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ARGENTINA

PROGRAM TO SUPPORT THE EQUITY AND EFFECTIVENESS OF THE SOCIAL SAFETY NET IN ARGENTINA – PHASE I

(AR-L1302)

LOAN PROPOSAL

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ABBREVIATIONS

ANSES	Administración Nacional de Seguridad Social [National Social Security Administration]
CNCPS	Consejo Nacional de Coordinación de Políticas Sociales [National Council for Social Policy Coordination]
ICB	International competitive bidding
IMF	International Monetary Fund
INDEC	Instituto Nacional de Estadística y Censos [National Statistics and Census Institute]
MECCT	Ministry of Education, Culture, Science, and Technology
MSDS	Ministry of Health and Social Development
MTR	Ministry of Transportation
NCB	National competitive bidding
PGR	Becas Progresar [Scholarships for Advancement]
QCBS	Quality- and cost-based selection
SIEMPRO	Sistema de Información, Evaluación y Monitoreo de Programas Sociales [Social Program Information, Evaluation, and Monitoring System]
SINTYS	Sistema de Identificación Nacional Tributario y Social [National Tax and Social Identification System]
SISFAM	Sistema de Identificación y Selección de Familias Beneficiarias de los Servicios Sociales [System for Identification and Selection of Household Beneficiaries of Social Services]
SMVMM	Salario Mínimo Vital y Móvil Mensual [minimum sliding scale of living wages minimum living wage]
SUBE	Sistema Único de Boleto Electrónico [unified electronic ticket system]
TSTP	Tarifa Social al Transporte Público [program of discounted public transportation fares for low-income ridership]
TSTPA	Tarifa Social al Transporte Público Automotor [program of discounted public bus fares for low-income ridership]

PROGRAM SUMMARY

ARGENTINA PROGRAM TO SUPPORT THE EQUITY AND EFFECTIVENESS OF THE SOCIAL SAFETY NET IN ARGENTINA – PHASE I (AR-L1302)

Financial Terms and Conditions						
Borrower: Argentine Republic					Flexible Financing Facility ^(a)	
					Amortization period:	25 years
Executing agency: The borrower, through the Ministry of Finance. The Ministry of Health and Social Development; the Ministry of Education, Culture, Science, and Technology; and the Ministry of Transportation, and the National Council for Social Policy Coordination will serve as coexecuting agencies.					Disbursement period:	3 years
					Grace period:	5.5 years ^(b)
Source	Phase I amount (US\$ millions)	Phase II amount (US\$ millions)	Total I and II (US\$ billions)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	900	600	1.5	100	Credit fee:	(c)
Total:	900	600	1.5	100	Inspection and supervision fee:	(c)
					Average weighted life:	15.25 years
					Approval currency:	United States dollar (from the Ordinary Capital)
Program at a Glance						
Program objective/description: The general objective of the program is to help make social safety net programs in Argentina sustainable and more effective. Specifically, the program seeks to: (i) ensure the sustainability of cash transfer programs aimed at the vulnerable population in the context of the targets agreed upon by the Argentine government and the International Monetary Fund; (ii) promote the need to stay in and complete school as well as comprehensive job training for the beneficiary population of these transfers; (iii) boost the distributive efficiency of subsidies on public services; and (iv) enhance the efficiency of social safety net programs by their information management capacity of the data generated in program execution.						
Special contractual conditions precedent to the first disbursement: None						
Special contractual conditions of execution: None						
Exceptions to Bank policies: None						
Strategic Alignment						
Challenges: ^(d)	SI <input checked="" type="checkbox"/>		PI <input type="checkbox"/>		EI <input type="checkbox"/>	
Crosscutting issues: ^(e)	GD <input checked="" type="checkbox"/>		CC <input checked="" type="checkbox"/>		IC <input checked="" type="checkbox"/>	

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

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

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

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

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

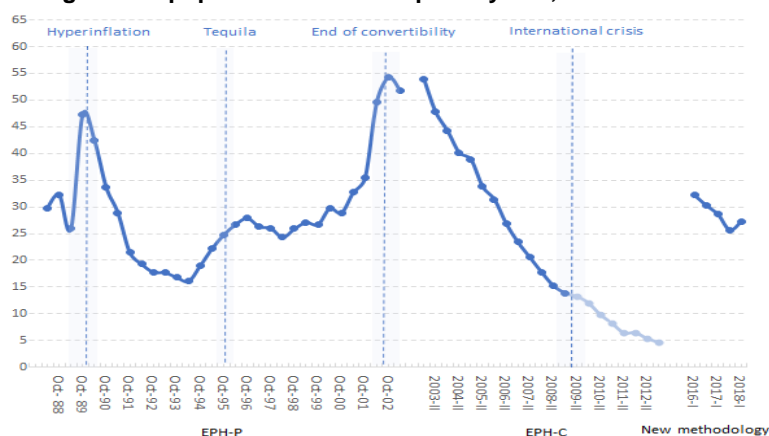
I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems, and rationale

1. Macroeconomic context

- 1.1 In recent decades, poverty rates in Argentina have been highly volatile in line with economic swings. The hyperinflation crisis of the late 1980s raised the poverty rate from 25% to 47% in 1989. The 1991 stabilization program succeeded in reversing that increase and reducing the rate to 16% by 1994. Over the remainder of that decade, this indicator trended upward and became dramatically more pronounced with the 2001 crisis and abandonment of the convertibility system, peaking at 54% in 2002. Between 2003 and 2011, against a backdrop of robust economic growth, there was a rapid and sustained decline in the poverty rate, although the current authorities at the National Statistics and Census Institute (INDEC) have warned that the statistical series published between 2007 and 2015 should be taken with caution. This decline slowed in 2011 as the economy lost momentum. The poverty rate, which was 32% in 2016, had dropped 6.5 percentage points by 2017. However, owing to the contraction of the economy coupled with rising inflation, the poverty rate increased 1.6 percentage points in the first half of 2018, to stand at 27.3%.

Figure 1: Percentage of the population below the poverty line; official estimate for 1988-2017¹



- 1.2 In the context of an international financial environment that exerts pressure on emerging economies as a whole, Argentina continues to face macroeconomic risks associated with its considerable public financing needs, liquidity surpluses, and high current account deficits. To mitigate these risks, the Argentine authorities have decided to underpin the country's economic program with an International Monetary Fund (IMF) standby arrangement. This US\$50 billion arrangement was reached in June 2018 and runs for a period of 36 months. Amid growing financial volatility, however, the government reformulated its economic program in September, reaching a new arrangement with the IMF. The new program increases IMF financing by US\$7.1 billion through 2021, and provides for the advance payment of the disbursements scheduled for 2018 and 2019, amounting to US\$19 billion.

¹ Prepared by the authors based on INDEC data. In 2014, the INDEC discontinued publishing the poverty indicator and resumed doing so in 2016, including methodological changes that preclude a comparison with the previous index.

- 1.3 In the wake of the agreement with the IMF, other multilateral lending organizations have committed to submitting projects for a total of US\$5.65 billion to their respective boards of executive directors within a period of 12 months. Of this total, US\$2.5 billion would be provided by the IDB, US\$1.75 billion by the World Bank, and US\$1.4 billion by the Andean Development Corporation. Coordination among the multilateral organizations is governed by the criteria established in the IMF arrangement, to be implemented by the Argentine authorities. The planned Bank support program is aimed at protecting social spending and promoting gender parity as well as supporting reforms designed to enhance transparency, efficiency, and growth. The Bank's program with Argentina for the next 12 months is comprised of programmatic loans for a total of approximately US\$1 billion (US\$500 million to be approved in 2018 and US\$500 million in 2019) and investment loans, aimed at safeguarding social safety net expenditures and boosting their efficiency, for a total of approximately US\$1.5 billion (US\$900 million in 2018 and US\$600 million in 2019). The present operation is the first phase of the social protection investment program.

2. The program's support to the fulfillment of social commitments under the IMF agreement

- 1.4 Aside from imparting a more contractionary bias to fiscal policy, the arrangement with the IMF includes a social safeguard equal to 0.2% of GDP, making it possible to increase social spending by this amount in the event of worsening socioeconomic conditions and fulfill other commitments on social issues, to be periodically monitored as one of the program's core components.
- 1.5 This operation will help to achieve the aforementioned social commitments. First, the operation will directly support the commitment to protect social safety net spending by ensuring financing for existing cash transfer programs with widespread coverage among the low-income population: *Hacemos Futuro* [Forging Our Future], *Becas Progresar* [Scholarships for Advancement] (PGR), and the program of discounted public bus fares for low-income ridership (TSTPA). The operation will also help fulfill the commitment to increasing the effectiveness of social safety net interventions by building the management capacity of these three programs through the use of digital conversion tools. Second, the operation will strengthen the information generation, management, and analysis capacity of the National Council for Social Policy Coordination (CNCPS), a key agency for continuous monitoring of the social indicators covered by the IMF arrangement. In the medium term, the operation will also strengthen the role of the CNCPS in promoting the efficiency and effectiveness of social programs and policies. Lastly, the operation will help boost the distributive efficiency of the TSTPA by directly financing its expansion beyond the Buenos Aires metropolitan area.

