

1. CAS Data	
Country: ARGENTINA	
CAS Year: FY06	CAS Period: FY2006 - FY2008
CASCR Review Period: FY06 - FY09	Date of this review: June 2, 2009

2. Executive Summary

- i. The 2006 CAS followed three years of strong growth after the 2001-2002 crises, with prospects for continued growth in the short term. Sustainability of long-term growth, however, depended on structural reforms to consolidate fiscal adjustment and improve the investment climate. The overall objective of the CAS was to *"to build an investment partnership to support Government efforts to transition from crisis recovery to sustained, private sector—led growth with improved equity and reduced structural poverty."* The CAS retained the three pillars of the 2004 CAS—sustained growth with equity, social inclusion and improved governance.
- ii. The CAS recognized the small size of the Bank program and need for selectivity in lending, while seeking engagement across the full range of development challenges, mainly through AAA. The CAS emphasized portfolio management and fiduciary issues, including a detailed Fiduciary Action Plan. The Bank's planned lending program was US\$3.3 billion for the three-year period to mid-FY09 (December 2008) through investment lending only. Based on expected improvements in disbursement rates, it projected a reduction in exposure from US\$6.9 billion to US\$5.9 billion. Actual commitments were somewhat lower at US\$2.6 billion (a large project to be considered by the Board in June would increase the total to US\$3.4 billion). Together with lower-than-planned disbursements, the actual reduction in exposure was US\$5.1 billion. AAA activities fell short of the ambitious plans.
- iii. The quality of the current Argentina portfolio is still a cause for concern. The objectives of reducing the percentage of problem projects and projects at risk (among the triggers for the base case) were not achieved during the CAS period (although they improved in early 2009). The CAS targets for increased audit compliance in Bank-supported projects were met, with delays, in 2008.
- iv. The outcome of World Bank assistance varied across objectives and pillars. GDP growth and poverty reduction were higher than projected in 2006 and 2007, but (in the context of the global crisis) growth decelerated in 2008 and is expected to stagnate or decline in 2009. Structural reforms failed to materialize, and prospects for sustainable fiscal adjustment and improved investment climate are poor. Achievements under Pillar 1 (sustained growth with equity) were mixed to poor. In infrastructure, the transport and water sector components achieved about half of the milestones. In rural development (especially rural poverty) and environment achievements were lower. The outcome of the Bank's assistance for the pillar is rated moderately unsatisfactory. The objectives and milestones for Pillar 2 (Social Inclusion) were well designed, realistic and achieved their objectives. However, some Bank activities were dropped. The outcome of the Bank's assistance for this pillar is rated satisfactory. On Pillar 3 (Improved governance) there was moderate progress on country outcomes. The milestones listed under the CAS Results Matrix were partly achieved. The outcome for this pillar is rated moderately satisfactory. IEG rates the overall outcome of the Bank's program as moderately satisfactory and the Bank's performance as *moderately satisfactory*.
- v. This review concurs with three of the lessons of the CASCR, namely that the shift to an all-investment lending program strained the Government's project implementation capacity, that the Bank should work with the government to reduce the lag between loan approval and loan signing, and that progress on the fiduciary front should be continued and deepened. Additional lessons are that: (i) the CAS Results Framework needs to be monitored and revised as needed when country conditions change; and (ii) the Bank's lending program could be more actively counter-cyclical.

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3. CASCR Summary

Overview of CAS Relevance:

1. *Context.* The 2006 CAS was prepared following three years of strong growth, averaging 9 percent per year, which had lifted GDP to the pre-crisis peak. The prospects for continued growth were good in the short term, mainly because of favorable terms of trade. The pattern of economic recovery had been pro-poor (the incomes of the poor had been growing faster than that of the population as a whole), unemployment had been reduced, and poverty had declined to about 34 percent by the end of 2005, after reaching a peak of 55 percent in 2003. The CASCR notes that the economic policy guidelines of the government were predicated on the view that, after the three years of strong performance, growth should no longer be viewed as a temporary rebound from a crisis situation but as "the start of a new era of sustained growth for Argentina".
2. *Longer term trends, however, remained more worrisome.* The rapid GDP growth was partly fueled by the improved policy environment following the crisis, but also by favorable terms of trade, and ample excess capacity at the beginning of the recovery. Long-term growth sustainability required structural reforms to consolidate fiscal adjustment and improve the investment climate (including for private investment in infrastructure). Similarly, poverty reduction was looked impressive when compared with the pre-crisis levels, but much less so when assessed against the 20 percent poverty level of the mid-1990s and, even more, the 5 percent poverty level of 1980. Also, by end-2005 inflation had already accelerated to above 10 percent. The CASCR notes that it was clearly acknowledged that an effective transition from crisis recovery to sustained (and sustainable) growth would depend on the government's "diligent implementation of structural and policy reforms" (CASCR, para. 3).
3. *CAS Design and objectives.* The 2006 CAS sought to "build an investment partnership supportive of Government efforts to move Argentina forward from crisis recovery to sustained private sector growth with equity and with a reduction in poverty which had become increasingly structural." The CAS stressed continuity with the Government's long-term strategic goals and with the previous (2004) CAS, and was structured along the same three pillars of (i) sustained growth with equity, (ii) social inclusion, and (iii) improved governance. To help anchor each proposed activity to the selected focus areas, the CAS introduced several core principles: ensure that the Bank support was performance-based (with triggers on portfolio performance and fiduciary management), focus on poverty alleviation, and be selective in lending, recognizing the small size of the Bank program relative to the country's economy (while continuing to seek engagement with the Government across the full range of development challenges, mainly through a large AAA program). The CAS design was appropriate and relevant at the time, and was supported by wide-ranging consultations.
4. *Bank Group program.* The CAS proposed a base-case lending program of US\$3.3 billion for the three-year period through December 2008 (CAS Table 5), all of it in investment projects. The four main areas identified for lending were: (i) infrastructure, including transportation, water supply and sanitation and urban flood and drainage; (ii) health, including maternal and child health but also support for broader sector reforms; (iii) income transfer programs with support for the emergency Heads of Household (known as *Jefes y Jefas*) and its transition to more sustainable safety nets; and (iv) public sector strengthening, particularly institutional strengthening at federal and provincial levels. The two triggers for the base case were maintenance of a satisfactory macroeconomic framework and satisfactory portfolio implementation in line with the indicators in the CAS Matrix (including fiduciary management). The portfolio management trigger was not met (see also below, under CAS implementation). The CASCR does not discuss the triggers or the links between the portfolio indicators and the CAS base case.
5. An extensive program of AAA covered a similar but broader ground, with planned studies on poverty, old age welfare, youth at risk and social protection on the social side, work on transport sector competitiveness, environmental analysis, rural strategy and infrastructure finance on the infrastructure

area, and a large number of activities in public sector management both at federal and provincial level. The latter areas included activities to support the fiduciary action plan also introduced in the CAS, with CFAAs and CPARs at federal and provincial levels and a ROSC. These were all highly relevant activities but, as noted later, several of them were dropped.

6. The CAS proposed a CAS Progress Report to be prepared by end-FY07 to evaluate progress toward the CAS objectives with respect to the overall program and results indicators. The results framework was also to be updated in the CAS Progress Report and, based on this evaluation, "the Progress report would propose adjustments to the program as appropriate" (CAS para. 66). The Progress Report was not prepared. The CASCR does not mention the proposed Progress Report or the reasons why it did not take place.

Overview of CAS Implementation:

7. *Lending.* Actual lending during the CAS period (through December 2008) was US\$2.6 billion in 19 operations (17 new projects and two additional financing loans). In addition, a large project (US\$840 million) to be considered by the Board in June would raise the total to US\$3.4 billion. Thus, the CASCR states that "the Bank is on track to deliver a lending program of US\$3.4 billion by end-FY09." In fact, lending in FY07 was considerably higher than planned, (at US\$1.7 billion), before dropping to US\$100 million in FY08 (with two projects only), partly due to the exhaustion of the pipeline ahead of the political election cycle, and the greater difficulties in project preparation during this period. In the first half of FY09 lending was US\$550 million. The *composition* of the lending program was quite close to the plan. The major differences were in FY07, when several of the projects planned for FY08 were advanced while other FY08 projects were postponed, leading to the smaller FY08 lending mentioned above (most planned FY09 projects have also been postponed). Overall, however, there is remarkable consistency between the composition of the planned and actual (smaller) lending programs.

8. Disbursements (and disbursement rates) were lower than planned, with disbursement rates dropping from 38 percent in 2006 to close to 27 percent in 2007 and only 12 percent in 2008. The CASCR points to significant delays due to Government loan approval procedures, and notes that the Government has recently agreed to revise them. The large drop in the 2008 disbursement ratio is also due in part to the larger-than-planned lending in FY07, so that the deterioration in the disbursement performance pattern, although worrisome, is less pronounced than it appears. The lower commitments and lower disbursements led to a higher than planned reduction in exposure: instead of a decline from \$6.9 billion (in December 2005) to US\$5.9 billion in December 2008, as forecast in the CAS, total exposure fell to US\$5.1 billion.

9. *Analytical and Advisory Services.* The actual AAA was well below plan. The CASCR notes that six tasks ongoing at the beginning of the CAS were completed and that of the 14 new tasks planned only six were delivered, sometimes because of lack of client interest, and mentions the CPAR as one such task. Annex B4 of the CAS includes a total of 18 new tasks planned, of which seven (less than 39 percent) have been delivered, one (Country Environmental Analysis) has been postponed, and ten have been dropped. This is very different from what happened in the lending program: with so many tasks dropped, not only the numbers but also the actual composition of the AAA program is very different from the plan. For the earlier years, the dropped tasks affect mostly provincial-focus AAA (four tasks) and procurement related AAA (one federal and one provincial—the latter also included in the earlier count). The other tasks dropped are, in effect, the entire FY09 program (except for one) and the Programmatic Poverty III (Urban and Water) of FY08. Had the Progress Report been prepared this would have also been a good opportunity to re-think the size and composition of the AAA program. Within the fiduciary area, it would be particularly useful to focus on why the financial management tasks were all delivered, but not the procurement ones, and why so many provincial level tasks were also dropped (the CASCR states that the country dialogue on procurement has been significantly strengthened, presumably for

Bank-funded operations). The CASCR also notes that the government is more interested in analytic work that has a clear and direct operational implication, but it does not comment on why CPARs and provincial-level work would not have operational implications. On the positive side, one federal and one provincial-level CFAA were completed as well as one ROSC and several poverty-focused tasks.

10. *Quality and effectiveness of operations.* The CASCR states that QAG assessments confirmed the satisfactory quality at entry and supervision of Argentina projects but provides no details (a QAG data search during the preparation of this Review showed three projects with QAE assessments during the period --two were rated satisfactory and one was rated moderately satisfactory-- and no data on supervision). On portfolio performance, the objective of reducing the percentage of problem projects and projects at risk was not achieved during the CAS period, although there seems to have been improvements in early 2009. Both the percentage of problem projects (by number) and that of projects at risk (by amount) were among the milestones of the CAS as well as the triggers for the base case that have not been met. A major source of the problems was the Government's cumbersome project approval procedures that delayed actual initiation of projects by about one year on average. A recent reorganization of the handling of loan approvals within the Ministry of Economy is expected to streamline the process and reduce the delays. The CAS targets for increased audit compliance in Bank-supported projects (also part of the triggers for the base case) were substantially met, although with delays in 2008. For completed projects, IEG project ratings show that for the last three years (the CAS period) a total of 20 projects were evaluated. Of those, 80 percent by number and 82 percent by amount were rated satisfactory. These figures show a considerable improvement over earlier periods although they remain below the averages for the Latin America region.

11. *Fiduciary Action Plan.* The 2006 CAS pointed out that the fiduciary risk of the Bank portfolio had increased from moderate at the time of the 2004 CAS to substantial in late 2005 and that the overall financial management portfolio risk was moderate at the federal level and ranging from moderate to substantial at the sub-national level. The 2006 CAS also noted that the procurement portfolio risk was substantial at the federal and sub-national level. To deal with this increased fiduciary risk, the CAS proposed to implement a Fiduciary Action Plan to: (i) *increase the transparency in Bank-financed projects and create incentives for civil society to monitor the Bank portfolio;* (ii) *improve the strategic focus of Bank supervision towards evaluating fiduciary risks;* and (iii) *insure increased transparency and competition practices in public procurement.* The fiduciary action plan (summarized in the CAS Table 8: Fiduciary Action Plan) included the audit targets that were part of the triggers, the planned AAA tasks on financial management and procurement and an assortment of other activities (such as supporting the streamlining and modernization of fiduciary processes, undertake integrated fiduciary assessments for each project in the portfolio with a target to cover 75 percent of portfolio in CY06 and 100 in CY07, produce and publish an annual report on fiduciary risk of the Bank portfolio, and others). Because of the Fiduciary Action Plan, the 2006 CAS was rated good practice by a recent FM CAS review. The CASCR provides evidence that there has been progress on this agenda (such as the improvement in audit performance, the federal and sub-national CFAAs) with less clear progress in procurement. The CASCR emphasizes several programs such as SEPA (a public information system for *Bank-financed* contract), IFPA (a methodology for simplifying the communications of technically complex fiduciary assessments), a price monitoring mechanisms for civil works contracts, and the reduction of PIUs. It would have been useful for the CASCR to include a more systematic review of the progress achieved on the items in CAS Table 8, with an assessment of the major further steps still needed.

12. A summary of the milestones, outcomes and CAS base triggers listed in the CAS Results Matrix, relating to portfolio performance and fiduciary performance,¹ related to the CAS objective of strengthening Government capacity to prepare and implement investment projects, in line with the requirements of a medium-term investment partnership, is provided in Table 1 below.

¹ The Results Matrix refers to the Fiduciary Action Plan, but does not include the milestones and targets of the Plan.

Table 1. Project Management Capacity, Portfolio Performance and Fiduciary Improvements

Country Development Goals	CAS Planned Outcomes and Milestones	Actual Outcomes and milestones	Bank Activities contributing to Outcomes
Strengthen Government capacity to prepare and implement investment projects in line with the requirements of a medium-term investment partnership	<i>Enhance government project mgmt. capacity through:</i>		
	(i) A framework agreement to shift implementation from stand-alone PIUs to line ministries	(i) Achieved- Framework for phasing-out PIUs agreed in mid-2005	PIU staff for repeater projects reduced by 46% from 2004/5 and 2006.
	(ii) A fiduciary action plan to improve fiduciary control	(ii) Partially Achieved A fiduciary action plan is under implementation	The CASCR provides limited overview of Fiduciary Action Plan.
	(iii) Institutional strengthening investments to build capacity	(iii) Partially Achieved (no details provided in CASCR)	SINTyS Project, Second State Modernization project; IDF grants
	(iv) AAA to strengthen the dialogue on financial accountability and procurement	(iv) Partially Achieved	CFFA and ROSC delivered in FY07; CPAR dropped
	(v) enhanced supervision of projects at risk	(v) Milestone achieved. Outcome limited (see below)	Additional budget allocations in FY05-08 to supervise projects at risk
	(vi) Twice yearly portfolio reviews with authorities *	(vi) Milestone achieved. Outcome not available	Portfolio reviews have been done twice annually with the authorities
	% of problem projects by number to decline continuously during CAS period (baseline 20.8% in 2005) *	Not Achieved- After declining to 3.4 percent in 2007, problem projects by number rose to 25 percent in 2008. Recent improvements in early 2009.	Portfolio management efforts. Dialogue with authorities to streamline approval of loan agreements
	% of investment projects at risk by amount does not surpass 20% (baseline: 19.5% in 2005) *	Not Achieved- Projects at risk by amount rose to 60 percent in 2008. Recent improvements in early 2009	Portfolio management efforts. Dialogue with authorities to streamline approval of loan agreements
	Audit compliance for Bank projects increases from 45% (2005) to 60% (2006) 75% (2007) and 80% (2008)	Achieved- Compliance increased to 76% in FY06 and 81% in FY07. After dropping temporarily to 45% in FY08 the 80% target was recovered 3 months later.	

* CAS base case triggers.

Overview of Achievement by Objective:

13. **CAS Results Framework.** The 2006 CAS discussion of the results framework indicates shows that the indicators for the investment program are largely derived from the development outcomes agreed with the authorities under key activities. The Results Matrix includes also indicators on portfolio performance. The CAS noted that the Results Matrix reflected the early stage of the new investment partnership with Argentina, and that, "given uncertainty about Argentina's policy framework, especially in outer years of the CAS, the results of new activities cannot yet be specified." Therefore, the CAS stated that the Bank would further refine the country results framework as data became available and would provide an update in the CAS Progress Report. As the Progress Report was not prepared, the Results Framework was not updated, and the discussion below follows the results framework as specified in the original Results Matrix.

Pillar 1: Sustained growth with equity.

14. **Overview.** Argentina's macroeconomic performance during the CAS period shows a substantially higher GDP growth rate than in the government's economic projections (which were already assessed as conservative by the CAS), together with higher investment to GDP ratios, and primary surpluses (in the first two years), but also higher price increases. The second half of the period saw a deterioration of performance, because of internal and external factors, not fully reflected in the main macro figures. The deterioration is partly hidden by official inflation figures that are thought to underestimate real inflation, a fiscal performance that includes extraordinary revenues (such of those arising from the nationalization of the private pension system), and includes increasing financing requirements in a deteriorating environment for external financing.

Table 2. Macroeconomic Performance

	CAS Projections			Outcomes		
	2006	2007	2008	2006	2007	2008 (est.)
GDP Growth	4.0	3.5	3.5	8.5	8.7	6.0
Investment/GDP	21.5	21.7	21.7	23.4	24.4	n/a
Primary Surplus/GDP	3.3	3.4	3.4	3.5	3.2	3.3
Consumer prices	9.1	8.1	7.5	10.9	8.8	8.6

15. The problems that started to emerge in 2007 (higher inflation, lower primary surplus), but remained hidden by the additional improvements in terms of trade, became much more severe in 2008 when terms of trade deteriorated and the impact of the global recession started to be felt in Argentina. Fiscal performance started to deteriorate in 2007 in spite of the high export revenues, and inflation, which had already accelerated in 2006, was kept low by increasing price controls and income policies (in addition, the consumer price index is widely assumed to be "managed" and the GDP deflator is considerably higher). In 2007, the electoral process led to higher fiscal expenditures and, when export prices started to fall in mid-2008, the fiscal situation deteriorated further.

16. Policy measures to address fiscal needs in the short-term throughout 2008 (such as the attempt to increase export taxes, the nationalization of the private pension funds) cast doubt on future fiscal performance and, more importantly, may have worsened the investment climate and economic confidence. The CASCR notes that "Many Argentines interpreted the concerted actions of the international community [in response to the global crisis] as a vindication of their own government's proactive regulatory posture which had offered a measure of protection to Argentina," but it appears that the business community saw it quite differently: capital outflows in the third quarter of 2008 reached US\$6 billion (also, "The Economist" magazine noted that capital outflows reached 7 percent of GDP in 2008).

The Economist, February 5th, 2009). Within this context, however, Bank assistance made some positive contributions under "Pillar 1," which are summarized below.

17. **Infrastructure development.** In *transport* the CAS three milestones were: (i) to scale up support for road maintenance throughout the country and broadening the scope of Bank support to additional sub-sectors; (ii) to increase the percentage of paved "non-concessioned" roads under the performance-based rehabilitation and maintenance (CREMA) system; and (iii) for the National Directorate of Highways to implement the Institutional Renewal Action Plan in the areas of budgeting, road safety, and environmental management. There was *good to moderate progress in the first two milestones* (expanding the coverage of the CREMA system to slightly below the target level for national highways and about half the target for the provincial network), but there was *no progress on the third item*. Ongoing activities include several projects of different vintage, including a 1997 urban transport project for Buenos Aires, for which a supplemental financing was approved in 2007, two provincial-level road infrastructure projects approved in 2007 and the National Highway Asset Management project, also approved in 2007 where progress has been found wanting. In *water and sanitation*, the CAS had four milestones: (i) consolidate the emerging partnership encompassing water supply and sanitation, and flood protection [no indicators available]; (ii) expand water and sewage coverage for approximately half a million low income people in the Buenos Aires province [only partially achieved]; (iii) establish flood risk reduction plans in at least five provinces; and (iv) reduce flood risks in selected urban areas including Buenos Aires. The last two milestones have been substantially or fully achieved.

