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Report No: PAD2089

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN
IN THE AMOUNT OF US\$80 MILLION

TO THE

ARGENTINE REPUBLIC

FOR A

MODERNIZATION AND INNOVATION FOR BETTER PUBLIC SERVICES IN ARGENTINA PROJECT

January 30, 2017

Governance

LATIN AMERICA AND CARIBBEAN

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 18, 2017)

Currency Unit = Argentine peso

AR\$15.90 = US\$1

AR\$1 = US\$0.06

FISCAL YEAR

January 1 - December 31

Regional Vice President: Jorge Familiar

Country Director: Jesko S. Hentschel

Senior Global Practice Director: Deborah L. Wetzel

Practice Manager: Arturo Herrera Gutierrez

Task Team Leader(s): Alberto Leyton

ABBREVIATIONS AND ACRONYMS

AFIP	National Administration of Public Revenue <i>(Administración Federal de Ingresos Públicos)</i>
ANSES	National Social Security Administration <i>(Administración Nacional de la Seguridad Social)</i>
ARSAT	Argentinian Satellite Solutions Corporation <i>(Empresa Argentina de Soluciones Satelitales Sociedad Autónoma)</i>
CABA	Autonomous City of Buenos Aires <i>(Ciudad Autónoma de Buenos Aires)</i>
CERT	Center of Emergency Response Team
CPI	Council of Indigenous Participation <i>(Consejo de Participación Indígena)</i>
CPS	Country Partnership Strategy
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
eCR	Electronic Civil Registry
eDMS	Electronic Document Management System
FM	Financial Management
FMA	Financial Management Assessment
G2B	Government-to-Business
G2C	Government-to-Citizen
G2G	Government-to-Government
GAT	Management of Social Benefit Program's Transfers <i>(Gestión de Asistencias y Transferencias)</i>
GEDO	Electronic Generator of Official Documents <i>(Generador Electrónico de Documentos Oficiales)</i>
GRS	Grievance Redress Service
HR	Human Resource
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communications
ID	Identification Document
IDC	Indefinite Delivery Contract
IFR	Interim Financial Report
INAI	National Institute of Indigenous Affairs <i>(Instituto Nacional de Asuntos Indígenas)</i>
IPF	Investment Project Financing
IPP	Indigenous Peoples Plan
ISDS	Integrated Safeguards Data Sheet
IT	Information Technology
LAC	Latin America and the Caribbean
MM	Ministry of Modernization
OAC	Anti-Corruption Office <i>(Oficina de Anticorrupción)</i>
OECD	Organization for Economic Cooperation and Development
OM	Operational Manual

PAD	Project Appraisal Document
PDO	Project Development Objective
PIU	Project Implementation Unit
PPSD	Project Procurement Strategy for Development
RENAPER	National Registry of People (<i>Registro Nacional de las Personas</i>)
RNT	Non-tax revenue (<i>Recaudación no tributaria</i>)
SIDIF	Integrated Budget and Accounting Information System (<i>Sistema Integrado de Información Financiera</i>)
SME	Small and Medium Enterprises
SOE	Statement of Expenditure
SW	Staff Weeks
SWAp	Sector-Wide Approach
TAD	Remote-based services (<i>Trámites a Distancia</i>)
TOR	Terms of Reference
UE	Underlying Expenditure
WB	World Bank



BASIC INFORMATION

Is this a regionally tagged project? No	Country(ies)	Lending Instrument Investment Project Financing
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- Situations of Urgent Need of Assistance or Capacity Constraints
- Financial Intermediaries
- Series of Projects

Approval Date 21-Feb-2017	Closing Date 30-Jun-2021	Environmental Assessment Category C - Not Required
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Bank/IFC Collaboration No	
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Proposed Development Objective(s)

To improve the quality and accessibility of selected government administrative services and enhance transparency in the public administration.

Components

Component Name	Cost (US\$, millions)
Component 1. Improvements in Service Delivery to Citizens, Businesses and Government	17.90
Component 2. Strengthening of Cross-Cutting Public Sector Management Systems and Platforms	20.90
Component 3. Enabling Technology and Reform Management (Includes Project Implementation Unit)	49.90

Organizations

Borrower : Republic of Argentina

Implementing Agency : Ministry of Modernization



<input checked="" type="checkbox"/> Counterpart Funding	<input checked="" type="checkbox"/> IBRD	<input type="checkbox"/> IDA Credit <input type="checkbox"/> Crisis Response Window <input type="checkbox"/> Regional Projects Window	<input type="checkbox"/> IDA Grant <input type="checkbox"/> Crisis Response Window <input type="checkbox"/> Regional Projects Window	<input type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
Total Project Cost: 88.90		Total Financing: 88.90		Financing Gap: 0.00	
		Of Which Bank Financing (IBRD/IDA): 80.00			

