

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

**RECONQUISTA RIVER BASIN ENVIRONMENTAL SANITATION
PROGRAM**

(AR-L1121)

LOAN PROPOSAL

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ELECTRONIC LINKS
REQUIRED <ol style="list-style-type: none"> Annual work plan (AWP) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796483 Monitoring and evaluation arrangements http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796480 Procurement plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796484 Environmental and Social Management Report (ESMR) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38151058 OPTIONAL <ol style="list-style-type: none"> Technical analysis http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796490 Socioeconomic analysis http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38144199 Institutional assessment of the executing agency http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796491 Financial analysis http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796477 Operating Regulations http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796489 Draft Progress Monitoring Report (PMR) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38341968 Program execution plan (PEP) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796481 Project Completion Report for loan 797/OC-AR http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=850947 Master resettlement plan (MRP) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38797837 Environmental and Social Impact Assessment (ESIA) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37758148 Financial projections of Agua y Saneamientos Argentinos S.A. (AySA) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796487 Analysis of compliance with the Public Utilities Policy (document GN-2716-4) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796478 Environmental classification and safeguards http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38796479

ABBREVIATIONS

AWP	Annual work plan
AySA	Agua y Saneamientos Argentinos S.A.
CABA	Ciudad Autónoma de Buenos Aires [Autonomous City of Buenos Aires]
CEAMSE	Coordinación Ecológica Área Metropolitana Sociedad del Estado [Metropolitan Area Ecological Coordination State-owned Company]
COMIREC	Comité de la Cuenca del Río Reconquista [Reconquista River Basin Committee]
CRR	Cuenca del Río Reconquista [Reconquista River Basin]
DIPAC	Dirección Provincial de Servicios Públicos de Agua y Cloacas [Provincial Water and Sewage Utilities Division]
DIPSOH	Dirección Provincial de Saneamiento y Obras Hidráulicas [Provincial Sanitation and Waterworks Division]
DVBA	Dirección de Vialidad de la Provincia de Buenos Aires [Road Authority of the Province of Buenos Aires]
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMR	Environmental and Social Management Report
FRP	Final resettlement plan
ICAS	Institutional Capacity Assessment System
ICB	International competitive bidding
INDEC	Instituto Nacional de Estadística y Censos [National Institute of Statistics and Censuses]
MRP	Master resettlement plan
O&M	Operation and maintenance
OPDS	Organismo Provincial para el Desarrollo Sostenible [Provincial Agency for Sustainable Development]
PAA	Program adherence agreement
PBA	Province of Buenos Aires
PCR	Project Completion Report
PEP	Program execution plan
PEU	Project executing unit
PGICRR	Plan de Gestión Integral de la Cuenca del Río Reconquista [Reconquista River Basin comprehensive management plan]
PMR	Progress Monitoring Report
PMUACRR	Plan de Manejo Urbano Ambiental de la Cuenca del Río Reconquista [Environmental urban management plan for the Reconquista River Basin]
PSU	Program subexecuting unit
SCEOCI	Subsecretaría de Coordinación con Estados y Organismos de Crédito Internacionales [States and International Credit Agencies Coordination Branch]
SSTUV	Subsecretaría Social de Tierras, Urbanismo y Vivienda [Land, Urban Development, and Housing Branch]

PROGRAM SUMMARY
ARGENTINA
RECONQUISTA RIVER BASIN ENVIRONMENTAL SANITATION PROGRAM
(AR-L1121)

Financial terms and conditions					
Borrower: Province of Buenos Aires Guarantor: Republic of Argentina			Flexible Financing Facility*		
Executing agency: Province of Buenos Aires, through the Ministry of Economy’s States and International Credit Agencies Coordination Branch (SCEOCI)			Amortization period:	24 years	
			Original WAL:	15.25 years	
			Disbursement period:	6 years	
			Grace period:	6.5 years	
Source	Amount (US\$)	%	Inspection and supervision fee:	**	
IDB (OC)	230,000,000	80	Interest rate:	Libor-based	
Local contribution	57,500,000	20	Credit fee:	**	
Total	287,500,000	100	Currency:	U.S. dollars drawn from the Ordinary Capital (OC)	
Program at a glance					
Program objective and description. The objective of the program is to restore the environmental quality of the Reconquista River Basin (CRR) by implementing a comprehensive management plan that prioritizes leveraging actions in that regard. To motivate the population and include it in the program, priority will be given to investments aimed at those living in health risk areas. These investments will help to: (i) increase water, sewerage, and wastewater treatment coverage; (ii) enhance integrated solid waste management, primarily by closing open air dumps; (iii) improve connectivity and access to outlying neighborhoods located in hard-to-reach areas; and (iv) strengthen the operational management capacity of the Reconquista River Basin Committee (COMIREC) by developing management tools, which primarily include the Reconquista River Basin Comprehensive Management Plan (PGICRR).					
Contractual conditions precedent to the first disbursement: Evidence of the following will be submitted to the Bank’s satisfaction: (i) appointment of the program’s executive coordinator (paragraph 3.1); (ii) creation of the program’s subexecuting unit (PSU) within the Ministry of Infrastructure (paragraph 3.1); (iii) appointment of the minimum staff needed to execute the program, including the PSU’s technical coordinator, as set out in the Operating Regulations (paragraph 3.1); and (iv) entry into force of the Operating Regulations in terms approved by the Bank (paragraph 3.2).					
Special contractual conditions for execution: (i) approval by the borrower’s control units of standard bidding documents will be processed (paragraph 3.1); (ii) prior to calling for bids for any works, the executing agency will have completed any resettlement, where applicable, in accordance with the guidelines of the master resettlement plan and respective final resettlement plan (paragraph 2.4); (iii) prior to awarding any works, the executing agency will present evidence, to the Bank’s satisfaction, that: (a) it has the environmental permits (paragraph 2.4); and (b) the Environmental and Social Management Plan included in the Environmental and Social Management Report has entered into force (paragraph 2.4); (iv) prior to calling for bids for the PGICRR, a coordination commitment will be signed by the SCEOCI, COMIREC, the Water Authority, and the Provincial Agency for Sustainable Development (paragraph 2.6); (v) prior to including a specific project in the program, evidence will be provided, to the Bank’s satisfaction, that the Program Adhesion Agreements between the PSU and the municipal governments has been signed (paragraph 3.4); and (vi) prior to including a project in the program, evidence will be provided that the PSU has signed the respective Transfer Agreements (paragraph 3.4).					
Exceptions to Bank policies: None.					
Project qualifies for:					

- (*) Under the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as conversions of currency and interest rate, subject in all cases to the final amortization date and the original weighted average life (WAL). The Bank will take market conditions as well as operational and risk management considerations into account when reviewing such requests.
- (**) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of Bank policies.

I. DESCRIPTION AND RESULTS MONITORING

A. The Reconquista River Basin

- 1.1 The Reconquista River Basin (CRR), located in the Province of Buenos Aires (PBA), is comprised of 134 watercourses within an area of approximately 1,670 square kilometers, spanning 18 municipios with a total population of more than 4.6 million (approximately 12% of the country's population).¹ The basin's gross geographic product is on the order of 17.880 billion pesos, which is equivalent to 15% of production in the PBA.²
- 1.2 Hydrologically, the CRR is divided into three sections: (i) the upper basin, from the headwaters to the Roggero dam; (ii) the middle basin, from the dam to Morón stream; and (iii) the lower basin, from the stream to its mouth at the Luján River. Rural activities are predominant in the upper basin, while urban activities, including small, medium-sized, and large industrial enterprises, are prevalent in the middle and lower sections of the basin. Starting in the 1990s, the CRR experienced fast and haphazard urban growth,³ resulting in problems such as low coverage⁴ of water supply services (55% of the population is supplied by a network) and sanitary sewage services (24% of effluents are collected and treated),⁵ deficient storm drainage⁶ because it is a shallow basin, watercourse pollution,⁷ and a proliferation of informal settlements.⁸ These settlements are generally located near watercourse beds and are therefore prone to flooding,⁹ which, combined with the absence of

¹ Source: INDEC – 2010 Census.

² Information derived from 2010 INDEC data and included in the master resettlement plan 2013 (see [optional link 9](#)).

³ Fundación Metropolitana, *Cuenca del Río Reconquista: Una Mirada Integradora*, 2009.

⁴ The situation in the basin's various municipios differs significantly; some municipios have high coverage levels (Vicente López: 100% water and 95% sewers), but the situation in others is extremely poor (Malvinas Argentinas: 3% water and 0% sewers). INDEC - 2010 Census.

⁵ Source: INDEC – 2001 Census.

⁶ Sadañowski, I., 2003. *El problema de las inundaciones en la CRR* (see [link](#)).

⁷ These watercourses have become receiving bodies for domestic and industrial effluents and solid waste generated in the inhabited and industrialized areas that are part of the CRR, with water pollution levels similar to those of sewage discharge systems (grey water and wastewater). Due to the high degree of sewage pollution in the Reconquista River, the existence and type of household sanitation service are key factors in the relationship between urban development and water resources. In the CRR, only 38% of households have toilets flushing into a public system; slightly more than 34% have toilets flushing into a septic tank; and the remaining 27% or so have toilets flushing into a pit latrine, toilets without a flush tank, or no toilets at all. INDEC – 2010 Census.

⁸ According to a socioeconomic and environmental study of the CRR and supplementary area (AySA 2010), there are 258 settlements in the basin totaling 172,396 residents. On average, these settlements have 684 inhabitants (see [link](#)).

⁹ According to the INDEC census of 2010, there are more than half a million people living in poverty in low or flood-prone areas adjacent to the banks of the Reconquista River and its affluents. CRR Diagnostic Report. Halcrow, 2011 (see [link](#)).

sewerage services, increases the likelihood of contracting waterborne diseases.¹⁰ In addition, the settlements are characterized by highly deficient infrastructure and urban equipment,¹¹ poor road connections to access roads¹² to the city of Buenos Aires, workplaces, health centers,¹³ and/or schools,¹⁴ and an uncontrolled rise in the number of industrial enterprises, with the concomitant discharge of pollutants into the watercourses.¹⁵ Furthermore, poor solid waste management in these settlements or in other outlying areas has created 30 clandestine dumps,¹⁶ which have been affecting nearby residences, watercourses, and natural environments such as the Pejerrey lagoon and need to be eradicated.¹⁷ The country's largest sanitary landfill is located in the CRR, in the district of San Miguel. This landfill receives 380,000 tons/month of non-special industrial and household urban solid waste from the Autonomous City of Buenos Aires (CABA) and more than 22 municipios in the metropolitan area.