18. **Agriculture and Rural Development.** In *agricultural growth* there were four CAS milestones: (i) to improve the capacity to analyze, design and manage agricultural and rural development investments [a new Sub-Secretariat of family Agriculture and Rural development was established in 2008 but no outcomes are yet available]; (ii) complete and implement the national government's agricultural and rural development strategy and implement it in at least one sub-region in 2008 [achieved: the national strategy is in place and 19 provinces have adopted provincial strategies]; (iii) increase by 20 percent the production area under irrigation and pilot integrated water resources management in at least one province [the irrigated area increased only by 6 percent; Mendoza adopted an integrated water management program]; and (iv) complete and implement the Mercosur strategy to eliminate foot and mouth disease [the strategy was ratified in 2005—before the CAS period, and an action program was adopted in May 2008]. In *rural poverty* the CAS two milestones were: (i) to improve the baseline data and analysis of rural poverty [not achieved]; and (ii) expand small and medium farmer investment in forestry by at least 5000 Ha in 3 provinces [not achieved]. Finally on *environmental issues*, the three milestones were: (i) complete integrated waste management systems in three provinces [not yet achieved: the national Solid Waste Management Project is contributing to this objective]; (ii) integrated urban transport and pollution reduction programs in at least five cities [not achieved, some progress is being made]; and (iii) World Bank purchases of at least US\$25 million in carbon credits by end-2008 [not achieved: Bank purchases put on hold pending improvements in project portfolio].

19. **Other.** Although not specifically included in the CAS Results Matrix, the CASCR mentions the "Unleashing Productive Innovation" project of 2008 as an important contributor to the Growth with Equity pillar. The basic objective of the project is to increase Argentina's capacity for innovation in knowledge-based production.

20. **Summary results.** The above discussion shows that the achievements under Pillar 1 have been mixed to low. In infrastructure, the transport and water sector components achieved about half of the milestones, with good to moderate progress on road maintenance, and some progress on urban water and sanitation, but in rural development and the environment achievements were much lower (particularly for the *rural poverty and environmental* components). The CASCR assessment of Pillar 1 concludes: "Outcomes with respect to the Bank lending program were substantially achieved." This review considers this an overstatement based on achievements of the specific milestones above. While the contributions of some of the AAA activities under this pillar (e.g., the study of transport logistics and a rural development strategy) appear to have been substantial, and the limited impact of the lending program may be partly due to delays in

project approval and implementation, the outcome of the Bank's assistance for this component is rated as *moderately unsatisfactory*.

Pillar 2: Social Inclusion.

21. **Overview.** The 2006 CAS emphasized Argentina's need to reduce structural poverty, improve health outcomes, ensure quality education for all and move towards greater social inclusion. On the poverty front, the CAS stated that returning to the pre-crisis level was not enough, because each successive crisis episode had raised the level of underlying structural poverty: poverty had stood at roughly 5 percent of the population in 1980, shot up to 40 percent after the hyperinflation of the late 1980s and dropped again, but only to below 20 percent by the mid-1990s. Poverty increased again to above 55 percent in 2003, before falling back to 34 percent at the beginning of the CAS period. On health outcomes the CAS noted that Argentina's health indicators remained below comparable middle-income countries in the region, life expectancy was below regional neighbors, and inequalities in maternal and infant mortality among different parts of the country were pronounced. On education the system had done well in terms of access to early childhood and primary education, but repetition and drop-out rates remained high at the secondary level and quality of learning remained a concern. Finally, perhaps the greatest challenge was to generate sustainable sources of opportunity for the most marginalized groups in society, including indigenous people. Against this background, the CAS specific objectives under Pillar 2 centered around two areas: supporting progress towards permanent safety nets and fostering employment, and improving selected health and education outcomes. While the country objectives were achieved, the Bank's delivery of assistance fell short from what was mentioned in the strategy—three of eight new operations were dropped, as was half of the new AAA.

22. **Country outcomes.** Poverty fell to 23 percent in 2007 and official estimates for mid-2008 put it at about 18 percent. This is a huge change from the 55 percent in 2003, even if the recent official estimates are questioned by analysts because of the alleged under-reporting of inflation since early 2007. Unemployment fell to 7.5 percent by end-2007 (below the 12 percent target mentioned in the CAS) and social security coverage for working adults reached the 61 percent target. In addition, the workfare program (for "Heads of Households") was gradually reduced as beneficiaries of this emergency program were gradually integrated into the workforce or transferred to other, more sustainable safety net programs.

23. **Progress towards permanent safety nets.** The CAS Results Matrix included five milestones under this component of Pillar 2. They were: (i) improvements to income support programs by transitioning beneficiaries from the "Heads of Household" program [achieved]; (ii) reducing the number of people having to participate in workfare programs from 1.4 million in 2005 to one million in 2006 and less than .5 million in 2009 [achieved]; (iii) transition the Heads of Household program into new income transfer schemes [achieved; no quantitative target]; (iv) formulating an integrated community service strategy [achieved: implemented in 195 municipalities nationwide]; and (v) defining an integrated inter-ministerial learning strategy [achieved]. The Bank's "Heads of Household Transition Project" (2006) and the "Lifelong Learning and Training Project" (2006) were instrumental in supporting the achievement of the above milestones. Analytical work on labor markets and informal employment, in cooperation with the Ministry of Labor and the statistical institute were also important parts of the program.

24. **Improving selected health and education outcomes.** The CAS had four milestones related to health outcomes and another three for education. In health they included: (i) improve health service delivery at the provincial level [achieved: available indicators point to increased coverage and improved health outcomes particularly in poorer regions]; (ii) reduction of infant mortality from 14.5 per thousand to 12 per thousand [probably achieved, based on the most recent—2006 data]; (iii) expand coverage of maternal-child health insurance to 50 percent of eligible population [achieved: coverage was 79 percent in 2008]; and (iv) definition of a core package of health goods [achieved: definition agreed in 2007]. The "Provincial Maternal-Child Health Project" and the "Essential Public Health Functions and Programs Project" were important components of the Bank's support for the above objectives. In education the milestones were:

(i) raise school completion rates and improve learning outcomes [achieved: no quantitative targets included]; (ii) improve coverage of pre-school education for rural children to 95 percent in 2009 [on track to be achieved: was already 93.5 percent in 2006]; and (iii) improve effective promotion rate for classes 7-9 in rural areas to 80 percent in 2009 [achieved]. The Bank-supported "Rural Education Improvement Project" was an important contribution to the above outcomes.

25. **Summary results.** The objectives and milestones for Pillar 2 were well designed, realistic and achieved their objectives. However, some operations and AAA were not delivered (see Annex Table 9, pages 27 and 28). Therefore the outcome of the Bank's assistance for Pillar 2 is rated as *satisfactory*.

Pillar 3: Governance.

26. **Overview.** The 2006 CAS pointed out that governance had long been a major issue in Argentina with serious implications for both sustainable growth and social equity. The major challenges identified in the CAS were modernizing the state administration, achieving greater transparency and public trust, strengthening the justice system and making the federal system work (through decentralization and regional development). The CAS proposed to support the Government efforts in these areas with an ambitious program including new investments, analytical work on inter-governmental fiscal relations, fiduciary management (CFAA) and possibly economic work at the sub-national level. Moreover, depending on progress, the CAS considered possible support to strengthen the judiciary, with WBI support. [The CASCR says—inaccurately—that no free standing AAA was programmed for pillar 3 of the CAS]. Since then, there has been some progress in public sector modernization (e.g., strengthened financial management and public investment), as well as in achieving greater transparency (expansion of channels for citizen participation, initial steps in implementing the access to public information decree), and some also limited progress on the decentralization and regional development agenda (e.g., through the 2004 Fiscal Responsibility Law). Overall, however, it appears that the progress has been limited, compared to the challenges presented in 2006, and that the same challenges remain today. The Bank's contribution to this process is discussed below.

27. **CAS outcomes and milestones.** The CAS objectives and expected outcomes in Pillar 3 were grouped under the common heading of *strengthening public institutions*, and specified in *six milestones* some of which had quantitative and others had qualitative expected outcomes. The items were to (i) *deepen the emerging partnership for institutional strengthening* in selected areas such as expenditure management, transparency and service delivery. Although the "milestone" was not quantified it can be considered as largely achieved, including through the first (1998-2007) and second (2007-) State Modernization Projects, as well as the second (2008-) APL to support the Social and Fiscal National Identification system. The CAS had also included the three planned Provincial Investment Loans (of which two were delivered) as supporting this objective, although they can be more properly considered as part of the infrastructure support (Santa Fe Road Infrastructure and Cordoba Road Infrastructure); (ii) *increase user satisfaction of the Social Security Administration (ANSES)*, measured by service delivery outcomes and citizen satisfaction surveys. This can be considered as partially achieved, although there is no information from citizen satisfaction surveys. Processing time for new benefits was reduced from 140 days in 2005 to (a still long) 130 days by 2008, and ANSES has increased the number of regional centers serving the public. The Bank continues to support ANSES through a TA loan approved in FY05; (iii) *expand the integrated financial management system*. This was also achieved as the coverage increased from 71 percent to 82 percent of federal public institutions; (iv) *expansion of the public investment management system to additional provinces*. This was achieved and the system expanded from 19 to 23 of the 24 provinces (plus 110 federal agencies); (v) *For provinces participating in the Sub-national Government Public Sector Modernization project*, increase the percentage of expenditures on human resources under the integrated payroll information systems from 30 to 55 percent in 2008, and the ratio between collected and emitted tax revenues for property and motor vehicle taxes from 55 to 65 percent in 2008. This was not achieved [supervision reports for first

Sub-national Government Public Sector Modernization project still rate it as satisfactory; the second project has been postponed]. Finally, the (vi) milestone was to improve two of Argentina's rankings in WBI's governance indicators: the "Government Effectiveness" and "Control of Corruption" from their 42.3 and 42.9 levels in 2005. This was achieved by 2007 for Government Effectiveness (51.7) and (only marginally) for Control of Corruption (43.5). More recent data is not available.

28. The AAA program under this pillar shows a mixed performance. On the positive side, both the federal level and provincial level CFAAs were delivered, as were the Accounting and Auditing Report (ROSC), the Institutional Government Review and one Provincial Economic Memorandum (Buenos Aires province). On the other hand, significant tasks that were dropped include the report on Fiscal Space for Public Investment, two other Provincial Economic memoranda planned, the federal level and the provincial level CPARs, the Social Accountability Report and the Innovation Study.

29. **Summary results.** There has been moderate progress on country outcomes under this pillar, and the limited milestones listed under the CAS Results Matrix have been mainly achieved, with some shortcomings. At the same time the level of dialogue (and influence) of the Bank in this area appears to have been reduced as the analytical work was gradually reduced due to lack of interest by the government. The outcome of the Bank's assistance to the governance pillar is rated as *moderately satisfactory*.

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Objective A: Sustained Growth with Equity	NA	<i>Moderately Unsatisfactory</i>	In infrastructure, the transport and water sector components achieved only about half of the milestones. In rural development and the environment it was even lower (particularly for the rural poverty and environmental component). The contributions of some AAA activities (e.g., study of transport logistics, rural development strategy) appear to have been substantial. Limited impact of the lending program may be partly due to delays in project approval and implementation.
Objective B: Social Inclusion	NA	<i>Satisfactory</i>	The objectives and milestones and instruments for Pillar 2 were well-designed, realistic and achieved their objectives. However, some Bank activities were dropped (see Annex Table 9). The outcome of the Bank's assistance for Pillar 2 is rated as satisfactory
Objective C: Improved Governance	NA	<i>Moderately Satisfactory</i>	There has been moderate progress on country outcomes. The limited milestones listed under the CAS Results Matrix have been mainly achieved, with some shortcomings. The level of dialogue (and influence) of the Bank appears to have been reduced as the analytical work was reduced due to lessened interest by the government.

30. The results under the CAS objectives of improving project management, portfolio performance and fiduciary improvements (summarized in Table 1 above) should also be considered as part of this assessment of CAS achievements. The achievements under project management are rated *moderately satisfactory*, for portfolio performance as *unsatisfactory*, and for fiduciary improvements as *moderately satisfactory*.

Comments on Bank Performance:

31. The Bank strategy was relevant, and so were the lending and AAA instruments planned to implement the strategy. Strategy, objectives and instruments were also mostly realistic at the time of the CAS and during the first years of its implementation, although the AAA program was on the ambitious side and the large number of planned investment projects required improvements in implementation capacity. As favorable external conditions continued, above expectations, the government's interest in Bank support (financial and policy dialogue) was reduced), necessary policy reforms in several sectors were postponed, and portfolio performance failed to improve as planned. After the first year, lending and AAA fell below plans (particularly AAA), some of the objectives became less realistic, instruments were dropped and policy dialogue faltered in several areas. Continuing delays in loan approvals by the Government (until very recently) in led to lower than projected disbursements and to a faster decline in Bank exposure. The CAS Progress Report planned for 2007 did not take place and the opportunity to reassess both, objectives and instruments under the changing country conditions was lost. During 2008 country conditions (both performance and policy) deteriorated, and the impact of the global crisis on Argentina's economy was substantial, particularly after several years of very favorable terms of trade. On the positive side, the objective of building an "investment partnership" in several areas was advanced, and the quality of the Bank's lending and of the AAA activities that were implemented was good and highly relevant. In particular, the work on fiduciary issues (including regional and provincial CFAAs) was of high priority, even if it did not go as far as planned (e.g., the government did not support the preparation of a CPAR). The quality of the work on safety nets, health, provincial infrastructure and agricultural development was high and of high priority. For all these reasons, the Bank performance is rated moderately satisfactory.

4. Overall IEG Assessment

Outcome:	<i>Moderately Satisfactory</i>
Bank Performance:	<i>Moderately Satisfactory</i>

32. The overall outcome rating takes into account that, of the three pillars one was rated moderately unsatisfactory, another moderately satisfactory, and only one (Pillar 2: Social Inclusion) was rated satisfactory. In addition, project management and fiduciary improvements, which were also part of the Results Matrix, were rated marginally satisfactory and portfolio performance (a trigger for the base case) was rated unsatisfactory.

33. *Domestic policies and external shocks.* At this time, when the Argentina economy is facing (again) severe economic challenges, the relative roles of external shocks and of domestic policy decisions is being debated and will continue to be. In particular, the impact of the severe global recession that developed in the second half of 2008, and has accelerated in early 2009, may obscure the underlying domestic factors that were having a negative impact on Argentina since the late 2007 *in spite of* extremely high export prices. The 2006 CAS had already pointed out that Argentina needed a combination of adequate fiscal policy as a cornerstone of macroeconomic stability, infrastructure investment to address bottlenecks, and private sector development to ensure a more favorable environment, while warning that "the largely benign external environment that has prevailed in the international economy over recent years cannot be counted on to be sustained."

5. Assessment of CAS Completion Report

34. The CASCR covers the main aspects of the CAS design and implementation, and reviews the specific milestones defined in the CAS Results Matrix, although, at times, with less detail and clarity that would have been useful. Bank outcomes are reported in detail and their assessment is mostly fair, even if somewhat over-optimistic in some cases (e.g., in its assessment of outcomes under Pillar 1). The discussion of lending levels is confusing, as it mixes total lending and lending by pillar. For example, the CASCR discussion of "Pillar 1" includes total (expected) lending under all three pillars, as does the discussion of "Pillar 2," and mentions, in each case, an amount off US\$3.4 billion for 20 projects, whereas the discussion of "Pillar 3" mentions two projects for US\$40 million. Finally, the CASCR does not mention the three planned IDF grants (one completed, one ongoing, and one dropped) or the several WBI activities, all of them important elements of the Governance pillar and part of the CAS Results Matrix.

35. The CASCR does not mention the absence of a CAS Progress Report (planned for late 2007 as a point to revisit the results framework) nor does it discuss the two triggers for the base case of the CAS. In addition, the CASCR would have benefited from a more complete discussion of the progress and remaining challenges under the Fiduciary Action Plan, following the Plan's components as presented in the CAS (Table 8). Also the CASCR under reports the shortfalls in AAA delivery and does not discuss the reasons for the shortfall.

36. The CASCR reports that the Government's "pro-active regulatory posture" provided a measure of protection to Argentina, and that this was "applauded by many Argentines" without pointing out that the markets reacted in the opposite way, as indicated by the high levels of capital flight throughout 2008, and increased spreads in foreign borrowings. This worsening of the investment climate can hardly be seen as beneficial to Argentina.

37. The CASCR includes five lessons. This Review concurs with three of them and has some differences with the other two. In particular, the Review concurs with: (i) the lesson (or finding) that the shift from adjustment lending to an all-investment program has strained the project implementation capacity of the government, particularly in the areas of loan approval processing and contracting of high value civil works; (ii) that the Bank should work with the government to reduce the lag between loan approval and loan signing, and (iii) that progress in the fiduciary front should be continued and deepened to further ensure transparency and integrity of bank operations.

38. The other two lessons are open to question. One is that "The progress in CAS implementation—and particularly the progress in project preparation and the design of important and high quality investment initiatives—has proven that there is space to develop an ambitious investment partnership despite the lack of coincidence in the structural reform agenda proposed by the government". The relevance of such an "ambitious investment partnership" and its contribution to the country's development are possible to the extent that there are adequate policy conditions. The 2006 CAS had already made it explicit the need for "diligent implementation of structural and policy reforms" and this need is even stronger under current internal and external conditions. Finally, although the lesson regarding *tailoring the AAA program to issues of priority interest to the government* is generally good practice, when the priorities of the government are seen by the Bank as not adequate, the relevance of the AAA will be reduced. If the "lack of coincidence" mentioned in the previous lesson increases, this last lesson becomes much less straightforward than it appears.

6. Findings and Lessons

39. This Review agrees with the first three CASCR lessons listed above, namely that the shift to an all-investment lending program has strained the Government's project implementation capacity, that the Bank should work with the government to reduce the lag between loan approval and loan signing, and that progress in the fiduciary front should be continued and deepened.

40. This Review also adds two additional lessons. One is that the *CAS Results Framework needs to be monitored and revised as needed, when country conditions change*. In the Argentina case, should a Progress Report have been prepared as planned, it is likely that both the details of the Results Matrix and the lending and AAA instruments would have been revised in a more orderly manner. The second lesson is that *the Bank's lending program could be more actively counter-cyclical*. In the case of Argentina, lower commitments and lower than planned disbursements resulted in a faster than expected reduction in exposure. While this was in line with the higher than forecast growth in GDP and exports because of exceptionally high terms of trade, it took place by happenstance. A CAS Progress Report could have provided an opportunity to reduce the lending program in an appropriate manner to provide greater lending headroom in the event that, in the words of the 2006 CAS "the largely benign external environment that has prevailed in the international economy over recent years cannot be counted on to be sustained."