Financing (in US\$, millions)

Financing Source	Amount
Borrower	8.90
IBRD-87100	80.00
Total	88.90

Expected Disbursements (in US\$, millions)

Fiscal Year	2017	2018	2019	2020	2021
Annual	18.99	19.44	22.80	16.68	2.09
Cumulative	18.99	38.43	61.23	77.91	80.00

INSTITUTIONAL DATA

Practice Area (Lead)

Governance



Contributing Practice Areas

Trade & Competitiveness

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

No

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

No

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Moderate
7. Environment and Social	● Low
8. Stakeholders	● Substantial
9. Other	
10. Overall	● Substantial



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered by the Project

Yes

No

Environmental Assessment OP/BP 4.01

✓

Natural Habitats OP/BP 4.04

✓

Forests OP/BP 4.36

✓

Pest Management OP 4.09

✓

Physical Cultural Resources OP/BP 4.11

✓

Indigenous Peoples OP/BP 4.10

✓

Involuntary Resettlement OP/BP 4.12

✓

Safety of Dams OP/BP 4.37

✓

Projects on International Waterways OP/BP 7.50

✓

Projects in Disputed Areas OP/BP 7.60

✓

Legal Covenants

Sections and Description

Change Management Firm. Schedule 2. Section I.A.3. The Borrower, through the PIU, shall hire a firm with experience and qualifications acceptable to the Bank (the “Change Management Firm”) in accordance with Section III of this Schedule, for purposes of assisting the PIU in the development and implementation of the strategy referred to under Part 3.1 of the Project.

Sections and Description

Implementation Teams. Schedule 2. Section I.A.4. Prior to the carrying out of any activity under the Project in which an implementation team is required, as determined by MM, the Borrower, through the MM, shall establish and maintain, throughout Project implementation, an implementation team for the corresponding activity, chaired by MM and comprised, if applicable, of representatives of the pertinent Participating Entity (as the case may be), all with functions and responsibilities acceptable to the Bank and in accordance with the terms defined in



the Operational Manual, including the responsibility to provide technical support for the implementation of the corresponding Project activity.

Sections and Description

External DLI Verification. Schedule 2. Section I.A.5. Not later than three (3) months after the Effective Date, the Borrower, through the PIU, shall hire a consultant with experience, qualifications and terms of reference acceptable to the Bank in accordance with Section III of this Schedule, for purposes of assisting the PIU in the verification of compliance of selected DLIs.

Sections and Description

Inter-institutional agreements. Schedule 2. Section I.A.6(a). (a) For purposes of carrying out Parts 1.1.(b), 1.1(c), 1.2(b), 1.2 (c),2.4(e) and 3.3 of the Project, and prior to the carrying out of any activity under said Parts of the Project which falls under the administrative jurisdiction of a Participating Entity, the Borrower, through MM, shall enter into an agreement with the pertinent Participating Entity (as the case may be) (the Inter-institutional Agreement), all under terms and conditions acceptable to the Bank, which shall include, inter alia, the obligation of the Participating Entity to: (i) assist the Borrower, through MM, in the carrying out of the corresponding Part of the Project; and (ii) if applicable, appoint a representative to the implementation team referred to in Section I.A.4 of this Agreement.

Sections and Description

Post Office Agreement. Schedule 2. Section I.A.7(a). In case any post office to be benefitted under Part 1 (b) (iv) of the Project is vested with legal personality, or owned/managed by a legal entity, the Borrower, through MM, shall, prior to the carrying out of said activity for the benefit of pertinent post office, enter into a separate agreement (the Post Office Agreement) with each said post office or legal entity (as the case may be), on terms and conditions acceptable to the Bank, which shall include, inter alia, the obligation of said post office or legal entity to undertake all necessary actions to enable the Borrower, through MM, to comply with the pertinent obligations under this Agreement as applicable to Part 1 (b) (iv) of the Project.

Sections and Description

Indigenous Peoples Plan (IPP). Schedule 2. Section I.D.1. The Borrower, through the PIU, shall carry out the Project in accordance with the Indigenous Peoples Plan (IPP).

Conditions

Type

Disbursement

Description

Withdrawal Conditions, Withdrawal Period. Section 4. B. 1,2 and 3.

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made: (a) for payments made prior to the Signature Date, except that



withdrawals up to an aggregate amount not to exceed USD 16,000,000 may be made for payments made prior to the Signature Date but on or after August 1, 2016 (but in no case more than one year prior to the Signature Date), for Eligible Expenditures, provided that the pertinent obligations/conditions set forth in this Agreement and in the Additional Instructions, as applicable to each Eligible Expenditure have been complied with in a manner acceptable to the Bank; and (b) under Category (1), unless the Borrower has furnished to the Bank in respect of any DLR, supporting documentation acceptable to the Bank confirming the achievement of the respective DLR or DLRs in form and in substance, as further elaborated in the Additional Instructions.