3. Context of the social safety net programs and policies framed in the program

a. *Hacemos Futuro* program

- 1.6 **Background of *Hacemos Futuro*.** The *Argentina Trabaja* [Argentina Works] program was created in 2009 under the aegis of the Ministry of Health and Social Development (MSDS). It was designed to promote economic development and social inclusion by creating new jobs based on the establishment of cooperatives. The program targeted unemployed individuals in households without formal income who were not beneficiaries of other social programs or transfers. It consisted of a

monthly transfer in exchange for working 40 hours per week and participating in training activities. The cooperatives implemented works of average and low complexity to improve neighborhood infrastructure. In December 2015, the program had 109,947 beneficiaries, 43% of them women.

- 1.7 In 2013, the MSDS created the *Ellas Hacen* program, directed at female, single-parent, unemployed heads of household who were receiving the universal allowance per child and had three or more children under 18 or with disabilities and were living in extremely vulnerable emerging neighborhoods. The objective of the program was to achieve the social inclusion of its participants by strengthening their skills, employability, and self-esteem. As part of the program, participants received a transfer similar to that of *Argentina Trabaja*, contingent on completing basic education and training in a trade and in crosscutting issues such as gender and human rights. As of year-end 2015, 81,896 women were participating in *Ellas Hacen*.
- 1.8 In early 2018, these two programs were consolidated into the *Hacemos Futuro* program under a new design. The reasons for this reformulation included: (i) high levels of irregularity in the *Argentina Trabaja* cooperatives;² (ii) the realization that the restriction on receiving centrally determined training was not a good practice; and (iii) the need to mainstream the good practices of *Ellas Hacen* in terms of the training obligation and also include men in the scope of interventions aimed at promoting gender equality.
- 1.9 **Description of *Hacemos Futuro*.** The objective of *Hacemos Futuro* is to empower those at risk or in socially vulnerable situations by progressively promoting their economic independence and their chances of joining the workforce and achieving social integration. *Hacemos Futuro* is directed at individuals ages 18 to 65 from socially and economically vulnerable households.³ Applications to join *Hacemos Futuro* by female heads of household or trans women with three or more dependent children or a disabled child, or by female victims of gender violence, human trafficking, or sexual exploitation, will be given priority treatment. The program consists of a transfer equivalent to 55% of the minimum sliding scale of living wages (SMVMM), contingent on fulfillment of certain responsibilities: (i) regular updating of information; (ii) completion of mandatory basic education; and (iii) participation in comprehensive job training courses.⁴
- 1.10 The design of *Hacemos Futuro* includes certain features that distinguish it from the previous programs: (i) elimination of intermediaries in program management; (ii) co-responsibility centered on education and training of all program beneficiaries and free choice of the alternative for completing it; (iii) elimination of the requirement to be part of a cooperative; and (iv) promotion of formal sector employment. To

² According to a MSDS report, in early 2017 more than 80% of the cooperatives were failing to comply with the requirement to submit balance sheets, minutes of meetings, audits, and other customary legal and financial documents.

³ It evaluates criteria related to employment, housing, health, and education level.

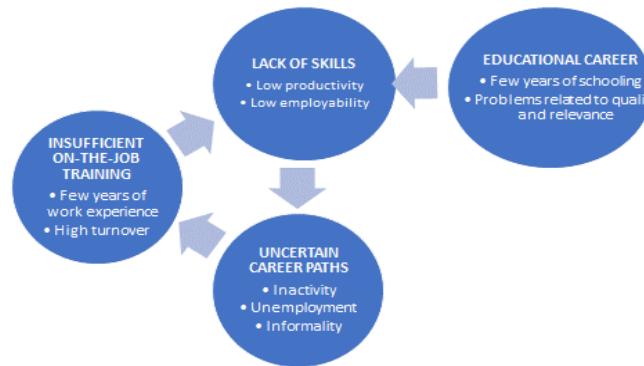
⁴ Comprehensive training encompasses a broad menu of training courses aimed at equipping people with job skills, including general or specific knowledge skills such as manual, technological, and/or social and emotional skills, as well as employment guidance. The number of hours to be accredited varies based on the level of education of the trainee. Those who: (i) are completing their mandatory basic education are required to complete 64 hours per year of comprehensive training; (ii) have completed secondary school and are not enrolled in a post-secondary or university program are required to complete 120 hours per year; and (iii) are enrolled in a post-secondary or university program have no comprehensive training requirement but are required to complete job counseling workshops.

mitigate the potential disincentives to employment associated with cash transfers, beneficiaries who obtain a formal-sector job remain in the program during the first 12 months of their employment; transfer payments are withheld during that period and are automatically reinstated if they lose their job.

- 1.11 At present, only priority applicants who are victims of gender violence, referred for the most part by the Instituto Nacional de las Mujeres [National Women's Institute], are admitted to the *Hacemos Futuro* program. Completion of mandatory formal education is achieved by steering beneficiaries to one of various modalities (secondary education for youth and adults and vocational secondary education), coordinating access to enrollment slots with the relevant school authorities. The comprehensive training obligation is fulfilled through participation in training courses, which may include vocational training certified by the Instituto Nacional de Educación Tecnológica [National Institute of Technological Education], formal post-secondary education or university programs, and courses or programs offered by other providers (trade unions, industry trade groups, nongovernmental organizations) accredited by the MSDS or under direct agreements with this ministry. It is worth noting that the latter prioritize training associated with "jobs of the future," such as in digital literacy or caregiving, and innovative technologies with a social and environmental impact, including a climate change mitigation approach.⁵
- 1.12 **Profile of *Hacemos Futuro* beneficiaries.** *Hacemos Futuro* has more than 235,000 beneficiaries, 72% of whom are women. In terms of age distribution, 24% are ages 18 to 29; 62% are ages 30 to 49; and 14% are age 50 or older. The average education of beneficiaries is limited: 65% did not complete mandatory education (14% did not complete primary school, 19% completed primary school, and 32% did not complete secondary school).
- 1.13 **Development problem and management challenges for *Hacemos Futuro*.** People from socially and economically vulnerable environments face specific barriers in obtaining formal-sector jobs and developing skills throughout their lives. Less productive workers are less likely to obtain formal employment, associated with greater stability and greater investment in the development of productivity-enhancing skills, thereby creating a vicious circle [1].

⁵ The sustainable training portfolio includes housing and habitat (solar water heater, eco-stove), production-tool (solar dehydrator), health, and water-access issues. Roughly 3.5% of program beneficiaries have participated in innovation and sustainable training.

Figure 2: Vicious circle of informality and low productivity leading to weak career paths



- 1.14 A comparison of labor market performance between individuals from the first income decile and the population average illustrates the difficulties faced by the most vulnerable groups. The economic activity and employment rates are lower for first-decile individuals (52% and 42.7% versus 58.7% and 53.3%, respectively, at the national level), while their unemployment and informality rates are double the national average (17.8% and 66.2% versus 9.2% and 33.8%). Within the vulnerable population, women experience greater obstacles in joining the workforce. The economic activity rate for women in the first income quintile is 41%, 25% lower than for men in the same quintile, while their informality rate is 74%, 15% higher than for their male peers. The main barrier to women's participation in the job market is that they are disproportionately responsible for the domestic workload.
- 1.15 The development of skills through training processes is a key investment toward improving the employment paths of the most vulnerable population. To be effective, these processes should focus on quality and relevance and be combined with intensive, customized, and specialized employment guidance and job placement services for the target population. In addition, the training processes should include user profiling and referral systems that determine users' degree of vulnerability and the extent of support they require [2]. Moreover, it is essential that they develop mechanisms to identify employer demand for skills in order to properly align their offering [3].

b. *Progresar* scholarship program

- 1.16 **Background of the *Progresar* scholarship program.** The *Progresar* program was created in 2014 under the aegis of the National Social Security Administration (ANSES) with the objective of generating opportunities for social and labor inclusion through comprehensive training actions. These actions could include completing mandatory education, initiating or continuing higher studies or undergoing on-the-job training or skill-building. Young people ages 18 to 24 whose household income did not exceed one SMVMM were eligible to apply to this program. The program provided a monthly cash transfer. As of December 2015, *Progresar* had 905,000 beneficiaries.

- 1.17 The current national government administration found that, by failing to implement a rigorous oversight of educational co-responsibility, *Progresar* was essentially operating as an unconditional income transfer vehicle for vulnerable youth. In addition, the administration deemed it important that, without relinquishing its capacity as a compensatory policy tool, the program encourage educational merit and promote human capital formation in priority areas for the country's economic development.⁶
- 1.18 **Description of the *Progresar* scholarship program.** In early 2018, *Progresar* was moved to the Ministry of Education, Culture, Science, and Technology (MECCT) as a way of stressing its educational aim. At present, the program includes three types of scholarships: (i) for mandatory education (primary and secondary); (ii) for vocational training (trade workshops); and (iii) for higher education (university studies, post-secondary studies, or teacher training). Along with a redesign of the program, the maximum age for scholarship eligibility was raised to 30, but only for advanced higher education students, and the maximum allowable household income was increased to three SMVMM. In addition, the program design was modified in that it: (i) went from a fixed and standard amount for all levels to different amounts based on level;⁷ (ii) provided an increase in the scholarship amount for career paths considered strategic for the country's development;⁸ (iii) set higher academic standards for keeping the scholarships;⁹ and (iv) added an academic excellence incentive.¹⁰
- 1.19 Despite the transfer of the program to the MECCT, applicants for mandatory education and vocational training scholarships continue to register at the ANSES one-stop customer care centers since this level of education is provided at a vast number of schools governed by the respective provinces, complicating the process of electronic certification of the information needed to verify compliance with their co-responsibilities. However, applicants for higher-education scholarships register online through the PGR digital platform. Household income is evaluated by ANSES,¹¹ while the academic evaluations (verification of registration and regular student status) are conducted using the information provided by the relevant schools. Recipients of mandatory education and first-year higher education scholarships receive 80% of their scholarship funds on a monthly basis (10 months of the year). The remaining 20% is paid at the end of the academic year once the student evidences having taken and passed the coursework. Reasons for discontinuing a scholarship include dropping out, loss of regular student status, and failure to fulfill academic and administrative requirements.