Annex Table 1:	Argentina – Planned vs. Actual Commitments
Annex Table 2:	Analytical and Advisory Work: Actual vs. Planned
Annex Table 3a:	IEG Individual Project Ratings
Annex Table 3b:	IEG Overall Project Ratings
Annex Table 4:	Portfolio Status Indicators
Annex Table 5:	IBRD / IDA Net Disbursements and Charges
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Annex Table 7:	Economic and Social Indicators
Annex Table 8:	Millennium Development Goals
Annex Table 9:	Summary of Achievement of CAS Objectives

ATTACHMENT

Attachment 1:	IEG-IFC CASCR Review
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Annex Table 1: Argentina - Planned vs. Actual Commitments (US\$ millions), FY06-09¹

ID	List of Projects	Proposed FY	Approval FY	Proposed Amount	Approved Amount
Programmed Projects					
P092840	Governance 21	2006		25	Postponed
P093491	Urban Flood Prevention & Drainage (APL 2)	2006	2006	70	70
P060484	Basic Municipal Services I	2006	2006	110	110
P102316	Provincial Agricultural Development (additional financing for PROSAP)	2007	2007	30	37
P057124	Mining Decontamination (PRAMU)	2007		35	Dropped ²
P099585	Cordoba Provincial Investment Loan	2007	2007	75	75
P099051	Santa Fe Provincial Investment Loan Renamed: Santa Fe Road	2007	2007	125	127
P100221	Catamarca Provincial Investment Loan	2007		25	Dropped
P095515	Maternal Child Health Insurance Functions <i>Renamed</i> : Provincial Maternal-Child Health	2007	2007	300	300
P090993	Essential Health Functions	2007	2007	200	220
P101170	State Modernization 2	2007	2007	25	20
	Provincial Preschool and Basic Education	2007		100	Postponed to 2010
P095485	Urban Public Transport - <i>Renamed</i> : Urban Transport in Metropolitan Areas	2007		200	Dropped ³
P101171	Second Social and Fiscal National Identification System (SINTyS)	2008	2009	15	20
P100806	Environment Management (APL I) - <i>Renamed</i> : Sustainable Natural Resource Mgt	2008	2008	75	60
P095569	National Highway Asset Management (APL 2)	2008	2007	200	400
P105288	Buenos Aires Infrastructure Sustainable Investment Development Project (APL 2)	2008	2007	150	270
P095516	Income Support for the Poor	2008		300	Postponed
	Infrastructure (Logistics Node of Rosario Port)	2008		100	Postponed
P106684	Provincial Agriculture Development (PROSAP 2)	2008	2009	150	300 ⁴
P095514	Lifelong Learning	2008	2007	100	200
P087419	Integrated Water Resources Management	2008		100	Postponed
	Provincial Roads 3	2009		150	Postponed
	Infrastructure (Freight Corridors)	2009		175	Postponed
	Environmental Management (APL2)	2009		75	Dropped
	Sub-national Governments Public Sector Modernization 2	2009		40	Postponed
	Early Childhood Development & Community Services	2009		90	Postponed
P106752	Innovation - <i>Renamed</i> : Unleashing Productive Innovation	2009		100	150
	Basic Municipal Services 2	2009		60	Dropped
P106685	Rural Poverty & Growth	2009		70	Postponed
P106754	Provincial Public Mgmt Loan	2009		30	Postponed
Non Programmed Projects					
P055483	Heads of Household Transition Project		2006		350
P070448	Sub-national Gove. Public Sector Modernization		2006		40
P070963	Rural Education Improvement Project		2006		150
P089926	Solid Waste Management Project		2006		40
P092836	Inst. Strengthening – ANSES II TA		2006		25
P102446	Small Farmer Development (PROINDER) Additional Financing				45
P104984	Buenos Aires Urban Transport (PTUBA) Additional Financing		2007		100
P110462	Mining Environmental Restoration		2009		30
P110498	PERMER Renewal Energy		2009		50
TOTAL				3,300	3,189

Source: Business Warehouse 2a1, 2a4, 2a7, 2a8 as of March 4, 2009; Argentina CAS FY06.

Note: 1. The list of projects is based on the proposed IBRD/IDA base-case lending program.

2. Business Warehouse does not show approval of this project although the CASCR indicates it was approved. Business Warehouse lists another project (P110462) that was approved in the energy and mining sector which the CASCR does not show.

3. The CASCR indicates that this project was approved as additional financing but Business Warehouse lists this project as dropped. There is a separate entry in Business Warehouse for the additional financing (P104984) as shown in the above table.

4. The CASCR shows this project was dropped but Business Warehouse shows that it was approved.

5. The CASCR also mentions the Matanza-Riachuelo Basin Sustainable Development Project (not planned in the CAS). Business Warehouse does not list this project as it has not been approved yet. It is programmed for approval in May 2009 for US\$841 million.

Annex Table 2: Argentina - Analytical and Advisory Work: Actual vs. Planned, FY06-FY09

Project ID	Actual Project Name	Sector	Planned Completion FY	Delivered to Client FY	Delivery Status
Planned					
P089821	Programmatic Poverty I	Poverty Reduction	2006	2006	Delivered
P082176	Old Age Welfare and Social Security	Social Protection	2006	2006	Delivered
P089857	Logistics and Transport Sector Competitiveness	Transport	2006	2007	Delivered
P090381	Infrastructure Finance	Water	2006	2007	Delivered
P087449	Rural Strategy	Agri. and Rural Dev.	2006	2006	Delivered
P083870	Institutional and Governance Review	Public Sector Gov.	2006	2006	Delivered
P089925	Youth at Risk - <i>Renamed: Social Inclusion: Issues of Youth in Argentina</i>	Social Development	2007	2007	Delivered
P095698	CFAA (Federal Level)	Financial Management	2007	2007	Delivered
	Fiscal Space for Public Investment		2007		Dropped
P101173	Programmatic Poverty 2 (Rural)	Poverty Reduction	2007	2007	Delivered
	Provincial Economic Memo. 1 (Central Region)		2007		Dropped
P101735	CPAR (Federal Level)		2007		Dropped
P092503	Accounting and Auditing Report (ROSC)	Financial Management	2007	2007	Delivered
	Programmatic Poverty 3 (Urban and Water)		2008		Dropped
P082177	Programmatic Social Protection	Social Protection	2008	2008	Delivered
	<i>Renamed: Programmatic Income Support</i>				
	Provincial Economic Memo. 2 (Northern Region)				Dropped
P097301	Country Environmental Analysis		2008		Active (planned for FY10)
P106722	Policy Notes	Economic Policy	2008	2008	Delivered
	CPAR (Provincial Level)		2008		Dropped
P106919	CFAA (Provincial Level)	Financial Management	2008	2008	Delivered
P101172	Provincial Economic Memo. 2 (Buenos Aires)	Economic Policy	2008	2009	Delivered
	Impact Analysis of Reform in Education and Health Sectors		2009		Dropped*
	Social Accountability		2009		Dropped*
	Private Sector Development		2009		Active (planned for FY10)
	Energy Review		2009		Delivered**
	Innovation Study		2009		Active (planned for FY10)
	Financing of Development		2009		Dropped*
Non Planned					
P104118	Argentina Country Assessment	Financial and Private Sector Dev.		2007	Delivered
P103996	Programmatic Poverty (Informality)	Poverty Reduction		2008	Delivered

Source: Argentina CAS 2006; Business Warehouse "Operations/AAA/ESW/1.4, 4.2a" and "TA/1.4, 3.2a"; Operations Portal as of Oct 15, 2008.

* These AAAs were not listed in Business Warehouse, Image bank or Operations Portal and are considered to be dropped. The CASCR categorizes these projects as *not programmed*.

** An informal study on the energy sector was conducted for internal WB use. It was intended to guide WB re-engagement strategy for the energy sector and was not discussed with the borrower.

Annex Table 3a: Argentina - IEG Individual Project Ratings, Exit FY06-FY09

Exit FY	Project ID	Project Name	Approved FY	IEG Outcome	IEG Sustainability*	IEG ID Impact*	IEG Risk to Development Outcome*	
2006	P005980	Provincial Roads	1997	Satisfactory			Moderate	
	P006040	Forestry Development	1996	Moderately Satisfactory	Likely	Modest		
	P006052	Flood Protection	1997	Satisfactory			Moderate	
	P006058	Social Protection 4	1999	Moderately Satisfactory	Non-Evaluable	Modest		
	P006059	Maternal & Child Hlth & Nutrition 2	1997	Satisfactory	Likely	Substantial		
	P044447	Catamarca Provincial Reform	2001	Moderately Satisfactory			Significant	
	P050713	Model Court Dev.	1998	Moderately Satisfactory	Likely	Modest		
	P052590	National Highway Rehab. & Maint.	1998	Moderately Satisfactory			Moderate	
	P055482	Pub. Hlth. Surveil. & Disease Ctrl.	2000	Satisfactory			Moderate	
	P068344	Cordoba PRL5	2001	Moderately Unsatisfactory			Moderate	
	P069913	Santa Fe Provincial Reform	2002	Moderately Satisfactory			Moderate	
	2007	P006046	Water Sector Reform	1999	Unsatisfactory			Significant
		P037049	Public Investment Strengthening	1996	Moderately Unsatisfactory			Moderate
P040808		Native Forest and Protected Areas	1997	Moderately Satisfactory			Negligible to Low	
P057473		Indigenous Community Development LIL	2001	Moderately Satisfactory			Moderate	
P070374		Family Strengthening and Social Capital Formation (PROFAM)	2002	Moderately Satisfactory			Moderate	
P072637		Prov. Maternal-Child Hlth Adj (PMCHSAL)	2004	Satisfactory			Moderate	
2008	P078143	Enabling Act. Conv. Climate Change	2004	Satisfactory			Negligible to Low	
	P039787	GEF Biodiversity Conservation	1998	Satisfactory			Negligible to Low	
	P057449	State Modernization	1999	Moderately Unsatisfactory			Moderate	

Source: Business Warehouse "Operations/Evaluations/4.a.5, 4.a.6" as of March 4, 2009.

Note: With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 3b: Argentina - IEG Overall Project Ratings, Exit FY06-FY09

Country/Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)	Inst Dev Impact % Subst (No)	Sust % Likely (\$)	Sust % Likely (No)
Argentina	2,516.0	20	88.4	80.0	48	25.0	100.0	100.0
Brazil	2,010.2	21	97.0	95.2	100	100.0	100.0	100.0
Chile	48.5	3	100.0	100.0				
Mexico	1,757.2	11	100.0	100.0	100	100.0	100.0	100.0
Uruguay	388.2	5	76.4	80.0				
LCR	9,508.7	146	91.9	84.6	83	57.1	95.6	87.9
Bankwide	41,185.1	592	88.0	79.4	67	57.0	89.1	83.3

Source: Business Warehouse "Operations/Evaluations/4.a.5, 4.a.6" as of March 4, 2009.

Note: With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 4: Argentina - Portfolio Status Indicators, FY06-FY09 (US \$000)

Country	Portfolio	2006	2007	2008	2009
Argentina	# Proj	25	26	26	29
	Net Comm Amt	3,437.9	3,866.8	3,941.5	4,434.5
	# Proj At Risk	13	11	16	8
	% At Risk	52.0	42.3	61.5	27.6
	Comm At Risk	1,312.1	832.3	2,390.8	1,200.0
	% Commit at Risk	38.2	21.5	60.7	27.1
Brazil	# Proj	48	46	46	49
	Net Comm Amt	4,429.2	4,315.9	4,992.1	6,727.7
	# Proj At Risk	3	7	9	7
	% At Risk	6.3	15.2	19.6	14.3
	Comm At Risk	63.1	1,221.5	276.6	165.0
	% Commit at Risk	1.4	28.3	5.5	2.5
Chile	# Proj	7	7	8	7
	Net Comm Amt	215.1	208.4	233.2	193.8
	# Proj At Risk	0	1	2	1
	% At Risk	0.0	14.3	25.0	14.3
	Comm At Risk	0.0	50.3	34.8	4.8
	% Commit at Risk	0.0	24.1	14.9	2.5
Mexico	# Proj	18	16	15	15
	Net Comm Amt	2,630.2	2,178.3	2,057.2	2,631.0
	# Proj At Risk	2	2	2	3
	% At Risk	11.1	12.5	13.3	20.0
	Comm At Risk	371.3	270.0	129.3	144.3
	% Commit at Risk	14.1	12.4	6.3	5.5
Uruguay	# Proj	7	9	9	8
	Net Comm Amt	345.0	361.1	361.6	280.4
	# Proj At Risk	0	0	0	0
	% At Risk	0.0	0.0	0.0	0.0
	Comm At Risk	0.0	0.0	0.0	0.0
	% Commit at Risk	0.0	0.0	0.0	0.0
LCR	# Proj	256	247	261	269
	Net Comm Amt	16,208.0	16,408.1	18,420.6	22,428.2
	# Proj At Risk	44	58	60	56
	% At Risk	17.2	23.5	23.0	20.8
	Comm At Risk	2,557.7	3,584.2	3,666.6	2,680.8
	% Commit at Risk	15.8	21.8	19.9	12.0
Bank Wide	# Proj	1,345	1,347	1,386	1,362
	Net Comm Amt	92,888.8	97,790.5	105,292.5	110,747.8
	# Proj At Risk	188	224	250	287
	% At Risk	14.0	16.6	18.0	21.1
	Comm At Risk	10,849.8	15,175.6	18,179.3	20,038.8
	% Commit at Risk	11.7	15.5	17.3	18.1

Source: Business Warehouse *Operations/Supervision/3.a.4* as of March 4th 2009.

Annex Table 5: Argentina - IBRD/IDA Net Disbursements and Charges (in million US\$), FY06-FY09

Fiscal Year	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfers
2006	430.8	1,011.0	-580.2	316.1	4.5	-900.1
2007	456.9	1,165.1	-708.2	352.9	7.1	-1,068.1
2008	353.9	997.3	-643.4	327.2	4.3	-974.9
2009 (latest)	307.5	583.5	-276.0	124.4	4.4	-404.8
Total	1,549.1	3,756.9	-2,207.8	1,120.6	20.3	-1,140.8

Source: WB Loan Kiosk, Net Disbursements and Charges Report as of March 4, 2009.

Annex Table 6. Argentina - Total Net Receipts (ODA, OOF, and Private), Calendar Years 2000-2006
(US\$ million, current prices)

	2002	2003	2004	2005	2006	2007
Total Net Receipts	-4 153.02	-3 212.27	-1 372.25	-4 570.28	5 032.42	6 277.89
o/w ODA	-28.36	1.43	-3.09	8.08	12.11	-28.27
o/w OOF	-1,777.08	-784.97	-246.23	-531.9	-957.01	-743.01
ODA + OOF, total	-1805.44	-783.54	-249.32	-523.82	-944.90	-771.28
o/w Multilateral	-1630.07	-663.26	-372.29	-432.29	-844.69	-545.62
o/w IBRD	-928.29	-1005.17	-61.02	-566.38	-674.98	-531.60

Source: OECD DCA online database as of March 5, 2009.

1. Official development assistance is defined as those flows to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions which are: i) provided by official agencies, including state and local governments, or by their executive agencies; and ii) each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

2) Other official flows are official sector transactions which do not meet the ODA criteria, e.g., i) Grants to developing countries for representational or essentially commercial purposes; ii) Official bilateral transactions intended to promote development but having a grant element of less than 25 per cent; iii) Official bilateral transactions, whatever their grant element, that are primarily export-facilitating in purpose. This category includes by definition export credits extended directly to an aid recipient by an official agency or institution ("official direct export credits"); iv) The net acquisition by governments and central monetary institutions of securities issued by multilateral development banks at market terms; v) Subsidies (grants) to the private sector to soften its credits to developing countries [see Annex 3, paragraph A3.5.iv b)]; and vi) Funds in support of private investment.

Annex Table 7: Argentina - Economic and Social Indicators

Series Name	Argentina					Average 2003-07				
	2003	2004	2005	2006	2007	Argentina	Brazil	Chile	Mexico	Uruguay
Growth and Inflation										
GDP growth (annual %)	8.8	9.0	9.2	8.5	8.7	8.8	3.8	5.0	3.3	7.0
GDP per capita growth (annual %)	7.8	8.0	8.1	7.4	7.6	7.8	2.4	3.9	2.3	6.9
GNI per capita, Atlas method (current US\$)	3,670.0	3,580.0	4,460.0	5,150.0	6,050.0	4,582.0	4,156.0	6,156.0	8,340.0	4,828.0
GNI per capita, PPP (current international \$)	8,210.0	9,140.0	10,420.0	11,670.0	12,990.0	10,486.0	8,274.0	11,180.0	12,580.0	9,000.0
Inflation, consumer prices (annual %)	13.4	4.4	9.6	10.9	8.8	9.4	7.2	2.9	4.0	9.5
Composition of GDP										
Agriculture, value added (% of GDP)	11.0	10.4	9.4	8.4	..	9.8	6.0	4.5	3.8	10.5
Industry, value added (% of GDP)	34.7	35.6	35.6	35.6	..	35.4	30.0	41.6	26.0	30.6
Services, etc., value added (% of GDP)	54.3	54.0	55.0	56.0	..	54.8	64.0	53.9	70.2	58.9
Other Macroeconomic Indicators										
Gross fixed capital formation (% of GDP)	15.1	19.2	21.5	23.5	..	19.8	17.6	20.9	21.8	14.6
Gross domestic savings (% of GDP)	25.9	26.3	27.3	29.0	..	27.1	20.7	30.1	20.0	15.6
Official exchange rate (LCU per US\$, period average)	2.9	2.9	2.9	3.1	3.1	3.0	2.5	582.7	11.0	25.8
External Accounts										
Exports of goods and services (% of GDP)	25.0	25.3	25.1	24.7	..	25.0	14.8	42.3	30.2	29.5
Imports of goods and services (% of GDP)	14.2	18.2	19.2	19.2	..	17.7	11.7	32.2	32.0	28.5
Current account balance (% of GDP)	6.3	2.1	2.8	3.6	2.7	3.5	1.1	2.3	-0.8	-0.6
Total debt service (% of GNI)	11.8	8.9	6.0	9.1	..	8.9	8.1	10.0	6.8	16.2
External debt, total (% of GNI)	133.9	114.4	75.3	58.6	..	95.6	29.7	47.8	23.6	93.4
Total reserves (% of external debt)	8.7	11.9	21.1	26.2	..	17.0	29.5	37.8	40.9	21.7
Government Finance										
Primary Fiscal Balance to GDP ratio (%)	2.2	3.3	2.6	2.8	..	..	..	..	..	..
Public Debt to GDP ratio (%)	139.4	127.0	84.8	64.0	58.0	..	..	..	..	..
Social Indicators										
Health										
Immunization, DPT (% of children ages 12-23 months)	98.0	96.0	92.0	91.0	..	94.3	96.8	93.5	96.8	94.0
Immunization, measles (% of children ages 12-23 months)	99.0	99.0	99.0	97.0	..	98.5	99.0	92.8	96.0	94.8
Improved sanitation facilities (% of population with access)	..	..	..	91.0	..	91.0	77.0	94.0	81.0	100.0
Improved water source (% of population with access)	..	..	..	96.0	..	96.0	91.0	95.0	95.0	100.0
Life expectancy at birth, total (years)	..	..	74.8	75.0	..	74.9	71.9	78.2	74.4	75.4
Population										
Population, total (mil)	38.0	38.4	38.7	39.1	39.5	38.8	186.8	16.3	103.1	3.3
Population growth (annual %)	1.0	1.0	1.0	1.0	0.9	1.0	1.3	1.0	1.0	0.1
Urban population (% of total)	90.9	91.1	91.4	91.6	91.8	91.4	84.1	87.6	76.3	92.0
Education										
School enrollment, preprimary (% gross)	61.6	63.8	65.8	..	..	63.7	66.3	52.8	92.6	71.7
School enrollment, primary (% gross)	112.2	113.1	112.3	..	..	112.5	139.3	102.7	112.2	113.5
School enrollment, secondary (% gross)	86.4	85.6	84.4	..	..	85.5	104.3	89.7	84.1	104.6
School enrollment, tertiary (% gross)	63.9	64.7	63.8	..	..	64.1	23.8	45.2	24.7	43.5

Sources: WB DDP as of March 5th 2009 IMF staff estimates, Republic of Argentina, Prospectus Supplement and Ministry of Economy and Production.

