1. Key development issues and rationale for Bank involvement

The current project’s development objectives are to: “(a) support the private-public partnership in improving the service quality and coverage of mass transit; (b) support infrastructure improvements defined in the concession agreements between the Government and the private sector; (c) assist in improving the conditions of traffic safety and environmental quality; and (d) help in developing an integrated urban transport (road and rail) system in the Greater Buenos Aires Metropolitan Areas (AMBA).”

The activities proposed are fully consistent with the Project Development Objectives (PDOs), fitting very well under the Bank’s policy for additional financing. The proposed technical assistance component to other cities would imply a geographical expansion beyond the scope of the original loan; however, the significance of this component in monetary terms is limited while the development impact of the design of sustainable urban transport programs in these cities would be crucial, and would help secure GEF funding and lay the groundwork for the Argentina Urban Transport for Metropolitan Areas Project (PTUMA). The new, complete fourth PDO outcome for the project would be: "help in developing integrated urban transport strategies in Argentina's largest metropolitan areas".

The team considers that given the proven Government of Argentina (GOA)’s commitment to this project, an additional loan to the Buenos Aires Urban Transport Project (PTUBA) would be the best available

---

1 The initial DOs were limited to the Great Buenos Aires and this proposed TA component will include the biggest Argentinean Metropolitan Areas under the following rationale, already discussed with LEGLA: said TA component is being included to address changed circumstances that emerged during project implementation: (i) the 2002 crisis that led to the implementation of a country-wide urban transport subsidy policy, with concerns on its sustainability in the medium term. The negative fiscal impacts of said policy could be at least mitigated through the implementation of more efficient/rationalized urban transport systems that this TA component would contribute to define, and (ii) the recent government’s decision to extend their support beyond the Great Buenos Aires. Addressing the policy issues including subsidies is crucial for the sector, and it would not be recommendable to limit such analysis only to Buenos Aires. A broader focus seems more appropriate to tackle this issue at the national level.
mechanism to maximize the impact and development effectiveness of the current loan in the area of road safety and integrated urban transport systems.

In particular, the PTUBA’s project description in the Project Appraisal Document (PAD) includes “a package of actions and investments aimed at the following:

(a) finance the rail equipment and infrastructure which are critical for the upgrading of public transport services;

(b) promote the integration of the transport system by upgrading transfer stations among rail lines, building better transfer facilities between rail and road-based transport, and generally improving road access to rail stations;

(c) improve traffic safety and environmental conditions through the construction of grade separations at high-volume crossings, the enhancement of controls at road/rail grade crossings, the development of a complementary program of road safety actions, and the introduction of systematic air pollution monitoring, and

(d) strengthen the institutional framework which would ensure the continued operation of an economically and environmentally sustainable transport system in the metropolitan area.”

Moreover, there are important procedural and cost-effectiveness gains for the borrower to proceed with the additional loan as compared to preparing a new project, given the GOA's interest in contracting out the construction of the rail/road crossings as early as possible, since these have been and currently are a major source of serious car accidents and traffic congestion. The proposed operation can be easily accommodated in the context of the ongoing project, relying on the PTUBA's Project Implementation Unit (PIU) which has proven its ability to handle such contracts with very good results. The proposed additional activities are expected to be completed within a maximum of three years of the current closing date of the loan, which is consistent with the Bank’s policy on additional financing.

In terms of a preliminary assessment of the project’s economic justification, the proposed additional activities are expected to yield time and operating cost savings for road and rail operators and passengers, as well as accident cost savings. An ongoing study, financed by the PTUBA, is currently providing the internal economic rates of return and net present values (NPV) of the proposed railroad crossings.

Preliminary discussions with the Safeguards team that has participated in the PTUBA supervision and in the preparation of the proposed operation indicate that the proposed activities trigger the same safeguard policies as the original ones: (i) environmental assessment, (ii) involuntary resettlement and (iii) cultural property. The expected environmental and social impacts would be addressed before presenting the proposed additional loan to the Board by conducting a screening of the proposed grade-separated railroad crossings and improvement of railway and subway stations, and by preparing, on the basis of the lessons learnt through the already completed railroad crossings, a comprehensive Environmental and Social Management Manual that will be incorporated in all works contracts.