⁶ Internal document prepared by the MECCT in December 2017. That year, slightly fewer than half of the beneficiaries lost their status as regular scholarship holders by being unable to certify academic regularity when this requirement became applicable.

⁷ At present, the monthly value of the *Progresar* scholarships is equivalent to 12.5% of one SMVMM for basic education and vocational training, while the lowest value of higher education scholarships is equivalent to 16% of an SMVMM.

⁸ The strategic career paths are in basic science, applied science, and nursing. Details for each province are listed at <https://becasprogresar.educacion.gob.ar/mapa.php>.

⁹ For example, a higher education student who is receiving a scholarship for the first time is required to pass 50% of the course in his/her program.

¹⁰ At the higher education level, students who have passed 100% of their courses with a grade point average of 8 or higher receive a one-time "award" in an amount equivalent to 10 monthly program payments.

¹¹ ANSES only records the formal income of the scholarship recipient's parental family group.

- 1.20 **Profile of *Progresar* beneficiaries.** The program currently has more than 536,000 beneficiaries, 64% of whom are women. Thirty-six percent of scholarships are for university studies, 28% for post-secondary education, and 31% for secondary education.¹² In terms of age, scholarship recipients tend to be in the lowest segment of the bracket for program eligibility: thus, 66% are 21 or younger, and participation in the program decreases with age. The average household income of beneficiaries is equivalent to 74% of one SMVMM, and distribution is heavily skewed toward lower income levels. Lastly, 13% of *Progresar* scholarship recipients have at least one child, the likelihood for this being higher in the case of women (18% versus 5% in the case of men).
- 1.21 **Development problem and management challenges for *Progresar*.** Better learning and more years of education are associated with better job and income opportunities, particularly when the level of education exceeds the mandatory cycle [4]. The factors associated with dropping out of school at any level include overage, low academic performance, and the need to work [5, 6].
- 1.22 At present, 22% of 18-to-24-year-olds in Argentina drop out of school during the mandatory cycle and 11% in this age bracket still attend school at that level. Approximately 28% completed mandatory education but have not continued their studies. Dropout and aging-out rates are higher among men and the low-income population. The percentage of 18-to-24-year-olds who drop out of school without having completed the mandatory education cycle or who attend school at this level but are overage is 39% for men and 28% for women. Similarly, for the first income quintile, 49% of 18-to-24-year-olds drop out during the mandatory education cycle or attend but are over-age, while the percentage for the last income quintile is 10%.¹³
- 1.23 Monetary transfer programs targeting students from low-income households have been widely implemented in the region as a dropout prevention policy [7]. They have produced positive results in enrollment and progression rates, particularly when scholarships are received for more than one year and when supplemented by direct support for students experiencing difficulties in terms of attendance or performance [8, 9]. In addition, the introduction of computerized school management systems has made it possible to monitor student attendance and performance closely and deploy early warning systems that allow schools to take dropout prevention actions [10].
- 1.24 The MECCT's main management challenge in the short run is to consolidate the registration procedure in a single system and be able comprehensively and strategically manage the educational and socioeconomic information on all PGR applicants and beneficiaries. An integrated digital platform could, among other benefits, facilitate the process of monitoring compliance with the eligibility criteria and identifying students at risk of dropping out, making it possible, in coordination with the provinces and training institutes or universities, to implement supplementary dropout prevention actions, such as tutoring programs.

¹² The remaining 5% attend primary schools, special education schools, or vocational training centers. The proportion of male students attending secondary and post-secondary schools is respectively 41% and 18%, compared to 25% and 34% in the case of female students.

¹³ Authors' estimates, based on the Continuous Household Survey for the first half of 2018.

c. Program of discounted public transportation fares for low-income ridership (TSTP)

- 1.25 **Background of the TSTP.** In Argentina, urban bus transportation is primarily provided by regulated, private companies. Since the 2002 economic crisis, these bus operators receive direct transfers from the government and are in turn required to reduce users' out-of-pocket expenses (general subsidy).
- 1.26 **Description of the TSTP policy.** The unified electronic ticket system (SUBE) was established in 2009 as a means of payment for bus transportation. It was initially implemented in the Buenos Aires metropolitan area and, in 2012, coverage was expanded to include train and subway services in Buenos Aires. In 2013, the system was expanded to other cities in the country. In 2012, the Ministry of Transportation (MTR) established a 50% discount on the SUBE fare in effect, primarily for users from vulnerable groups and older adults. Although the discount was lowered to 40% in 2013, the MTR raised it to 55% in 2016 and added newly eligible groups, including recipients of PGR scholarships and beneficiaries of *Argentina Trabaja* and *Ellas Hacen* (currently *Hacemos Futuro*).
- 1.27 To obtain the discount provided under the TSTP, the SUBE card needs to be personalized. This procedure may be completed online or in person at SUBE customer care centers. Once this is done, the ANSES electronically verifies the user's eligibility to receive the TSTP. Upon verification of eligibility, whenever the user validates his/her SUBE card at the readers located in buses or at train and subway station turnstiles, he/she is automatically issued a discount, which is in turn refunded by the MTR to the bus companies.
- 1.28 **Profile of TSTP users.** In Argentina, the poorest households allocate on average a larger proportion of their income to the use of public transportation. According to the 2012-2013 National Household Spending Survey, average spending on train and bus fares as a percentage of nonfood household spending is, for the first decile, 3.9% for all households and 11.1% for households that use those services, while for the wealthiest decile the percentages are merely 0.3% and 2.3% respectively. TSTP coverage, defined as the number of beneficiaries over the population that meet the eligibility criteria,¹⁴ is approximately 28%, primarily due to SUBE's concentration in the Buenos Aires metropolitan area.
- 1.29 **Development problem and challenges for the TSTP.** For the most vulnerable groups, particularly in urban areas, access to affordable, quality public transportation services is essential for integrating into the economic, social, and cultural fabric [11]. However, these groups typically face constraints in terms of access to these services due to their high cost, which is manifested in two ways: (i) impact of transportation expense on household income; and (ii) long travel times faced by living in the urban periphery. By limiting the area in which the low-income population is able to work or seek quality jobs [12] and obtain health and education services [13], the accessibility shortcomings feed a vicious circle of poverty. These arguments provide a rationale, from the standpoint of distributive equity, for the subsidization of mass transit systems. In addition, public transportation creates positive effects for all of society, achieving a more efficient use of urban space and energy and reducing greenhouse gas emissions [14]. Aside from these arguments, the fiscal weight of mass transit subsidies poses a policy challenge: finding a balance between the affordability of

¹⁴ Total universe of beneficiaries of the social programs included in the TSTP.

public transportation for the most vulnerable population and the financial sustainability of the systems [15]. This challenge underscores the need to improve the design and targeting of the subsidies.

- 1.30 The evidence shows that subsidies targeting public transportation demand have a greater impact, in terms of distributive equity, than supply-side subsidies [16]. However, their potential distributive impact is often limited by accessibility shortcomings [17] since a significant proportion of those living in poverty reside in areas that lack transportation service. Therefore, a critical element for the success of a policy of demand subsidies is obtaining quality information on the current and potential demand for transportation by the beneficiary population. Intelligent transportation systems facilitate data collection, consolidation, and analysis and optimize management of operations, demand, and payment systems. Under general supply-side subsidies on public transportation, the use of these smart systems can help reduce information asymmetries between the operators and the authorities, enhancing transparency and boosting incentives for operators to improve their service quality [18]. A critical element for the success of these solutions is to have an institution—usually a mobility management center—capable of analyzing the data and using it as input for planning.

d. National Council for Social Policy Coordination (CNCPS)

- 1.31 **Background of the CNCPS.** Created in 2002 as a State secretariat directly responsible to the Office of the Presidency, the CNCPS coordinates the various government areas that implement social policies. The two pillars of the council are the National Tax and Social Identification System (SINTYS) and the Social Program Information, Evaluation, and Monitoring System (SIEMPRO).
- 1.32 SINTYS integrates, updates, and produces analyses based on more than 1,900 nominal databases derived from registry and tax sources and from recipients of social policies at both the national and provincial levels. Nineteen of the 24 subnational jurisdictions and 411 State agencies have joined SINTYS. Through this system, the council performs three specific functions: (i) produces mass cross checking of information to purge errors of inclusion in social programs; (ii) facilitates online verification that an applicant meets the eligibility conditions; and (iii) provides consolidated personal information to the judicial authorities.
- 1.33 SIEMPRO is responsible for producing diagnostic information for the formulation of social policies by government agencies. It is also responsible for monitoring progress in achieving the intended aims of social programs and evaluating the extent to which the impact actually achieved by these programs matches their expected impact. In particular, SIEMPRO manages the System for Identification and Selection of Household Beneficiaries of Social Services (SISFAM) by collecting information on beneficiaries.
- 1.34 In April 2018, the national government initiated a process of elevating the authority of the CNCPS. Through Decree 292/18, the government directed the council to prepare and implement a mandatory annual plan for monitoring and evaluation of social policies and programs and to establish methodological criteria and guidelines for the evaluations and disseminate their findings. With this decree, the council was also put in charge of registering and surveying current as well as potential individual and household beneficiaries of social benefits (Single Social Datasheet) and establishing a methodology for implementing this task while complying with personal

data protection standards. This means that all national social policy databases are to be integrated into the CNCPS through SINTYS.