- 1.3 **Institutional and legal framework.** Under Argentina's institutional legal framework, provinces have original dominion over the natural resources within their respective territories and, pursuant to the Municipal Act, powers are delegated to municipios for them to attend to their local interests and provide services. In this regard, the State provides a regulatory framework, known as Minimum Budgets Acts, governing aspects such as environmental policy, water resources, environmental impact, use of the soil, and household and special waste, which may

¹⁰ The lack of connection to a sewer system raises the likelihood of contracting waterborne diseases by 11% to 24%, depending on the type of disease. For example, without sewers, the likelihood of contracting diarrhea is 0.32 for minors, versus 0.21 when there is a sewer system. Similarly, the likelihood of contracting parasites is 0.38 for minors, versus 0.14 when there is a sewer system. Halcrow 2013. *Plan de Manejo Urbano Ambiental de la CRR* (PMUACRR). Volume IV, Socioeconomic analysis (see [link](#)). Evidence related to Component I.

¹¹ In general, only 24% of households own, and have proper title to, the parcel they reside on; only 28% of households are formally connected to the water supply system; and 3% of households are connected to the sewage drainage system. Sixty-eight percent of families live on streets that flood (frequently, in the case of 44% of households), and in 39% of these cases the water seeps into the dwelling (in 22% of these cases, almost always). Twenty-nine percent of streets have no trees, curb and gutter, sidewalk, storm drainage, or pavement. Not a single street has all five of the aforementioned features. PMUACRR. Final report – Volume IV. Socioeconomic analysis. Halcrow 2013 (see [link](#)).

¹² On average, the residents of these settlements have to walk 20 blocks to reach public transportation. PMUACRR. Final report – Volume IV. *Análisis Socioeconómico*, Halcrow 2013 (see [link](#)).

¹³ Of 247 working days in a calendar year, 42 are rainy days in the project area, with a high likelihood that the medical corps will not report to work due to street conditions. Yomal, R., 2011. Economic evaluation of transportation, adjacent streets subcomponent (see [link](#)).

¹⁴ In a 180-day school year, it is estimated that students are unable to attend on the 20 rainy days, or 11% of the time, due to muddy roads (see [optional link 2](#)).

¹⁵ Based on information from the Provincial Agency for Sustainable Development (OPDS), there are more than 12,000 industrial enterprises in the CRR. In the middle and lower sections of the basin, there are 330 category III enterprises (the most polluting according to Industry Establishment Law 11,459).

¹⁶ Source: OPDS, September 2013, and Provincial Water and Sewage Utilities Division (DIPAC), September 2013.

¹⁷ Source: *Informe de Diagnóstico de la situación de la cuenca del Río Reconquista*. Halcrow, 2011 (see [link](#)).

in turn be supplemented by provincial legislation. The Provincial Constitution is consistent with the foregoing, in that it establishes the province's dominion over the environment and natural resources within its territory with a view to ensuring proper environmental management (Article 28), while delegating authority to the municipios on certain issues relating to the prevention of environmental and watercourse pollution and conservation of natural resources. In the PBA, the Provincial Agency for Sustainable Development (OPDS) is the environmental regulatory and administrative authority. Management of water resources is the responsibility of the Ministry of Infrastructure. In the context of the CRR, the most significant actor is the Reconquista River Basin Committee (COMIREC), which has power and authority to perform actions aimed at managing the use of water resources and the basin as a specific economic-social whole within the province. Additional entities involved include: (i) the Metropolitan Area Ecological Coordination State-owned Company (CEAMSE), which is responsible for the final disposal of household waste collected in 22 municipal districts in the outlying areas of Buenos Aires; and (ii) the Autonomous City of Buenos Aires; and the Water Authority, a provincial body responsible for advising on and implementing public policy regarding the management and regulation of provincial water resources and for providing technical assistance to the provincial executive branch.

- 1.4 **Interventions in the CRR.** With support from the Bank and using its own resources, the PBA has made efforts to improve the environmental situation in the CRR. These efforts have met with significant successes (paragraphs 1.6 and 1.7). Through loan 797/OC-AR, approved on 8 December 1993 in the amount of US\$150 million, cofinanced with resources from the Government of Japan in the amount of US\$75 million, various flood control works were completed in 2001. These works achieved their objectives because, despite the occurrence of significant events since then, no floods have been recorded. However, as a result of the economic crisis that affected the country that same year, they lacked complementarity and continuity. Specifically, the four planned wastewater treatment plants, Hurlingham, Merlo, Bella Vista, and Moreno—to be built with resources from the Government of Japan, which withdrew the financing (see [optional link 8](#))—were not built. Nevertheless, the Argentine government built three of these plants and expanded the fourth. Audits were conducted of the 51 most polluting industrial enterprises and actions to control the quality of effluents were recommended, resulting in a measurable improvement in water quality (dissolved oxygen exceeding 1mg/l throughout the river, which had not been the case in the river's middle and lower sections, where dissolved oxygen had been zero mg/l). It was not possible to set up the watershed management system as planned; however, the COMIREC was created by law in 2001, although it needs to be equipped with the management tools it requires in order to perform its duties. At present, the COMIREC has its own headquarters and has hired professionals for most of its positions. However, it still lacks management tools, such as a water resource information system, a monitoring system that includes environmental variables, a

management plan for the CRR that prioritizes actions, and a financing plan that makes it possible to carry out such actions.

- 1.5 Once execution of loan 797/OC-AR was completed, the PBA's Land, Urban Development, and Housing Branch (SSTUV) prepared a strategic environmental assessment for the PBA, setting criteria to determine the health risk facing the province's inhabitants, including those who reside on the banks of the Reconquista River. These criteria include: lack of water supply and sewage services, population density, poverty level, and environmental deterioration. This made it possible to identify the priority health risk areas¹⁸ in the PBA, which include the outlying areas of the municipios of San Martín, Tres de Febrero, San Isidro, Merlo, Moreno, and San Fernando.
- 1.6 **Reconquista River sanitation operation (797/OC-AR).** Loan 797/OC-AR had the following development objectives: (i) flood control; (ii) decrease in industrial and household pollution; and (iii) improved management and regulation of the CRR. The program had four components: (1) flood control; (2) pollution control; (3) relocation and compensation; and (4) supplementary activities. The executing agency was the Ministry of Works and Public Services of the Province of Buenos Aires, now known as the Ministry of Infrastructure. With regard to the flood control component, the following outputs were planned and executed: (i) all three sections of the Reconquista River canalized; (ii) 10 pumping stations; (iii) Basualdo, Los Berros, and Soto streams canalized; (iv) nine culverts on the Camino del Buen Ayre closed; and (v) embankments in the middle and lower sections built. An action plan to control industrial pollution was prepared under the pollution control component, but its scope was smaller than planned. The program called for auditing the operation and control of effluents in more than 140 industrial enterprises, but only the 51 most polluting enterprises were audited and, due to lack of financing, not all four planned wastewater treatment plants were built (paragraph 1.4). As a result, the objective of contributing to the basin's cleanup was partially achieved. Regarding improved management and regulation of the basin, the program succeeded in developing a legal framework for creating the COMIREC and making it operational. Because the flood control objectives were met (paragraph 1.4), the project completion report (PCR) for loan 797/OC-AR (see [optional link 8](#)) concludes that execution of the project was satisfactory.
- 1.7 **Lessons learned.** The PCR for loan 797/OC-AR identifies the following main lessons learned: (i) strengthen the COMIREC by providing the staff, financial

¹⁸ Communities living in areas without sanitary sewers, not connected to a water distribution system, with dwellings located close to waste dumps, with a high water table, and isolated from access roads to the central areas of cities. These criteria were developed in the PBA's Strategic Environmental Assessment, 2004 (see [link](#)) and updated in the Socioeconomic and Environmental Study of the Lujan-Reconquista Basin and Complementary Area, 2010 (see [link](#)). The DIPAC used these studies to prioritize the areas of intervention in the CRR based on the level of health risk (see [link](#)) and to identify the program sample. However, future priorities will be established on the basis of criteria to be determined in the context of the PGICRR.

resources, and office infrastructure it needs in order to operate, as well as a comprehensive plan for sustainable management of the basin. Financing under this program will be used to strengthen the COMIREC and prepare the Reconquista River Basin comprehensive management plan (PGICRR), using funds from Component IV; (ii) explain this type of program to the stakeholders and those affected by the basin's sanitation and publicize it, with a view to financing and executing the actions needed to achieve sustainable management of the basin. These stakeholders will be consulted and will approve all stages of preparation of the PGICRR pursuant to the shared-vision method; and (iii) implement a system for periodic monitoring of water quality parameters in order to identify the main sources of pollution and monitor the effect of the improvement measures implemented. Component IV will finance the development and deployment of a water and sediment quality monitoring program to be operated by the COMIREC as part of the comprehensive management of the CRR.