2. Notwithstanding the provisions of paragraph 1(b) of this Section, if the Bank is not satisfied that any DLR under Category (1) has been achieved, the Bank may at any time, and by notice to the Borrower, decide, in its sole discretion to: (a) withhold the unwithdrawn proceeds of the Loan then allocated to said DLR until the Bank is satisfied that said DLR has been fully achieved; or (b) (i) reallocate all or a portion of the proceeds of the Loan then allocated to said DLR to any other DLR; and/or (ii) cancel all or a portion of the proceeds of the Loan then allocated to said DLR.

3. If, at any time, the Bank determines that any portion of the amounts withdrawn by the Borrower under Category (1) was made: (i) for ineligible expenditures; or (ii) not in compliance with the provisions of paragraph 1(b) of this Section, the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower. The Bank may thereafter cancel such refunded amount.

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Alberto Leyton	Team Leader(ADM Responsible)		GGO16
Ana Maria Grofsmacht	Procurement Specialist(ADM Responsible)		GGO04
Paula Agostina Di Crocco	Financial Management Specialist		GGO22
Adrienne Elizabeth Hathaway	Team Member		GGO16



Alejandro Roger Solanot	Team Member		GGO22
Alvaro Larrea	Team Member		GGO04
Daniela Veronica Felcman	Team Member		GGO16
Eva Clemente Miranda	Team Member		GTCIE
German Nicolas Freire	Safeguards Specialist		GSU04
Henry Forero Ramirez	Team Member		GGO16
Joanna Alexandra Watkins	Team Member		GGO16
Juan Carlos Serrano-Machorro	Team Member		GGO22
Marcela Roza Rincon	Team Member		GGO02
Maria Elizabeth Grandio	Team Member		GGO04
Maria Emilia Sparks	Team Member		LCC7C
Santiago Scialabba	Team Member		LCC7C
Tuuli Johanna Bernardini	Environmental Specialist		GEN04
Wilson Frota Dias de Carvalho	Team Member		LCC5A
Extended Team			
Name	Title	Organization	Location



ARGENTINA
MODERNIZATION AND INNOVATION FOR BETTER PUBLIC SERVICES IN ARGENTINA

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I. STRATEGIC CONTEXT

A. Country Context

- 1. After taking office in December 2015, the new Argentine Government moved with significant speed to implement reforms.** The Government has rapidly implemented various macroeconomic reforms and initiated a program of structural reforms. These include *inter alia* (a) the elimination of export taxes on major crops, beef, and most industrial manufacturing products and the reduction by 5 percent of export taxes on soy; (b) unification of the exchange rate, effectively ending most foreign exchange restrictions; (c) moving from a system of discretionary to automatically provided import licenses in line with World Trade Organization procedures; (d) resolution of the dispute with holdout creditors; and (e) measures to enhance public transparency and accountability. In addition, the National Institute for Statistics launched a new inflation index and improved the overall quality of statistics. Electricity tariffs and transport fees were increased to reduce subsidies, while protecting low-income users with a social tariff. Broader efforts to reduce energy subsidies (which account for a large portion of fiscal deficit) are under way.
- 2. Economic activity is estimated to have contracted in 2016, but growth is expected in 2017.** Economic activity is estimated to have contracted by 2.3 percent¹ during 2016, taking a toll on labor markets, where 92,000² formal private sector jobs were lost since October 2015 (1.5 percent of total employment). However, the economic contraction has been decelerating during the second semester of 2016 and economic growth is expected in 2017 (+2.7 percent³) on the assumption that the positive impact of recent policy changes kicks in and the global economy recovers. The median estimate for inflation for 2016 is 40 percent⁴, mostly due to currency depreciation and the reduction of energy and transport subsidies. However, inflation has decelerated since August 2016. The central government primary deficit in 2016 was in line with the target established (-4.8 percent). Fiscal consolidation in 2017 will be more gradual than originally planned due to increased social spending, including the adjustment of pension transfers.
- 3. The Argentine Government has made important steps to address the key macroeconomic imbalances with the objective of creating an environment conducive to economic growth and employment creation.** Argentina offers many opportunities in a weak global environment, and there is a strong interest from foreign investors and firms. Going forward, Argentina aims to continue building a growth enabling policy framework to enhance credibility and support broad based growth and quality employment. In particular, the following policies will be important to permanently reduce inflation and put Argentina on a sustainable growth path: (a) increase public spending efficiency as well as its efficacy and reduce the fiscal deficit in line with government targets; (b) continue fostering the credibility of the Central Bank so that monetary policy can further anchor inflation expectations; (c) strengthen competitiveness and productivity through an improved business environment and investments in

¹ Source: World Bank Group. 2017. *Global Economic Prospects, January 2017 Weak Investment in Uncertain Times*. Washington, DC: World Bank. doi:10.1596/978-1-4648-1016-9.