- 1.35 **Management challenges for the CNCPS.** Elevating the regulatory authority of an agency responsible for coordinating various institutions is a necessary but insufficient precondition for effectively achieving this aim [19]. Another way of raising the profile of the council is for other institutions to recognize the technical or political leadership position of the coordinating agency. In addition, creating specific opportunities for collaboration tends to be useful in generating the social capital needed to facilitate interactions in the medium term.
- 1.36 In this context, the worldwide growth in the use of digital conversion tools for social policy planning and monitoring observed in recent years represents an opportunity to strengthen the technical leadership position of the CNCPS. These tools have shown their ability to boost the added value of data analytics. Initiatives for the use of automatic learning and artificial intelligence techniques are starting to be common in the social sectors [20, 21]. However, coordinating public information can go beyond supporting the planning of social programs. A key example is the New York City Mayor's Office of Data Analytics, which has become a value generator for the city's programs by converting information into intelligence to improve policy design and promote a search for solutions to specific problems.¹⁵
- 1.37 The CNCPS requires developing an information management model with a long-term approach, investing in equipment designed to help address requests for processing big-data algorithms in support of social sector institutions. This investment will allow institutions to access and use data analytics tools under agreements with the CNCPS. However, computer processing capacity does not in itself ensure that a leap will be made in the use of the data so as to generate value in the decision-making process. An important factor is the internal capability of the institutions and the development of work principles and processes that can create a culture of productive and innovative data analysis. This requires developing big-data analytics capability within the CNCPS, creating work processes for advanced data analysis in collaboration with government agencies, and identifying key initial projects to demonstrate the ability to create value in the decision-making process.
- 1.38 SISFAM is in the process of integrating databases from different social programs into the database fed by the Single Social Datasheet. The purpose of this process is to enable the various programs that compile information on potential beneficiary households to harmonize the data fields they capture in order to have a minimum core of commonly held information and avoid unnecessary duplication of processes. This entails a review of processes, forms, and applications used by the various programs and agencies. Integrating the different databases will create a large number of data reconciliation problems, since decisions must ultimately be made involving giving greater credibility to one data field over another and how to resolve the inconsistencies among the various data sources.
- 1.39 **Lessons learned used in the design of this operation.** The Bank has generated a series of lessons learned that are being used in the design of this operation. These include: for Component 1, (i) the importance of targeting income transfer programs to improve their redistributive effectiveness and efficiency (operations RG-K1422; HO-L1087, 2937/BL-HO; ME-L1189, 3676/OC-ME; PN-L1103, and 3485/OC-PN);

¹⁵ <https://www1.nyc.gov/site/analytics/index.page>.

(ii) the complementarity of these programs in processes of reducing general subsidies on the price of public services (operations RG-K1422; DR-L1039, and 2176/OC-DR); and (iii) how essential it is to identify current and future demand for competencies and skills to enhance the relevance of the training and job placement instruments (operations RG-T2607 and ATN/OC-15038-RG); for Component 2, the need to implement specific support strategies for the student population at risk so as to prevent dropout (operations AR-L1108, 2424/OC-AR; UR-L1116, and 3773/OC-UR); and for Component 3, the need to have updated and detailed information on public transportation demand and supply so as to manage this service more efficiently and equitably (operations RG-T2632, ATN/KR-15235-RG; UR-T1166, and ATN/OC-16406-UR).

- 1.40 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is strategically aligned with the development challenge of social inclusion and equality through actions aimed at promoting employability and school completion and protecting the spending of a vulnerable segment of the population. The program is also aligned with the crosscutting areas of: (i) gender equality and diversity, by seeking to narrow gender gaps to improve results in the job market and increase access to human capital and quality public services (see paragraph 1.9); (ii) climate change and environmental sustainability, in accordance with the [joint multilateral development bank \(MDB\) methodology for tracking climate finance](#). As set out in the Procedures for Processing Sovereign-guaranteed Operations, this program is estimated to include 1.93% of climate mitigation finance. This percentage reflects capacity-building in activities that help to mitigate climate change (see paragraph 1.11) as well as an analysis of more efficient mass transit routes; and (iii) institutional capacity and rule of law, by helping to strengthen the capacity of government agencies to use digital conversion tools to make social programs more effective. In addition, the program is aligned with the Corporate Results Framework 2016-2019 (document GN-2727-6) through its contribution to the following indicators: (i) beneficiaries of targeted anti-poverty programs; (ii) students benefitted by education projects; (iii) beneficiaries of on-the-job training programs; and (iv) women beneficiaries of economic empowerment.
- 1.41 The program is also consistent with the following Sector Framework Documents: (i) Social Protection and Poverty (document GN-2784-7), by seeking to improve the redistributive efficiency of transfer programs, their synergies with sector interventions, and their impacts in terms of capacity-building; (ii) Education and Early Childhood Development (document GN-2708-5), by seeking to contribute from the school sector to facilitate the transition of young people to post-secondary education and the labor world, encouraging the necessary skills for enabling them to continue their lifelong learning process; (iii) Labor (document GN-2741-7), by seeking to increase workers' opportunities to access formal employment and ensuring equality of opportunities; and (iv) Transportation (document GN-2740-7), by helping to create accessible, sustainable, efficient, and safe urban transportation and implement new technologies and innovative trends in the transportation sector in an efficient and timely manner.
- 1.42 The program is aligned with the IDB Group Country Strategy with Argentina 2016-2019 (document GN-2870-1), specifically its objectives of increasing the population's schooling completion rate and employability under the strategic area of

poverty and inequality reduction. The operation is included in the Update to the 2018 Operational Program Report (document GN-2915-2).

B. Objectives, components, and cost

- 1.43 The general objective of the program is to help make social safety net programs in Argentina sustainable and more effective. Specifically, the program seeks to: (i) ensure the sustainability of cash transfer programs aimed at the vulnerable population in the context of the targets agreed upon by the Argentine government and the International Monetary Fund; (ii) promote the need to stay in and complete school as well as comprehensive job training for the beneficiary population of these transfers; (iii) boost the distributive efficiency of subsidies on public services; and (iv) enhance the efficiency of social safety net programs by improving the management of the data generated in program execution.
- 1.44 **Component 1. Employability of social safety net program beneficiaries (US\$440.2 million).** This component will progressively promote the economic independence of at-risk or socially vulnerable people who are not employed in the formal sector by encouraging them to continue and complete their education and comprehensive training (technical and socioemotional skills).
- 1.45 **Subcomponent 1.1. Income support with human capital formation counter commitments (US\$438.2 million).** This subcomponent will finance monetary transfers for the roughly 235,000 eligible beneficiaries of the *Hacemos Futuro* program for a period of approximately 12 months.
- 1.46 **Subcomponent 1.2. Information management for income programs with human capital investment counter commitments (US\$2 million).** This subcomponent will finance consulting assignments, goods, and/or nonconsulting services to develop the following outputs: (i) instrument for surveying skills and employment paths of the *Hacemos Futuro* beneficiaries, validated in the field, with a view to determining their degree of employment vulnerability and the extent of support they require from the program; and (ii) predictive labor demand model, a machine learning tool to explore job vacancy information and various administrative databases and investment projects intelligently with a view to providing timely and relevant information for neighborhoods where *Hacemos Futuro* beneficiaries reside in order to guide their job training and job search decisions. The predictive labor model will include a module for communication with beneficiaries within the *Mi Argentina* application.¹⁶
- 1.47 **Component 2. Educational continuity of young people from vulnerable households (US\$187.83 million).** This component will help 18-to-30-year-olds from vulnerable households to complete their basic, post-secondary, or university education, proactively seeking continuity in their educational paths.
- 1.48 **Subcomponent 2.1. Scholarships for access to basic, post-secondary, and higher education for young people from vulnerable households (US\$185.53 million).** This subcomponent will finance PGR scholarships for more than 536,000 eligible young people for a period of roughly 12 months.¹⁷
- 1.49 **Subcomponent 2.2. Information management for national scholarship programs targeted to young people from vulnerable households**

¹⁶ Digital platform aimed at providing one-stop access to public services offered by the national government.

¹⁷ Starting in July 2019, the *Progresar* scholarship program is expected to be financed by the World Bank.