Annex Table 8: Argentina - Millennium Development Goals, 1990-2007

	1990	1995	2000	2007
Goal 1: Eradicate extreme poverty and hunger				
Employment to population ratio, 15+, total (%)	54	53	55	60
Employment to population ratio, ages 15-24, total (%)	45	42	44	46
Income share held by lowest 20%	4.6	3.9	3.2	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	2.3
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Prevalence of undernourishment (% of population)	3	3	..	..
Vulnerable employment, total (% of total employment)	..	25	23	21
Goal 2: Achieve universal primary education				
Literacy rate, youth female (% of females ages 15-24)	99	..	99	..
Literacy rate, youth male (% of males ages 15-24)	98	..	99	..
Persistence to last grade of primary, total (% of cohort)	..	..	91	..
Primary completion rate, total (% of relevant age group)	..	98	99	97
Total enrollment, primary (% net)	..	..	100	..
Goal 3: Promote gender equality and empower women				
Proportion of seats held by women in national parliament (%)	6	25	28	35
Ratio of female to male enrollments in tertiary education	..	..	155	145
Ratio of female to male primary enrollment	..	..	100	99
Ratio of female to male secondary enrollment	..	..	107	111
Ratio of young literate females to males (% ages 15-24)	100	..	100	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	36.6	39.9	42.6	45.1
Goal 4: Reduce child mortality				
Immunization, measles (% of children ages 12-23 months)	93	99	91	97
Mortality rate, infant (per 1,000 live births)	25	20	17	14
Mortality rate, under-5 (per 1,000)	29	23	19	16
Goal 5: Improve maternal health				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	70	64	58
Births attended by skilled health staff (% of total)	96	..	98	99
Contraceptive prevalence (% of women ages 15-49)	..	..	..	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	77
Pregnant women receiving prenatal care (%)	..	95	98	99
Unmet need for contraception (% of married women ages 15-49)	..	..	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases				
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	73	60	49	39
Prevalence of HIV, female (% ages 15-24)	..	..	..	0.3
Prevalence of HIV, total (% of population ages 15-49)	..	..	0.5	0.5
Tuberculosis cases detected under DOTS (%)	..	4	31	71
Goal 7: Ensure environmental sustainability				
Annual freshwater withdrawals, total (% of internal resources)	..	..	10.6	..
CO2 emissions (kg per PPP \$ of GDP)	0.6	0.4	0.4	..
CO2 emissions (metric tons per capita)	3.4	3.4	3.7	..
Forest area (% of land area)	13	..	12	12
Improved sanitation facilities (% of population with access)	81	85	89	91
Improved water source (% of population with access)	94	95	96	96
Marine protected areas, (% of surface area)	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..
Goal 8: Develop a global partnership for development				
Aid per capita (current US\$)	5	4	1	3
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	34.7	20.4	45.7	23.2
Internet users (per 100 people)	0.0	0.1	7.0	23.6
Mobile phone subscribers (per 100 people)	0.0	1.2	17.6	102.3
Telephone mainlines (per 100 people)	9.3	16.4	21.4	24.0
Other				
Fertility rate, total (births per woman)	3.0	2.7	2.5	2.3
GNI per capita, Atlas method (current US\$)	3,190	7,360	7,470	6,050
GNI, Atlas method (current US\$) (billions)	103.9	256.4	275.6	238.9
Gross capital formation (% of GDP)	14.0	17.9	16.2	23.5
Life expectancy at birth, total (years)	72	73	74	75
Literacy rate, adult total (% of people ages 15 and above)	96	..	97	..
Population, total (millions)	32.6	34.8	36.9	39.5
Trade (% of GDP)	15.0	19.7	22.4	43.9

Source: World Development Indicators database, March 2009.

Annex Table 9: Argentina-Summary of Achievement of CAS Objectives

	Actual Outcomes	Comments
<p>Objectives</p> <p>1. Infrastructure Development 2. Rural Development and Environmental Management</p>		
<p>1. Infrastructure Development</p> <p><u>1A. Urban and Regional Transport</u></p> <ul style="list-style-type: none"> ▪ Leverage the progress achieved in road transport by scaling up support for road maintenance throughout the country and expanding this support to include road upgrades, as well as broadening the scope of Bank support to encompass additional transport subsectors. <p><u>Major Outcome Measures</u></p> <ul style="list-style-type: none"> ▪ Increase percentage of paved non-concessioned roads under the CREMA system. National highways: baseline 9,174 km in 2004 and target of 16,725 km by 2009; Provincial network: baseline 0 km in 2005 and target of 2,204 km by 2008 ▪ National Directorate of Highways undertakes actions under the Institutional Renewal Action Plan covering budgeting, road safety, and environmental management. <p><u>1B. Water Supply and Sanitation</u></p> <p>Consolidate the emerging partnership on water resources management, encompassing water supply and sanitation, and flood protection – in the context of moving towards more strategic water resource management.</p> <p>Expand water and sewage coverage for approximately one-half million low income people living in areas of high sanitary or environmental vulnerability in BA Province.</p> <p>Establish flood risk reduction plans in at least 5 provinces</p> <ul style="list-style-type: none"> ▪ Reduce flood risk in selected urban areas including BA city and exposed provincial cities. 	<ul style="list-style-type: none"> ▪ Bank supported road maintenance at the national and provincial levels through performance-based contracts. <ul style="list-style-type: none"> (i) Length of national highway system under CREMA contracts (13,600km); (ii) Length of provincial highway system under CREMA contracts (1000km); (iii) Low average infrastructure roughness index (IRI) for national roads indicating that CREMA contracts are successful at keeping national roads in very good condition. ▪ As a result of the Logistics AAA, a consensus about the key pieces of a road and rail logistics project for the city of Rosario emerged between the national govt and the province of Santa Fe. A US\$477m loan is now under preparation. <p>As of 2008, the CREMA system applied to 13,600 km of national highways and 1,000 km of the provincial network.</p> <p>None</p> <p>With Bank support, the govt. developed a vision for a comprehensive clean-up of the Matanza-Riachuelo river basin for which a basin authority was created in 2006. A US\$840m loan (the first phase of a 2-stage APL) is scheduled for board in May, 2009.</p> <p>Coverage extended to 370,000 low income people by 2008. Additional coverage is anticipated when project is completed with additional finance.</p> <p>Reduction plans established in Santa Fe, Corrientes, Entre Rios, Chaco, Misiones and Buenos Aires.</p> <p>Works have started in Buenos Aires. Reduced flooding achieved in cities including Santa Fe.</p>	<ul style="list-style-type: none"> ▪ Good Progress ▪ Some Progress ▪ No Progress ▪ Limited Progress ▪ Some Progress ▪ Good Progress. This is an output indicator and the outcome of these plans is yet to be seen. ▪ Some Progress

<u>Argentina CAS FY06-08: Pillar I</u> <u>Sustained Growth with Equity</u>	Actual Outcomes	Comments
<p>Rural Development and Environmental Management</p> <p>A. Agricultural Growth Improve the capacity to analyze, design and manage agricultural and rural development investments at national and provincial levels</p> <p>National government to complete and implement its agricultural and rural development strategy. Implemented in at least one sub-region by 2008.</p> <p>20% increase in production area under irrigation (baseline: 1.7 million ha, 2001), and integrated water resources management piloted in at least one province.</p> <p>Mercosur strategy to be free of aftosa (foot and mouth disease) completed and implemented.</p>	<p>Sub-secretariat of Family Agriculture and Rural Development established in April 2008. Through PROSAP, a number of provinces have prepared provincial agricultural strategies.</p> <p>National strategy is in place and 19 provinces have adopted strategies as of 2007.</p> <p>Area under irrigation increased by 6%. The province of Mendoza has adopted an integrated water resource management program.</p> <p>Mercosur strategy was ratified in 2005. An action program was adopted in May 2008.</p>	<p>Some Progress. The Sub-secretariat was established but is there any evidence of improved capacity?</p> <p>Good Progress. The output was achieved but the outcome of the strategy is yet to be seen.</p> <p>Limited Progress.</p> <p>Good Progress. The output was achieved but the outcome of the ratified strategy is yet to be seen.</p>
<p>B. Rural Poverty Improved baseline data and analysis of rural poverty.</p> <p>Expanded small and medium farmer investment in forestry (at least 5,000 ha total, in 3 different provinces).</p>	<p>No improvements in data</p> <p>Some 50,000 families were reached (or nearly 250,000 people benefitted) through more than 9,000 sub-projects under PROINDER.</p>	<p>No Progress.</p> <p>Not Ratable as the benchmark indicator measures land area and the actual outcome indicator reports families involved.</p>
<p>C. Environment Integrated waste management systems completed in 3 provinces by 2007 (baseline 2005 0 provinces).</p> <p>Integrated urban transport planning and investment, combined with pollution reduction, in at least five cities (baseline: 0 cities in 2005).</p> <p>World Bank purchases of at least US\$25 million in Argentine carbon credits by end-2008 (baseline US\$0.6 million in 2005).</p>	<p>Under a Bank-supported National Solid Waste Management Project, 1 municipal solid waste management plan is completed and another 5 are under preparation. 10 infrastructure and equipment investments are planned. New municipal landfills and waste management systems are being contracted in Rosario, Mar del Plata and Chubut.</p> <p>30 pollution control projects are being developed with support from the WBI Carbon Finance Assistance Program. The Regional transport GEF was approved only in 2008. This will be complemented by a far larger IBRD operation (PTUMA) in FY10.</p> <p>Bank purchases put on hold pending improvements in project portfolio.</p>	<p>Some Progress.</p> <p>Limited Progress</p> <p>No Progress</p>

**Sub-objectives/
Major Outcome
Measures**

Instruments for Pillar I:		
On-going pre-CAS 06 Lending Support	Provincial Agriculture Development (PROSAP 1)	Latest PDO Rating: <i>Sat.</i>
	Small Farmer Development Project (PROINDER)	Latest PDO Rating: <i>Sat.</i>
	Catamarca Provincial Reform	IEG Outcome Rating: <i>Mod. Sat.</i>
	Santa Fe Provincial Reform	IEG Outcome Rating: <i>Mod. Sat.</i>
	Cordoba PRL 5	IEG Outcome Rating: <i>Mod. Unsat.</i>
	Forestry Development Project	IEG Outcome Rating: <i>Mod. Sat.</i>
	Native Forest and Protected Areas	IEG Outcome Rating: <i>Mod. Sat.</i>
	National Highway Asset Management (APL 1)	IEG Outcome Rating: <i>Mod. Sat.</i>
	Provincial Road Infrastructure 2	IEG Outcome Rating: <i>Sat.</i>
	Urban Flood Prevention & Drainage (APL 1)	IEG Outcome Rating: <i>Sat.</i>
	Water Sector Reform	IEG Outcome Rating: <i>Unsat.</i>
	Buenos Aires Infrastructure Sustainable Investment Development Project (APL 1)	
	Provincial Agriculture Development (PROSAP 1)	Latest PDO Rating: <i>Sat.</i>
	Small Farmer Development Project (PROINDER)	Latest PDO Rating: <i>Sat.</i>
	Catamarca Provincial Reform	IEG Outcome Rating: <i>Mod. Sat.</i>
	Santa Fe Provincial Reform	IEG Outcome Rating: <i>Mod. Sat.</i>
	Cordoba PRL 5	IEG Outcome Rating: <i>Mod. Unsat.</i>
	Forestry Development Project	IEG Outcome Rating: <i>Mod. Sat.</i>
	Native Forest and Protected Areas	IEG Outcome Rating: <i>Mod. Sat.</i>
	National Highway Asset Management (APL 1)	IEG Outcome Rating: <i>Mod. Sat.</i>
New IDA Lending Support	Urban Flood Prevention & Drainage (APL 2)	Latest PDO Rating: <i>Mod. Unsat.</i>
	Cordoba Provincial Investment Loan	Latest PDO Rating: <i>Sat.</i>
	Catamarca Provincial Investment Loan	Dropped
	Basic Municipal Services I	Latest PDO Rating: <i>Mod. Sat.</i>
	Basic Municipal Services 2	
	National Highway Asset Management (APL 2)	
	Solid Waste Management Project	Latest PDO Rating: <i>Mod. Unsat.</i>
	Buenos Aires Infrastructure Sustainable Investment Development Project (APL 2)	Latest PDO Rating: <i>Sat.</i>
	Provincial Agriculture Development (PROSAP 2)	Latest PDO Rating: <i>Sat.</i>
	Sustainable Natural Resource Mgt (Environmental Mgt. I)	Latest PDO Rating: <i>Sat.</i>
	Environmental Mgt. II	Dropped
	Provincial Roads 3	Postponed
	Infrastructure (Logistics Node of Rosario Port)	Postponed
	Mining Decontamination (PRAMU)	Dropped
	Infrastructure (Freight Corridors)	Postponed
	Integrated Water Resources Management (APL 1)	Postponed
Urban Public Transport	Dropped	
Rural Poverty & Growth	Postponed	
Matanza-Riachuelo Basin Sustainable Development	Additional Project not planned in FY06 CAS. Programmed for 2009.	

Instruments for Pillar I:			
Planned AAA	Fiscal Space for Public Investment Energy Review	Dropped An informal study on the energy sector in FY08 was conducted for internal WB use. It was intended to guide WB re-engagement strategy for the energy sector and was not discussed with the borrower.	
	Private Sector Development	Active, planned for 2010	
	Financing of Development	Dropped	
	Infrastructure Finance	Delivered	
	Country Environmental Analysis	Active, planned for 2010	
Additional AAA	None.		
TF / WBI	Decentralized Medium-Sized Grant Program (GEF)	Delivered	
	Learning Programs on environmental economics	Delivered	
	Capacity building on environmental enforcement and compliance	Delivered	
<u>Argentina CAS FY06-08: Pillar II</u> <u>Social Inclusion</u>		Actual Outcomes	Comments
Objectives	1. Supporting Progress Towards Permanent Safety Nets and Fostering Employment 2. Improving Selected Health and Education Outcomes		
<u>Sub-objectives/</u> <u>Major Outcome</u> <u>Measures</u>	1. Supporting Progress Towards Permanent Safety Nets and Fostering Employment		
	<ul style="list-style-type: none"> ▪ Improvements to income support programs, notably making the transition from emergency income programs to initiatives that foster employment and establishing more permanent safety nets geared to provide direct support to vulnerable groups. 	<ul style="list-style-type: none"> ▪ Beneficiaries of Jefes de Hogar program now being transferred to new Familias program and to new Seguro de Capacitación y Empleo program. 	<ul style="list-style-type: none"> ▪ Good Progress.
	<ul style="list-style-type: none"> ▪ Reduction in number of people having to participate in workfare programs from 1.4 million (2005) to one million (2006) and less than 0.5 million (2009). 	<ul style="list-style-type: none"> ▪ Participants in Jefes de Hogar program reduced from 1.4 million in June 2005 to 665,000 by June 2008 and 570,000 by August 2008. 	<ul style="list-style-type: none"> ▪ Good Progress.
	<ul style="list-style-type: none"> ▪ Transition of Heads of Household program into new income transfer schemes, including role of non-contributory unemployment benefit and/or expansion of child benefits. 	<ul style="list-style-type: none"> ▪ Numbers transferred from Jefes Program by mid-2008 were as follows: (i) 340,634 to Familias program. (ii) 95,800 to Seguro program. 	<ul style="list-style-type: none"> ▪ Good Progress. There was no quantified target.
	<ul style="list-style-type: none"> ▪ Formulation of integrated community service strategy, including how nutritional and child development strategies will be implemented at local level 	<ul style="list-style-type: none"> ▪ A strategy formulated by the Centro Integrador Comunitario (CIC) is being implemented in 195 municipalities nation-wide. ▪ The Community Doctors program has used the CIC as a platform to launch activities with community organizations and national programs that address the social determinants of health. ▪ CICs are used as a space for informing citizens about their rights (accountability), particularly the social guarantees established through different social programs (such as Plan Nacer for pregnant women). 	<ul style="list-style-type: none"> ▪ Good Progress.
<ul style="list-style-type: none"> ▪ Definition of integrated, inter-ministerial lifelong learning strategy. 	<ul style="list-style-type: none"> ▪ Life-long learning project under implementation with Bank support. There are 250 registered occupations based on competencies, 150 institutions of professional capitation are 	<ul style="list-style-type: none"> ▪ Some Progress 	

<u>Argentina CAS FY06-08: Pillar II</u> <u>Social Inclusion</u>		Actual Outcomes	Comments
		certified and 30 more underway, 110,000 workers in training, etc.	
<u>Sub-objectives/</u> <u>Major Outcome</u> <u>Measures</u>	2. Improving Selected Health and Education Outcomes		
	2A. Health		
	<ul style="list-style-type: none"> ▪ Support efforts to improve health service delivery at the provincial level 	<ul style="list-style-type: none"> ▪ Bank support for a <i>Provincial Maternal I-Child Health Investment Project</i> was approved in November 2006. ▪ Main indicator of improved health service delivery is that over 650,000 persons that did not have health insurance now have it. As a result there have been over 80,000 baby deliveries in health institutions, and infant mortality dropped in the poorest regions of Argentina, by 26% in the Northwest and 16% in the Northeast. 	<ul style="list-style-type: none"> ▪ Good Progress.
	<ul style="list-style-type: none"> ▪ Reduction of infant mortality rate from 14.4 per 1000 births in 2005 to 12.0 per 1000 births in 2009. 	<ul style="list-style-type: none"> ▪ As of 2006 infant mortality was 12.9 per 1000 births. 	<ul style="list-style-type: none"> ▪ Good Progress. The latest data provided was for 2006.
	<ul style="list-style-type: none"> ▪ Expand coverage of maternal-child health insurance from 20% of eligible population in 2005 to 50% in 2009 (9 NOE/NEA provinces). 	<ul style="list-style-type: none"> ▪ As of 2008 coverage of maternal-child health insurance was 79% of eligible population. 	<ul style="list-style-type: none"> ▪ Good Progress.
	<ul style="list-style-type: none"> ▪ Definition of core package of public health goods. 	<ul style="list-style-type: none"> ▪ The Bank and the Argentine authorities agreed on the definition of a core package in September 2007. 	<ul style="list-style-type: none"> ▪ Good Progress. Output was delivered but the outcome of the strategy is yet to be seen.
	2B. Education		
	<ul style="list-style-type: none"> ▪ Improve coverage of pre-school education for children of 5 years of age in rural areas of Argentina by 2009 (baseline 89% in 2003-04, target is 95% by 2009-10). 	<ul style="list-style-type: none"> ▪ As of 2006, coverage of pre-school education for 5 year-old children in rural areas was 93.5 percent. 	<ul style="list-style-type: none"> ▪ Good Progress.
	<ul style="list-style-type: none"> ▪ Improve effective promotion rate for classes 7-9 in rural areas (baseline 68% in 2003-04, target is 80% by 2009-10). 	<ul style="list-style-type: none"> ▪ As of 2006, the effective promotion rate from class 7 to 8 in rural areas was 81.4 percent. 	<ul style="list-style-type: none"> ▪ Good Progress.
Instruments for Pillar II:			
On-going pre-CAS 06 Lending Support	Maternal Child Health Insurance Functions (APL 1)		IEG Outcome Rating: <i>Sat.</i>
	Maternal Child Health Insurance SECAL		IEG Outcome Rating: <i>Sat.</i>
	Public Health Surveillance and Disease Control		IEG Outcome Rating: <i>Sat.</i>
	Social Protection 4		IEG Outcome Rating: <i>Mod. Sat.</i>
	Indigenous Community Development SIL		IEG Outcome Rating: <i>Mod. Sat.</i>
	PROFAM		IEG Outcome Rating: <i>Mod. Sat.</i>
New IDA Lending Support	Income Support for the Poor		Postponed
	Early Childhood Development & Community Services		Postponed
	Lifelong Learning		Latest PDO Rating: <i>Mod. Sat.</i>
	Maternal Child Health Insurance Functions (APL 2)		Latest PDO Rating: <i>Sat.</i>
	<i>Renamed:</i> Provincial Maternal-Child Health Essential Health Functions		Latest PDO Rating: <i>Mod. Sat.</i>
	Provincial Preschool and Basic Education		Postponed to 2010
	Rural Education Reform Project		Latest PDO Rating: <i>Sat.</i>
Head of Household Transition		Latest PDO Rating: <i>Sat.</i>	