² Source: Ministerio de Trabajo, Empleo y Seguridad Social

³ Source: World Bank Group. 2017. *Global Economic Prospects, January 2017 Weak Investment in Uncertain Times*. Washington, DC: World Bank. doi:10.1596/978-1-4648-1016-9.

⁴ Source: Banco Central de la República Argentina. 2016. *Resultados del Relevamiento de Expectativas de Mercado (REM)*, Diciembre 2016.



infrastructure and increasing competition in markets and improving the regulatory framework in sectors; (d) continue strengthening the credibility of official statistics; and (e) continue improving the provision of public goods (including transportation, health, and education) and reducing regional disparities.

B. Sectoral and Institutional Context

4. **In the early 1990s, the role of the state in Argentina was redefined through the privatization of state enterprises and the transfer of many basic service provision responsibilities to provincial governments.** However, the speed at which changes occurred did not allow for the needed adjustments to the administration's internal organization and coordination mechanisms. Over the last fifteen years, various efforts, some accompanied by the World Bank, were undertaken to carry out the required adjustments. Led by the Chief of Cabinet's Office, efforts in the early 2000s laid out an ambitious and comprehensive reform agenda for the modernization of the national public administration. However, following the economic and political crises in late 2001 and the corresponding political and institutional instability they induced, the scale of objectives was adjusted. By 2005, the Government had adopted an approach of "strategic incrementalism" to state modernization, which focused on the implementation of specific management tools and the modernization of selected agencies with the goal of generating future demand for further reforms through demonstration effects.

5. **As a result of this work, several advances were made.** With the support of the World Bank financed State Modernization I (P057449) and II (P101170) Projects, several public sector management tools were strengthened, and the process of generating inter-ministerial support initiated. Achievements under the more recently closed State Modernization II operation included, among others, the piloting and use of a Ministerial Goals Dashboard by 18 national ministries and agencies and the development of the Digital Files for the Public Administration platform, which introduced the capability to design inter-entity Government to Citizen (G2C) services.

6. **However, the horizontal diffusion of reforms proved to be more challenging than expected and, while supporting mechanisms that allow for citizen engagement, the model did not fully incorporate the citizen as an integral part of the modernization process.** Frequent changes in the overall strategy resulting from uneven political commitment meant that by 2015, the absorption of modernization tools was asymmetrical – requiring the investment of significant political capital to nudge ministries and agencies to adopt changes – and that reforms had not prioritized transparency or access to information. Key horizontal public management solutions in areas like results-based management, procurement, and human resources (HR) management were not fully developed and deployed across the central government, limiting advances' positive impact on Government efficiency and leaving citizens without the information needed to fully participate in the policy-making process. Within procurement, challenges such as inefficient practices; a lack of transparency in terms of the information and data disclosed; and low levels of competition persisted, complicating accountability. Planning in public procurement also remained weak, with procurement officials lacking specialized training and gaps in systematic collection and dissemination of procurement information and statistics persisting –thereby reducing the possibilities for implementing competition and savings-inducing instruments such as framework agreements. Similarly, fragmented HR management systems and poor reporting capabilities make it difficult for the Government to obtain actionable data to address issues in career and performance management.



7. **Pending challenges in Argentina point to the impact of these suboptimal public management processes on the Government's capacity to provide effective administrative services to citizens and businesses.** Today, most government administrative processes are still paper-based processes which do not take full advantage of widely available information and communication technologies (ICT) to improve workflows and facilitate transactions. Lacking centralized and complete administrative data on basic elements like the number of public employees, or, common cross-entity public purchases, even diagnosing challenges in the Government's administrative processes is currently complicated. As a result, policy responses are not able to be fully evidence-based and inefficiencies are more likely to persist. Similarly, G2C and Government-to-Business (G2B) channels—including how individuals interact with the Government to request needed administrative processes (e.g. identification, licenses, permits) or report service delivery issues (e.g. non-functioning streetlights or potholes) as well as how they can seek information on the Government's operation and provide feedback—tend to be complicated and time consuming due to a reliance on often fragmented, non-user-friendly, and manual solutions. Procedures show signs of slowness and complexity that could be improved by more automated processing: in 2015, for example, starting a business required 14 processes spanning 25 days (compared to Latin America and the Caribbean (LAC): 8.3 processes, 29.4 days; high income Organization for Economic Cooperation and Development (OECD): 4.7 processes, 8.3 days).⁵ Moreover, electronic channels have not been highly utilized- according to a 2012 report,⁶ less than half of small and medium enterprise internet users in Argentina used it to access e-government services, with even smaller percentages having used e-services for processes like registering for official government documents (27 percent) or contacting government officials (15 percent).⁷