- (US\$2.3 million).** This subcomponent will finance consulting assignments, goods, and/or nonconsulting services for the development and implementation of an integrated scholarship management system that addresses the operational and data processing needs of the MECCT and systematizes task performance interaction and integration among the MECCT, ANSES, and educational institutions at the mandatory and higher education levels. To this end, the system will include functionalities in the following areas: administrative (applications, notices, certifications, validations by educational institutions, management of payments), academic (monitoring of academic performance by applicants and scholarship holders), traceability (of scholarship holders from application to graduation); characterization (of the program's target population); school dropout prediction (use of information to implement early dropout-reduction interventions); management (management indicators, reports, statistics, rendering of accounts); and communications (regarding the program, the scholarship holders, other participants, and surveys).
- 1.50 **Component 3. Accessibility to public transport (US\$269.8 million).** This component will help to facilitate the mobility of the vulnerable population through greater access to the mass transit system.
- 1.51 **Subcomponent 3.1. Fare subsidy targeted to vulnerable population segments (US\$267.8 million).** This subcomponent will finance a 55% discount on general public bus fares for the eligible vulnerable population residing in areas that have joined SUBE. Through this subcomponent, TSTPA coverage is expected to extend to approximately 360,000 additional persons in jurisdictions outside the Buenos Aires metropolitan area.
- 1.52 **Subcomponent 3.2. Information management for the public transportation system (US\$2 million).** This subcomponent will finance consulting assignments and services to develop the following outputs: (i) a mobility survey regarding the Buenos Aires metropolitan area bus transportation system that will provide updated information on demand for trips, the socioeconomic characteristics of users, and their perception of transportation service quality; and (ii) consolidation of the fleet management system, with a view to producing analytic inputs to boost the effectiveness of demand subsidies for the low-income population and the efficiency of service delivery through informed management of transportation supply.
- 1.53 **Component 4. Support to the National Council for Social Policy Coordination (US\$1.95 million).** This component will strengthen the capacity of the CNCPS to analyze and produce useful information for the design, management, and evaluation of social policies and programs. The component will finance consulting assignments to generate the following outputs: (i) Integrated Social Information System; (ii) strategic management model for mass data analysis; and (iii) the evaluations envisaged in the program evaluation plan, as described in the monitoring and evaluation plan link.
- 1.54 With regard to the first output, the component will finance consulting assignments to review and create the processes and rules needed to integrate information from the various databases, as well as the applications (or modifications to existing applications) needed to harmonize information and integrate it into a central database. The component will also include financing to train the staff responsible for data capture in the newly created processes and applications.

- 1.55 With regard to the second output, the component will explore: (i) the use of anonymized open data that meet the national regulations for personal data protection while allowing the development of tools based on this information; and (ii) the use of competitions to identify the best solutions for specific and well-defined problems.

C. Key results indicators

- 1.56 **Vertical logic and expected outcomes.** In the *Hacemos Futuro* program, the expected outcomes are to raise the percentage of beneficiaries that complete comprehensive job training courses as well as the secondary school attendance rate among beneficiaries who have yet to complete this level of education. This will help to achieve the desired impact of boosting the rate of formal-sector employment among program beneficiaries. In the case of PGR, the program seeks to raise the percentage of higher education students who maintain regularity, i.e., have not dropped out, at the conclusion of the school year. This will help to achieve the desired impact of raising the percentage of students at that educational level who complete at least 50% of the courses in their study programs. Lastly, in the case of the TSTP, the expected outcome is to increase nationwide coverage for the eligible population so as to help achieve the desired impact of expanding the savings in nonfood household expenses created by this fare, particularly for households in the first three income deciles.
- 1.57 **Economic analysis.** An economic analysis was performed ([optional link 1](#)) on the various policy interventions financed through this operation. In the case of *Hacemos Futuro*, the benefits are derived from increases in productivity and employability resulting from job training and formal education. The cost/benefit analysis shows that, with a discount rate of 3%¹⁸ and conservative parameters regarding the labor market dynamics, the net present value is US\$116 million, the internal rate of return is 7.5%, and the benefit/cost ratio is 1.19. In the case of PGR, the benefits are derived from increases in employment income associated with higher levels of education. Accordingly, the net present value is US\$642 million, the internal rate of return is 11%, and the benefit/cost ratio is 1.38. The sensitivity analysis suggests that the results are robust to reasonable changes in program efficiency and effectiveness. In the case of the TSTPA, an impact analysis shows that the subsidy is progressive and pro-poor: more than 50% of the program resources would be channeled to the three poorest income deciles of the population.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instrument

- 2.1 This operation is the first phase of a multiphase investment loan for an aggregate amount of US\$1.5 billion. This initial phase is for a loan amount of US\$900 million to be disbursed over three years, without any local contribution or cofinancing by other lending institutions. Based on the use of digital conversion tools, the first operation is expected to create analytic capacity at the coexecuting agencies to identify actions that in the long term boost the effectiveness and efficiency of the social safety net programs, spanning more than one project cycle. In this regard, the two-phase design of the program creates two distinct advantages. First, it facilitates

¹⁸ As discussed in the annex, this is an appropriate discount rate for social programs the benefits of which materialize in the long term.

the continuity of Bank support for achievement of the Argentine government's social commitments in the framework of the standby arrangement with the IMF. Second, fulfillment of triggering milestones "(ii)," "(iii)," and "(v)" (see paragraph 2.4) will make it possible to add three critical elements to the design of the second operation aimed at improving the effectiveness of *Hacemos Futuro*, PGR, and the CNCPS, namely: (i) profiling the *Hacemos Futuro* beneficiaries so as to carry out employability actions that match their specific degree of employment vulnerability; (ii) introducing strategies that complement the scholarships as dropout prevention tools; and (iii) implementing specific projects on SINTYS data use for strategic program management as a way of showing the added value of a proactive model for relations between the CNCPS and other areas of government.

2.2 The proposed operation satisfies the eligibility criteria for a multiphase program as established in documents GN-2085-2 and GN-2564-3, particularly regarding alignment with the Bank's country strategy with Argentina (see paragraph 1.42).

2.3 **Summary of costs and disbursements.** Table 1 summarizes the costs of this operation by component. Table 2 shows a projection of program disbursements. Based on monthly transfer projections for *Hacemos Futuro*, PGR, and TSTPA, Subcomponents 1.1, 2.1, and 3.1 are expected to be fully disbursed and accounted for to the Bank within a period of 12 months. According to the [multiyear execution plan](#), Subcomponents 1.2, 2.2, and 3.2, as well as Component 4, are expected to be executed within a period of not less than 30 months. Based on this schedule, the program's disbursement period has been set at 36 months.

Table 1. Summary of program costs (US\$ millions)

Component/subcomponent	IDB (Ordinary Capital)
Component 1. Employability of social safety net program beneficiaries	440.200
Subcomponent 1.1. Income support with human capital formation counter commitments	438.200
Subcomponent 1.2. Information management for income programs with human capital investment counter commitments	2.000
Component 2. Educational continuity of young people from vulnerable households	187.835
Subcomponent 2.1. Scholarships for access to basic, post-secondary, and higher education for young people from vulnerable households	185.535
Subcomponent 2.2. Information management for national scholarship programs targeted to young people from vulnerable households	2.300
Component 3. Accessibility to public transport	269.800
Subcomponent 3.1. Fare subsidy targeted to vulnerable population segments	267.800
Subcomponent 3.2. Information management for the public transportation system	2.000
Component 4. Support to the National Council for Social Policy Coordination	1.950
Audits	0.215
Total	900.000

Table 2. Projected disbursements (US\$ millions)

	2018	2019	2020	Total
IDB	600.0	298.0	2.0	900.0
%	66.6	33.1	0.3	100.0

- 2.4 **Triggering milestones for the second phase.** To trigger the second operation under the program, the coexecuting agencies will present, to the Bank's satisfaction, evidence of fulfillment of the following milestones: (i) the borrower, through the executing agency and coexecuting agencies, will have disbursed 50% or committed 75% of the total loan proceeds; (ii) the MSDS will have validated in the field a data collection instrument to reconstruct the training and employment path of the *Hacemos Futuro* program beneficiaries; (iii) the MECCT will have designed an experimental evaluation to identify the impact of interventions, complementing PGR, aimed at jointly reducing the school dropout rate; (iv) the MTR will have signed at least two agreements with jurisdictions other than the Buenos Aires metropolitan area providing for implementation of the SUBE program, including the TSTPA, in those jurisdictions; (v) the CNCPS, based on information available in SINTYS and SIEMPRO, will have designed a set of management indicators for at least two of the three income transfer interventions (*Hacemos Futuro*, PGR, and TSTPA) envisaged by the operation, and the MSDS, MECCT, and MTR will have received an initial report on these indicators; and (vi) the Ministry of Finance will have notified the Bank that *Hacemos Futuro*, PGR, and TSTPA have sufficient budgetary availability in 2019 to perform the relevant transfers to the beneficiaries who meet the continued participation requirements for these programs.

B. Environmental and social risks

- 2.5 This operation has been classified as category "C". The project team will ensure compliance with the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703) and the Indigenous Peoples Policy (Operational Policy OP-765) during program design and execution. No risks related to beneficiary exclusions or discriminatory practices were identified in the operating regulations of *Hacemos Futuro*, PGR, or TSTPA.

C. Fiduciary risks

- 2.6 As analyzed in Annex III, the institutional capacity of the coexecuting agencies is satisfactory. However, due to the characteristics of the activities to be financed, two medium-level fiduciary risks were identified in the financial management area. The first identified risk is that expenses may potentially be deemed ineligible because of weaknesses in the processes and systems used to record and pay benefits. Mitigating actions will include improving the integration of the "database" and "settlement and payment" systems used by *Hacemos Futuro* by developing an intranet that combines the two systems or by using a secure data transfer method instead of electronic mail; developing the first stage of the PGR comprehensive management system; and ensuring the audit firm's access to the verification of systems and processes by Nación Servicios S.A. in the context of the TSTPA. The second identified risk is that financial execution may be delayed due to unanticipated increases in the exchange rate. This risk will be mitigated by continually updating the disbursement projections.