Instruments for Pillar II:			
Planned AAA	Programmatic Poverty 2 <i>Renamed- The Invisible Poor: A Portrait of Rural Poverty in Argentina</i>	Delivered	
	Programmatic Poverty 3 (Urban and Water)	Dropped	
	Programmatic Social Protection (Jefes Transition) <i>Renamed - Informal Employment in Argentina</i>	Delivered	
	Impact Evaluation of Health and Reform	Dropped	
	None.		
Additional AAA			
TF/WBI	High level policy seminar to raise awareness and initiate the social safety net reform process.	Delivered	
	Consensus building initiative to support the development of Social Policy Strategy	Delivered	
	Knowledge sharing on social safety net programs in relevant middle income and OECD countries.	Delivered	
	Customized training courses in design, implementation and evaluation of safety net interventions.	Delivered	
Argentina CAS FY06-08: Pillar III Improving Governance		Actual Outcomes	Comments
Objectives	Strengthening Public Institutions		
Sub-objectives/ Major Outcome Measures	<ul style="list-style-type: none"> Deepen the emerging investment partnership in favor of institutional strengthening in selected areas of public sector management including expenditure management, transparency, and service delivery. 	<ul style="list-style-type: none"> There was some progress in strengthening public sector management through improving service delivery (as seen from the following indicators). There was no improvement in public expenditure management in sub-national governments. No evidence for improved transparency was given. 	<ul style="list-style-type: none"> Some Progress.
	<ul style="list-style-type: none"> Increase in user satisfaction of ANSES as measured by service-delivery outcomes and by citizen satisfaction surveys. 	<ul style="list-style-type: none"> Average time for the provision of new benefits reduced from 140 days in 2005 to 130 days in 2008. Data on citizen satisfaction is not available. 	<ul style="list-style-type: none"> Some Progress.
	<ul style="list-style-type: none"> Expansion of the integrated financial management (SLU/web- SIDIF) system (baseline: SLU covered 71% of federal level public institutions in 2005). 	<ul style="list-style-type: none"> SLU installed in 863 agencies which constitute 82% of federal level institutions. 	<ul style="list-style-type: none"> Good Progress.
	<ul style="list-style-type: none"> Expansion of the public investment management system (BAPIN II) to additional provinces (baseline: 19 provinces in 2005). 	<ul style="list-style-type: none"> BAPIN II implemented in 23 of the 24 provinces and 110 federal agencies. 	<ul style="list-style-type: none"> Good Progress. The output was delivered but the outcome of this measure is yet to be seen.
	<ul style="list-style-type: none"> For provinces participating in the Sub-national Governments Public Sector Modernization Project: (i) Percent of provincial expenditures on human resources operating under integrated payroll information systems has increased from 30% to 45% in 2008 (and 55% in year 2009); and (ii) Ratio between collected and emitted tax revenue for provincial real property and motor vehicle taxes has increased from 55 to 65 percent in 2008 (and 70% in 2009). 	<ul style="list-style-type: none"> Percent of provincial expenditures on human resources operating under integrated payroll information systems stands at 30% in 2008; Ratio between collected and emitted tax revenues for the provincial real property and motor vehicle taxes stands at 55% in 2008. 	<ul style="list-style-type: none"> No Progress on outcomes. However, participating provinces have developed a strategic plan to improve management, competitiveness and growth.
	<ul style="list-style-type: none"> Argentina's rankings on WBI's Global Governance Indicators of "Government Effectiveness" and Control of Corruption" improve from current percentile ranks of 42.3, and 42.9, respectively. 	<ul style="list-style-type: none"> In 2007 the percentile ranking for Government Effectiveness was 51.7 and for Control of Corruption was 43.5. 	<ul style="list-style-type: none"> Good Progress.

Instruments for Pillar III:		
On-going pre-CAS 06 Lending Support	State Modernization 1	IEG Rating: <i>Mod. Unsat.</i>
	Public Investment Strengthening	IEG Rating: <i>Mod. Unsat.</i>
	Model Court Development	IEG Outcome Rating: <i>Mod. Sat.</i>
New IDA Lending Support	Governance 21	Postponed to 2009
	Cordoba Provincial Investment Loan	Latest PDO Rating: <i>Sat.</i>
	Santa Fe Provincial Investment Loan Renamed: Santa Fe Road Infrastructure	Latest PDO Rating: <i>Sat.</i>
	Catamarca Provincial Investment Loan	Dropped
	Second Social and Fiscal National Identification System (SINTyS APL 2)	Latest PDO Rating: <i>Sat.</i>
	Sub-national Governments Public Sector Modernization I	Latest PDO Rating: <i>Sat.</i>
	Sub-national Governments Public Sector Modernization 2	Postponed
	Provincial Public Mgmt Loan	Postponed
	Buenos Aires Infrastructure Sustainable Investment Development Project (APL 2)	Latest PDO Rating: <i>Sat.</i>
	State Modernization 2	Latest PDO Rating: <i>Sat.</i>
Planned AAA	ANSES II	Latest PDO Rating: <i>Sat.</i>
	Innovation - <i>Renamed</i> : Unleashing Productive Innovation	Latest PDO Rating: <i>Sat.</i>
	Fiscal Space for Public Investment	Dropped.
	Provincial Economic Memoranda (1 to 3)	Buenos Aires is programmed for 2009 but others have been dropped.
	CPARs (Federal and Provincial levels)	Dropped
	CFAA (Provincial levels)	Delivered
	Social Accountability	Dropped
Additional AAA	Innovation Study	Active, planned for 2010
	None.	
TF / WBI	Small Grants Program (focus on transparency)	Delivered
	Learning program on judicial reform	Delivered
	Municipal level capacity building programs	Delivered
	Support for governance diagnostic/benchmarking	Dropped
	Training for CSOs in social accountability/citizen monitoring of government performance.	Delivered

Portfolio Performance and Fiduciary Management		
Target Outcomes	Actual Outcomes	Comments
<ul style="list-style-type: none"> ▪ Enhance government project mgt. capacity through: <ul style="list-style-type: none"> (i) a framework agreement to shift implementation responsibility from stand-alone PIUs to line ministries; (ii) a fiduciary action plan to improve fiduciary control; (iii) institutional strengthening investments to build up capacity; 	<ul style="list-style-type: none"> (i) A framework for phasing-out PIUs was agreed in mid-2005 and PIU staff for repeater projects was reduced by 46% from 2004/5 and 2006. (ii) A fiduciary action plan is under implementation. Information on all Bank-financed contracts is posted on the web. Annual fiduciary assessments are now made for all Bank-supported projects. (iii) Bank loans for a second <i>SINTyS Project</i> and a <i>Second State Modernization project</i> are successfully strengthening institutions and building capacity. The SINTyS project established a coordinated data exchange system among public sector agencies, thus enabling a better decision making process and public policy management. Highlights of the outcomes are: <ul style="list-style-type: none"> (a) implementation of organizational methods and exchange processes, and data access among public agencies; (b) agency support to improve data collection and entry, technical assistance and training; 	<p>Good Progress. All output indicators were reached. In addition, capacity strengthened as follows:</p> <ol style="list-style-type: none"> 1. Development of a web-based information system (known as SEPA) that provides the public with easy access to detailed information on all Bank-financed contracts in the country. 2. A methodology (known as IFPA) to simplify, summarize, and communicate technically complex fiduciary assessments (at the project and portfolio level) through an easily understood system of red, yellow, and green "traffic lights."

Target Outcomes	Actual Outcomes	Comments
	(c) provision of computer tools for the univocal identification and the exchange of data; (d) provision of tools and methods for data security; (e) improved control and audit processes to guarantee high quality and reliable data; (f) online connection and consultation services. The most noteworthy institutional strengthening outcomes are the norms established by many social programs, or even discharge procedures by some agencies which are already requiring the cross-referencing of their data with that available in the SINTyS.	3. An intensification of dialogue between the Bank and Argentina's Supreme Audit Institution (AGN). Audit support activities have improved on-time audit completion and, more broadly, strengthened government audit capacity. 4. A Price Monitoring Mechanism (PMM) on civil works contracts to help distinguish higher prices attributable to legitimate supply responses from artificial price inflation.
(iv) AAA to strengthen the dialogue on financial accountability and procurement;	(iv) A CFFA and ROSC were delivered in FY07.	
(v) enhanced supervision of projects at risk;	(v) Additional budget allocations were made in FY05-08 to enhance supervision of projects at risk;	
(vi) twice annual portfolio reviews with the authorities.	(vi) Portfolio reviews have been done twice annually with the authorities	
▪ % of problem investment projects by number declines continuously through the CAS period (baseline: 20.8% in 2005).	▪ After declining to 3.4 percent in 2007, problem projects by number rose to 25 percent in 2008	▪ No Progress
▪ % of investment projects at risk by amount does not surpass 20% (baseline: 19.5% in fiscal 2005).	▪ Projects at risk by amount rose to 60 percent in 2008.	▪ No Progress
▪ Audit compliance for Bank project increases from 45% (2005) to 60% (2006), 75% (2007) and 80% (2008).	▪ Compliance increased to 76% in FY06 and 81% in FY07. After dropping temporarily to 45% in FY08 the 80% target was recovered 3 months later.	▪ Good Progress

Instruments		
On-going pre-CAS 06 Lending Support	Institutional Strengthening TALs	SINTyS I
	TA Components of investment loans	State Modernization I
New IDA Lending Support	Institutional Strengthening TALs	SINTyS II
	TA Components of investment loans	State Modernization II
Planned AAA	CPARs (Federal and Provincial levels)	Dropped
	CFAA (Provincial levels)	Delivered
	Accounting and Auditing Report (ROSC)	Delivered

1. CAS Data

Country: ARGENTINA

CAS Year: FY09

CASCR Review Period: July 1, 2006 – December 31, 2008

CAS Period: FY2006- FY2008

Date of This Review: May 26, 2009

2. Background

Argentina sustained consistent economic growth over the CAS period, although the recent global financial crisis has had negative impacts on its economic condition. Real GDP growth slowed down from 9.2% in 2005 to an estimated 6% in 2008. Foreign direct investment (FDI) as a percentage of GDP dropped from 2.9% in 2005 to an estimated 1.3% in 2008. FDI as a percentage of gross fixed capital formation (GFCF) declined from 13.4% in 2005 to an estimated 5.5% in 2008. However, there were improvements in external debt levels as a percentage of GDP which improved from 72.6% in 2005 to an estimated 39.2% in 2008. After the 2001-2002 financial crisis, Argentina's banking sector recovered strongly from 2003 and over the CAS period. By mid-2008, some stresses emerged in the financial system. The banking sector has become vulnerable to political and social instability, and the nationalization of the pension system has eroded public confidence. As a result, very few Argentines now make long-term deposits at local banks.

The uncertainties arising from the global economy strongly fuelled by domestic political problems, especially the dispute with farmers over taxes and rising inflation and the economic deceleration, have given additional support to consumers' skepticism about banks.

In 2008, fixed capital formation fell by 2.8%, the first decline since 2002, hit by the global and local economic downturn and the sudden tightening of local credit conditions. In the wake of the current global financial crisis, the government's mission to stimulate growth at the expense of high inflation and a purposely undervalued currency created a fiscal crisis. Although in July 2008, consumer inflation was at 9.1% annual rate according to INDEC (the national statistics institute), unofficial estimates are that inflation was around 25% per year. (EIU)

In September 2008, in terms of country credit risk, investors faced lower risks in Chile, Brazil, Peru and Venezuela than in Argentina (WDI-GDF). (See Annex Table 7).

i. **CAS Objectives.** Against this scenario, the three pillars of the previous 2004 CAS remained valid during the current CAS. They were to provide the foundation for the new country assistance strategy covering FY06-08: (1) **sustained growth with equity**, (2) **poverty reduction and social inclusion** and (3) **improved governance**. IFC was to complement WB by providing **long-term financing and structured finance products** to companies and projects in strategic sectors. IFC was to support the Bank Group assistance strategy, primarily contributing to the **first CAS pillar of sustained growth with equity**, in the area where IFC has comparative advantage. Strategic sectors included oil, gas and mining; agribusiness and forestry products; and the financial sector, with an emphasis on *South-South*, **export-oriented small and medium-size enterprises (SMEs)**, or **export facilitating projects**. IFC was also to consider selected projects in the health and education social sectors and financial restructuring, with a focus on corporate social responsibility (CSR), sustainability, and advisory SME linkages under the **second CAS pillar of poverty reduction and social inclusion**. IFC's ability to support the private sector through **infrastructure and public services (utilities)** projects was contingent upon the adoption of a clear and stable policy framework that would restore the conditions for private sector participation in infrastructure. The IFC Argentina CASCR claims that its projects met the first CAS Pillar's objectives, whereas a project and an advisory assignment met were supportive of the **second CAS Pillar's** objectives as well. However, there was no discussion about why no suitable investments were undertaken identified in the health and education social sectors.

ii. **IFC Investments.** The IFC Argentina CASCR discusses the current and potential impacts of some

projects in the strategic sectors. It also highlights the mobilization role of IFC in each strategic sector. Although the CASCR mentions that IFC undertook 15 projects during the CAS period, the discussion in the CASCR only centers on was largely at the sectoral level and discussed only 4 projects. A more comprehensive discussion on the contributions of the other projects would have been useful in discerning IFC's impact in the private sector. A good balance of IFC's financial and developmental roles was evident through the mix of its investment projects in the strategic sectors, with demonstrated industry expertise support for international standards of both corporate governance and environmental & social sustainability. IFC invested in the agribusiness sector and in two small local oil and gas producers in the extractive sector. IFC also provided trade financing guarantees to three banks mainly for agribusiness SMEs. However, the rest of its investments were at relatively limited levels of financial risk to IFC with a heavily loan dominated portfolio (95% loans versus 5% equity by volume), and mostly with leading and larger companies.

iii. **IFC Advisory Services.** There is no discussion of the 4 IFC advisory services that were undertaken during the CAS period.

iv. **Lessons Learned.** This Review presents four lessons that emanated from the interviews conducted by IEG-IFC in the field pertaining to relationship managers, combined direct and indirect financing, synergy, and the current global financial crisis.

3. IFC Areas of Focus during the CAS Period

The main objective of the 2006-2008 WB-IFC Joint CAS was to seek opportunities to build an investment partnership with the Argentine Government. The main effort was to support the transition from a mode of "emergency response and crisis recovery" to a more sustained private sector-led growth. This was to be achieved with improved equity, reduced structural poverty and an appropriate policy framework for private sector development. A successful transition requires a long-term development strategy incorporating feasible policies to reduce social exclusion and strengthen governance. While there is a compelling need for investments in **utilities** for capacity expansion and growth, IFC did not expect to be active in utilities until there was satisfactory progress on the renegotiation of public service contracts, adoption of a clear and stable policy framework, and establishment of appropriate conditions for private sector participation. It was noted that IFC's ability to support the private sector through **infrastructure and public services** projects would depend on the adoption of a clear and stable policy framework that would restore conditions for private sector participation in infrastructure, both in terms of existing and future investments in this area.

4. Relevance of IFC Areas of Focus

The 2006 CAS identified the first CAS pillar "growth with equity" as an area where IFC has comparative advantage. However, "growth with equity" is more related to social equity than to private sector lending, which is IFC's area of comparative advantage. Therefore, this Review finds that although IFC has been making strides in its lending activities to reach frontier regions, SMEs and underserved segments, "growth with equity" is not IFC's main expertise and therefore not an area of comparative advantage.

During the CAS period, IFC's interventions in Argentina were in line with WBG's first and second CAS pillars, and. IFC's activities were also in line with the IFC LAC regional strategy emphasis on providing increased access to finance to SMEs and infrastructure, with a country or regional approach to a sector (i.e., financial markets and agribusiness).

At the time of execution, the joint WB-IFC objectives in the 2006 CAS were appropriate, especially in light of Argentina's objective to transition from an emergency mode to a more sustainable mode, and recover from the effects of its systemic financial crisis in 2001-2002. IFC's combined investment and advisory services strategy to improve investment climate in Argentina was relevant to the country's needs, and complementary with WB's activities in supporting sustainable private sector-led growth. IFC was also to consider selected projects in areas such as the social sector, since the topic of "growth with equity" is relevant to social inclusion. However, no projects in the health or education sectors were undertaken, and no explanation or justification was presented in the CASCR.

5. IFC Activities during the CAS Period

The CASCR mentions that IFC undertook 15 projects during the CAS period, and highlighted the mobilization role of IFC in all the strategic sectors. However, the discussion in the CASCR only centers on 4 projects. The additional information in this Review is based on IEG-IFC's independent research of project documents in I-desk and IFC Intranet, in addition to interviews they conducted in the field.

Sector concentration and type of investments. By share of total net commitment volume, IFC's operations in Argentina during the CAS period was concentrated in the financial sector for housing finance, trade finance, and on-lending to SMEs (47%); followed by extractive (28%); agribusiness (16%); infrastructure (ports and warehousing, 7%); and private equity funds (3%). By instrument, there were 3 equity projects, and 14 loans. By type of business, there were 15 *Existing* projects; and 2 *Greenfield* projects in the financial and industrial sectors. However, most of IFC's activities in the infrastructure, financial markets and private equity projects were agribusiness-related.

Mobilization. Before this CAS period (during FY04-05), IFC made investments in Argentina of \$231 million and mobilized \$90 million in B loans; or a mobilization of \$0.39 for every \$1 of investment. In sharp contrast, during the CAS period (FY06-08), IFC's mobilization was higher at \$1 for every \$1 of investment, based on total investments of \$887 million and \$883 million in B loans in Argentina. The average B loans of \$30 million during the pre-CAS period more than doubled to \$110 million during the CAS period.

A. Investment projects

New investments. During the CAS period (FY06-08), IFC undertook 17 operations in 15 projects for a net commitment of over US\$887 million, with an average project commitment of US\$59 million, at an average of 5 projects committed per year. IFC more than doubled its loan investment volume and project size, while mobilized funds (B loans) more than tripled from \$90 million to \$883 million. However, equity investment volume dropped 67%, compared with the pre-CAS (FY04-05). See Annex Table 1 for a list of IFC's operations. See Annex Table 3 for a brief description of IFC's investments during the CAS period.

IFC's investments in comparative perspective

IADB commitments results in Argentina. IADB made 19 total direct private sector investments in Argentina during the CAS period totaling over US\$93.6 million. All 19 projects are loans and one has an equity component. By volume, 1.4% is equity and 98.6% are loans. As of FY08, IADB's outstanding Argentina portfolio balance is about \$58.4 million.²

IFC investments as a percentage of GFCF and GDP in Argentina versus comparators. Argentina's average GFCF flows over 2000-07 reached \$37 billion. For every \$1 million GFCF, IFC invested \$3,234 in Argentina. For every \$1 million of GDP, IFC invested \$607 in Argentina. For every \$1 million of FDI, IFC invested \$30,106 in Argentina. Brazil received the highest FDI but in terms of IFC investment to FDI ratio, Peru did better. (See Annex Tables 9).

IFC's actual investments versus strategy

IFC invested, as intended in its strategy, in the extractive, agri-business, financial, and infrastructure sectors with the objective of helping companies enhance their regional competitiveness through its investment operations, with the support of advisory services to further improve the business climate of the private sector. The CAS period, however, was predominantly agribusiness-related. Agribusiness was the most competitive sector in Argentina.

During the CAS period, IFC invested in four operations in the extractive sector (**PAE, PAE II, Diadema and Roch**); two operations in the agri-business sector (**Arcor and Arcor Expansion**); eight operations in the

² Source: Inter-American Development Bank (IADB), Washington D.C. The data presented is a summation of activities approved by the Inter-American Development Bank, the Inter-American Investment Corporation (IIC) and the Multilateral Investment Fund (MIF) figures. Of the 19 projects approved in FY06-08, 2 are IADB, 15 are IIC and 2 are MIF. As a share of \$93.6 million in total net commitments, 5% are IADB, 47% are IIC and 5% are MIF. As a share of \$58.4 million in total outstanding balance as of FY08, 5% are IADB, 90% are IIC, and 5% are MIF.

financial sector (**Banco Galicia, BACS WCL II, GTFP BBVA Frances, GTFP Patagonia, GTFP Supervielle, Pampa Fund, GFG preferred shares, SOCMA settlement**); and three operations in the infrastructure sector (**TRP, Timbues Port and Timbues II**). IFC also did four advisory assignments.