8. **Recognizing these challenges and identifying the need to further advance on the state modernization agenda from a transparent and citizen-centric perspective, in March 2016, the Government approved the State Modernization Plan (Decree 434/2016).** The plan, which is to be implemented by the recently created Ministry of Modernization, aims to achieve a public administration at the service of citizens within a framework of efficient, effective, and good-quality service delivery. Its objectives span five axes: Technology and Digital Government; Integrated Management of Human Resources; Results-based Management and Public Commitments; Open Government and Public Innovation; and Digital Country Strategy.

9. **This agenda draws heavily upon the administration's previous successful experience working towards similar objectives from 2009-2014 in the Autonomous City of Buenos Aires (*Ciudad Autónoma de Buenos Aires, CABA*).** In 2009, CABA's administration was paper-based, operating using a variety of outdated and unintegrated systems. The administration developed an electronic document management (workflow) platform,⁸ on top of which various workflow modules in areas including public procurement,

⁵ World Bank Group, Doing Business 2016: Measuring Regulatory Quality and Efficiency, October 27, 2015, <<http://www.doingbusiness.org/reports/global-reports/doing-business-2016>>

⁶ McKinsey and Company, *Online and upcoming: The Internet's impact on aspiring countries*, January 2012, Olivia Nottebohm, James Manyika, Jacques Bughin, Michael Chui, and Abdur-Rahim Syed. <<http://www.mckinsey.com/industries/high-tech/our-insights/impact-of-the-internet-on-aspiring-countries>>.

⁷ Such situations do not seem to have improved much in recent years based on recent discussions with Government counterparts and other non-government sources.

⁸ The electronic document management platform feeds electronically generated documents into government workflow processes for the creation, circulation, registry and sharing of information between entities.



online services, and online processing of subsidies, among others were then implemented. As a result of this automation of processes and digitalization, the response time to citizens' requests for copies of official documents was reduced from 72 hours to a maximum of 24 hours.⁹

10. **The current administration's emphasis on improving citizen-centered public administration through the broad deployment of e-government and open government principles offers the opportunity to overcome the existing challenges by building on the foundations and lessons learned from these past experiences at the national level and in CABA.** By focusing the scope of the proposed Project on key areas of the Government's broader agenda, activities aim to highlight advances in selected areas that will help to make modernization efforts more visible and effective.

C. Higher Level Objectives to which the Project Contributes

11. **The Project's focus on improving the quality and accessibility of government administrative services, as well as its support to increasing transparency, is well aligned with the Government's high level objectives as detailed in the new State Modernization Plan.** Argentina faces persistent challenges in delivering critical public services. Providing better public services is not only of benefit to the entire population, but will be key to shared prosperity developments in the country, where 32.2 percent of the population lives in poverty according to the new national poverty line.¹⁰ These gaps are indicative of a variety of challenges, including important vertical and horizontal coordination challenges within and between levels of government, and suboptimal public management. Over the last months, the Government has highlighted the importance of addressing pending challenges through institutional strengthening focused on transparency and open government.

12. **The Project is well-aligned with the FY2015-2018 Country Partnership Strategy (CPS) for Argentina.¹¹** The CPS identifies governance as a cross-cutting theme and commits to a cross-portfolio approach to governance that addresses the underlying issues that lead to implementation and public service delivery problems, highlighting support to updating regulations, developing institutional transparency, and improving capacity-building programs for public servants. The Project's focus on the development and implementation of innovative transversal public sector management reforms is aligned with the CPS's goal of addressing the underlying issues that lead to problems with implementation and public service delivery. The proposed implementation strategy supported through a results-based approach is also aligned with the shift in operational modalities sought under the current CPS, which targets "...moving from a focus on input-based IT systems toward engagement that provides incentives for service delivery for the poor and vulnerable population." Additionally, the transition away from paper documents and to electronic document management supported by energy efficient ICT equipment could have positive climate change benefits.

⁹ Pablo Clusellas, Eduardo Martelli, and María José Martelo. *Gestión Documental Electrónica: Una transformación de raíz hacia el gobierno electrónico en la ciudad de Buenos Aires 2009-2014*, Autonomous City of Buenos Aires: Government Secretariat of the City of Buenos Aires, 2014.