D. Other risks

- 2.7 Two medium-level risks were identified in the public management and governance areas. The first identified risk is the possibility that the institutional strengthening activities (Subcomponents 1.2, 2.2, 3.2, and Component 4) will be delayed or their priority status will be reduced as a result of the 2019 electoral process. This risk will be mitigated through the approval in early 2019 of a technical cooperation operation that has been requested by the Ministry of Finance to expedite implementation of

the activities under the aforementioned component and subcomponents and ensure that contracts with suppliers are signed no later than May 2019. The second identified risk is that the CNCPS activities may be delayed since, by nature, they require close coordination and collaboration with sector agencies, particularly for the implementation of evaluations in the context of the operation. This risk will be mitigated by conducting a launch workshop on the evaluation process with the CNCPS and the relevant ministry with a view to agreeing on key design aspects, such as the responsibilities and the consultations to be carried out throughout the process. In addition, a medium-level development risk was identified, namely, that the expected impact of *Hacemos Futuro* and PGR may be diminished if the economic context forces these programs to reduce their co-responsibilities. This risk is expected to be mitigated by including temporary exceptions to the fulfillment of responsibilities in the operating regulations for these programs.

- 2.8 **Program sustainability.** The capacity of the Argentine State to guarantee a social protection floor for its population in the medium term will wholly depend on its ability to maintain a sustainable public expenditure financing strategy. Accordingly, the strategy of the IDB, World Bank, and IMF to align with the arrangement reached between Argentina and the IMF is a contributing factor to the program's sustainability. Moreover, the program is framed within a State policy of public management modernization, which strongly supports capacity building for the use of digital conversion tools, such as the ones promoted by this program. Another factor contributing to the sustainability of the program is the existence of regulatory foundations in the form of Decree 292/18, which elevates the CNCPS to the status of key institution in promoting effectiveness and efficiency in social programs and policies, particularly in the areas of monitoring and evaluation of, registration for, and gathering of information on social benefits. The operation seeks to implement this mandate through institutional strengthening of the CNCPS and promoting a new modality for relations between the CNCPS and other government agencies that generates demand through the council's leadership position. In addition, the evaluations envisaged within the program will be critical for consolidating and sustaining the design and operational changes recently implemented by the government for *Hacemos Futuro*, PGR, and TSTPA.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower will be the Argentine Republic, which will execute the program through its Ministry of Finance, with the MSDS, MECCT, MTR, and CNCPS as coexecuting agencies.
- 3.2 **Execution and coordination arrangements.** The Ministry of Finance will be responsible for the administrative and financial execution of Subcomponents 1.1, 2.1, and 3.1, including centralizing the requests for funds and rendering accounts for income transfers. The operational execution of these subcomponents will be carried out independently by the MSDS, MECCT, and MTR, respectively, in accordance with their own operating regulations and execution mechanisms. Subcomponents 1.2, 2.2, and 3.2, as well as Component 4, will be executed by the MSDS, MECCT, MTR, and CNCPS, respectively. These entities will be independently responsible for the technical, operational, administrative, and financial management of the aforementioned component and subcomponents.

Implementation of the evaluation plan, as envisaged in Component 4, will require technical coordination between the CNCPS and the other coexecuting agencies, this being one of the council's duties. In addition, the CNCPS will be responsible for coordinating the fulfillment of triggering milestones "(iii)" and "(iv)" with the other coexecuting agencies (see paragraph 2.4).

- 3.3 **Eligibility and payment verification arrangements.** *Hacemos Futuro*, PGR, and TSTP have their own specific systems for granting, monitoring compliance with eligibility criteria and co-responsibilities for, and making payment of, benefits, as described in detail in [optional link 4](#). These systems were evaluated by the Bank through external consultancies, which generally concluded that: (i) they are sufficiently robust and secure to base the rendering of accounts for the transfer subcomponents (1.1, 2.1, and 3.1) on their reports; and (ii) there are opportunities to reinforce the integrated nature of these systems, reducing the possibility of error in the transfer of information between their respective subsystems, which will be implemented in the context of the program's financial risk management strategy (see paragraph 2.6).
- 3.4 **External audit.** Auditing services will be performed by an independent audit firm. The Ministry of Finance will ask the Bank to provide a shortlist of the audit firms that may be invited to participate.
- 3.5 **Fiduciary agreements and requirements.** Agreement was reached on the main fiduciary measures to be employed in the operation (Annex III). They primarily refer to: (i) exchange rate to be used; (ii) audits; (iii) procurement modalities and thresholds, in accordance with the Bank's Policies for the Procurement of Works and Goods 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), both approved in March 2011; (iv) major procurement operations to be carried out; and (v) financial supervision plan.
- 3.6 **Retroactive financing.** The Bank may provide retroactive financing, chargeable to the loan, for up to US\$180 million (20% of the proposed loan amount) in eligible expenditures incurred by the borrower prior to the loan approval date in the form of monetary transfers to beneficiaries of *Hacemos Futuro*, PGR, and TSTPA, provided requirements substantially similar to those set forth in the loan contract have been met. These expenditures must be incurred on or after 17 August 2018 (the program profile approval date), but under no circumstances will expenditures incurred more than 18 months prior to the loan approval date be included. The use of the retroactive financing modality will make it possible to bring forward the start of the activities financed by the program and provide timely support for implementation of the Argentine government's financial management plan.
- 3.7 **Disbursement management.** The borrower may request disbursements in the form of expenditure reimbursements when it has made eligible transfers with its own resources. In addition, the borrower may request disbursements in the form of advances of funds pursuant to a financial plan that covers a maximum period of 180 days. To obtain a new advance, the coexecuting agencies will need to demonstrate that at least 80% of the balance of the immediately preceding advance and previous advances, if any, has been used.

B. Summary of results monitoring arrangements

- 3.8 **Monitoring.** This operation will be monitored using the management and beneficiary tracking information generated by the programs, as well as Ministry of Finance records on budget execution and CNCPS records on coverage and other database cross-checking. This information will facilitate monitoring of the results matrix. In addition, fulfillment of the triggering milestones for the second operation will be monitored in coordination with the Ministry of Finance and the CNCPS.
- 3.9 **Evaluation.** The program includes impact evaluations that will be conducted in the context of the CNCPS annual evaluation plan. In the case of *Hacemos Futuro*, there will be an experimental evaluation of an intervention to improve the ability of beneficiaries to obtain or keep a formal job. For PGR, the evaluation will take advantage of the discontinuity in eligibility according to household income level, academic performance, and date of birth to measure the impact of the scholarships on educational outcomes such as dropout, graduation, and academic achievement. During program execution, the feasibility of conducting a third impact evaluation for the TSTP will be explored. This evaluation would examine whether it is possible, through an informational intervention delivered in random fashion, to reduce the number of persons who, although eligible, do not register to receive the subsidy. These evaluations seek to generate relevant inputs to help identify specific issues that can enhance the impact of these programs.

Development Effectiveness Matrix		
Summary		AR-L1302
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change and Environmental Sustainability -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Countries in the region with improved learning outcomes according to PISA (%) -Formal employment of women (%) -Students benefited by education projects (#)* -Beneficiaries of targeted anti-poverty programs (#)* -Beneficiaries of on-the-job training programs (#)* -Women beneficiaries of economic empowerment initiatives (#)* -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)* -Teachers trained (#)* -Public registries strengthened (#)* -Accountability institutions strengthened (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2870-1	Improve school completion rates Employability of the population
Country Program Results Matrix	GN-2915-2	The intervention is included in the 2018 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		
3. Evidence-based Assessment & Solution		9.6
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		3.6
3.3 Results Matrix Quality		3.0
4. Ex ante Economic Analysis		9.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		0.0
5. Monitoring and Evaluation		10.0
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		7.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Accounting and Reporting. Procurement: Information System.
Non-Fiduciary	Yes	Monitoring and Evaluation National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
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	With a transactional budget, the development of the PROGRESAR scholarship management platform has been financed.

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

In line with the standby agreement with the IMF, this project seeks to guarantee a floor for social spending, ensuring funding for cash transfer programs for disadvantaged populations (Hacemos Futuro, Progresar Scholarships and the Social Tariff for Public Transport). The project also aims to improve the quality of the programs, by increasing management capacities with digital information tools and strengthening the National Council for the Coordination of Social Policies.

The loan proposal presents a solid diagnosis, as well as evidence on the effectiveness of the interventions to be financed in similar contexts. The results matrix has a clear logic and includes SMART impact, outcome and output indicators.

The economic analysis of the project includes a cost-benefit analysis for the Hacemos Futuro and Progresar Scholarships programs, and a cost-incidence analysis for the Social Tariff for Public Transport. The cost-benefit analyses demonstrate the profitability of the project in conservative scenarios, and the incidence analysis shows the progressivity of the subsidy.