- 1.8 **Program strategy.** The operation was designed on the basis of two criteria: (i) address the priorities for the CRR identified by the PBA (paragraphs 1.5 and 1.9); and (ii) supplement and expand the actions not carried out under loan 797/OC-AR (paragraph 1.4). To address these criteria, the proposed program provides for developing a PGICRR under the shared-vision method, with broad participation by the basin's stakeholders at all stages of the plan's preparation (diagnostic assessment, selection of alternatives, and final approval of the PGICRR).¹⁹ In its final form, the PGICRR will set out prioritized actions for the basin, aligned with the objective of restoring the basin's environmental quality, adopting criteria discussed and approved by the various stakeholders, including nongovernmental organizations (NGO) and civil society, with a time horizon of at least 15 years. The selected actions for the first five years will be financed using resources from the present program. The projects given priority by the PBA and that comprise the project sample (paragraph 1.9) should be included in the priority actions for the first five-year cycle under the PGICRR. These projects will be implemented simultaneously with the preparation of the PGICRR and will demonstrate the PBA's commitment to environmental rehabilitation and to the needs of the disadvantaged population. Following this approach, the program will also help the COMIREC consolidate its institutional structure and provide the necessary tools for comprehensive management of the CRR. In addition, it will support the COMIREC through a water resource information system, environmental monitoring plan, communications strategy, and training, in line with the lessons learned. The Bank's long-term objective is to support implementation of the PGICRR.
- 1.9 **Project portfolio and program sample.** The PBA has a portfolio of 21 identified projects in eight municipalities in the priority areas in need of attention in the upper, middle, and lower basins of the Reconquista River. Of these 21 projects, 9 projects located in the areas posing the greatest health risks were taken to the final design

¹⁹ Institute of Water Resources (IWR) of the Army Corps of Engineers (www.sharedvisionplanning.us).

level using proceeds from technical cooperation operation ATN/OC-12571-AR. These projects, with an approximate cost of US\$79.6 million (equivalent to 39.8% of the direct costs), comprise the analyzed program sample and include: (i) five water and sanitation projects in San Martín and Tres de Febrero, consisting of water works (main line distribution and household distribution networks) and sewerage works (main line collector, elevator stations, and household collector networks), that are expected to benefit approximately 10,400 households; (ii) one roadways, accessibility, and drainage project in San Martín, Tres de Febrero, and San Isidro, consisting of a paved riverside road and associated works (drainage, multipurpose path, engineering works, lighting, landscaping), that is expected to benefit approximately 12,800 households; (iii) one project for remediating and closing the open air dump located in the neighborhood of La Cárcova, municipio of San Martín, including actions to improve urban solid waste collection services within the project's area of influence, that is expected to benefit approximately 4,800 households affected by poor solid waste management; and (iv) projects and resettlement plans for 750 households that will be affected by construction of the riverside road (San Martín and Tres de Febrero). These projects include housing construction, community equipment, and supplementary works (community centers, squares, street lights, etc.). In addition, final designs are already available for sewerage network projects in the municipios of Merlo and Moreno, and for drainage projects in the municipios of Merlo and San Fernando. These projects are being reviewed by the province and are expected to benefit 30,100 households.

- 1.10 **Effectiveness of proposed actions.** An increase in the coverage of water and sanitation services in outlying areas (Component I) has a direct impact on environmental quality and the quality of life of the population.²⁰ and ²¹ An improvement in road connectivity in isolated neighborhoods, supplemented by drainage works (Component III), and the removal of households from areas posing a health risk and their resettlement in residences with proper services (Component IV), not only promote environmental recovery but enhance the quality of life of households that would have better access to the workplace, schools, and health care centers.²²

²⁰ Empirical evidence of the effectiveness of implementing sanitary sewer and drainage systems for environmental and health improvement: *Avaliação do Projeto Belém-Pará. Estudo Longitudinal da Bacia do UNA*, 2004 (see [link](#)); *Ampla*. 2006. Ex post evaluation of project 649/OC-BR (see [link A](#) and [link B](#)).

²¹ Evidence of the effectiveness of these interventions in reducing the incidence of waterborne diseases: Mascarini, M. L et al. *Impacto de um programa de saneamento ambiental na prevalência e na incidência de parasitoses intestinais na população de idade escolar de Salvador*. VeraCidade Magazine. Year IV. No. 14. March 2009 (see [link](#)). Moraes, L.R., et al., Impact of drainage and sewerage on diarrhea in Salvador, Brazil. *Transactions of the Royal Society of Tropical Medicine and Hygiene*. 2003 Mar-Apr. 97(2):153-8 (see [link](#)).

²² Evidence of the effectiveness of drainage and resettlement actions in improving quality of life: Social and Environmental Program for the Igarapés in Manaus - PROSAMIM II, PCR (see [link](#)). Palenque, P., 2011. Final evaluation of the Barrio Improvement Program II (PROMEBA II) (1842/OC/AR), pages 17-30 and 40-92 and annexes 1-26 (see [link](#)). COBRAPE, 2010, *Avaliação Expost da Implantação e Monitoramento do PDR – DRENURBS* (see [link](#)).

- 1.11 **The Province's strategy.** The Province is implementing a sanitation strategy for the Reconquista River based on approval of the CRR Sanitation and Flood Control Program (Decree 3002/06), the initial stage of which had a positive impact in terms of flood prevention and sanitation of the river. However, the end of this intervention has been followed by a series of unwanted effects, such as the irregular occupancy of vacant land due to a lack of appropriate urban development works on the riverbanks. Consequently, the provincial government has set the following strategic objectives as the cornerstone of action in the basin: (i) improve the environmental conditions; (ii) boost road connectivity; (iii) generate urban and housing improvement processes; (iv) preserve and rehabilitate the course of the river and the riverbanks; (v) enhance the socioeconomic development potential; (vi) promote institutional development, fostering coordination between public and private entities and emphasizing community participation as a condition for sustainability; and (vii) establish a communication strategy to raise awareness of health and environmental issues.
- 1.12 **Strategic alignment.** The program is consistent with the priority area of intervention "urban sustainability and habitat improvement" in the areas of water supply, sanitation, and solid waste under the Bank's Country Strategy for 2012-2015 (document GN-2687), the objectives of which include increasing the coverage of these services in the outlying areas of Buenos Aires through investment in infrastructure and improvements in operator management. It is also consistent with the priority area of transportation, by improving passenger and freight mobility conditions and focusing on road maintenance and road paving and widening. In addition, the program is consistent with the crosscutting area of "environmental sustainability and climate change," contributing to the generation, use, and dissemination of information and knowledge, together with institutional strengthening of stakeholders with a view to enhancing the capacity for sustainable environmental management of the CRR. Similarly, in line with the Ninth General Increase in the Resources of the IDB (GCI-9) (document AB-2764) in the area of environmental sustainability, the program will contribute to the priorities of lending for poverty reduction and equity enhancement²³ and in support of climate change initiatives, sustainable (including renewable) energy, and environmental sustainability. The program will contribute to the GCI-9's regional goals of reducing the incidence of waterborne diseases (per 100,000 inhabitants) and increasing paved road coverage (km/km²), as well as increasing the number of: (i) households with new or upgraded water supply; (ii) households with new or upgraded sanitary connections; and (iii) kilometers of inter-urban roads built or maintained/upgraded.

²³ Under sector and geographic criteria. The program will act in periurban areas and, according to INDEC statistics, the percentage of inhabitants below the poverty line and below the indigence line in the program's areas of influence (provinces and/or municipios) exceeds the national average. The weighted averages for the program's areas of influence are respectively 6.7% and 1.9%, while at the national level, 5.9% of households are below the poverty line and 1.3% are below the indigence line.

- 1.13 **Consistency with Bank policies.** The program complies with the financial sustainability and economic evaluation terms of the Public Utilities Policy (document GN-2716-4) and is consistent with the principles of this policy. The operating revenues of the borrowing entity cover its operation and maintenance (O&M) costs, and the investment costs are covered by State transfers, ensuring financial sustainability (see [optional link 11](#)). The works to be financed are socioeconomically viable (paragraph 2.8). There are provisions for a reduced rate for services and a targeted access program for the low-income population;²⁴ there is effective institutional organization (policy formulation, regulation, and service delivery), and there are accountability mechanisms that foster transparency²⁵ (see [optional link 12](#)). The program complies with the Basic Environmental Sanitation Policy (OP-745) by treating wastewater generated as a result of expansion of the water supply system (paragraph 1.15).

B. Objective, components, and cost

- 1.14 **Objective.** The objective of the program is to restore the environmental quality of the Reconquista River Basin (CRR) by implementing a comprehensive management plan that prioritizes leveraging actions to that end. To motivate the population and include it in the program, priority will be given to investments in communities located in health risk areas. These investments will help to: (i) increase water, sanitary sewer, and wastewater treatment coverage; (ii) enhance integrated solid waste management, primarily by closing open air dumps; (iii) improve connectivity and access to outlying neighborhoods located in hard-to-reach areas; and (iv) strengthen the operational management capacity of the COMIREC by developing management tools, primarily including the PGICRR.
- 1.15 **Component I. Water and sanitation (US\$58.3 million).** This component will finance the construction and rehabilitation of water supply networks and the construction of sanitary sewer systems, including wastewater collection, transport, and treatment. The works will benefit approximately 162,000 low-income individuals (some 40,500 households) residing in the outlying areas of the municipios of San Martín, Tres de Febrero, San Isidro, Merlo, and Morón.
- 1.16 **Component II. Solid waste (US\$7.2 million).** This component will finance the development of integrated urban solid waste management plans for the basin's municipios and the closing and remediation of three open air dumps. Based on these plans, the component may also finance education and public awareness raising, collection, transport, transfer, recovery, recycling, and final disposal actions

²⁴ In the PBA there are reduced rates available to socially and economically vulnerable residential users for water and/or sanitation services. Articles 37 to 40 of Ordinance 21573 classify residential rates for water and sanitation services and establish rate amounts by type of structure (1, 2, 3, 4, and 5), type 5 being very economical, and by area (I, II, III, IV, V). Area V is the lowest-income area, and the rate for type-5 structures in area V is 50% lower (see [link](#)).

²⁵ Agua y Saneamientos Argentinos S.A. (AySA) is governed by a concession contract and is subject to oversight by a regulatory agency. AySA is required to submit information to the regulator as needed for a proper accounting.

and initiatives aimed at promoting integrated management of urban solid waste. The component's activities will benefit approximately 19,200 low-income individuals (some 4,800 households) living within one kilometer of the three open air dumps to be closed. The open air dump in the sample is located in San Martín.