¹⁰ INDEC, "Incidencia de la pobreza y de la indigencia en 31 aglomerados urbanos, Resultados segundo semestre de 2016." September 28, 2016. <http://www.indec.gov.ar/uploads/informesdeprensa/eph_pobreza_01_16.pdf>

¹¹ Report No. 81361-AR, discussed by the Board on September 9, 2014.



II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

To improve the quality and accessibility of selected government administrative services and enhance transparency in the public administration.

B. Project Beneficiaries

13. **The Project has three broad groups of intended beneficiaries.** First, citizens and businesses, who will be able to interact more efficiently and effectively with the Government through the modernized processes and tools, are the ultimate beneficiaries. Second, participating Government entities at the national and subnational levels which implement the modernized tools and platforms, and receive the capacity building necessary to operate them will benefit by being able to carry out their functions in a more effective and transparent manner. Third, at the center of the reform, the Ministry of Modernization will be the direct beneficiary of the Project. It will benefit in terms of enhanced technical capacity, thanks to the implementation of the planned administrative platforms, and the corresponding strengthening of its institutional role, supported by the tools' dissemination and an effective change management strategy.

C. PDO-Level Results Indicators

14. Successful achievement of the **Project Development Objective (PDO)** above will be measured with the following outcome level indicators:

- (a) Number of users registered on the argentina.gob.ar portal with a Citizen Digital profile
- (b) Improved performance in the Open Data Barometer Index
- (c) Cumulative number of government internal administrative processes mapped and modelled with eDMS across national line ministries and other entities of the national public administration (DLI)

15. The Project will also focus on delivering results in four selected activities (supporting online, re-designed citizen centric processes; the electronic civil registry in the Province of Buenos Aires; an updated electronic procurement system; and an electronic workflow management platform for documents)—capturing the absorption of key tools and the impact of their downstream use. These activities (explained below) were chosen based on their relevance to citizens/businesses, service providers' demand for modernization and strategic importance to the PDO, as well as their falling principally within the Ministry of Modernization's sphere of control. In order to incentivize the achievement of results across the results-chain and consequently the achievement of the PDO, progress observed in each of these selected prioritized activities will be used to trigger a portion of disbursements through Disbursement Linked Indicator (DLI) mechanisms¹².

III. PROJECT DESCRIPTION

A. Project Components

16. Working backwards from the goal of improving the quality and accessibility of Government services and enhancing the transparency of the public administration, the proposed operation will develop and strengthen the cross-cutting administrative and management systems that provide the shared management tools needed to do so, supported by accompanying technological infrastructure and enabling reforms that ensure the availability of standardized, reliable and secure information. Within this

¹² Under the DLI mechanism, the achievement of established results, associated with identified pre-financed underlying expenditures, triggers a specified disbursement.



structure, the improved services to be offered represent the most visible place in which the results of the reform will appear, but in fact, they represent only a small fraction of the advances in tools and data that will make these results possible (See Figure A1.1 in Annex 1).

17. **Specifically, the Project has three components.** Component 1 supports the implementation and use of these tools in selected areas of the public administration. Component 2 supports the development of the upstream cross-cutting public management systems which provide shared and standardized management tools, by building upon Component 3, which supports a foundation of needed technological infrastructure and technical assistance for effective management of the reform.

18. Overall, the proposed Project has a strong citizen engagement orientation, supporting both specific, key interfaces for citizen engagement with the Government through administrative channels, as well as the underlying technological and technical reforms needed to enable the broad and effective implementation of such. In particular, the relaunching of *argentina.gob.ar* as the single entry point for citizen interaction with the Government (Area 1, Subcomponent 1.1) is expected to have important implications for citizen engagement, by making it easier for citizens to access information on Government processes and procedures, and providing access to user-friendly services through which citizens can interact with the Government. Additionally, activities linked to open government, open data, and innovation (Subcomponent 2.4) will also play an important role in facilitating and strengthening citizen engagement through their focus on supporting access to public data, capacity building on open government principles, and activities to promote innovation by a wide range of stakeholders to resolve public sector challenges.

Component 1. Improvements in Service Delivery to Citizens, Businesses and Government (Estimated cost: US\$17.9 million)

19. This component aims to support the implementation and effective use of improved administrative services to citizens, businesses, and government agencies at the national and subnational levels. Improvements will be prioritized in five areas (selected based on existing demand and opportunities for improvement), as a final step in translating advances in public management solutions into enhanced accessibility and quality of selected government administrative services.

20. *Subcomponent 1.1 – Improvements in Government-to-Citizen (G2C) and Government-to-Business (G2B) services:* This subcomponent will provide support to improve the quality, accessibility, and transparency of selected citizen and business services at the national and subnational levels.