The monitoring and evaluation plan proposes: i) an experimental evaluation to measure the impact of Hacemos Futuro on employability, and ii) an evaluation using a regression discontinuity design to measure the impact of the Progresar Scholarships on educational outcomes. It also considers the possibility of conducting an additional experimental evaluation on alternatives to increase the utilization rate of the Social Tariff for Public Transport.

RESULTS MATRIX

Program objective:	The general objective of the program is to help make social safety net programs in Argentina sustainable and more effective. Specifically, the program seeks to: (i) ensure the sustainability of cash transfer programs aimed at the vulnerable population in the context of the targets agreed upon by the Argentine government and the International Monetary Fund; (ii) promote the need to stay in and complete school as well as comprehensive job training for the beneficiary population of these transfers; (iii) boost the distributive efficiency of subsidies on public services; and (iv) enhance the efficiency of social safety net programs by their information management capacity of the data generated in program execution.
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EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline year	Final target (2020)	Means of verification	Comments
<i>Hacemos Futuro</i> beneficiaries who obtain a registered job in the formal sector	%	3	2017	5	Report from the Ministry of Health and Social Development (MSDS) based on administrative data from the Argentine Integrated Social Security System (ANSES)	
Beneficiaries of the <i>Progresar</i> scholarship program (PGR) for higher education who successfully complete at least 50% of the courses required under their academic program	%	20	2017	35	Report from the Ministry of Education, Culture, Science, and Technology (MECCT) based on administrative data from universities and post-secondary educational institutions	
Average savings in transportation expenses due to the reduced fare as a percentage of the nonfood expenses of low-income households	%	4	2017	5	Calculation based on the National Survey of Household Spending 2012-2013 and data from the Ministry of Transportation (MTR)	Considers the first three deciles of per-capita household income distribution

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	Final target (2019)	Means of verification
<i>Hacemos Futuro</i> beneficiaries who evidenced completion of comprehensive job training courses	%	3	2017	67 ¹	MSDS report based on administrative data from accredited institutions and/or certificates presented at ANSES by the beneficiaries
<i>Hacemos Futuro</i> beneficiaries who have not completed secondary school and attend an educational establishment	%	31	2017	50	MSDS report based on the certificates presented at ANSES by the beneficiaries
PGR beneficiaries at the higher education level who retain regular student status at the end of the school year ²	%	49	2017	50 ³	MECCT report based on administrative data from universities and post-secondary educational institutions at the national level
National coverage of the public transportation fare subsidy	%	28	2017	30	Report from the National Council for Social Policy Coordination (CNCPS) based on administrative data from the universe of potential beneficiaries

¹ The significant increase in this indicator from 2017 to 2018 is due to factors that include changes in program rules, which as of this year have made the respective co-responsibility mandatory for all beneficiaries, except those enrolled in higher education programs.

² Maintaining regular student status is understood to mean not having dropped out, i.e., performing some academic activities (such as taking courses as a regular student, sitting for final exams, or doing independent study).

³ It is worth noting that, following the application of the new eligibility criteria in 2018, the 2019 register of higher-education-level beneficiaries of the *Progresar* scholarship program differs from its 2017 equivalent in terms of the beneficiaries' degree of progress in their respective academic program: due to the implemented changes, particularly the academic requirements, the 2019 register is expected to have a larger number of beginning students in proportion to those further along in their academic program. Since the observed dropout rate at the higher-education level is higher in the first year of the program, the target in terms of percentage of beneficiaries who retain their regular student status at the end of the school year is consequently expected to be lower.

OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	2018	2019	2020	End of program	Means of verification
Component 1: Employability of social safety net program beneficiaries								
Subcomponent 1.1: Income support with human capital formation counter commitments								
Persons per year who received an income transfer in exchange for training	Number of persons per year	0	2017	234,176	234,176	0	468,352	MSDS report on the payment of benefits
Subcomponent 1.2: Information management for income programs with human capital investment counter commitments								
Instrument for surveying skills and employment paths validated in the field	Instrument	0	2017	0	1	0	1	Survey form
Local labor demand predictive system in operation	System	0	2017	0	0	1	1	Document specifying the methodology used to anticipate labor demand and report showing the results of applying this methodology
Component 2: Educational continuity of young people from vulnerable households								
Subcomponent 2.1: Scholarships for access to basic, post-secondary, and higher education for young people from vulnerable households								
Young people aged 18 to 30 who received income transfers in exchange for fulfilling an educational obligation	Number of persons per year	0	2017	536,621	545,543	0	1,082,164	MECCT report on the payment of benefits
Subcomponent 2.2: Information management for national scholarship programs targeted to young people from vulnerable households								
PGR integrated management system in operation	Digital platform	0	2017	0	1	0	1	Reports generated by the system and delivered by PGR
Component 3: Accessibility to public transport								
Subcomponent 3.1: Fare subsidy targeted to vulnerable populations								
Number of times the SUBE card is used with the fare subsidy	Number of times per year (millions)	0	2017	480	970	0	1,450	MTR report on the payment of benefits
Subcomponent 3.2: Information management for the public transportation system								
Survey on mobility in mass transit systems completed	Survey	0	2017	0	0	1	1	Methodological document and survey tabulations
Fleet management system in operation	Digital platform	0	2017	0	0	1	1	System reports delivered by the MTR

Outputs	Unit of measure	Baseline	Baseline year	2018	2019	2020	End of program	Means of verification
Component 4: Support to the National Council for Social Policy Coordination								
Integrated social information system developed	System	0	2017	0	0	1	1	CNCPS report
Information management model developed	Model	0	2017	0	0	1	1	CNCPS report
Program evaluation plan completed	Plan	0	2017	0	0	1	1	Evaluation reports

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country:	Argentina
Project number:	AR-L1302
Name:	Program to Support the Equity and Effectiveness of the Social Safety Network in Argentina
Executing agencies:	Ministry of Finance, with the Ministry of Health and Human Development (MSDS), the Ministry of Education, Culture, Science, and Technology (MECCT), the Ministry of Transportation (MTR), and the National Council for Social Policy Coordination (CNCPS) as coexecuting agencies.
Fiduciary team:	Roberto Laguado and Ana M. Niubó (FMP/CAR)

I. EXECUTIVE SUMMARY

- 1.1 The borrower will be the Argentine Republic, which will execute the program through its Ministry of Finance, with the Ministry of Health and Social Development (MSDS); the Ministry of Education, Culture, Science, and Technology (MECCT); the Ministry of Transportation (MTR); and the National Council for Social Policy Coordination(CNCPS) as coexecuting agencies.
- 1.2 The Bank assessed the institutional capacity of the program's executing agency and coexecuting agencies by conducting an evaluation of the systems and processes associated with the allocation and payment of benefits. In addition, the assessment considered the agencies' experience in executing Bank operations. The above yielded an overall medium risk classification.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCIES

- 2.1 The following will participate in this operation:
 - a. **Subcomponents involving subsidies for the vulnerable population.** The Ministry of Finance will be responsible for the administrative and financial execution of the resources for Subcomponents 1.1, 2.1, and 3.1 (see the program loan proposal). The operational and financial execution of these subcomponents will be entrusted to the MSDS, MECCT, and MTR, which are currently implementing the *Hacemos Futuro, Progresar* (PGR), and discounted public bus fares for low-income ridership (TSTPA) programs.

- b. **Institutional strengthening subcomponents and component:** The MSDS, MECCT, MTR, and CNCPS will be responsible for the operational, administrative, and financial execution of Subcomponents 1.2, 2.2, and 3.2 and Component 4, respectively.
- 2.2 The budget system, through the Integrated Financial Information System, and UEPEX are the fiduciary systems to be used for program execution. In addition, *Hacemos Futuro*, PGR, and TSTPA each have their own systems for the granting, monitoring, and payment of benefits. The information system will be used for procurement and the government's electronic document management system may be used for management support.

III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 3.1 The institutional capacity assessment of the executing agencies, combined with their recent experience in executing Bank-financed operations, yield a **medium** overall risk. The most significant opportunities for improvement are summarized in the following table:

Table 1. Fiduciary risks

Institutional Capacity and Fiduciary Risk			
Institutional capacity		Medium	Tool: Evaluation of systems and processes and professional judgment
Fiduciary risk ¹		Medium	Tool: Evaluation of systems and processes and professional judgment
Type of risk ²	Risk	Classification	Mitigation actions
FM	Expenses may potentially be deemed ineligible because of weaknesses in the processes and systems used to record and pay benefits.	Medium	<p>Improve the integration of the "database" and "settlement and payment" systems used by <i>Hacemos Futuro</i> by developing an intranet that combines the two systems or by using a secure data transfer method instead of electronic mail.</p> <p>Develop the first stage of the PGR comprehensive management system.</p> <p>Ensure the audit firm's access to the verification of systems and processes by Nación Servicios S.A. in the context of the TSTPA.</p>
FM	Financial execution may be delayed due to unanticipated increases in the exchange rate.	Medium	Continual updating of disbursement projections

¹ Only Component 4, which accounts for 0.2%, poses a medium risk of procurement delays. To mitigate this risk, the CNCPS will be reinforced with procurement and training specialists focused on these areas.

² FM = financial management.

IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF CONTRACTS

A. Conditions precedent to the first disbursement

- 4.1 No fiduciary conditions precedent to the first disbursement are anticipated.