- 1.17 **Component III. Roadways, accessibility, and drainage (US\$93.3 million).** This component will finance investments in road infrastructure and supplementary works, including road construction, engineering works (bridges and culverts), lighting, signage, multipurpose path, paving, repaving of intra-urban streets, and waterworks for storm drainage. The works financed by this component will benefit the population (approximately 418,000 inhabitants), reducing travel time thanks to connectivity works in isolated outlying neighborhoods located in the municipios of San Martín, Tres de Febrero, and San Isidro, benefitting approximately 12,800 households, and eliminating the risk of floods in some 4,800 dwellings in the municipios of Merlo and San Fernando.
- 1.18 **Component IV. Environmental and social management (US\$73 million).** This component will finance the program's environmental and social management actions, which include: (i) consulting assignment for preparing the PGICRR and industrial and urban pollution abatement actions to be given priority during the plan's preparation, as well as implementation of water, sediment, and air quality monitoring and early warning systems; (ii) resettlement of approximately 750 households, of which 315 will be affected by the works of Component I and 435 live in areas susceptible to floods or other risks, in accordance with the PBA's urban redevelopment criteria; (iii) the rehabilitation and upgrade of some 400 residences partially affected by the works, thus making resettlement unnecessary in these cases; and (iv) training for municipal staff to implement the integrated urban solid waste management plans. Preparation of the PGICRR will benefit the entire population of the CRR, estimated at 3,148,013 inhabitants.
- 1.19 **Costs and financing.** The total cost of the program will be US\$287.5 million, of which US\$230 million will be drawn from the Bank's Ordinary Capital and US\$57.5 million will be local contribution. Table I.1 provides a breakdown of costs.

Table I.1 Costs and financing (in US\$000)

Category or component	IDB	Local contribution	Total	%
I. Engineering and administration	17,000	9,700	26,700	9.28
1. Program administration	5,400	3,900	9,300	
2. Inspection and supervision of works	7,800	3,900	11,700	
3. Studies and designs	3,800	1,900	5,700	
II. Direct costs	200,100	30,500	230,600	80.21
1. Water supply and sanitation	49,600	8,700	58,300	
2. Solid waste	6,000	0	6,000	
3. Roadways, accessibility, and drainage	79,300	14,000	93,300	
4. Environmental and social management	65,200	7,800	73,000	
III. Concurrent costs	12,900	5,000	17,900	6.22
1. Audit, monitoring, and evaluation	500	0	500	
2. Scaling and contingencies	12,400	5,000	17,400	
IV. Financial costs	0	12,300	12,300	4.29
1. Interest	0	11,300	11,300	
2. Credit fee	0	1,000	1,000	
Total costs	230,000	57,500	287,500	100.00

C. Key results indicators

1.20 Table I.2 sets out key Results Matrix indicators (see Annex II) for the sample projects (paragraph 1.9).

Table I.2 Key results indicators

Results indicator	Baseline*	Year 5	Year 6	Project completion
Households with new or upgraded water supply from a network	365,044	375,044	389,544	389,544
Households with connection to a sewer service network	159,292	170,292	185,299	185,299
Open air dump surface area reclaimed (hectares)	0	4		4
Percentage of households flooded in the past 12 months	18.4 (2012)	0		0
Travel time to train and bus stations (minutes)	45			15
Classroom days lost per school year due to impassable intra-urban streets in the CRR's informal settlements	20		0	0

(*) Unless indicated otherwise, the baseline year is 2011

II. FINANCING STRUCTURE AND RISKS

A. Financing structure

2.1 This operation is structured as a multiple works program, to be governed by Operating Regulations. The borrower will be the Province of Buenos Aires.

Program execution will be the responsibility of the Ministry of Economy of the Province of Buenos Aires as executing agency, acting through the States and International Credit Agencies Coordination Branch (SCEOCI) as project executing unit (PEU).

- 2.2 The loan amortization period will be 24 years, and the disbursement and execution periods will be six years commencing on the effective date of the loan contract. Below is a tentative disbursement schedule:

Table II.1 Disbursement schedule (US\$ millions)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
IDB	11.0	50.0	42.5	70.0	44	12.5	230
Local	2.0	3.0	18.0	25.5	7.0	2.0	57.5
%	4.5	18.5	21.0	33.2	17.8	5.0	100.0

B. Fiduciary risks

- 2.3 A risk analysis based on the project risk management methodology for sovereign-guaranteed projects and on the Institutional Capacity Assessment System (ICAS) indicates that the program's execution involves a low risk. The primary fiduciary risks are associated with: (i) potential delays in the bidding and procurement processes, leading to failure to comply with execution timeframes; and (ii) a potential delay in execution related to justifying advances of funds. To mitigate these risks, the PEU plans to: (i) reinforce its staff of professionals in order to streamline execution and administration, monitor project execution and supervision, and ensure that the standard bidding documents for works, goods, and consulting services are approved by the province's control units; and (ii) systematize financial planning, for which purpose requesting advances for short periods will be encouraged and the implementation of an integrated information system that allows for proper recording and control will be monitored. In addition, the Operating Regulations will include a manual of administrative procedures and procurement and financial processes, and the PEU staff assigned to these duties will be trained in these subjects. Another risk identified (see [optional link 6](#)) relates to potential shortcomings in the O&M of the works. To mitigate this risk, the works transfer and administration agreements to be signed by the PBA and the institutions responsible for O&M include a commitment to operate and maintain the investments (paragraph 3.4).

C. Environmental and social impact

- 2.4 Following the procedures of the Environment and Safeguards Compliance Policy (OP-703), an environmental and social strategy was prepared. The proposal to classify this as a category "A" operation was approved on 24 May 2011. The program is category "A" due to the need to resettle 750 families affected by floods, living in inadequate sanitary conditions, such as in proximity to open air dumps, and affected by program works. Based on these guidelines, an Environmental and Social Impact Assessment (ESIA) was performed for the entire program and an

Environmental and Social Management Report (ESMR) was prepared, including an environmental management plan. A master resettlement plan (MRP) was also prepared, and a final resettlement plan (FRP) will be drafted for each work that requires resettlement for its execution, in accordance with the directives of the Involuntary Resettlement Policy (OP-710). Five meetings were held for community consultation and program presentation, and the ESIA was made available on the Bank and COMIREC websites (10 June 2013). The program has been under discussion with the population since October 2010, and two meetings were held in May 2011 as part of the MRP preparation. Three meetings (upper, middle, and lower basin) were held on the ESIA on 25 June 2013. The comments were incorporated into the final ESIA report, and those related to the demands for action in the basin will be considered during preparation of the PGICRR. The following special conditions of execution will apply: prior to awarding each work, evidence will be presented, to the Bank's satisfaction, that the environmental permits have been obtained and that the Environmental Management Plan included in the ESMR has entered into force; and, prior to issuing calls for bids for each work, the executing agency will have completed resettlement, where applicable, in accordance with the MRP and FRP guidelines.

- 2.5 Given the nature of the program's works and actions, the program's impacts are primarily positive, notably including: (i) improved sanitary and environmental conditions in the area of intervention and, in the future, throughout the basin; (ii) job creation during the execution of the works; (iii) potential real estate appreciation; (iv) attraction of investments to the beneficiary areas; and (v) relocation of families living in flood-prone areas or under inadequate sanitary conditions. The negative environmental impacts are those associated with the works, which will create dust, interfere with traffic, and cause the typical inconveniences resulting from this type of works in urban areas. The resettlement of 750 families constitutes the most significant social impact, yet these families will come to reside in dwellings equipped with all basic services, which represents a substantial improvement in quality of life. The aforementioned negative environmental impacts are temporary and short-lived, and can be mitigated through best practices in works, as set forth in the Manual of Construction Procedures and Best Practices in Engineering and Workplace Health and Hygiene, prepared by Agua y Saneamientos Argentinos S.A. (AySA) in the context of loan 2048/OC-AR, the Manual of Environmental Evaluation and Management for Road Works (MEGA) II/2007 issued by the National Road Authority, and the MRP guidelines.
- 2.6 The preparation of the PGICRR, using the shared-vision method, will make it possible for the population to participate in all its phases and enable the implementation of projects and procedures to enhance the environmental quality of the CRR through the control of industrial pollution, closing of waste dumps, implementation of water, sediment, and air quality monitoring systems, and recovery and/or creation of urban or rural green spaces. A special condition for execution, prior to the bidding process for the PGICRR, is the existence of a coordination commitment between the SCEOCI, the COMIREC, the OPDS, and

the Water Authority, aimed at fostering effective monitoring during the preparation and implementation of the plan. The program also provides for strengthening the COMIREC and preparing a communications strategy to facilitate the committee's relations with other institutions and with the community.

D. Special considerations and other risks

- 2.7 **Engineering.** The projects to be financed through this operation represent the priorities and lines of work identified during the preparation process. A review was conducted of the final designs for the nine projects in the sample, which are in the areas of water and sanitation, roadways, accessibility, and drainage, solid waste, and environmental and social management. These projects were developed by specialized consulting firms contracted through a technical cooperation operation financed and executed by the Bank (ATN/OC-12571-AR). Thus, the proposed works are the outcome of a process of comparing the available technological options and of a medium- and long-term vision, as explained in [optional link 1](#). In addition, the projects were developed in keeping with national regulations and international standards accepted by the Bank. The studies performed have made it possible to estimate the investment costs of each project and determine the requirements for properly operating the projects. During the preparation of this operation, other projects of similar priority status came to light that could be financed with program resources once they are fully developed.
- 2.8 **Socioeconomic viability.** A socioeconomic assessment was performed on the projects in the program's sample. The analyzed projects include: (i) urban development in Villa Hidalgo (provision of public utilities, microdrainage and paving, lighting, sidewalks, housing solutions, and social equipment); (ii) expansion of the sewer system; (iii) the expansion of the water supply system; and (iv) installation of the riverside road. The assessment was based on a cost-benefit analysis. The cost-benefit analysis for the water supply projects was conducted using the Public Works Simulator (SIMOP). The economic benefits were quantified based on the results of socioeconomic surveys.²⁶ Contingent valuation surveys were used to estimate willingness-to-pay amounts for the sewer service; annual average daily traffic, travel time reduction, and vehicle operating cost surveys were used for implementation of the riverside road; and real estate surveys were used to calculate hedonic price functions for purposes of estimating the real estate appreciation resulting from urban development. For the water supply upgrade project, the economic benefits were determined by calculating the gross benefits generated by the changes in supply and/or price, taking into account the aggregate demand curve of each consumer group throughout the project evaluation horizon. The costs used in the assessment were incremental investment and O&M costs, valued at efficiency prices. The results of the analysis show that the program is economically

²⁶ The surveys were conducted between July and December 2011 in Villa Hidalgo and in the territory demarcated by the Camino de Buen Ayre, the Avenida Panamericana, and routes 4 and 8, within the municipios of San Martín, San Isidro, and Tres de Febrero in Greater Buenos Aires (program's area of influence).