- (a) *Area 1. Digital services to citizens (Argentina.gov.ar):* The subcomponent will provide support for the implementation of a digital public strategy, including: (i) the development of a new architecture for the provision of citizen services, including the relaunching of the *argentina.gob.ar* portal as a single entry point for citizen interaction with relevant national authorities; (ii) the redesigning of digital interfaces and improved user-experience tools of up to 29 key selected processes (see details in Annex 1); (iii) the adoption of a digital citizen profile service; and (iv) the establishment of a digital assistance program to assist citizens in accessing digital services. Advances in this area, measured by the number of key-citizen centric processes which have been redesigned and made available online, will be reimbursed through a DLI.



(b) Area 2. Expanded online services for Small and Medium Enterprises (SMEs) through the use of electronic services: The subcomponent will provide support to the Ministry of Production for the modernization of SME service provision through: (i) the reengineering and streamlining of internal administrative processes; (ii) the development of online transactions through the adoption and configuration of a virtual services module (*Tramites a Distancia*); (iii) the provision of training to personnel for the operation of redesigned processes; and (iv) the acquisition of equipment and supplies for post offices to operate a new electronic system.

(c) Area 3. Improved civil registry services in the Province of Buenos Aires through the implementation of electronic tools: The subcomponent will support the modernization of a set of key civil registry services in the Province of Buenos Aires, including, inter alia: (i) the analysis, standardization, and reengineering of civil registry administrative processes; (ii) the implementation of automated civil registry processes across selected main civil registry offices (*cabeceras*); (iii) the installation of specific remote electronic services for citizens; and (iv) the provision of training to selected main civil registry offices' personnel for the operation of the automated civil registry processes. The Project will recognize advances in the implementation of the electronic civil registry through a DLI tracking the number of main regional offices operating with the electronic registry.

21. This subcomponent also includes the provision of support for the carrying out of selected pilot interventions in government administrative services to citizens, including, inter alia, the updating, modernization, and automation of processes for the online provision of government administrative services through the use of an online platform on a remote basis, automated management of selected social benefit programs' transfers, automated processing of non-tax revenue management, and other remote citizen/business services.

22. *Subcomponent 1.2 – Improvements in Government-to-Government (G2G) services*: This subcomponent will support improvements in the efficiency and transparency of selected internal government administrative services, through:

(a) Area 4. Increased transparency, competition and savings in public procurement: The subcomponent will provide support for enhancing transparency, competition and savings in public procurement, through: (i) the carrying out of an analysis of the procurement needs of the relevant national authorities and the identification of opportunities for the use of procurement framework agreements; (ii) the carrying out of supply and demand studies and the preparation of procurement framework agreements; and (iii) the implementation of procurement framework agreements for selected goods and services through the use of the e-procurement system referred to under Subcomponent 2.2 of the Project.

(b) Area 5. Increased compliance with the country's ethics framework through more efficient and effective monitoring and control mechanisms directed at preventing corruption: The subcomponent will support the Office of Public Ethics, Transparency and Fight against Corruption's (Anti-Corruption Office, *Oficina de Anticorrupción*, OAC) ongoing effort to update and strengthen the management of the asset declaration system through: (i) the implementation of an electronic document management and automated workflows application; (ii) the adoption of business intelligence tools, including the creation of interfaces with other relevant government databases, and the



enhancement of reporting and analytical capabilities of the OAC; and (iii) the provision of training to the OAC's personnel on data analysis and risk assessment techniques.

23. This subcomponent also contemplates support for the carrying out of selected pilot interventions in government to government services, including, inter alia: (i) the adoption and implementation of public-management toolkits in participating provinces covering the following cross-cutting management systems: electronic procurement, electronic document management and human resources; and (ii) the adoption and implementation of modernized toolkits in participating municipalities aimed at improving the quality of, and access to, municipal services for citizens.

Component 2. Strengthening of Cross-Cutting Public Sector Management Systems and Platforms (Estimated cost: US\$20.9 million)

24. This component aims to support the development and streamlining of the content and processes of key public management systems required to simplify and improve public service delivery. Four cross-cutting systems and platforms have been identified as the building blocks of the renewed public administration to be supported by the Project.

25. *Subcomponent 2.1 – Performance Management System:* This subcomponent will provide support to the Chief of Cabinet Office (supported by the Ministry of Finance and the Ministry of Modernization) and to other national line ministries, as applicable, for the development of a performance management system through: (a) the development of a two-level strategic planning methodology to provide parameters and guidance for: (i) strategic planning and monitoring; and (ii) monitoring methodologies and problem-solving protocols; (b) the design and development of a software application to support the operation of: (i) customized dashboard applications to support strategic planning and monitoring of progress and results; and (ii) an aggregated dashboard to monitor and inform interventions in selected priority areas; and (c) the deployment of the methodology and dashboards referred to in (a) and (b) through a participatory and gradual implementation process, including installation of the software application referred to in (b) and the provision of training to users.