IFC closely coordinated with the private sector department of the IADB and developed a joint approach in which both institutions had investments (**Banco Galicia, Banco Frances, and TRP** projects), particularly in the financial and infrastructure sectors, to promote private sector investments. However, IFC and WB had little collaboration, except for the Development Market Place. IFC should continue to seek opportunities for synergy with both WB and IADB, in investments and advisory services, to help make Argentina's private sector more attractive to investors.

IFC's Active Portfolio in Argentina

Of the projects approved during FY92-01, there are 28 **active** operations. During the pre-CAS period (FY04-05) where IFC undertook 7 investment operations with a total net commitment volume of US\$231 million, 5 operations are currently active. Of the five, three investments are *Existing* projects, and two are *Greenfield* projects. During the CAS period, where IFC undertook 17 operations, 16 operations are currently active. See Annex Table 4 which lists all active operations in Argentina to date.

IFC held and committed balances by sector. At the end of the pre-CAS period (FY05), IFC's committed portfolio was over \$731 million, with 18% in equity and 82% in loans. The agribusiness sector (sectors A & F) held the highest share with 37%, followed by the financial sector with 23%. At the end of the CAS period (FY08), IFC's outstanding portfolio reached over \$998 million, with 15% in equity and 85% in loans. The extractive sector held the highest share with 38%, followed by the agribusiness sector with 28%, and financial sector with 21%. The share of equity dropped from 18% in FY05 to 15% in FY08, whereas the share of loan increased from 82% in FY05 to 85% in FY08 and FY09, as a percentage of total committed balance. See Annex Table 8. (Source: MIS)

DOTS evaluation ratings. A total of 38 active and closed projects with DOTS ratings show a 47% success rate. Of 38, the 30 active projects also show a 47% success rate. There are 4 projects approved in the pre-CAS period (FY04-05) with **mostly successful or higher** Development Outcome ratings. There are 2 projects approved during the CAS period with **successful** Development Outcome ratings. In comparison, a total of 222 active and closed projects in the LAC Region with DOTS ratings show a 63% success rate. Of 23 projects approved in FY04-05, 22 have **mostly successful or higher** Development Outcome ratings; and all 6 projects approved in FY06-08 have **mostly successful or higher** Development Outcome ratings. (not validated by IEG).

Development Outcome Success Rates	Argentina (38 projects; closed and active)	LAC Region (222 projects; closed and active)
FY98-05	47%	63%
FY04-05	47%	96%

The lower success rate of Argentina (47%) compared with the LAC Region (63%) is largely due to a confluence of poor financial, economic, and environmental performance of the businesses, and the effects of the crisis on the business climate. However, the DOTS development outcome success rates of Argentina projects are significantly higher in the more recent cohort covering FY00-05.

IEG-IFC evaluation ratings. There are no projects approved during the CAS period that were evaluated by IEG-IFC because they have not reached maturity (i.e., at least 5 years of operational activity). For the projects approved pre-CAS (FY92-04), there are 37 projects evaluated during CY96-08, of which 57% have development outcome ratings of **mostly successful or higher**, and 43% with **mostly unsuccessful or lower**, and 51% have investment outcome ratings of **satisfactory or higher**.

IFC Supervision Credit Risk Ratings (CRR): For the projects approved pre-CAS (FY04-05), there are 10 Argentina investments with CRR ratings of which 2 have equity ratings. For the projects approved during the CAS period, there are 18 investments with CRR ratings of which 4 have equity ratings. By instrument, the average CRR of the loans in both periods is *low risk* with of a slight improvement in loan ratings in the CAS period, while the average CRR of the equity investments in both periods remained virtually the same at *moderate risk*.

B. IFC Advisory Services

During the CAS period, IFC undertook 4 advisory services in Argentina: 2 Corporate Advice (CA), and 2 Environmental and Social (ESS) assignments through the Technical Assistance Trust Fund totaling over \$1.3 million of total donor funding received during the CAS period. These were in the extractive, power, and tourism sectors; and one to support the WB Development Market Place. See Annex Tables 2 & 6.

Advisory Services by Business Line. Overall, TATF has been the main provider of donor funding for advisory services. By business line, IFC's advisory services in Argentina have been predominantly ESS comprising 85% of total funding of \$1.3 million; and CA, 15%. See Annex Table 5.

CAS objectives regarding deployment of advisory services. During the CAS period, IFC undertook 4 advisory services to improve the business environment of Argentina mainly through promoting income generating opportunities in support of SMEs and reducing business costs. In addition, IFC also provided advisory services to assess and improve business activity in the tourism sector. One advisory assignment was linked with an investment project (PAE).

6. IFC Investment Outcomes

Profitability. IFC's investments in Argentina approved during the CAS period registered an estimated gross profit contribution by end-FY08. If overhead costs were to be included, the net result would still be positive. There are no loan loss reserves. Three investment projects, however, register an overall loss. Overall, IFC's Argentina investments approved during FY06-FY08 show an estimated positive gross profitability rate of 8% as a percentage of total outstanding loans and equity for the period, excluding all overhead costs. The estimated gross profitability rate of Argentina's CAS projects is much lower than IFC's 29% and LAC Region's 27%, perhaps because of the low level of equity investments. (RMS & MIS Database)

7. IFC's Contributions to Private Sector Development

Extractive Industries. Roch's CEO cites IFC's deep sector expertise and rapid decision-making process as instrumental to its outcomes. In **Diadema**, IFC's seal of approval, sector knowledge, flexible and counter-cyclical financing in times of crisis, helped the company obtain ISO certification to be in line with international best practices, and double its production level which has contributed to Argentina's exports, as well as royalties to the Chubut Province, fees for the local land-owners, and tax revenues for the country. IFC's additionalities in **Roch** and **Diadema** are long-term financing, corporate governance and environment and social sustainability. IFC's guarantee enabled **PAE** to help manage the perceived political risks in a challenging sector. IFC assisted **PAE** with an insurance framework, linkages, and social responsibility.

Agribusiness. Through IFC's loan to **Arcor**, a leading producer and distributor of candies, chocolates and biscuits, IFC strengthened **Arcor's** financial structure and sustained its regional expansion. **Arcor** has more than 13,900 employees in Argentina, with a substantial portion located frontier provinces such as Catamarca, Entre Ríos and Tucumán. **Arcor** has developed more than 160 SMEs to work as exclusive distributors, employing more than 2,500 salespeople. IFC recommended that **Arcor** rebuild the sugar mill to recapture carbon emissions. IFC's additionalities in **Arcor** were in providing long-term financing, environment and social sustainability, and currently, counter-cyclical financing.

Financial Markets. IFC provided a credit line to **BACS** to support the mortgage sector. IFC also supported the agribusiness sector through a credit line to **Banco Galicia**; global trade finance guarantees

to three banks (**Banco Francés, Banco Patagonia, and Banco Supervielle**); and an equity investment in **Pampa Fund**. IFC's credit line to **BACS** is IFC's first investment in Argentina's mortgage sector after the 2001 crisis. However, **BACS** underwent a severe crisis and its financials still reflect a relatively low volume of activity. Due to the global financial crisis, construction declined and **BACS'** operations were severely constrained. Currently, the **BACS** portfolio team is under advice of **SOU**. **Banco Galicia** finances agribusiness SMEs through a credit card called "Galicia Rural," where IFC could participate with equity in regional credit tailored to underdeveloped rural areas. Domestic credit provided by the banking sector as a percentage of GDP had been declining since 2002 (See Annex Table 10). IFC played a catalytic role in mobilizing foreign international capital for **Pampa Fund**, and aligned the Fund's structure with international best practice standards. Overall, IFC's additionalities in the sector were equity financing, industry expertise, environment and social sustainability, and enhancing trade through export and SME financing.

Infrastructure. Physical infrastructure is being eroded due to the lack of private investment on top of an inadequate regulatory framework (EIU). Nevertheless, IFC invested US\$53 million in infrastructure. IFC provided a loan to **Timbues** for the construction and operation of a soy bean river port terminal at **Timbues**, which is the first port project ever constructed by Noble Argentina in the world. IFC helped Noble Argentina enter the port terminal business which was replicated in Brazil. Based on interviews with the firm, the processing time from negotiations to signing took 8 months, but the loan terms and grace period were satisfactory. In **TRP**, IFC's additionalities were IFC's seal of approval and flexible financing.

Summary. The CASCR discussed the current and potential impacts and highlighted the mobilization role of IFC in each strategic sector. However, the CASCR discussion centered only on 4 projects. A more comprehensive discussion of the other projects would have been useful in discerning IFC's impact in the private sector. IFC made investments in each of the sectors identified as strategic priorities for Argentina in the CAS, but omitted the health and education sectors. Moreover, although IFC invested in the leading and largest firms of the targeted sectors (**PAE, TRP, Arcor, Banco Frances**) where the potential for each entity's impact would be substantial, IFC's activities for private sector development were constrained by internal factors (e.g., processing time) and external factors such as the current crisis impacting various sectors, which is beyond IFC's control. IFC's also faced competition with bilaterals such as FMO and KfW-DEG. IFC's additionality during the CAS period fulfilled a balance of its financial and developmental roles, with evidence of industry expertise support for international standards of both corporate governance and environmental & social sustainability in **Arcor, Roch, Banco Galicia, Pampa Fund, Timbues and Diadema**. IFC employed a selective strategy, which is compatible with the regional strategy, and worked with companies with strong sponsors. IFC invested in **Arcor** in the agribusiness sector that traditionally has been considered to be high risk (13.5% of total investment volume during the CAS period). IFC invested in **Diadema**, a small local oil and gas producer. In **Roch and Pampa Fund**, IFC injected funds which were not easily available in Argentina's debt and equity capital markets. IFC also provided trade finance guarantees to three banks mainly for on-lending to agribusiness SMEs.

However, due to failed operations and a downturn in the construction market, **BACS** was not able to contribute in the mortgage sector as planned. IFC's investments were at relatively limited levels of financial risk to IFC with a heavily loan dominated portfolio (95% loans versus 5% equity by volume), and mostly with larger clients. Overall, IFC's activities were largely focused in two competitive sectors, energy and agribusiness since IFC's activities in infrastructure, financial markets and private equity were mainly related to agribusiness. IFC should continue to try to fully leverage the presence of the WB and IADB in Argentina, particularly to provide more effective advisory services, to help improve the investment climate and promote private sector development in light of the effects of the current global financial crisis in the country.

8. IFC'S Contribution to CAS Objectives

Pillar 1: IFC's investments supported the **first CAS pillar of sustained growth with equity** by playing an important role in providing access to long-term credit to **SMEs** and frontier regions of Argentina to finance their capital expenditure and capital expansion programs. IFC provided long-term financing both for its own account and through its syndication program to help the companies in the strategic sectors develop and

grow. The growth and success of these companies, in turn, had a positive impact on exports, job creation, development of employee skills, transfer of knowledge, and for consumers in the Region. In **Diadema**, IFC supported one of Argentina's family-owned oil & gas producer located in Chubut Province, a remote and less developed province in southern Argentina. In **Roch**, IFC strengthened its capital base to position this family-owned company as an independent oil and gas producer.

Pillar 2: **Arcor** is in line with the **second CAS pillar of poverty reduction and social inclusion** for having a strong corporate social responsibility culture, which supports programs in education, training, health, culture, and research, through the Fundación Arcor and Instituto Arcor Brazil. **Arcor** is in line with IFC's LAC regional strategy in contributing to sustainable economic growth by supporting a family-owned company's domestic and regional expansion. **Arcor** operates in a strategic sector and is export-oriented with *South-South* expansion plans. IFC's unique role was supporting growing companies operating under volatile financial markets. IFC also supported awardees from the **Southern Cone Development Marketplace**, through advisory service. A total of 100 innovative projects received grants of \$10,000 each to implement projects in the areas of environment, health promotion, inclusion of discriminated groups, culture, education and training, gender equity, and recreation and sports. 48 winners were from Argentina.

Synergy: As intended in the CAS, IFC coordinated closely with the private sector department of **IADB**, and developed a joint approach infor its projects in the financial and infrastructure sectors (**Banco Galicia, Banco Frances, and TRP**), both in the pre-CAS and CAS periods. However, there was very little evidence of substantial collaboration with the World Bank, except for the Southern Cone Development Market Place. During the CAS period, the collaboration with the World Bank was generally low due to the strain put in place by investment disputes between investors and the authorities. The latter posed a challenging situation as the WBG, through IFC and IBRD, needed to approach these situations from both the investors' and authorities' points of views. Currently, coordination and collaboration with the Bank on the ground has improved with consultation on a more frequent basis, keeping each institution abreast of each other's programs.

9. Lessons and Challenges from Past Experience

- **Relationship Managers.** According to our clients, IFC's relationship managers will also need to be more proactive in business development and be closer to clients; identifying projects at an earlier stage in order to provide a developmental role. In the case of **Timbues**, whereWhen the relationship manager is located outside Argentina (i.e., IFC Turkey), communication and relationships can become more complicated when geographical region and local market knowledge become barriers. Yet, **TRP** was less effective. The client may not also be aware of the existence of an IFC office in Buenos Aires. Therefore, a relationship manager is more useful if he/she develops close relationships with the client and is stationed in the country where the investment is located.
- **Combined Direct and Indirect Financing.** IFC is indirectly financing farmers in Argentina through processors (e.g., **Arcor**), through banks (e.g., **Banco Galicia**), and through private equity funds (**Pampa Fund**). As in the case of **Arcor**, the Argentine banks are reducing their exposure to the agribusiness sector and there are not many sponsors interested to lend either. IFC might also consider providing more direct and indirect financing, particularly for agro-export financing, and utilize advisory services to develop agribusiness linkages, all of which have been constrained by the current fiscal crisis.
- **Synergy.** IFC should continue to seek more opportunities to work more closely with and fully leverage WB's and IADB's presence in Argentina by offering its expertise/advisory resources particularly in regulation reforms needed in Argentina to help make Argentina's private sector more attractive to investors. The Doing Business enterprise ratings highlight the regulatory barriers in Argentina. (See Annex Table 11). Collaboration between WB and IFC can begin afresh with the new Country Directors in both institutions.
- **Global Crisis.** Going forward, IFC faces the challenge of providing additionality through investment and advisory services in view of the global financial crisis affecting Argentina. IFC may need to find ways, by

learning from experience in countries that have successfully come back on track after a country financial crisis, to reach more SMEs in frontier regions and possibly second-tier agribusiness companies. IFC could also explore the creation of liquidity facilities to help the Argentine banks under implementation by IFC.

Reviewer: Victoria Viray Mendoza

Stoyan Tenev, Head, Macro Evaluation, IEG-IFC

Peer Reviewer: Miguel Angel Rebolledo

Amitava Banerjee, Manager, IEG-IFC

Standard Annex Tables

Table 1: IEG- IFC List of Investment Operations in Argentina, Pre-CAS and CAS Period (US\$'000)

Project ID	Project Short Name	Approval FY	Commit FY	Project Status	Project Size	Greenfield Expansion	IFC Sector Group	Sector Code	B Loan	NET LN COMMIT	NET EQ COMMIT	TOTAL NET COMMIT
21433	Jumbo Argentina	2004	2004	Active	300,000	G	Trade	Q-BA	0	0	40,000	40,000
21090	Export Trust	2004	2004	Closed	60,000	G	Funds	P-CA	0	1,000	0	1,000
20942	FIDEX	2004	2005	Closed	25,000	G	Finance	O-GA	0	25,000	0	25,000
22455	AGD - Expansion	2004	2004	Active	179,000	E	Agribusiness	A-AC	30,000	70,000	0	70,000
23920	Banco Galicia CL	2005	2005	Active	50,000	G	Finance	O-AA	0	40,000	0	40,000
23850	San Miguel 2	2005	2005	Active	79,200	E	Agribusiness	F-AE	10,000	20,000	0	20,000
24101	Vicentin Exp.	2005	2005	Active	123,000	E	Agribusiness	F-AC	50,000	35,000	0	35,000
Total Pre-CAS Investments (FY04-05)					816,200				90,000	181,000	40,000	231,000
24118	PAE	2005	2006	Active	467,000	E	Extractive	B-AB	135,000	120,500	0	120,500
24254	Timbues Port	2006	2006	Active	51,200	E	Infrastructure	E-BB	18,000	18,000	0	18,000
24379	Arcor Group	2006	2006	Active	350,000	E	Agribusiness	F-AI	210,000	70,000	0	70,000
24316	BACS WCL II	2006	2006	Active	25,000	E	Finance	O-EB	0	25,000	0	25,000
24385	Diadema II	2006	2006	Active	0	E	Extractive	B-AB	20,000	50,000	0	50,000
24742	Socma Settlement	2006	2006	Closed	0	E	Infrastructure	E-BD	0	0	0	0
24872	GTFP BBVA Frances	2006	2007	Active	40,000	E	Finance	O-AD	0	271,550	0	271,550
25161	GTFP Patagonia	2006	2007	Active	0	E	Finance	O-AD	0	245	0	245
25162	GTFP Supervielle	2006	2008	Active	0	E	Finance	O-AD	0	6,952	0	6,952
23914	TRP Project	2007	2007	Active	114,600	E	Infrastructure	E-BB	10,000	35,000	0	35,000
25838	PAE II	2008	2008	Active	858,000	E	Extractive	B-AB	400,000	150,000	0	150,000
25954	PAMPA FUND	2008	2008	Active	150,000	G	Funds	P-BC	0	0	20,000	20,000
26418	Bco Galicia CL II	2008	2008	Active	50,000	E	Finance	O-AA	0	50,000	0	50,000
26566	Arcor Expansion	2008	2008	Active	180,000	E	Agribusiness	F-AI	80,000	50,000	0	50,000
26472	ROCH	2008	2008	Active	74,000	G	Extractive	B-AB	0	0	17,000	17,000
27282	Timbues II (B loan)	2008	2008	Active	0	E	Infrastructure	E-CA	10,000	0	0	0
23781	GFG preferred shares	2008	2008	Active	0	E	Finance	O-AA	0	0	3,058	3,058
Total CAS Investments (FY06-08)					2,359,800				683,000	847,247	40,058	887,305

Average Project Size (Pre-CAS)	102,025	Average Project Size (CAS)	214,527
Average Net Loans (Pre-CAS)	31,833	Average Net Loans (CAS)	70,604
Average Net Equity (Pre-CAS)	40,000	Average Net Equity (CAS)	13,353
Average Net Commitment (Pre-CAS)	33,000	Average Net Commitment (CAS)	59,154
Average commitments per year (Pre-CAS)	95,500	Average commitments per year (CAS)	295,768
Average B Loan (Pre-CAS)	30,000	Average B Loan (CAS)	110,375
Average number of projects for the period (Pre-CAS)	4	Average number of projects for the period (CAS)	5
Average Loan CRR Rating (Pre-CAS)	3.3	Average Loan CRR Rating (CAS)	3.0
Average Equity CRR Rating (Pre-CAS)	4.0	Average Equity CRR Rating (CAS)	4.0

Note: Net Commitments is derived by taking Original Commitments less Cancellations.