Finally, it should be mentioned that the proposed additional activities under this operation are fully consistent with the Country Assistance Strategy (CAS) discussed by the Board on June 6, 2006. The three pillars of the 2004 CAS—sustained growth with equity, social inclusion and improved governance—have been retained as central to support the country's efforts to shift from a focus on crisis response to medium-term growth. Improvement of infrastructure assets is a fundamental element of the


\(^3\) Report No. 27340-AR
CAS’s pillar of sustained economic growth, particularly with respect to establishing growth that is more equitable and pro-poor. More than one-third of lending operations proposed in the indicative lending program in the CAS are in infrastructure, with the bulk of these in the transport sector. The technical assistance components will contribute to the third pillar, improved governance.

2. **Proposed objective**

The current project’s development objectives are to: (a) support the private-public partnership in improving the service quality and coverage of mass transit; (b) support infrastructure improvements defined in the concession agreements between the Government and the private sector; (c) assist in improving the conditions of traffic safety and environmental quality; and (d) help in developing an integrated urban transport (road and rail) system in the AMBA.

The activities proposed are fully consistent with the PDOs, fitting very well under the Bank’s policy for additional financing for project scale-up. The proposed third component (technical assistance to other cities) would imply a geographical expansion beyond the scope of the original loan; however, the significance of this component in monetary terms is limited while the development impact of the design of sustainable urban transport programs in these cities would be crucial, and would help secure GEF funding and prepare the PTUMA. The new, complete fourth PDO outcome for the project would be: "help in developing integrated urban transport strategies in Argentina’s largest metropolitan areas”.

3. **Preliminary description**

The GOA has requested the Bank additional financing in the amount of US$100 million for the expansion of activities and works under the Buenos Aires Urban Transport Project. Counterpart funds would amount to US$32.8 million. The proposed expansion of the loan would include the following components:

**Works**
(i) Seven grade-separated road/rail crossings in AMBA. These railroad crossings are being selected from an existing short list of 25, which is being assessed through a PTUBA-funded study,
(ii) Accessibility improvements to suburban railway stations in the AMBA,
(iii) Installation of additional elevators in subway Line A stations.

**Technical Assistance**
(iv) Technical assistance to the GOA to:
- review and rationalize its public transport fare policy, especially the subsidy approach
- complete the origin-destination and household surveys initiated under the PTUBA and set up and calibrate a traffic forecast model for the AMBA
- support the creation of the Great Buenos Aires Metropolitan Transport Agency.
(v) Technical assistance to other cities of Argentina in the design of urban transport projects, especially the cities that will benefit from the GEF Regional Sustainable Transport Project (Tucuman, Rosario, Cordoba, Posadas).

4. **Safeguard policies that might apply**

The project is expected to have positive environmental impact in the long-run, since it aims at improving access and quality of public transport and reducing conflicts between rail and motorized traffic, which will reduce congestion and emissions, and improve traffic safety. However, a number of short-term and long-term induced impacts trigger OP 4.01.
The civil works in the Greater Buenos Aires Metropolitan Region include building grade-separated road/rail crossings in the Buenos Aires metropolitan area (AMBA). Said railroad crossings will be selected from an existing short list of 25 crossings, based on an economic and social-environmental assessment. The project also include minor accessibility improvements to suburban railway stations in the AMBA.

In general, the civil works under the project will follow the alignments of existing roads and right-of-ways in urbanized areas and alternatives will be sought to prevent potential impacts, especially to avoid resettlements. The project will incorporate strategies to increase safety and incentives to reduce air pollution.

The main direct impacts are expected to occur during construction and cause localized negative environmental impacts. Such impacts are expected to consist essentially of noise, vibration, dust, and traffic disruption. Additional negative impacts during construction will occur due to haulage and final disposal of materials. Most of these impacts can be mitigated by proper designs and environmental and social manuals that have to be followed.

5. Tentative financing

<table>
<thead>
<tr>
<th>Source: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</th>
<th>($m.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower</td>
<td>32.8</td>
</tr>
<tr>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>132.8</td>
</tr>
</tbody>
</table>

6. Contact point

Contact: Andres G. Pizarro  
Title: Sr Transport. Spec.  
Tel: (202) 473-8829  
Fax: (202)676-9594  
Email: apizarro@worldbank.org