- viable in respect of each project, with economic internal rates of return exceeding 12% per annum (discount rate used in the analysis). Similarly, the benefit-cost ratio is higher than 1 for each project (see [optional link 2](#)).
- 2.9 **Sensitivity analysis.** An analysis was performed to measure the projects' sensitivity to changes in the key variables for socioeconomic viability. The results indicate that the projects are robust, absorbing cost increases of up to 35% and benefit reductions of up to 25%. In addition, a risk analysis using the Monte Carlo method was performed on the most critical variables for socioeconomic viability of the Villa Hidalgo urban development project (% real estate appreciation, costs, and investment timetables). The project was found to have a low probability of not being viable (less than 10%).
- 2.10 **Payment capacity.** It was confirmed that the monthly bill for the service is equivalent to less than 5% of the average monthly household income of the program's beneficiary population. According to AySA, assuming an average monthly residential consumption of 20 m³, the average water and sanitation bill is AR\$13.48 and AR\$22.58 per month for consumers below and above the poverty line, respectively. According to information on income distribution and average monthly residential consumption in the program's area of influence, the amounts paid for water and sanitation service are less than 5% of income.
- 2.11 **Institutional considerations.** Institutional viability was assessed on the basis of an analysis of the legal and institutional framework currently in effect and the results of the ICAS assessment (see [optional link 3](#)). This analysis indicated that the SCEOCI has the necessary power and authority to perform the duties of an executing agency. In addition, its executive and technical staff has the necessary professional capacities to carry out its responsibilities and enjoys sufficient autonomy within its sphere of action. Strategic planning and the organizational and operating structure have resulted in effective project execution and achievement of goals in six loans financed with resources from international agencies, two of which are IDB-financed programs. The management of goods and procurement, finance (budget, treasury, and accounting), and internal and external control systems comply with the regulations in effect and are reliable. However, the staff needs to be trained in the areas of environmental management, administrative procedures, procurement, and financial control (paragraph 2.3).

III. PROGRAM EXECUTION AND MANAGEMENT PLAN

- 3.1 **Program executing agency.** The executing agency will be the borrower, through the Ministry of the Economy's SCEOCI. The latter will be responsible for overall program coordination, management of the loan proceeds, timely provision of the local contribution, and achievement of the program's objectives. The SCEOCI will perform the program's executive coordination and, in the absence of the executive coordinator, his or her functions will be carried out by the SCEOCI's Provincial Director of Multilateral Agencies to the extent necessary. The Ministry of

Infrastructure, through the provincial subexecuting unit (PSU), will act as subexecuting agency and will receive technical support from: (i) the COMIREC on matters associated with strategic planning for the program and its execution, including relations with the various stakeholders in the basin and execution of the communication plan; and (ii) the following units of the Ministry of Infrastructure: (a) the Provincial Water and Sewerage Utilities Division (DIPAC); (b) the Provincial Sanitation and Waterworks Division (DIPSOH); (c) the Road Authority (DVBA); (d) the Land, Urban Development, and Housing Branch; (e) the Housing Administration; and (f) the Provincial Architecture Division. These units will provide technical support for program execution. **As a special contractual condition precedent to the first disbursement, evidence will be provided to the Bank's satisfaction that: (i) the program's Executive Coordinator has been appointed; (ii) the PSU has been created within the Ministry of Infrastructure; and (iii) the minimum staff needed to execute the program has been appointed, including the PSU's technical coordinator, as set out in the Operating Regulations.** Processing the approval of the standard bidding documents by the borrower's control units will be a special condition of execution.

- 3.2 **Operating Regulations.** The program will have Operating Regulations setting out the organization, operating procedures, and responsibilities of executing agency and PSU officials applicable to execution of the projects given priority under the PGICRR. While the PGICRR is being prepared, the Operating Regulations establish criteria for project eligibility and priority for financing. The Operating Regulations include: (i) program description, objectives, and components; (ii) organization chart, duties, and procedures of the executing agency and the areas involved in the program's execution; (iii) description of the stages of the execution cycle; (iv) terms and conditions of the loan, and bidding, procurement, and disbursement rules; (v) monitoring and evaluation; and (vi) environmental and social management. The annexes to the Operating Regulations include the profiles of PSU staff as well as models of the framework and transfer and maintenance agreements, and the operators' environmental manual. The draft Operating Regulations were reviewed during the preparation of the program (see [optional link 5](#)). **Submitting evidence of the entry into force of the Operating Regulations pursuant to the terms approved by the Bank will be a special contractual condition precedent to the first disbursement.**
- 3.3 **Priority setting and eligibility criteria.** Projects included in the sample were given priority in areas with communities at the highest health risk (paragraph 1.5). Once approved, the PGICRR will present the prioritization of projects to be executed in subsequent years. The main eligibility criteria for the projects, in addition to inclusion in the PGICRR, are: (i) projects in municipios forming part of the CRR and having a socioeconomic, technical, environmental, and financial basis, in accordance with the guidelines set out in the Operating Regulations, section V: Use of resources and eligibility of investments (see [optional link 5](#)); (ii) signing of a program adherence agreement (PAA); (iii) if necessary due to the nature of the project, a plan showing that the project's beneficiary jurisdiction(s) have title to the

land on which the works are to be carried out and that such title provides for land use terms consistent with the proposed project; (iv) if necessary due to the nature of the project, the existence of a lawfully organized operating entity and written evidence of its commitment to properly operate and maintain the infrastructure being financed; and (v) compliance with the environmental and social requirements described in chapter VI of the program's ESMR.

- 3.4 **Project cycle.** The cycle consists of four phases: (i) identification of needs and inclusion of the project in the program: (a) prior to adoption of the PGICRR, the municipio will convey the need for the project to the COMIREC, which will review the project's relevance and will make arrangements for its inclusion in the program; and (b) once adopted, the PGICRR will include the projects given priority during the program. In both cases the PSU will sign program adherence agreements with the respective municipios; (ii) project eligibility: for a project to be eligible, the PSU, with the assistance of the technical areas of the Ministry of Infrastructure and, if appropriate, the beneficiary municipios, will prepare the project's technical folder, containing all the documentation necessary for declaring the project eligible, in accordance with the program's Operating Regulations, and will submit it to the SCEOCI. The latter will review it and pass it on to the Bank for its no objection. This stage will conclude when the project is declared eligible; (iii) execution: the SCEOCI will be responsible for the process of procuring goods or services and the supervision and approval thereof. The PSU will be responsible for procurement processes, execution, and payment of works certificates, as well as for inspecting the works. The SCEOCI will be responsible for monitoring the works. This phase concludes upon acceptance of the works and/or services procured; and (iv) transfer, operation, and maintenance: depending on the nature of the project, the SCEOCI or the PSU will deliver the assets to the municipios for proper management. This phase concludes upon the signing of a transfer agreement, which contains a commitment to operate and maintain the works. For works to be financed by the program, the following agreements between the PSU and the municipal governments or service operators will be submitted to the Bank's satisfaction as a special condition of execution: (i) the PAA, prior to the project's inclusion in the program; and (ii) the transfer agreement, prior to the transfer of works built with program resources.

- 3.5 **Procurement.** The procurement of works, goods, and consulting services fully or partially financed with loan proceeds will be carried out in accordance with the Policies for the procurement of goods and works financed by the IDB (document GN-2349-9) and the Policies for the selection and contracting of consultants financed by the IDB (document GN-2350-9). The program does not call for any single-source procurement. Based on the analyses of the executing agency's institutional capacity, threshold amounts are recommended

Table III.1 Threshold amounts for ICB (US\$)		
Works	Equal to or exceeding	5,000,000
Goods	Equal to or exceeding	500,000
Consulting	Equal to or exceeding	200,000

in the event that international competitive bidding (ICB) is required, as described in Table III.1. Procurement reviews will be conducted on an ex post basis, except for ICB. All procurement to be carried out during a given period will be included in the procurement plan approved by the Bank through the Procurement Plan Execution System and will abide by the methods and ranges set forth therein, as described in the Fiduciary Agreements and Requirements (Annex III). The executing agency has agreed with the Bank on a procurement plan setting out the procurement for the first 18 months of execution (see [required link 3](#)).

- 3.6 **Advances of funds.** Disbursements will be made in the form of advances of funds based on actual liquidity needs for a maximum period of six months, in accordance with the investment timetable and required cash flow, as provided for in the Financial Management Policy for IDB-financed projects (document OP-273-2) and the Financial Management Operational Guidelines for IDB-financed projects (document OP-274-1), and as described in the Fiduciary Agreements and Requirements.
- 3.7 **Audits and control.** A firm of independent auditors acceptable to the Bank, to be contracted by the executing agency, may perform the program's audits and external control. The program's audited financial statements will be sent to the Bank not later than 120 days following the end of each fiscal year.
- 3.8 **Monitoring and evaluation.** Monitoring and evaluation will be carried out using the Bank's supervision tools, which include: a program execution plan (PEP), procurement plan, Results Matrix, Progress Monitoring Report (PMR) (see [optional link 6](#)), and annual work plan (AWP). The SCEOCI will send semiannual reports describing progress achieved with respect to the AWP and the outcomes of execution of program activities, and providing an action plan for the following six-month period. A monitoring and follow-up arrangement has been agreed upon, including a data collection plan and its budget (see [required link 2](#)). This arrangement will form part of the PAA (paragraph 3.3). The SCEOCI will be ultimately responsible for project monitoring and evaluation, for which purposes it may contract independent consultants as agreed upon with the Bank. During program execution, an independent midterm evaluation will be performed at the 36-month mark or when 60% of the proceeds have been committed. The final evaluation will be performed within 90 days following the conclusion of the program. In addition, there will be an ex post socioeconomic evaluation and an outcome evaluation.

