas de materiales y especificaciones, bases y condiciones generales para licitaciones, procedimientos, normas y documentos para la contratación de servicios, obras y equipos, con el propósito de dar uniformidad a los sistemas.

6. Adiestramiento

Asesoramiento a SNAP en el diseño y desarrollo de cursos de adiestramiento, a realizarse con la colaboración de Universidades y otras entidades nacionales y/o provinciales, destinados a:

- i) Operadores-Administradores de sistema de agua potable en general, operadores de plantas de tratamiento y estaciones de bombeo.
- ii) Funcionarios de los SPAR que supervisan la operación y mantenimiento de sistemas de agua potable.
- iii) Supervisores de programas de investigación de fuentes de agua y perforación de pozos y operadores de equipos de perforación de pozos.
- iv) Personal de servicio de SNAP, y los SPAR, en relación con el diseño y revisión de planos de sistemas de agua potable, la contratación de obras y servicios, y la inspección y vigilancia de obras en construcción.



- v) Instaladores de cañerías plásticas y de asbesto-cemento, y
- vi) Promotores de comunidades y educación sanitaria.

#### 7. Aspectos Generales

Se prevé, finalmente, la necesidad de realizar investigaciones adicionales y asesorar en problemas específicos que puedan surgir en el curso de la ejecución del proyecto mediante la contratación de expertos individuales. Entre otros campos posibles, se estima que deberán ser cubiertas las siguientes materias:

- a) Estudio de fuentes subterráneas, y
- b) Remoción de arsénico y otras sustancias nocivas

#### V JUSTIFICACION

La ejecución de la Segunda Etapa del Plan Nacional de Servicios de Agua Potable Rural tiene especial prioridad dentro del programa general de salud pública de la República Argentina ya que, mediante la misma, se reduciría sustancialmente el riesgo de enfermedades de origen hídrico, que actualmente constituye uno de los principales problemas de salubridad que confrontan los pequeños núcleos rurales del interior del país.

Para el desarrollo satisfactorio de la Segunda Etapa del Plan se considera indispensable que las entidades que están a cargo de su ejecución, principalmente SNAP, reciban la asistencia técnica propuesta, la cual fortalecería la capacidad institucional del sistema en su conjunto y mejoraría sustancialmente la calidad de los servicios prestados.

#### VI COSTO DE LA ASISTENCIA TECNICA

El costo de la asistencia técnica ascendería al equivalente de US\$200.000 de los cuales el equivalente de US\$150.000 provendrían del préstamo del Banco a desembolsar en pesos argentinos y la suma restante del aporte de la Nación al proyecto, y se distribuirían aproximadamente de la siguiente manera:

(Ver cuadro en la página siguiente)

		Equivalente a US \$		
		BID	Aporte Local	Total
1.	Consultoría en los campos administrativo y financiero			
a)	Modificación estructural de SNAP -2 hombres a US\$1.200 por 3 meses (párrafo IV numeral 1)	5.400	1.800	7.200
b)	Implementación de recomendaciones en los campos contables y financieros -3 hombres a US\$1.200 por 9 meses (párrafo IV, numeral 2)	22.300	10.100	32.400
2.	Mecanización-compra e instalación de equipos de contabilidad (párrafo IV, numeral 2)	30.000	-	30.000
3.	Consultoría sobre régimen tarifario -1 hombre a US\$1.200 por 6 meses (párrafo IV, numeral 3)	5.400	1.800	7.200
4.	Consultoría sobre cañerías y accesorios plásticos -2 hombres a US\$1.000 por 6 meses (párrafo IV, numeral 4)	8.500	3.500	12.000
5.	Consultoría para uniformidad y normalización de proyectos -2 hombres a US\$1.200 por 6 meses y 1 hombre a US\$.1200 por 4 meses (Párrafo IV, numeral 5)	13.900	5.300	19.200
6.	Adiestramiento (párrafo IV, numeral 6)	48.500	21.500	70.000
7.	Consultorías especiales (párrafo IV,num.7)	6.000	2.000	8.000
8.	Imprevistos (7.5%)	10.000	4.000	14.000
Costo Total		150.000	50.000	200.000

El SNAP se comprometería a proporcionar a la firma y/o los consultores los servicios de personal técnico y auxiliar necesarios, de personal de secretaría y útiles de oficina requeridos y a asumir el costo de las comunicaciones dentro del país y de todas las comunicaciones postales.

## VI. INFORMES

En los contratos que se suscriban con consultores o firmas consultoras se incluiría la obligación de presentar a SNAP, con copia al BID, informes de progreso mensuales que detallen la labor realizada y la aplicación de las recomendaciones de la Primera Etapa cuando corresponda, quedando entendido que al término de cada consultoría la firma o consultor respectivo rendiría un informe final.

Además, dentro de los seis meses siguientes a la puesta en marcha del sistema contable en su totalidad, los Consultores efectuarían una evaluación de éste para comprobar si su funcionamiento se adecúa a las previsiones establecidas, emitiendo dictamen sobre el particular a SNAP, con copia al Banco.

#### VIII USO DE LOS FONDOS

Los recursos destinados a esta asistencia técnica serían aplicados exclusivamente para sufragar los rubros previstos en el presente Plan de Operaciones.