Table 2: IEG IFC List of Argentina Advisory Services Projects (in \$)

Facility	Project ID	Project Name	Status	Country	IFC Sector	Advisory Business Line	Business Line - Products	Approval FY	Total Funding
TATF	539643	PAE Acambuco	Active	Argentina	Extractive	ESS	Environment and Social Sustainability - In Development Social Responsibility: Gender-related Business Opportunities 100%	2008	\$ 377,000
TATF	502226	GEF Argentina Efficient Street Lighting Program	Closed	Argentina	Power	ESS	Environment and Social Sustainability - In Development: Sustainable Energy: Market transformation 100%	2008	\$ 736,250
TATF	554945	LK: Tourism Assessment	Closed	Argentina	Tourism	Corporate Advice	Corporate Advice - In Development: Linkages: Manufacturing Services 100%	2008	\$ 100,560
TATF	533243	Southern Cone Development Marketplace	Closed	LAC region	SME	Corporate Advice	Corporate Advice - Direct Assistance to SMEs 100%	2005	\$ 100,000
Total Advisory Services in Argentina									\$ 1,213,810

Table 3: Brief Description of IFC's investments

Count	Project Name	Project description
2	PAE I, PAE II	In FY05, IFC provided a loan of \$120.5 million to Pan American Energy (PAE I), a joint venture of BP, one of the largest energy companies in the world (60%) and Bidas (40%, a family-owned business, intended for the continued development and production of the Cerro Dragon oil and gas field in the south of Argentina. In FY08, IFC provided an additional loan of \$150 million to PAE II.
2	Timbues Port I and Timbues II	In FY06, IFC provided a loan of \$18 million to Timbues Port for the construction and operation of a grain port terminal at Timbues. This project is a joint venture of the Infrastructure Department (CIN) and the Agribusiness Department (CAG). In 2008, IFC mobilized a B loan package amounting \$10 million for Timbues II.
1	Arcor Group and Arcor Expansion	Arcor Group and Arcor Expansion: In FY06, IFC provided a loan of \$70 million to Arcor Group, in the food & beverages industry for financial strengthening and sustainability of regional expansion to Brazil, Chile and Mexico. In FY08, IFC provided an additional loan of \$50 million for the expansion efforts of Arcor.
1	BACS WCL II	In FY06, IFC provided a second credit line of \$25 million to Banco de Credito y Securitizacion Warehousing Credit Line intended for housing finance.
1	Diadema Field Development II	In FY06, IFC provided a loan of \$50 million to help finance capital expenditures to double production capacity of Diadema oil and gas fields located in Comodoro Rivadavia, Chubut province, in southern Argentina.
1	Socma Settlement	This subproject in the transport & warehouse sector is an exit mechanism to sell IFC's equity shares in Socma and Sideco. As of end-FY08, \$4.6 million has been pre-paid, and \$2.4 million has been repaid, for a combined total of \$7 million.
1	Pampa Fund	In FY08, IFC invested \$20 million in equity in Pampa Agribusiness Fund, a private equity fund to make growth equity investments in agribusiness companies in South America, primarily in Argentina and Brazil.
1	Bco Galicia CL II and GFG Preferred	In FY08, IFC provided a \$50 million credit line to Banco de Galicia, the largest private bank in Argentina, for on-lending to agribusiness SMEs. IFC is a 0.5% shareholder in Grupo Financiero Galicia (GFG) via preferred shares acquired as part of the Bank's foreign debt restructuring. Banco Galicia II reached SMEs in frontier provinces such as Catamarca, Chaco, Corrientes, Entre Ríos, Formosa, Jujuy, La Rioja, Misiones, Salta, San Juan, Santiago del Estero, and Tucumán.
1	Roch	In FY08, IFC invested \$17 million in equity in Roch to accelerate development of the company's reserves of natural gas.
1	TRP Project	In FY07, IFC provided \$35 million in loans to Terminales Rio de la Plata (TRP), 100% owned by Dubai Ports World (DPW), one of the largest port operators in the world, to refinance TRP's existing indebtedness totaling US\$70.2 million.
1	GTFP BBVA Frances	\$271.55 million in FY07. Banco Francés, a universal bank based in Buenos Aires, focuses on corporate, retail banking, and asset and pension fund management, mainly for agribusiness SMEs. Banco Francés is currently the fifth-largest bank in Argentina by total assets, and the third-largest in terms of deposits; currently operates the second-largest branch network of Argentina's private sector banks, and specializes in SME lending.
1	GTFP Patagonia	\$245,000 in FY07. Banco Patagonia is a payroll agent in Argentina. This trade finance is mainly for agribusiness SMEs.
1	GTFP Supervielle	\$6.952 million in FY08. Banco Supervielle focuses on SMEs.

Table 4: IFC active investments in Argentina

Project ID	Project Short Name	Approval FY	Commit FY	Project Status Name	Project Size	Greenfield-Existing	IFC Sector Group	Sector Code	NET LN COMMIT	NET EQ COMMIT	TOTAL NET COMMIT
003262	HUANTRAIKO (II)	1992	1993	Active	180,400	E	Extractive	B-AB	15,000	10,000	25,000
002931	MITRE RAILWAY	1993	1993	Active	58,680	E	Infrastructure	E-AB	10,000	3,000	13,000
003851	YACYLEC	1993	1994	Active	135,000	G	Infrastructure	C-AF	20,000	45	20,045
003859	BGN UNWRTG FCLT	1994	1994	Active	15,000	E	Finance	O-AA	15,000	0	15,000
003808	AGUAS	1994	1995	Active	329,000	G	Infrastructure	C-BA	38,000	7,000	45,000
004816	Tower Fund	1995	1995	Active	72,750	G	Funds	P-BA	0	20,000	20,000
004817	Tower Fund Mgr.	1995	1995	Active	150	G	Funds	P-DA	0	150	150
004615	SANCOR	1995	1995	Active	197,700	E	Agribusiness	F-AF	40,000	0	40,000
005138	CERAMICA ZANON	1996	1996	Active	73,000	E	Construction &	H-BC	20,000	0	20,000
007182	Neuquen	1996	1997	Active	186,000	G	Extractive	B-AB	0	26,400	26,400
007437	Milkaut	1997	1997	Active	44,500	E	Agribusiness	F-AF	20,000	0	20,000
007962	Terminal 6	1997	1998	Active	27,800	E	Infrastructure	E-BB	10,000	0	10,000
008278	T6I	1997	1998	Active	61,100	E	Agribusiness	F-AC	15,000	0	15,000
007851	Patagonia	1998	1998	Active	18,500	E	Agribusiness	F-AC	6,000	0	6,000
008776	Hospital Privado	1998	1999	Active	21,200	E	Health	S-AA	9,600	0	9,600
008836	AUTCL	1998	1999	Active	28,142	E	Agribusiness	F-AF	6,000	0	6,000
008722	Patagonia Fund	1998	1998	Active	80,000	G	Funds	P-BA	0	20,000	20,000
008723	Suquia CL	1998	1999	Active	82,500	G	Finance	O-AA	35,000	0	35,000
009382	BGN Tier II Loan	1999	1999	Active	33,000	G	Finance	O-BA	33,000	0	33,000
009381	Galicia Restruct	1999	1999	Active	250,000	G	Finance	O-AA	50,000	0	50,000
009537	Neuquen Basin RI	1999	1999	Active	5,000	E	Extractive	B-AB	0	5,000	5,000
009239	CCI	1999	2000	Active	217,000	E	Infrastructure	E-BC	6,000	20,000	26,000
009781	Argentina SMMC	2000	2000	Active	1,250,000	G	Finance	O-AA	46,553	12,500	59,053
009807	Hipotecario USCP	2000	2000	Active	300,000	E	Finance	O-AA	25,000	0	25,000
009815	APSF	2000	2001	Active	150,700	E	Infrastructure	C-BA	20,000	0	20,000
010427	Tower Fund II	2000	1995	Active	5,000	E	Funds	P-BA	0	5,000	5,000
009886	USAL	2001	2001	Active	20,000	E	Education	T-AB	8,000	0	8,000
010195	MilkautPatagonia	2001	2001	Active	5,000	E	Agribusiness	F-AF	0	1,226	1,226
Total Pre-FY04 Commitments					3,847,122				448,163	130,321	678,474
021433	Jumbo Argentina	2004	2004	Active	300,000	G	Trade	Q-BA	0	40,000	40,000
022455	AGD - Expansion	2004	2004	Active	179,000	E	Agribusiness	A-AC	70,000	0	70,000
023920	Banco Galicia CL	2005	2005	Active	50,000	G	Finance	O-AA	40,000	0	40,000
023850	San Miguel 2	2005	2005	Active	79,200	E	Agribusiness	F-AE	20,000	0	20,000
024101	Vicentin Exp.	2005	2005	Active	123,000	E	Agribusiness	F-AC	35,000	0	35,000
Total Pre-CAS Period					731,200				165,000	40,000	205,000
024118	PAE	2005	2006	Active	467,000	E	Extractive	B-AB	120,500	0	120,500
024254	Timbues Port	2006	2006	Active	51,200	E	Infrastructure	E-BB	18,000	0	18,000
024379	Arcor Group	2006	2006	Active	350,000	E	Agribusiness	F-AJ	70,000	0	70,000
024316	BACS WCL II	2006	2006	Active	25,000	E	Finance	O-EB	25,000	0	25,000
024385	Diadema II	2006	2006	Active	0	E	Extractive	B-AB	50,000	0	50,000
024872	GTFP BBVAfrances	2006	2007	Active	40,000	E	Finance	O-AD	271,550	0	271,550
025161	GTFP Patagonia	2006	2007	Active	0	E	Finance	O-AD	245	0	245
025162	GTFP Supervielle	2006	2008	Active	0	E	Finance	O-AD	6,952	0	6,952
023914	TRP Project	2007	2007	Active	114,600	E	Infrastructure	E-BB	35,000	0	35,000
025838	PAE II	2008	2008	Active	858,000	E	Extractive	B-AB	150,000	0	150,000
025954	PAMPA FUND	2008	2008	Active	150,000	G	Funds	P-BC	0	20,000	20,000
026418	Bco Galicia CLII	2008	2008	Active	50,000	E	Finance	O-AA	50,000	0	50,000
026566	Arcor Expansion	2008	2008	Active	180,000	E	Agribusiness	F-AJ	50,000	0	50,000
026472	ROCH	2008	2008	Active	74,000	G	Extractive	B-AB	0	17,000	17,000
027282	Timbues II (B loan)	2008	2008	Active	0	E	Infrastructure	E-CA	0	0	0
023781	GFG preferred	2008	2008	Active	0	E	Finance	O-AA	0	3,058	3,058
Total CAS Period					2,369,800				847,247	40,058	887,305

Project ID	Project Short Name	Approval FY	Commit FY	Project Status Name	Project Size	Greenfield-Existing	IFC Sector Group	Sector Code	NET LN COMMIT	NET EQ COMMIT	TOTAL NET COMMIT
003262	HUANTRAIICO (II)	1992	1993	Active	180,400	E	Extractive	B-AB	15,000	10,000	25,000
002931	MITRE RAILWAY	1993	1993	Active	58,680	E	Infrastructure	E-AB	10,000	3,000	13,000
003851	YACYLEC	1993	1994	Active	135,000	G	Infrastructure	C-AF	20,000	45	20,045
003859	BGN UNWRGTG FCLT	1994	1994	Active	15,000	E	Finance	O-AA	15,000	0	15,000
003808	AGUAS	1994	1995	Active	329,000	G	Infrastructure	C-BA	38,000	7,000	45,000
004816	Tower Fund	1995	1995	Active	72,750	G	Funds	P-BA	0	20,000	20,000
004817	Tower Fund Mgr.	1995	1995	Active	150	G	Funds	P-DA	0	150	150
004815	SANCOR	1995	1995	Active	197,700	E	Agribusiness	F-AF	40,000	0	40,000
005138	CERAMICA ZANON	1996	1996	Active	73,000	E	Construction &	H-BC	20,000	0	20,000
007182	Neuquen	1996	1997	Active	186,000	G	Extractive	B-AB	0	26,400	26,400
007437	Milkaut	1997	1997	Active	44,500	E	Agribusiness	F-AF	20,000	0	20,000
007962	Terminal 6	1997	1998	Active	27,800	E	Infrastructure	E-BB	10,000	0	10,000
008278	T6I	1997	1998	Active	61,100	E	Agribusiness	F-AC	15,000	0	15,000
007851	Patagonia	1998	1998	Active	18,500	E	Agribusiness	F-AC	6,000	0	6,000
008776	Hospital Privado	1998	1999	Active	21,200	E	Health	S-AA	9,600	0	9,600
008836	AUTCL	1998	1999	Active	28,142	E	Agribusiness	F-AF	6,000	0	6,000
008722	Patagonia Fund	1998	1998	Active	80,000	G	Funds	P-BA	0	20,000	20,000
008723	Suquia CL	1998	1999	Active	82,500	G	Finance	O-AA	35,000	0	35,000
009382	BGN Tier II Loan	1999	1999	Active	33,000	G	Finance	O-BA	33,000	0	33,000
009381	Galicia Restruct	1999	1999	Active	250,000	G	Finance	O-AA	50,000	0	50,000
009537	Neuquen Basin RI	1999	1999	Active	5,000	E	Extractive	B-AB	0	5,000	5,000
009239	CCI	1999	2000	Active	217,000	E	Infrastructure	E-BC	6,000	20,000	26,000
009781	Argentina SMMC	2000	2000	Active	1,250,000	G	Finance	O-AA	46,553	12,500	59,053
009807	Hipotecario USCP	2000	2000	Active	300,000	E	Finance	O-AA	25,000	0	25,000
009815	APSF	2000	2001	Active	150,700	E	Infrastructure	C-BA	20,000	0	20,000
010427	Tower Fund II	2000	1995	Active	5,000	E	Funds	P-BA	0	5,000	5,000
009886	USAL	2001	2001	Active	20,000	E	Education	T-AB	8,000	0	8,000
010195	MilkautPatagonia	2001	2001	Active	5,000	E	Agribusiness	F-AF	0	1,228	1,228
Total Pre-FY04 Commitments					3,847,122				448,163	130,321	678,474
021433	Jumbo Argentina	2004	2004	Active	300,000	G	Trade	Q-BA	0	40,000	40,000
022455	AGD - Expansion	2004	2004	Active	179,000	E	Agribusiness	A-AC	70,000	0	70,000
023920	Banco Galicia CL	2005	2005	Active	50,000	G	Finance	O-AA	40,000	0	40,000
023850	San Miguel 2	2005	2005	Active	79,200	E	Agribusiness	F-AE	20,000	0	20,000
024101	Vicentin Exp.	2005	2005	Active	123,000	E	Agribusiness	F-AC	35,000	0	35,000
Total Pre-CAS Period					731,200				166,000	40,000	206,000
024118	PAE	2005	2006	Active	467,000	E	Extractive	B-AB	120,500	0	120,500
024254	Timbues Port	2006	2006	Active	51,200	E	Infrastructure	E-BB	18,000	0	18,000
024379	Arcor Group	2006	2006	Active	350,000	E	Agribusiness	F-AI	70,000	0	70,000
024316	BACS WCL II	2006	2006	Active	25,000	E	Finance	O-EB	25,000	0	25,000
024385	Diadema II	2006	2006	Active	0	E	Extractive	B-AB	50,000	0	50,000
024872	GTFP BBVA Frances	2006	2007	Active	40,000	E	Finance	O-AD	271,550	0	271,550
025161	GTFP Patagonia	2006	2007	Active	0	E	Finance	O-AD	245	0	245
025162	GTFP Supervielle	2006	2008	Active	0	E	Finance	O-AD	6,952	0	6,952
023914	TRP Project	2007	2007	Active	114,600	E	Infrastructure	E-BB	35,000	0	35,000
025838	PAE II	2008	2008	Active	858,000	E	Extractive	B-AB	150,000	0	150,000
025954	PAMPA FUND	2008	2008	Active	150,000	G	Funds	P-BC	0	20,000	20,000
026418	Bco Galicia CLII	2008	2008	Active	50,000	E	Finance	O-AA	50,000	0	50,000
026566	Arcor Expansion	2008	2008	Active	180,000	E	Agribusiness	F-AI	50,000	0	50,000
026472	ROCH	2008	2008	Active	74,000	G	Extractive	B-AB	0	17,000	17,000
027282	Timbues II (B loan)	2008	2008	Active	0	E	Infrastructure	E-CA	0	0	0
023781	GFG preferred	2008	2008	Active	0	E	Finance	O-AA	0	3,058	3,058
Total CAS Period					2,369,800				847,247	40,058	887,306

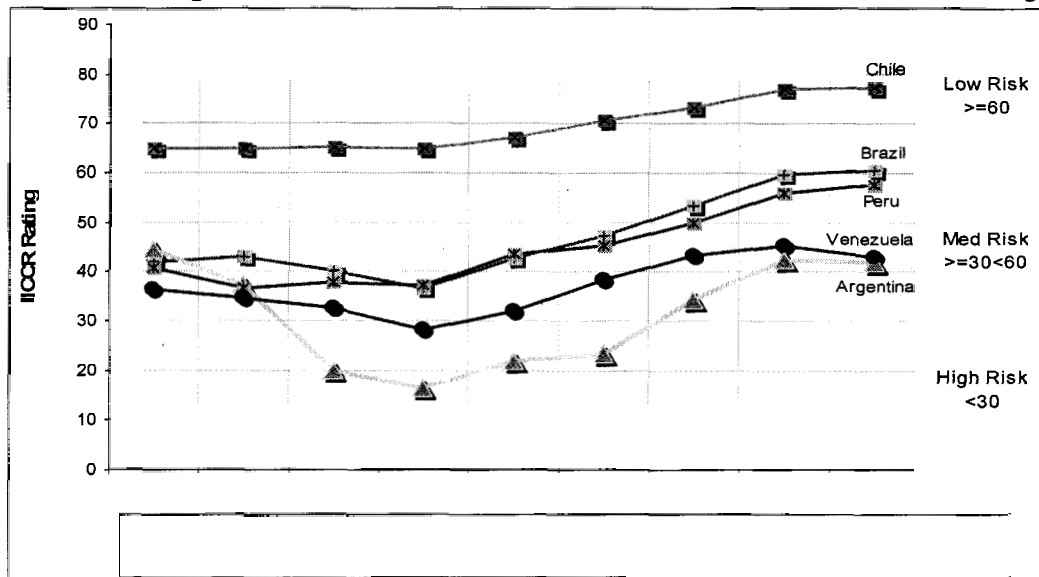
Table 5: Advisory Services in Argentina by business line

Facility	AS Business Line	Projects	Funding	% of Total Funding
TATF	ESS	2	\$ 1,113,250	85%
	CA	2	\$ 200,560	15%
Total		4	\$ 1,313,810	100%
Facility	AS Business Line	Projects	Funding	% of Total Funding
TATF	ESS	2	\$ 1,113,250	85%
	CA	2	\$ 200,560	15%
Total		4	\$ 1,313,810	100%

Table 6: Brief description of IFC Advisory Services in Argentina

Count	Project Description
1	PAE Acambuco (ESS). In July 2007, with donor funding of \$377,000, IFC promoted income-generating opportunities for micro-entrepreneurs in communities near its gas operations; and helped build management capacities of the municipalities in the Acambuco area. This advisory is linked with the Pan American Energy (PAE) investment. Based on field interviews with the firm, PAE's activities have an enormous positive economic and social impact in the Comodoro Rivadavia community. PAE is developing an M&E system, with support from IFC, to measure the development impact of its social programs.
1	GEF Argentina Efficient Street Lighting Program (ESS). In September 2007, with donor funding of \$736,250 from the Global Environment Fund (GEF), IFC provided advisory services to the Government of Argentina to systematically promote development of innovative commercial market for implementing and financing energy-efficient municipal street-lighting projects through private sector means. The program was to focus on: (a) removing municipal credit, information, high transaction cost and regulatory barriers to privately-sponsored municipal street-lighting project finance, and (b) assembling transactions. This project is now closed.
1	LK: Tourism Assessment (CA). This is a regional project covering Uruguay and Argentina. In March 2008, with donor funding of \$100,560, IFC supported two universities to undertake an assessment of Argentina's tourism sector in the region of Gualeguaychu to identify future advisory assistance activities and select future downstream activities that would be supported by a future linkages program. This project is now closed.
1	Southern Cone Marketplace (CA). In December 2004, with donor funding of \$100,000, IFC's LAC Department provided a grant of US\$100,000 to fund a portion of the Southern Cone Development Marketplace (SCDM), a regional development marketplace organized by the World Bank. SCDM aimed at developing a platform for creative and innovative ideas that contribute to strengthening civic values among poor and vulnerable youth in the Southern Cone countries of Argentina, Uruguay, Paraguay and Chile; and consist of two components: (a) a competition of innovative projects, and (b) a knowledge forum that will bring together examples, thinking and practice from the region and beyond. The proposed US\$100,000 grant was in response to a request from the Bank for IFC participation as a sponsor of the SCDM, and was used to fund ten award winners from the competition.
4	

Table 7: IICCR Rating: Investors face lower risks in Chile, Brazil, Peru & Venezuela than in Argentina