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program	i) Lending for poverty reduction and equity enhancement, ii) Lending to support climate change initiatives, renewable energy and environmental sustainability.			
Regional Development Goals	i) Incidence of waterborne diseases (per 100,000 inhabitants), and ii) Paved road coverage (Km/Km2).			
Bank Output Contribution (as defined in Results Framework of IDB-9)	i) Households with new or upgraded water supply, ii) Households with new or upgraded sanitary connections, and iii) Km of inter-urban roads build or maintained/upgraded.			
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix	GN-2687	Increase the potable water coverage in the Buenos Aires Corridor and in Norte Grande.		
Country Program Results Matrix	GN-2756	The intervention is not included in the 2014 Country Program Document.		
Relevance of this project to country development challenges (If not aligned to country strategy or country program)				
II. Development Outcomes - Evaluability		Highly Evaluable	Weight	Maximum Score
		9.2		10
3. Evidence-based Assessment & Solution		10.0	33.33%	10
3.1 Program Diagnosis		3.0		
3.2 Proposed Interventions or Solutions		4.0		
3.3 Results Matrix Quality		3.0		
4. Ex ante Economic Analysis		10.0	33.33%	10
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis		4.0		
4.2 Identified and Quantified Benefits		1.5		
4.3 Identified and Quantified Costs		1.5		
4.4 Reasonable Assumptions		1.5		
4.5 Sensitivity Analysis		1.5		
5. Monitoring and Evaluation		7.5	33.33%	10
5.1 Monitoring Mechanisms		2.5		
5.2 Evaluation Plan		5.0		
III. Risks & Mitigation Monitoring Matrix				
Overall risks rate = magnitude of risks*likelihood		Medium		
Identified risks have been rated for magnitude and likelihood		Yes		
Mitigation measures have been identified for major risks		Yes		
Mitigation measures have indicators for tracking their implementation		Yes		
Environmental & social risk classification		A		
IV. IDB's Role - Additionality				
The project relies on the use of country systems				
Fiduciary (VPC/PDP Criteria)	Yes	Financial Management: Accounting and Reporting. Procurement: Information System.		
Non-Fiduciary				
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality				
Labor				
Environment	Yes	The preparation of the Integrated Management Plan for the Reconquista River Basin (PGICRR), with program resources, and using the methodology of shared vision, will enable the participation of civil society at all stages and allow the development of projects and procedures to improve the environmental quality of the watershed through the control of industrial pollution, landfill closure, implementation of systems for monitoring water quality, sediment and air, plus the recovery and / or implementation of urban or rural green areas.		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	An OI (AR-T1083) was approved. This technical cooperation funded the preparation of projects, studies and designs for the construction of works for the environmental sanitation of the Reconquista River Basin including water works in river effluents, sewerage and solid waste management. The TC also funded the contracting of individual consultants to support the COMIREC during the preparation of the operation and implementation of the program.		
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan				

The Sanitation Program of the Basin of River Reconquista (AR-L1121) has the objective of improving the environmental quality in the River Reconquista basin, focusing on populations with lowest incomes and/or living in areas of high sanitary risk. To achieve this objective, the program finances interventions in infrastructure (sanitation, water, drainage, housing construction) and institutional sustainability activities (including management plans for solid waste, closure of dumps, relocation of families, education on sanitary conditions, and institutional strengthening). Prioritized intervention areas include those susceptible to flooding and with low levels of provision of water and sanitation.

The logical framework presented in the POD is consistent when covering inputs and outputs. The results matrix includes indicators for major outputs and outcomes of the program. Impacts will be measured with indicators of water quality in watersheds intervened by the program and health outcomes measured through prevalence of diarrhea. The indicators in the results matrix meet SMART criteria and include baseline values and targets for most of the indicators.

The Vice Secretary of Coordination with States and International Credit Organizations (SCEOC for its acronym in Spanish) will be responsible of monitoring and evaluating the program. The monitoring and evaluation activities have been planned and budgeted. Monitoring data come from several sources including socioeconomic surveys, subscription of clients to water provider's companies, and several supervision reports from the program execution unit. The proposed evaluations are an intermediate and final evaluation of results, and an ex post cost-benefit analysis.

RESULTS MATRIX

Objective	The objective of the program is to restore the environmental quality of the Reconquista River Basin (CRR) by implementing a comprehensive management plan that prioritizes leveraging actions in that regard. To motivate the population and include it in the program, priority will be given to investments aimed at those living in health risk areas. These investments will help to: (i) increase water, sewerage, and wastewater treatment coverage; (ii) enhance integrated solid waste management, primarily by closing open air dumps; (iii) improve connectivity and access to outlying neighborhoods located in hard-to-reach areas; and (iv) strengthen the operational management capacity of the Reconquista River Basin Committee (COMIREC) by developing management tools, which primarily include the Reconquista River Basin Comprehensive Management Plan (PGICRR).				
Impact indicators (includes country strategy indicators to which this operation will contribute)					
Indicator	Unit of measurement	Baseline	Baseline year	Project conclusion	Comments/ Means of verification
Prevalence of diarrhea in children under 10 in the Reconquista River Basin’s areas of intervention.	p	0.32	2011	0.21	<p>The baseline and target were determined through an ex ante socioeconomic survey. Information on the incidence of waterborne diseases among families in informal settlements with and without sanitation systems during the past year.</p> <p>Means of verification: Result of the analysis of ex post socioeconomic surveys applied to the population benefitting from the water, sanitation, and drainage works (ex post cost-benefit analysis). The same methodology as was used for the ex ante survey will be used for the ex post surveys.</p> <p>Responsible party: PEU</p>
Water quality of the middle basin of the Reconquista River.	mg/l of DBO ₅	TBD ^(*)	2015	TBD ^(*)	<p>Means of verification: water quality reports from the PGICRR monitoring system.</p> <p>Responsible party: COMIREC/PEU</p>

Outcome indicator	Unit of measurement	Baseline	Year						Project conclusion	Comments/ Means of verification
			1	2	3	4	5	6		
Outcomes										
Outcome 1: Water and sanitation coverage in the Reconquista River Basin increased										
Households with domestic access to potable water from a network through new or expanded systems in the Reconquista River Basin.	Households	365,044 (2011)					375,044	389,544	389,544	Additional households with domestic access to potable water and/or sanitation from a network are defined as households that have been connected to water and sanitation network systems operated by ABSA or AySA. Includes 10,000 households with access to potable water and sanitation. Means of verification: client files at ABSA and AySA Responsible party: PEU
Households with connection to sanitation system through a network in the Reconquista River Basin.	Households	159,292 (2011)					170,292	185,299	185,292	
Increase in water consumption at households located in formal neighborhoods in the CRR’s priority intervention area, in the territory demarcated by the Camino de Buen Ayre, the Avenida Panamericana, and routes 4 and 8, in the districts of San Martín, San Isidro, and Tres de Febrero, in Greater Buenos Aires.	m³	0 (2012)					44,406	50,096	50,096	The number of households was obtained from the coefficient between the population according to the 2010 census and the average size of households estimated by the socioeconomic survey (3.39). The inclusion of households in the new service is assumed to be as follows: 80% the first year after works come on line, 90% the second year, and 100% the third year. Means of verification: AySA macromasurement records. Responsible party: PEU
Outcome 2: Solid waste management in the Reconquista River Basin improved										
Open air dump surface area reclaimed (****).	Hectare	0 (2013)			1.15	2.25	4		4	Reclaimed means that the open air dump has been closed, no more waste is dumped there, the existing waste has been buried or removed, and pollution problems have been resolved. Means of verification: Acceptance of work certificate (municipios) and OPDS on-site inspection reports. Responsible party: PEU

Outcome indicator	Unit of measurement	Baseline	Year						Project conclusion	Comments/ Means of verification
			1	2	3	4	5	6		
Municipality adopts integrated solid waste management plan	Municipality	0 (2013)				2	8	18	18	Means of verification: Municipal legal instrument adopting the plan. Responsible party: PEU
Outcome 3: Roadways, accessibility, and drainage in the Reconquista River Basin neighborhoods improved										
Travel time to bus and train stations in sections targeted by the program	Minutes	45 (2010)						15	15	Means of verification: Analysis of travel time per vehicle, calculated through the Highway Development and Management (HDM-4) model, the adopted value being the weighted average per vehicle type. Ex post surveys taken in the targeted sections. Responsible party: PEU and Ministry of Infrastructure.
Classroom days lost per school year due to impassable intra-urban streets in the informal settlements in the Reconquista River Basin	Days	20 (2011)						0	0	Baseline established through surveys of beneficiary populations in the settlements conducted as part of the ex ante socioeconomic assessment. Means of verification: Ex post socioeconomic surveys of beneficiaries (Ex post cost-benefit analysis of the program). Responsible party: PEU
Percentage of households that experienced floods in the districts of San Martín, Tres de Febrero, and San Isidro, in the Reconquista River Basin, in the past 12 months (***)	%	18.4 (2012)						0%	0%	Number of households located in the risk area (area corresponding to the project's design return period)/total number of households. Means of verification: Ex post socioeconomic surveys of beneficiaries. Responsible party: PEU
Increase in property values due to diminished flood risk in settlements	2012 pesos	0 (2012)					13,729		13,729	Benefit due to diminished flood risk, estimated on the basis of property appreciation based on the hedonic equation calculated as part of the ex ante assessment. Means of verification: Ex post socioeconomic surveys of beneficiaries. Responsible party: PEU

Outcome indicator	Unit of measurement	Baseline	Year						Project conclusion	Comments/ Means of verification
			1	2	3	4	5	6		
Outcome 4: Environmental and social management of the Reconquista River Basin improved										
Reconquista River Basin comprehensive management plan (PGICRR) approved by the COMIREC and by the basin’s stakeholders	Plan					1			1	Means of verification: Memorandum of approval of the plan and subsequent publication of the plan on the COMIREC website. Responsible party: PEU and COMIREC
Percentage of actions included in the PGICRR for which financial resources have been committed by the government or additional sources other than loan proceeds.	%	0 (2013)				TBD (**)	TBD (**)	TBD (**)	TBD (**)	Will include investments in municipios that have participated in the workshops conducted within the COMIREC framework to identify and prioritize the actions to be included in the PGICRR. Means of verification: Workshop logs and PEU reports. Responsible party: PEU and COMIREC
Percentage of warnings detected by the PGICRR monitoring system	%	0 (2013)					50	100	100	Means of verification: PEU reports. Responsible party: PEU and COMIREC
Number of water and sediment quality reports for the Reconquista River generated annually by the PGICRR monitoring system	Number	0 (2013)					4	4	4	Means of verification: Reconquista River water and sediment quality reports and PEU reports. Responsible party: PEU and COMIREC
Number of households resettled to areas without health risk exposure	Number	0				400	600	750	750	Population living in areas without sanitary sewers, without potable water supply from a network, with residences located in close proximity to waste dumps, with a high water table, and with no access roads to the central areas of cities Means of verification: PEU reports. Responsible party: PEU and COMIREC

