



<b>1. Project Data:</b>		<b>Date Posted :</b> 06/25/2003	
PROJ ID: P006055		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Mining Sector Development TA	<b>Project Costs (US\$M)</b>	40	35.97
<b>Country:</b> Argentina	<b>Loan/Credit (US\$M)</b>	30	28.18
<b>Sector(s):</b> Board: EMT - Central government administration (100%)	<b>Cofinancing (US\$M)</b>	0	0
<b>L/C Number:</b> L3927; LP238			
	<b>Board Approval (FY)</b>		96
<b>Partners involved :</b>	<b>Closing Date</b>	06/30/2001	06/30/2001
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
The overall project objective was to develop the government ' s policy, regulatory and institutional reforms which encourage the expansion of private investment in mining in an environmentally sound way .			
<b>b. Components</b>			
The project consisted of the following components :			
1. <i>Policy development</i> to ensure the consistency of mining sector policy with the country ' s overall economic liberalization efforts; to revise and prepare the legal framework; and to develop tools for its implementation, including procedures for the provincial administration of mining rights and appropriate environmental norms and standards;			
2. <i>Policy implementation</i> to help develop the capacity of the Federal Mining Secretariat and sector agencies in selected provinces including their cadastral and registry systems and advisory services, as well as the mechanisms to monitor and enforce environmental management; financing relevant skills transfer, training and divestiture efforts;			
3. <i>Support services</i> to build up the geological and thematic mapping; a sector data bank and public information network; mineral and market statistics and promotion facilities; a geological repository and ancillary facilities; and the selective strengthening of the mineral and geological laboratory system; and			
4. <i>Project coordinating unit</i> to oversee project implementation .			
<b>c. Comments on Project Cost, Financing and Dates</b>			
The final project cost at US\$35.97 million was about 10 percent less than the original estimate of US\$40 million. The difference was due to a reduction of counterpart funds since 1999 because of the general economic slowdown in the country and also due to the cancellation of specific subcomponents under the Support Services component including building the National Geological Repository and research & development for modernization of state laboratory and investigation equipment and facilities .			
The project was approved on 07/25/1995 and closed as planned on 06/30/2001.			
<b>3. Achievement of Relevant Objectives:</b>			
<ul style="list-style-type: none"> <li>• The legal and regulatory framework for the mining sector was modernized . The final draft of the Mining Code was completed by end-1997 but had not been sent to the Congress at the time of project completion as consensus-building efforts continued. <i>This objective was partially achieved;</i></li> <li>• Mining organizations were restructured and strengthened at both the federal and provincial level . An integrated computerized management system was completed for the six participating provinces . However, reform was not as strong at the federal level [Under Secretariat of Mines (SSM) and Argentine Geological and Mining Service, (SEGEMAR)] as in the provinces, partly due to multiple restructuring of the parent Ministry of Economy of Public Works. A modern mining cadastral management system was adopted . <i>This objective was partially achieved;</i></li> <li>• An Environmental Information System was developed as part of the overall National Mining Information System (SUIM), and mining environmental units (UGAPs) were established in all provinces, monitoring plans and benchmark data developed to better assess environmental impact caused by mining operations . <i>This objective was fully achieved;</i> and</li> </ul>			

- All planned airborne survey work was completed by June 1999 and geological maps were produced as scheduled. A modern computer-based network was established to share geological, environmental, legal and other data between federal and provincial agencies through Unified Mining Data Banks (BUDs). However, two activities under the support services component were cancelled. Work on developing the National Geological Repository was discontinued due to unforeseen and high operating and maintenance costs. The research and development component for providing support to the small and medium mining sector was given up after an initial study suggested that more priority should be given to management capacity -building, networking and access to information, which were pursued through other components. *Therefore, this objective was partially achieved.*

#### 4. Significant Outcomes/Impacts:

- The Environmental Law for Mining and the Mining Investment Law were passed during the projects, and a Mining Treaty was concluded with Chile for regulating cross-border activities;
- Between February 1997 and December 2001, 3640 environmental impact assessments (EIAs) have been prepared by mining companies and processed by the UGAPs;
- Detailed geological maps with a scale of 1:200,000 were prepared for 75 percent of the country's area, exceeding expectations; and
- More than 55 mining companies were active in Argentina at the end of the project, compared with four in 1990. The current project, together with the Second Mining Development TA, saw an increase of total private investment in mining exploration from US\$4 million in 1991 to more than US\$100 million/year since 1996. Total investment in the sector has grown from US\$70 million in 1994 to US\$370 million in 2000. As a result, by the year 2000, Argentina's gross mining production at US\$1,114 million and exports at US\$692 million exceeded the project SAR's projections by nearly 10 percent and 30 percent respectively. These achievements are attributed partly to the progress made on an updated and reliable mining cadastre, and mining and environmental laws under the project.

#### 5. Significant Shortcomings (including non-compliance with safeguard policies):

- While the federal and provincial governments have shown commitment to the policy and institutional changes achieved under the project, the national financial crisis that set in towards the end of the project has created serious uncertainties for the continued funding of the institutional changes and processes that were initiated.
- Specific subcomponents under the Support Services component -- the National Geological Repository and research & development for modernization of state laboratory and investigation equipment and facilities; and the research and development sub-component for providing support to the small and medium mining sector -- were cancelled due to unforeseen costs;
- The Mining Code had not received congressional approval as at the end of project;
- There was an imbalance in the extent of reform of public mining institutions between the federal level where the SSM and SEGEMAR were strengthened, while reform was not as deep in the provinces;

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Moderately Satisfactory	[the ICR's 4-point scale does not allow a "moderately sat." rating]. While the project resulted in several significant outcomes, the majority of the objectives were only partially achieved.
<b>Institutional Dev.:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf.:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

- Prior consultation, active participation and well-defined coordination among all stakeholders, including affected communities, mining businesses, federal, and provincial units are crucial to timely implementation; and
- Sector development is better approached in an integrated manner, covering policy and regulatory reform together with institutional development and capacity -building.

#### 8. Assessment Recommended? Yes No

**Why?** At an appropriate time, an audit can yield lessons about the long-term benefits of an integrated sectoral technical assistance project, that may be useful in other country situations.

#### 9. Comments on Quality of ICR:

While the ICR covers most of the important issues in a fairly balanced manner, it does not adequately cover the emerging implications of the national financial crisis for the project. The ICR could have benefited from better editing

In many portions. On the whole the ICR is considered satisfactory, albeit marginally so.