B. Management of disbursements

- 4.2 The Financial Management Guidelines for IDB-financed Projects (document OP-273-6) will apply.
- 4.3 The borrower may request disbursements in the form of expenditure reimbursements when it has made eligible transfers with its own resources. In addition, the borrower may request disbursements in the form of advances of funds pursuant to a financial plan that covers a maximum period of 180 days. To obtain a new advance, the coexecuting agencies will need to demonstrate that at least 80% of the balance of the immediately preceding advance and earlier advances, if any, has been used.
- 4.4 The exchange rate to be applied for the rendering of accounts will be as follows:
- a. *Hacemos Futuro*, PGR, TSTPA subsidies: the rate stipulated in Article 4.10(b)(ii) of the loan contract;
 - b. Institutional strengthening and audit service expenditures: the rate stipulated in Article 4.10(b)(i) of the loan contract; and
 - c. For purposes of determining the equivalence of expenditures incurred in local currency (reimbursement of expenditures) and charged to the loan, the agreed-upon exchange rate will be the prevailing rate on the first business day of the month payment is made.

C. Financial supervision

- 4.5 Auditing services will be performed by an independent audit firm. The Ministry of Finance will ask the Bank to provide a shortlist of audit firms that may be invited to participate.
- 4.6 In addition to the reports required for processing disbursements and the annual audit report, the financial plan will be required for performing financial supervision.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The fiduciary agreements and requirements for procurement establish the provisions applicable for execution of all procurement operations planned under the program.

A. Procurement execution

- 5.2 The Policies for the Procurement of Works and Goods 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), both approved in March 2011, will apply. The program sector specialist will be responsible for reviewing the technical specifications for procurement during the preparation of selection processes.

5.3 Of the country subsystems approved by the Bank:

- a. **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services³ generated under the program and subject to international competitive bidding (ICB) will be procured using the standard bidding documents issued by the Bank. Bidding processes subject to national competitive bidding (NCB) will be executed using national bidding documents agreed upon with the Bank.
- b. **Selection and contracting of consultants.** Consulting service contracts generated under the program will be executed using the standard requests for proposals issued by the Bank.
- c. **Selection of individual consultants.** Individual consultants will be selected through competitive processes on the basis of their qualifications to do the work, comparing the qualifications of at least three candidates.
- d. **Advance procurement and retroactive financing.** The Bank may provide retroactive financing, chargeable to the loan, for up to US\$180 million (20% of the proposed loan amount) in eligible expenditures incurred by the borrower prior to the loan approval date in the form of monetary transfers to beneficiaries of *Hacemos Futuro*, PGR, and TSTPA, provided requirements substantially similar to those set forth in the loan contract have been met. These expenditures must be incurred on or after 17 August 2018 (the program profile approval date), but under no circumstances will expenditures incurred more than 18 months prior to the loan approval date be included. Use of the retroactive financing modality will help advance the startup of activities financed under the program and provide timely support for the implementation of the Argentine government's financial management plan.

Table 2. Threshold amounts for international competitive bidding and international shortlist (US\$)

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

³ Document GN-2349-9, paragraph 1.1: Nonconsulting services are treated as goods.

B. Major procurement processes

Table 3. Type of bidding process and amounts

Activity	Type of process	Estimated date	Estimated amount (US\$)
Big Data Appliance computer equipment	NCB	2019	550,000.00
Hardware procurement (servers)	NCB	2019	412,000.00
Hardware: application servers, database engine with redundancy, 125 PCs	Shopping	2018	250,000.00
Design and implementation of the information management model	QCBS	2019	318,360.00
Strategy for PGR data search and collection	QCBS	2018	200,520.00
Survey to strengthen the use of mobility data	QCBS	2019	950,000.00
Boosting the use of software for data provision from vehicles – fleet management	QCBS	2019	610,000.00
Development of predictive labor demand model	QCBS	2019	1,500,000.00
Development of integrated scholarship management and control platform	QCBS	2019	450,000.00
Development and deployment of computer system for management of non-university institutions	QCBS	2018	880,000.00
Software for interagency integration (MECCT, ANSES, SIU, INET, INFOD, SIGEVA)	QCBS	2018	440,000.00

C. Procurement supervision

- 5.4 Procurement will be supervised as indicated in the procurement plan but generally ex post. The ex post review visits will be conducted every 12 months. Ex post review reports will include at least one physical inspection visit, selected from among the procurement processes subject to review. At least 10% of the reviewed contracts will be subject to physical inspection during the program.
- 5.5 The threshold amounts established for ex post review apply based on the fiduciary capacity for execution of the four coexecuting agencies and may be modified by the Bank should that capacity change.

Table 4. Thresholds for ex post review (US\$)

Works	Goods	Consulting services	Individual consulting
< 18,750,000	< 1,125,000	< 750,000	No threshold

D. Special provisions

- 5.6 **Measures to prevent prohibited practices.** These are addressed in the provisions of the policies contained in documents GN-2349-9 and GN-2350-9 regarding prohibited practices (lists of firms and individuals declared ineligible by multilateral agencies).

E. Records and files

- 5.7 The documentation on procurement will be kept at the offices of each of the executing/coexecuting agencies. For ex post reviews, the records and files of each procurement operation will be kept properly ordered, organized, and filed.

VI. FINANCIAL MANAGEMENT

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

A. Programming and budget

- 6.2 The executing agency budget has programmatic categories and other classifications by purpose of expenditure (main items). Depending on their economic nature, items are current expenses, capital expenses, or financial applications. The budget allocation should be made in advance to ensure that the operation is executed within the established time frame.

B. Treasury

- 6.3 The Ministry of Finance will open a bank account in U.S. dollars in the program's name at the Central Bank of Argentina for the exclusive and separate management of loan proceeds allocated to *Hacemos Futuro*, PGR, and TSTPA subsidies. The funds will be made available to the executing agency as the justification of subsidy payments is submitted to the Bank. The executing agency may submit this rendering of accounts on a monthly basis.
- 6.4 In addition, the Ministry of Finance will set up a bank account in Argentine pesos to make payments for audit services.
- 6.5 Each coexecuting agency will set up a bank account in dollars and in pesos for the exclusive and separate management of loan proceeds allocated to the execution of the institutional strengthening activities.

C. Accounting, information systems, and reporting

- 6.6 The executing agency and coexecuting agencies will use the UEPEX system as their financial management system. The UEPEX system classifies program investments by expenditure matrix category. Accounting will be on a cash basis and International Financial Reporting Standards will be followed when applicable in accordance with established national accounting criteria. The following financial reporting will be required: (i) financial execution plan for up to 180 days following a request for advances of funds; (ii) audited annual financial statements for the program; and (iii) other reports which may be required by the fiduciary specialists.

D. Internal control and internal audit

- 6.7 The national control system is governed by the Office of the Comptroller General of the Nation, which is responsible for technical and operational coordination of the internal audit units of each jurisdiction under national government administration.

E. External control: external financial audits and program reports

- 6.8 For program purposes, it will be preferable to use the services of an independent audit firm acceptable to the Bank. The Ministry of Finance will be responsible for hiring an audit firm for the program as a whole to present:

- a. A single audit report on the execution of the subcomponents related to subsidies for the vulnerable population.
- b. A report for each coexecuting agency responsible for the execution of the information management subcomponents and Component 4.

F. Financial supervision plan

- 6.9 The initial financial supervision plan will be based on risk and fiduciary capacity assessments conducted in accordance with the onsite and desk reviews provided for the program, including the scope of operational, financial, and accounting actions, compliance and legality, frequency, and responsible parties.

G. Execution mechanism

- 6.10 The Ministry of Finance will be responsible for the administrative and financial execution of Subcomponents 1.1, 2.1, and 3.1, including centralizing the requests for funds and rendering accounts for the income transfers. The operational execution of these subcomponents will be carried out independently by the MSDS, MECCT, and MTR, respectively, in accordance with their own operating regulations and execution mechanisms. Subcomponents 1.2, 2.2, and 3.2, as well as Component 4, will be executed by the MSDS, MECCT, MTR, and CNCPS, respectively. These entities will be independently responsible for the technical, operational, administrative, and financial management of the aforementioned component and subcomponents.

H. Other financial management agreements and requirements

- 6.11 Disbursement requests will require a completed disbursement request form, the execution status, and a financial plan for the following 180 days. The rendering of accounts for subsidies will require submitting the supporting documentation for payments made, which, however, will not signify Bank approval of such expenditures. The original supporting documentation for expenditures should be kept available for review by the Bank upon request.
- 6.12 Expenditure reimbursement and rendering of accounts:
- a. *Hacemos Futuro* and TSTPA: In principle, the amount of the bank transfers will be accepted as an eligible expenditure. However, this amount will be subject to subsequent adjustments for differences arising from a comparison with the payments actually made to the beneficiaries.
 - b. PGR: Ninety-six percent of the total amount transferred will be accepted as an eligible expenditure. This amount will be subject to adjustments following the final rendering of accounts for payment of scholarships.
- 6.13 It is agreed that banking fees associated with the execution of components are not considered eligible expenditures.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/18

Argentina. Loan ____/OC-AR to the Argentine Republic
Program to Support the Equity and Effectiveness of
the Social Safety Net in Argentina – Phase I

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as borrower, for the purpose of granting it a financing to cooperate in the execution of the Program to Support the Equity and Effectiveness of the Social Safety Net in Argentina – Phase I. Such financing will be for an amount of up to US\$900,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2018)