Output indicator	Unit of measurement	Associated outcomes	Total estimated cost (US\$)	Year						Project conclusion	Comments/ Means of verification
				1	2	3	4	5	6		
Outputs											
Component 1: Water and sanitation											
Water supply system built	km	(1, 3)	12,000,000			8	8	3		19	Includes nexus and main water pipeline. Means of verification: Preliminary acceptance of work certificate (DIPAC/SSTUV) and AySA on-site supervision reports. Responsible party: PEU
Secondary water distribution networks built	km	(1, 3)	10,000,000			3	11	11		25	Systems established in the districts of San Martín, Tres de Febrero, and San Isidro. Means of verification: Preliminary acceptance of work certificate (DIPAC/SSTUV) and AySA on-site supervision reports. Responsible party: PEU
Collector sewers built	km	(2, 3)	7,300,000			2	2	1.6		5.6	Includes collector No. 1 (sections 1 - 344 m, 2 - 1175 m, and 3 - 668 m); collector No. 2 (1040 m); and drive line (sections 1 – 1273 m and 2 - 1104 m) Means of verification: Preliminary acceptance of work certificate (DIPAC/SSTUV) and AySA on-site supervisory reports. Responsible party: PEU
Secondary sewerage networks built ^(****)	km	(2, 3)	28,000,000			43	51	48		142	Includes secondary networks in San Martín, Tres de Febrero, Merlo, and Morón. Means of verification: Preliminary acceptance of work certificate (DIPAC/SSTUV) and AySA or ABSA on-site supervisory reports. Responsible party: PEU
Pumping stations built	Unit	(2, 3)	1,000,000			1	1	0		2	Means of verification: Preliminary acceptance of work certificate (DIPAC/SSTUV) and on-site supervisory reports. Responsible party: PEU

Output indicator	Unit of measurement	Associated outcomes	Total estimated cost (US\$)	Year						Project conclusion	Comments/ Means of verification
				1	2	3	4	5	6		
Component 2: Solid wastes											
Landfills/open air dumps closed	Landfills	(4)	5,200,000		1	2				3	A landfill will be closed in each section of the basin (upper, middle, and lower). Means of verification: COMIREC reports and surveys. Responsible party: PEU.
Integrated solid waste management plans developed	Plans	(4, 5)	1,200,000			4	4			8	Includes preparing 8 plans and updating 10 existing plans. PEU reports. Means of verification: Record of plan approval. Responsible party: PEU
Integrated solid waste management plans updated	Plans	(4, 5)	800,000		2	6	2			10	
Municipal officials trained in urban solid waste management	Officials	(5)	Cost included in the cost of the plans			9	15	15	15	54	The consulting firms responsible for developing the integrated solid waste management plans at the municipal level will conduct the training activities. Means of verification: Progress reports and event attendance logs. Responsible party: PEU.
Component 3: Roadways, accessibility, and drainage											
Riverside road built	km	(6)	27,600,000				13			13	Execution of the riverside road includes the associated works: multipurpose path, four bridges, drains, lighting, and landscaping. Means of verification: Monthly certificates from the contractor and acceptance of work certificate (DVBA), and PSU on-site supervision reports. Responsible party: PEU
Intra-urban roads upgraded and/or rehabilitated	km	(6, 7, 8, 9)	17,300,000				33			33	Includes 6 km of intra-urban roads to be paved, 7 km to be repaved, and 20 km of new roads in neighborhoods associated with the riverside road. Means of verification: Monthly certificates from the contractor and acceptance of work certificate (DVBA), and PSU on-site supervision reports. Responsible party: PEU
Multipurpose paths built	km	(6, 7, 9)	Included in the cost of the “riverside road” output					13		13	
Roads signposted	km	(6, 7, 9)						46		46	
Roads lighted		(6, 7, 9)						46		46	
Bridges built	Number	(6, 7, 9)					4			4	

Output indicator	Unit of measurement	Associated outcomes	Total estimated cost (US\$)	Year						Project conclusion	Comments/ Means of verification
				1	2	3	4	5	6		
Drainage systems built ^(***)	Systems	(6, 8, 9)	48,400,000				2	1		3	Works are to be built in: Arroyo Torres (Merlo); Arroyo Tres Horquetas/Miguel Cané (San Fernando); and Zanjón Fate (San Fernando). Means of verification: Acceptance of work certificate (DIPSOH) and PSU on-site supervision reports. Responsible party: PEU
Component 4: Environmental and social management											
Comprehensive management plan for the Reconquista River Basin prepared.	Plan	(10, 11, 12, 13)	3,000,000			1				1	Means of verification: Record of plan approval by COMIREC and the basin's stakeholders. Responsible party: PEU.
Census and registry of industries prepared	Census	(10, 11)	3,000,000			1				1	Means of verification: Plan progress reports and PEU reports. Responsible party: PEU
Monitoring systems installed	System	(12, 13)	12,890,000			1	2			3	Includes water and sediment quality monitoring systems and water risk management (early warning). Means of verification: Water/sediment quality and water risk reports and PEU reports. Responsible party: PEU
Dwellings improved	Dwelling	(10)	15,810,000				400			400	Whenever a dwelling is affected by the implementation of a project but there is no need to remove it (according to OP-710, resettlement should be kept to a minimum), it must be rehabilitated, and that implies an improvement. Whenever a government agency rehabilitates low-income dwellings, an improvement takes place. We do not know whether it is a bedroom, a living room, the floor of a home, a wall, or a roof that is being rehabilitated. Means of verification: Acceptance of work certificates (SSTUV) and PSU on-site supervision reports. Responsible party: PEU

Output indicator	Unit of measurement	Associated outcomes	Total estimated cost (US\$)	Year						Project conclusion	Comments/ Means of verification
				1	2	3	4	5	6		
Housing solutions (dwellings) built for the resettlement of households	Housing solution	(10, 14)	38,300,000				400	200	150	750	Means of verification: Acceptance of work certificates (SSTUV) and PSU on-site supervision reports. Responsible party: PEU

- (*) The baseline and target for this indicator will be determined as part of the design and implementation of the water quality monitoring system, which in turn forms part of the Reconquista River Basin comprehensive management plan (PGICRR) and will be financed under Component IV of the program.
- (**) The targets for this indicator will be determined during the PGICRR design and community information and discussion phase and will be financed under Component IV of the program.
- (***) The targets for the outcome associated with the “drainage systems built” output may increase during program execution as the final designs of drainage works in addition to those already identified are prioritized and completed.
- (****) The targets must be reviewed once the final designs for the districts of Merlo and Moreno are completed.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country:	Argentine Republic
Project number:	AR-L1121
Name:	Reconquista River Basin Environmental Sanitation Program
Executing agency:	States and International Credit Agencies Coordination Branch (SCEOCI) of the Province of Buenos Aires's Ministry of Economy, with the Ministry of Infrastructure acting as sub-executing agency through a subexecuting unit (PSU).
Fiduciary team:	S. Ignacio Vinocur (FMP/CAR) and Brenda Mariana Álvarez Junco (FMP/CAR)

I. EXECUTIVE SUMMARY

- 1.1 The risk assessment was conducted using the project risk management methodology for sovereign-guaranteed operations, while the institutional analysis was performed using the Institutional Capacity Assessment System (ICAS).
- 1.2 The program does not include financing by any other institution, but there will be a subexecuting agency.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

- 2.1 The Ministry of Economy's SCEOCI is an entity specifically organized and staffed to manage internationally financed programs. Its administration, information, and control systems are appropriate for purposes of addressing the needs in question. The Provincial Water and Sewage Utilities Division (DIPAC), the Provincial Sanitation and Waterworks Division (DIPSOH), and the Ministry of Infrastructure's Land, Urban Development, and Housing Branch (SSTUV) have experience executing works financed by previous programs; their activities will be primarily technical and will also involve coordinating with provincial agencies as well as with municipios, service providers, and the COMIREC.

III. FIDUCIARY RISK ASSESSMENT AND MITIGATING ACTIONS

- 3.1 The fiduciary systems of the executing and subexecuting agencies are considered satisfactory but will require some strengthening efforts, which are described in the risk mitigation matrix.

IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT

- 4.1 With a view to streamlining the contract negotiations by the project team and primarily by LEG, below is a list of the agreements and requirements that should be considered in the special conditions:

- a. Conditions precedent to the first disbursement (if required);
- b. Rate of exchange agreed upon with the executing agency for accounting purposes;
- c. Rate of exchange agreed upon with the executing agency when the operation is in a currency other than the U.S. dollar;
- d. Financial statements and other reports, whether audited or not (indicate whether required and the type of report required);
- e. Other type of external audits or audit-related work in accordance with the provisions of article 7.04 (f) of the General Conditions (indicate whether required and the type of audit or audit-related work required);
- f. Other specific requirements (if any) for financial management of projects that may need to be established in the contract or agreement to be signed with the Bank.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The fiduciary agreements and requirements for procurement establish the applicable provisions for the execution of all procurement anticipated under the program.
- 5.2 **Procurement execution.** Procurement will be conducted in accordance with the Policies for procurement of works and goods financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for selection and contracting of consultants financed by the Inter-American Development Bank (document GN-2350-9), both of March 2011. In addition, the executing agency agreed to use the Procurement Plan Execution System (SEPA) for the administration and management of procurement planning under the program. In the event of temporary connectivity problems and/or problems in loading information into the SEPA, a physical Excel format may be used on a provisional basis to ensure the existence of a current and approved procurement plan. The procurement plan to be submitted by the executing agency must identify the procurement processes involving direct contracting and those requiring bidder prequalification.
- 5.3 **Procurement of goods, works, and nonconsulting services.** Procurement of works, goods, and nonconsulting services¹ generated under the program and subject to international competitive bidding (ICB) will be executed using the standard bidding documents (SBD) issued by the Bank. Procurement subject to national competitive bidding (NCB) will be executed using national bidding documents agreed upon with the executing agency. The program's sector specialist will be responsible for reviewing the technical specifications for procurement during the selection process preparation stage.