#### IX CONDICIONES FINANCIERAS

Los recursos destinados a cubrir los gastos de la presente asistencia técnica formarían parte del préstamo a concederse a la República Argentina con recursos del Fondo para Operaciones Especiales para participar en el financiamiento de la Segunda Etapa del Plan Nacional de Servicios de Agua Potable Rural, y por tanto se sujetarían a las condiciones y términos establecidos en el contrato de préstamo respectivo en lo referente a plazos de amortización, período de gracia, intereses, comisión de compromiso, comisión de servicio y desembolsos.

#### X CONTRATACION

El Deudor elegiría y contrataría directamente los servicios de firmas consultoras y/o expertos individuales (en adelante denominados conjunta o separadamente los "Consultores") que sean necesarios para la ejecución del Proyecto, conforme al siguiente procedimiento:

- a) En el caso de contratación de firmas consultoras, el Deudor sometería previamente a la aprobación del Banco: (i) el procedimiento a ser utilizado en la selección de la firma consultora; (ii) los términos de referencia (especificaciones) que describan el trabajo que ejecutará la firma; y (iii) la lista de las firmas que el Deudor tenga intención de invitar a presentar propuestas de trabajo. Una vez que el Banco haya aprobado los requisitos anteriores, el Deudor solicitaría, por lo menos a tres de las firmas aprobadas por el Banco, propuestas sin señalamiento de precios, sobre la forma en que cada firma se propone realizar el trabajo y el personal que se asignaría a la ejecución de ese trabajo. A continuación seleccionaría, entre dichas firmas, la que ofrezca la mejor propuesta y negociaría con la firma seleccionada el precio de la contratación y el texto del proyecto del contrato correspondiente, debiendo someter dicho proyecto a la aprobación del Banco.

- b) En caso de contratación de expertos individuales, el Deudor sometería previamente a la aprobación del Banco: (i) el procedimiento de selección; (ii) la nómina de los expertos entre los que se hará dicha selección, señalando detalladamente sus antecedentes y experiencias profesionales, y (iii) los términos de referencia y los calendarios de trabajo respectivos.

Una vez el Banco haya aprobado los requisitos anteriores, el Deudor procedería a seleccionar los Consultores. El texto del proyecto de contrato que haya de suscribirse con cada uno de ellos, deberá ser sometido a la aprobación del Banco.

- c) En los contratos entre el Deudor y los Consultores, se estipularía que:
- i) Con respecto a los Consultores domiciliados en la Argentina su remuneración sería pagada exclusivamente en pesos argentinos.
  - ii) Con respecto a los Consultores no domiciliados en la Argentina por lo menos el 30% de su remuneración sería pagada en pesos argentinos y el resto sería pagado en dólares o su equivalente en otras monedas que formen parte del préstamo.

## XI DESEMBOLSOS

Los desembolsos se harían dentro del plazo aproximado de 12 meses contados a partir de la fecha del convenio respectivo, a medida que el beneficiario, por medio de un representante debidamente autorizado, justifique documentadamente el pago de los gastos imputables a la contribución del Banco. El aporte local se haría efectivo en el mismo plazo, simultáneamente y proporcionalmente con los desembolsos del BID.

## XII SUPERVISION EN EL TERRENO

En los contratos que se suscriban con las firmas consultoras y/o los expertos individuales se establecería que la supervisión respectiva la podrá ejercer el Banco por intermedio de los Especialistas de Proyecto y de los funcionarios de la Representación en Argentina que se designen a tales efectos. Con tal fin, el prestatario y las entidades ejecutoras del Proyecto mantendrían a dichos Especialistas y funcionarios, constantemente informados sobre el desarrollo de los planes correspondientes.

## XIII CONVENIO

La República Argentina deberá suscribir con el Banco un convenio de asistencia técnica sustancialmente de conformidad con este Plan de Operaciones y en la misma fecha en que se suscriba el contrato de préstamo.

XIV CRITERIOS DE EVALUACION

La evaluación del trabajo de los consultores y/o firmas consultoras contratados con cargo a la asistencia técnica se efectuaría anualmente sobre la base de los informes a que se refiere el párrafo VII del presente Plan de Operaciones, teniendo presente las recomendaciones formuladas por los consultores contratados previamente con recursos del Préstamo No. 114/TF y los informes vinculados a la supervisión de dicho préstamo que han sido presentados por la Representación del Banco en la República Argentina y los funcionarios de la sede que hayan realizado visitas al terreno con tales fines.

A los efectos de la evaluación, se examinará el avance logrado en cada uno de los aspectos descritos en el Capítulo IX del presente Plan de Operaciones, en comparación con la situación existente en la fecha de contratación de los consultores y/o firmas consultoras, así como el grado de cumplimiento de las labores previstas en los términos de referencia como pendientes.

XV RESPONSABILIDAD DEL BANCO

La Subgerencia de Préstamos por intermedio de la División de Préstamos, Zona III, tendría la responsabilidad básica de la operación hasta la aprobación y firma del convenio respectivo. A partir de entonces, la responsabilidad básica pasaría a la Subgerencia de Administración de Préstamos por intermedio de la respectiva División. La responsabilidad técnica correspondería a la Subgerencia de Análisis de Proyectos por intermedio de las Divisiones de Análisis de Proyectos Agrícolas y Sociales.