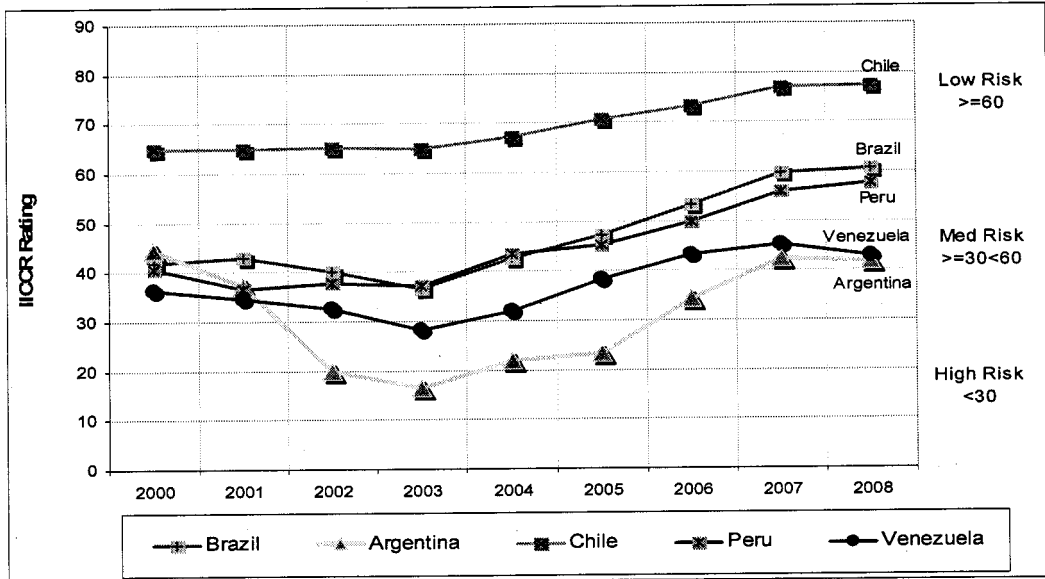


Table 8: IFC Committed Portfolio in Argentina

FY05 - IFC Committed Balance in Argentina			
	Equity	Loan	Total
A - Agriculture and Forestry	0	75,251,033	75,251,033
B - Oil, Gas and Mining	58,400,000	9,468,780	67,868,780
C - Utilities	2,522,479	59,931,447	62,453,926
E - Transportation and Warehousing	3,000,003	45,041,402	48,041,405
F - Food & Beverages	6,419,784	187,962,706	194,382,491
H - Nonmetallic Mineral Product Manufacturing	0	2	2
I - Primary Metals	0	16,862,041	16,862,041
K - Textiles, Apparel & Leather	0	2,500,001	2,500,001
L - Plastics & Rubber	0	1,000,000	1,000,000
M - Industrial & Consumer Products	0	21,205,000	21,205,000
N - Information	0	2,053,016	2,053,016
O - Finance & Insurance	9,307,701	160,150,974	169,458,676
P - Collective Investment Vehicles	13,085,830	0	13,085,830
Q - Wholesale and Retail Trade	40,000,000	0	40,000,000
S - Health Care	0	8,210,224	8,210,224
T - Education Services	0	9,272,727	9,272,727
Total IFC Committed Balance in Argentina - FY05	132,736,797	598,709,354	731,446,151
	18%	82%	100%
FY08 - IFC Committed Balance in Argentina			
	Equity	Loan	Total
A - Agriculture and Forestry	0	57,500,000	57,500,000
B - Oil, Gas and Mining	75,400,000	303,835,000	379,235,000
C - Utilities	2	1,736,541	1,736,543
E - Transportation and Warehousing	21	51,111,110	51,111,131
F - Food & Beverages	1,225,527	221,307,814	222,533,342
H - Nonmetallic Mineral Product Manufacturing	0	2	2
O - Finance & Insurance	9,307,701	198,089,364	207,397,065
P - Collective Investment Vehicles	27,762,232	0	27,762,232
Q - Wholesale and Retail Trade	39,123,051	0	39,123,051
S - Health Care	0	8,150,000	8,150,000
T - Education Services	0	3,613,768	3,613,768
Total IFC Committed Balance in Argentina - FY08	152,818,534	845,343,599	998,162,134
	15%	85%	100%
FY09 Committed Balance in Argentina			
	Equity	Loan	Total
A - Agriculture and Forestry	0	51,875,000	51,875,000
B - Oil, Gas and Mining	75,758,250	318,590,156	394,348,406
C - Utilities	2	726,861	726,863
E - Transportation and Warehousing	21	47,759,555	47,759,576
F - Food & Beverages	1,225,527	207,409,613	208,635,140
H - Nonmetallic Mineral Product Manufacturing	0	2	2
M - Industrial & Consumer Products	0	20,000,000	20,000,000
O - Finance & Insurance	7,866,919	104,913,195	112,780,114
P - Collective Investment Vehicles	20,993,047	0	20,993,047
Q - Wholesale and Retail Trade	34,942,847	50,000,000	84,942,847
S - Health Care	0	8,100,050	8,100,050
T - Education Services	0	3,337,326	3,337,326
Total Committed Balance in Argentina - FY09	140,786,614	812,713,758	953,498,372
	15%	85%	100%

Note: Data is as of end-February 2009. Source: MIS.

FY05 - IFC Committed Balance in Argentina	Equity	Loan	Total
A - Agriculture and Forestry	0	75,251,033	75,251,033
B - Oil, Gas and Mining	58,400,000	9,468,780	67,868,780
C - Utilities	2,522,479	59,931,447	62,453,926
E - Transportation and Warehousing	3,000,003	45,041,402	48,041,405
F - Food & Beverages	6,419,784	187,962,706	194,382,491
H - Nonmetallic Mineral Product Manufacturing	0	2	2
I - Primary Metals	0	16,662,041	16,662,041
K - Textiles, Apparel & Leather	0	2,500,001	2,500,001
L - Plastics & Rubber	0	1,000,000	1,000,000
M - Industrial & Consumer Products	0	21,205,000	21,205,000
N - Information	0	2,053,016	2,053,016
O - Finance & Insurance	9,307,701	160,150,974	169,458,676
P - Collective Investment Vehicles	13,085,830	0	13,085,830
Q - Wholesale and Retail Trade	40,000,000	0	40,000,000
S - Health Care	0	8,210,224	8,210,224
T - Education Services	0	9,272,727	9,272,727
Total IFC Committed Balance in Argentina - FY05	132,735,797	598,709,354	731,445,151
	18%	82%	100%
FY08 - IFC Committed Balance in Argentina	Equity	Loan	Total
A - Agriculture and Forestry	0	57,500,000	57,500,000
B - Oil, Gas and Mining	75,400,000	303,835,000	379,235,000
C - Utilities	2	1,736,541	1,736,543
E - Transportation and Warehousing	21	51,111,110	51,111,131
F - Food & Beverages	1,225,527	221,307,814	222,533,342
H - Nonmetallic Mineral Product Manufacturing	0	2	2
O - Finance & Insurance	9,307,701	198,089,364	207,397,065
P - Collective Investment Vehicles	27,762,232	0	27,762,232
Q - Wholesale and Retail Trade	39,123,051	0	39,123,051
S - Health Care	0	8,150,000	8,150,000
T - Education Services	0	3,613,768	3,613,768
Total IFC Committed Balance in Argentina - FY08	152,818,534	845,343,598	998,162,134
	15%	85%	100%
FY09 Committed Balance in Argentina	Equity	Loan	Total
A - Agriculture and Forestry	0	51,875,000	51,875,000
B - Oil, Gas and Mining	75,758,250	318,590,156	394,348,406
C - Utilities	2	726,861	726,863
E - Transportation and Warehousing	21	47,759,555	47,759,576
F - Food & Beverages	1,225,527	207,409,613	208,635,140
H - Nonmetallic Mineral Product Manufacturing	0	2	2
M - Industrial & Consumer Products	0	20,000,000	20,000,000
O - Finance & Insurance	7,866,919	104,913,195	112,780,114
P - Collective Investment Vehicles	20,993,047	0	20,993,047
Q - Wholesale and Retail Trade	34,942,847	50,000,000	84,942,847
S - Health Care	0	8,100,050	8,100,050
T - Education Services	0	3,337,326	3,337,326
Total Committed Balance in Argentina - FY09	140,786,614	812,711,758	953,498,372
Note: Data is as of end-February 2009. Source: MIS.	15%	85%	100%

Table 9: Argentina Gross fixed capital formation and GDP vs comparator countries

Gross fixed capital formation (current US\$M)	2000	2001	2002	2003	2004	2005	2006	2007	Average
Argentina	46,020	38,099	12,205	19,618	29,351	39,306	50,347	62,147	37,136
Brazil	108,271	94,063	82,900	84,405	106,843	143,576	179,347	290,473	136,235
Chile	15,707	14,894	14,340	14,907	18,304	24,519	28,075	31,213	20,245
Peru	10,767	10,015	9,963	10,916	12,502	14,949	17,826	20,966	13,488

IFC Orig. Commitments/Total GFCF	2000	2001	2002	2003	2004	2005	2006	2007	Average
Argentina	3,462	2,861	2,048	3,058	3,356	3,562	5,631	1,890	3,234
Brazil	1,329	1,571	5,443	3,772	877	2,792	2,677	1,752	2,527
Chile	318	3,102	12	6,521	3,169	653	1,834	929	2,067
Peru	9,343	2,471	4,356	8,135	5,439	2,569	2,468	11,529	5,789

GDP (current US\$ billion)	2000	2001	2002	2003	2004	2005	2006	2007	Average
Argentina	284,204	268,697	102,040	129,597	153,129	183,193	214,241	262,331	199,679
Brazil	644,476	552,289	505,904	552,469	663,760	882,475	1,067,815	1,314,170	772,920
Chile	75,775	68,568	67,265	73,986	95,678	118,182	146,437	163,915	101,226
Peru	53,290	53,936	56,772	61,347	69,758	79,462	93,194	109,088	72,106

IFC Orig. Commitments / GDP	2000	2001	2002	2003	2004	2005	2006	2007	Average
Argentina	561	406	245	463	643	764	1,323	448	607
Brazil	223	268	892	576	141	454	450	387	424
Chile	66	674	3	1,314	606	135	352	177	416
Peru	1,888	459	764	1,447	975	483	472	2,216	1,088

FDI (US\$ M)	2000	2001	2002	2003	2004	2005	2006	2007	Average
Argentina	10,418	2,166	2,149	1,652	4,125	5,265	5,037	5,720	4,567
Brazil	32,779	22,457	16,590	10,144	18,166	15,066	18,782	34,585	21,071
Chile	4,860	4,200	2,550	4,307	7,173	6,984	7,358	14,457	6,486
Peru	810	1,144	2,156	1,335	1,599	2,579	3,467	4,354	2,180

IFC Orig. Commitments / FDI	2000	2001	2002	2003	2004	2005	2006	2007	Average
Argentina	15,292	50,320	11,634	36,319	23,880	26,589	56,280	20,535	30,106
Brazil	4,389	6,579	27,201	31,387	5,158	26,604	25,563	14,719	17,700
Chile	1,029	11,001	70	22,566	8,086	2,291	6,999	2,005	6,756
Peru	124,244	21,630	20,131	66,511	42,526	14,891	12,693	55,510	44,767

Gross fixed capital formation (current US\$M)	2000	2001	2002	2003	2004	2005	2006	2007	Average
Argentina	46,020	38,099	12,205	19,618	29,351	39,306	50,347	62,147	37,136
Brazil	108,271	94,063	82,900	84,405	106,843	143,576	179,347	290,473	136,235
Chile	15,707	14,894	14,340	14,907	18,304	24,519	28,075	31,213	20,245
Peru	10,767	10,015	9,963	10,916	12,502	14,949	17,826	20,966	13,488

IFC Orig. Commitments/Total GFCF	2000	2001	2002	2003	2004	2005	2006	2007	Average
Argentina	3,462	2,861	2,048	3,058	3,356	3,562	5,631	1,890	3,234
Brazil	1,329	1,571	5,443	3,772	877	2,792	2,677	1,752	2,527
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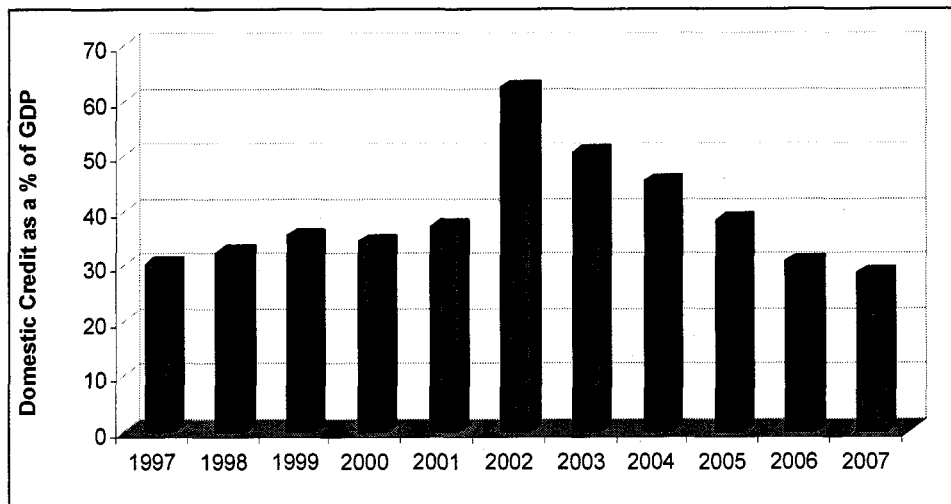
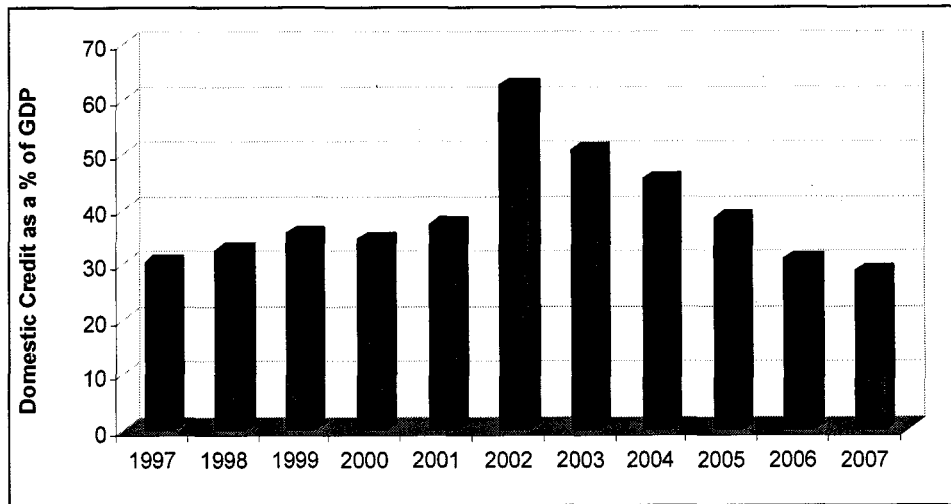
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Peru	810	1,144	2,156	1,335	1,599	2,579	3,467	4,354	2,180

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Chile	1,029	11,001	70	22,566	8,086	2,291	6,999	2,005	6,756
Peru	124,244	21,630	20,131	66,511	42,526	14,891	12,693	55,510	44,767

Table 10: Domestic credit provided by the banking sector as a % of GDP has been declining since 2002.



**Table 11: PSD indicators for Argentina plus comparators (Region and All countries):
Doing Business Report**

Regulations And Tax	Argentina	Region	All countries
Senior Management Time Spent in Dealing with Requirements of Government Regulation (%)	14.11	11.37	7.61
Average number of visits or required meetings with tax officials.	4.56	2.83	3.53
% of Firms Identifying Tax Rates as Major Constraint	62.34	36.77	35.74
% of Firms Identifying Tax Administration as Major Constraint	43.75	27.03	26.61
Permits And Licenses	Argentina	Region	All countries
Days to Obtain Operating License	175.83	52.9	30.28
Days to Obtain Construction-related Permit	54.51	78.98	66.01
Days to Obtain Import License	51.89	25.38	19.09
% of Firms Identifying Business Licensing and Permits as Major Constraint	14.35	14.96	14.73
Corruption	Argentina	Region	All countries
% of Firms Expected to Pay Informal Payment to Public Officials (to Get Things Done)	18.72	23.44	35.53
% of Firms Expected to Give Gifts to Get an Operating License	5.71	10.82	15.93
% of Firms Expected to Give Gifts In Meetings With Tax Officials	4.31	7.15	25.27
% of Firms Expected to Give Gifts to Secure a Government Contract	25.08	18.83	26.91
% of Firms Identifying Corruption as a Major Constraint	59.92	53.49	32.12
Crime	Argentina	Region	All countries
% of Firms Paying for Security	75.66	64.28	60.97
Losses Due to Theft, Robbery, Vandalism, and Arson Against the Firm (% of Sales)	3.74	2.9	1.98
Security Costs (% of Sales)	1.56	2.18	1.69
Products Shipped to Supply Domestic Markets Lost Due to Theft (%)*	1.28	0.78	0.67
% of Firms Identifying Crime, Theft and Disorder as Major Constraints	25.39	34.47	20.53
Informality	Argentina	Region	All countries
% of Firms expressing that a Typical Firm Reports less than 100% of Sales for Tax Purposes	49.09	49.61	45.66
% of Services Firms Competing Against Unregistered or Informal Firms	56.1	66.99	63.46
% of Firms Formally Registered when Started Operations in the Country	93.76	92.32	90.78
Number of years firms operated without formal registration	0.58	0.54	0.53
Gender	Argentina	Region	All countries
% of Firms With Female Participation in Ownership	30.26	35.76	28.41
% of Full Time Female Workers*	22	31.62	26.49
% of Women in Senior Positions*	11.43	12.64	8.51

Finance	Argentina	Region	All countries
% of Firms with Line of Credit or Loans from Financial Institutions	39.39	45.75	33.34
% of Firms Using Banks to Finance Investments	6.88	17	16.13
% of Firms Using Banks to Finance Expenses	28.67	34.68	27.56
Value of Collateral Needed for a Loan (% of the Loan Amount)	160.41	136.95	137.67
% of Firms Identifying Access to Finance as a Major Constraint	38.48	28.01	29.24

Infrastructure	Argentina	Region	All countries
Number of Power Outages in a Typical Month	1.29	2.97	11.36
Value Lost Due to Power Outages (% of Sales)	1.37	4.11	4.31
Delay in Obtaining an Electrical Connection (days)	46.19	34.17	30.32
Average number of Incidents of Water Insufficiency in a Typical Month*	1.48	4.01	7.43
Delay in Obtaining a Water Connections (days)	15.54	34.64	36.98
Delay in Obtaining a Mainline Telephone Connection (days)	22.64	35.55	31.66

Innovation and Technology	Argentina	Region	All countries
% of Firms With Internationally-Recognized Quality Certification	26.87	14.51	14
% of Firms with Annual Financial Statement Reviewed by External Auditor	63.49	51.99	50.73
% of Firms Using Technology Licensed from Foreign Companies	16.4	12.63	12.49
% of Firms using its Own Website	71.78	41.58	38.94

Trade	Argentina	Region	All countries
Average Time to Clear Direct Exports Through Customs (days)	5.5	6.96	5.27
Average Time to Clear Imports from Customs (days)*	7.53	12.99	8.25
% of Exporter Firms	43.66	20.83	25.27
% of Firms that Use Material Inputs and/or Supplies of Foreign origin*	77.04	64.94	58.17
% of Firms that Trade Identifying Customs & Trade Regulations as a Major Constraint	19.62	17.12	17.18

Workforce	Argentina	Region	All countries
% of Firms Offering Formal Training*	52.15	43.96	37.98
Average Number of Seasonal/Temporary, Full-Time Employees	13.52	10.67	23.6
Average Number of Permanent, Full Time Employees	91.72	48.76	85.86
% of Firms Identifying Labor Regulations as a Major Constraint	45.43	18.01	12.51