¹ Policies for the procurement of works and goods financed by the Inter-American Development Bank (document [GN-2349-9](#)), paragraph 1.1: Nonconsulting services are treated as goods.

- 5.4 In addition, in ICB processes, the period indicated by Bank policies for the submission of bids for works, goods, and nonconsulting services may be shortened by up to four weeks in the case of standard procurement, and the period provided for under local rules for NCB will be accepted. The program does not call for single-source procurement of goods, works, or nonconsulting services.
- 5.5 **Selection and contracting of consultants.** Consulting service contracts generated under the program will be executed using Requests for Proposals (RFP) issued by the Bank. The program's sector specialist will be responsible for reviewing the terms of reference for the contracting of consulting services. The program does not call for single-source selection of consulting firms.
- 5.6 **Selection of individual consultants.** In the case of individual consultants, selection will take their qualifications for the job into account and will be based on comparing the qualifications of at least three candidates. The program's sector specialist will be responsible for reviewing the terms of reference for the contracting of consulting services. In cases of defined service agreements, the consultants will submit a midterm or final report to the executing agency as required. The relevant authority's approval of the consultant's performance evaluation as satisfactory will be sufficient for contract renewal purposes. These evaluations will be performed once a year to facilitate their approval by the relevant authorities. The program does not call for direct contracting of individual consultants.
- 5.7 **Retroactive financing.** There will be no retroactive financing and/or recognition of expenses prior to approval of the operation.

Table of threshold amounts (US\$ thousands)

Works			Goods			Consulting services	
ICB	NCB	Shopping	ICB	NCB	Shopping	International advertising	Short list 100% national
≥5,000,000	< 5,000,000 ≥350,000	< 350,000	≥500,000	< 500,000 ≥100,000	< 100,000	>200,000	<500,000

Main procurement processes

Activity	Type of bidding	Estimated date	Estimated amount US\$000
Goods			
Goods for the water quality monitoring system	ICB	5/1/2015	3,890,000.00
Goods for the air quality monitoring system	ICB	6/1/2015	2,000,000.00
Water risk management system – early warnings	ICB	7/8/2015	2,200,000.00
Works			
Paraná de las Palmas nexus (waterworks)	ICB	2/5/2014	8,000,000.00
Main sewer line (sanitation works)	ICB	2/5/2014	8,000,000.00
13 km of riverside road to be built and waterworks associated with the riverside road (road works)	ICB	5/26/2014	27,568,000.00
Torres stream - Merlo (upper basin) (drainage works)	ICB	2/14/2014	32,957,000.00
Nonconsulting services			
Common and binding actions (housing solutions)	ICB	6/4/2014	2,000,000.00
Firms			
Closing and cleanup of three open air dumps	QCBS	9/5/2016	3,000,000.00
Comprehensive basin management plan	QCBS	2/3/2014	3,000,000.00
Surveyor studies	QCBS	2/3/2014	150,000.00
Individuals			
Construction supervisor	IC	8/1/2014	71,232.00
Social assistance: Social field work before, during, and after completion of the works	IC	4/1/2014	86,400.00
Environmental assistance: Environmental field work before, during, and after completion of the works	IC	2/1/2014	86,400.00
Legal assistance: Legal advisory work before, during, and after completion of the works	IC	2/1/2014	86,400.00

- 5.8 **Procurement supervision.** Procurement will be supervised on an ex post basis, with the exception of ICB, contracting of consulting firms, and direct contracting (if any), which will be reviewed ex ante. Ex post review visits will be conducted at least every 12 months. The ex post review reports will include at least one physical inspection visit, selected from among the procurement processes subject to ex post review. At least 10% of the reviewed contracts will be subject to physical inspection during the program.

Threshold for ex post review			
Works	Goods	Consulting services	Individual consulting
< 5,000,000	< 500,000	< 200,000	< 50,000

The established threshold amounts for ex post review are applied on the basis of the executing agency's fiduciary execution capacity and may be modified by the Bank to the extent that such capacity changes.

- 5.9 **Records and files.** The executing agency will maintain a standardized central filing system with procedures for original documents. Project reports will be prepared and filed using the agreed-upon formats or procedures, which are described in the program's Operating Regulations. Originals will be filed by the executing agencies, which will be responsible for managing the bidding processes.

VI. FINANCIAL MANAGEMENT

A. Programming and budget

- 6.1 The executing agency budget has programmatic categories and other classifications by expense purpose (main items), including personnel expenses; consumer goods; nonpersonnel expenses; fixed assets, transfers, debt service and reduction of other liabilities, other expenses; and representational expenses. Depending on their economic nature, items are current expenses, capital expenses, or financial applications. In addition, internal financing sources may refer to the provincial treasury, credit drawdowns, or own resources.
- 6.2 No problems are expected in terms of management, local counterpart timing, or system delays capable of affecting execution.

B. Accounting and information systems

- 6.3 The executing agency will use the External Loan Execution Unit (UEPEX) system as its financial management system. Accounting will be on a cash basis and International Financial Reporting Standards (IFRS) will be followed when applicable in accordance with established national accounting criteria. The following financial reporting will be required: (i) audited annual financial statements at 30 April of each year; and (ii) in addition, special or supplementary audit reports may be required by mutual agreement between the Bank and the borrower.

C. Disbursements and cash flow

- 6.4 The applicable policies will be the Financial Management Policy for IDB-financed projects (OP-273-1) and the Financial Management Operational Guidelines for IDB-financed projects (OP-274-1).
- 6.5 Loan proceeds requested of the Bank in the form of advances of funds will be deposited in an account in dollars. These funds will then be converted to local currency based on operational needs and deposited in an account in pesos exclusively for the project. Project expenses and investments will be paid from this account as planned. The executing agency will maintain rigorous and proper control over the use of advances, with mechanisms designed to verify and reconcile the available balance in the executing agency's records with the equivalent balances in the Bank's records (LMS1 report).
- 6.6 The program will use e-Disbursements, the Bank's online system that allows the executing agency electronically to prepare and send disbursement requests to the Bank, reducing transaction costs by enabling the Bank to review and process the requests remotely.
- 6.7 Exchange rate agreed upon with the executing agency: The exchange rate to be used is as follows:

- a. Reimbursement of expenditures: The exchange rate indicated in Article 4.09 (b)(i) of the General Conditions in effect on the date on which the request is submitted to the Bank will be used.
 - b. Accounting for advances of funds: The exchange rate indicated in Article 4.09(a)(i) will be used.
 - c. Counterpart: The exchange rate indicated in Article 4.09(b)(i) of the General Conditions in effect on the first business day of the month in which each expense is paid will be used.
 - d. Disbursements in currencies other than the U.S. dollar or Argentine peso: In cases of direct payment and reimbursement of a letter of credit guarantee, the loan currency equivalent will be based on the amount actually disbursed by the IDB.
- 6.8 Other specific requirements for financial management of projects that may need to be established in the contract or agreement to be signed with the Bank: Disbursements will be made as provided in Articles 4.03, 4.05, 4.06, and 4.07 of the General Conditions.

D. Internal control and internal audit

- 6.9 The Province's General Accounting Office is tasked with effectively overseeing and recording public expenditures. Accordingly, it becomes involved before each contract is awarded. In addition, it compares budget execution against the authorized budget and approved amendments.
- 6.10 All operations forming part of the Reconquista River Basin Environmental Sanitation Program will go through the Province's general budget and be overseen by the General Accounting Office as provided for in the Financial Management Law. In this process, the General Accounting Office's financial system will be the principal tool and its use will be mandatory. Thus, all uses of funds will be reviewed and approved a priori by General Accounting Office representatives. Notwithstanding the foregoing, a manual of administrative procedures will be prepared and implemented to govern the processes to be undertaken in the context of the program.

E. External control and reports

- 6.11 External control is carried out by the Court of Accounts, which may perform external audits of any provincial government agency. The role of external program auditor will be performed by an independent auditing firm acceptable to the Bank.

F. Financial supervision plan

- 6.12 The financial supervision plan will be based on risk and fiduciary capacity assessments conducted in accordance with the on-site and desk reviews provided for the project, including operational, financing, accounting, compliance, and legal aspects, as well as on the reports issued by the external auditors. In principle, the plan calls for conducting an annual financial inspection visit;

provided, however, that this frequency is subject to review based on the project's risk assessment. Disbursements will be reviewed on an ex post basis.

G. Execution arrangements

- 6.13 **Disbursements.** Disbursements will be made in the form of advances in accordance with a financial plan prepared for a maximum period of 180 days, and these advances will be settled when at least 80% of their amount has been expended. The executing agency has asked the Bank to reduce the aforementioned percentage to 60% and will submit a technical justification of this request for Bank review. A disbursement request will require a completed disbursement request form, the execution status, and a financial plan for the following 180 days. The financial management specialist may request additional information, such as: (i) itemized commitment; and (ii) estimated financial-physical progress achieved on the project. To account for funds advanced, the following information will be submitted to the Bank: (i) disbursement request form; (ii) status of project execution; (iii) reconciliation of Bank resources; (iv) itemization of expenses; and (v) other reports that help to show the project's progress. The rendering of accounts need not be accompanied by support documents for expenses incurred or payments made. This does not, however, imply Bank approval of the expenses incurred. The original support documents for the expenses must be available for review by the Bank upon request.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-____/14

Argentina. Loan ____/OC-AR to the Province of Buenos Aires
Reconquista River Basin Environmental
Sanitation Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Province of Buenos Aires, as Borrower, and with the Argentine Republic, as Guarantor, for the purpose of granting the former a financing to cooperate in the execution of the Reconquista River Basin Environmental Sanitation Program. Such financing will be for an amount of up to US\$230,000,000 from the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2014)