26. *Subcomponent 2.2 –Electronic Procurement System:* The subcomponent will provide support for: (a) the upgrading and adaptation of an e-procurement system for the national public administration, including the development of an interface with the national integrated budget and accounting information system (e-SIDIF); (b) the installation and roll out of the updated e-procurement system across purchasing units of the national public administration; (c) the provision of training to personnel responsible for public procurement and the creation of a help-desk; and (d) the elaboration of a national procurement strategy covering market analysis, opportunities for innovation, and policy options to further improve practices in public procurement and contract management for goods, services and public works. The Project will recognize advances in the gradual implementation of the procurement system through a DLI tracking the percentage of purchasing units within the national public administration operating with the new procurement system.

27. *Subcomponent 2.3 –Human Resource Management Systems:* This subcomponent will support the implementation of modern human resource (HR) management practices and systems through: (a) the implementation of a HR management system based on electronic document management, automated workflows and business intelligence systems; (b) the harmonization of payroll systems across national line



ministries and selected decentralized entities; (c) the carrying out of a workforce planning exercise to analyze each line ministry's stock of human capital, establish its business needs and design action plans to reach optimum levels; and (d) the development of management and technical competencies of government officials at the national and subnational levels and the promotion of a shared vision of the Government's strategic goals and shared set of values, including service excellence, ethics, transparency and integrity.

28. *Subcomponent 2.4 – Open Government, Open Data, and Innovation Platforms:* This subcomponent will support the promotion of open government, open data and open innovation principles, through: (a) the strengthening of the National Open Data Initiative, and the promotion of access, use and re-use of public data by broader audiences; (b) the carrying out of activities related with the Argentina's Open Government Strategy; (c) the development of Gob Lab, a platform to seek innovative solutions to specific public management and service delivery challenges; (d) the generation, testing, and implementation of innovation processes to identify and propose solutions to public sector challenges; and (e) the carrying out of pilot for public innovation activities at the Autonomous City of Buenos Aires.

Component 3. Enabling Technology and Reform Management (Estimated cost: US\$49.9 million¹³)

29. This component aims to support the Government in specific investments required to enable the successful development and implementation of the modernized transversal management systems and platforms by ensuring that information is standardized, available in a timely manner, reliable, and secure.

30. *Subcomponent 3.1 – Change Management Strategy and Project Management:* This subcomponent will support the development and implementation of a comprehensive and centrally managed change management and communication strategy, including: (a) the preparation of a high level risk assessment to prioritize interventions and develop a well-targeted change management plan; (b) the execution of specific stakeholder analyses; (c) the preparation of change management plans; (d) the development and implementation of a comprehensive communication strategy; (e) the development and implementation of targeted training programs for stakeholders; and (f) the provision of support for overall Project coordination and management, including the provision of support for the carrying out of Project audits.

31. *Subcomponent 3.2 – Electronic Document Management Platform and Information Services:* This subcomponent will support: (a) the adoption and implementation of an electronic workflow management platform for documents; (b) the implementation of electronic identification document authentication mechanisms and expansion of the use of the digital signature; and (c) the installation of data warehouse and business intelligence tools aimed at enabling the relevant national authorities to store and exploit the data generated through digital services. In order to transition from a paper-based administration, the Government plans to map, re-design, and implement the electronic workflow management platform (eDMS) (activity (a) above) for a set of 460 internal government processes¹⁴. While most activities under this component will be supported through traditional investment financing, this activity will be supported through a DLI.

¹³ Includes US\$2.92 million for the PIU and audits and US\$20,000 for IPP specific implementation.

¹⁴ Identified based on their relevance (measured by volume and monetary value of transactions, and impact on citizen services).



32. *Subcomponent 3.3 – ICT Infrastructure:* This subcomponent includes the provision of support for the expansion of ARSAT's (*Empresa Argentina de Soluciones Satelitales Sociedad Anónima* (Argentinian Satellite Solutions Corporation), the decentralized government-owned company which provides telecommunications services to key Government entities and also hosts the National Data Center) datacenter's capacity to respond to increased data processing and storage demands, including: (a) the enhancements of ARSAT's datacenter's capacity to host information and communication services for the relevant agencies; (b) the expansion of ARSAT's datacenter's information technology capacity at its secondary center to strengthen business continuity services; (c) the establishment of an emergency response center team to provide cyber-security services; and (d) the provision of technical assistance to relevant public institutions to: (i) support the effective provision of ARSAT's datacenter's services; and (ii) develop and implement environmentally friendly information and communication management protocols, including the design of protocols for the disposal of outdated equipment and hardware.

Incentive for Results Feature

33. **The Project's components are supported by loan financing provided through two different mechanisms—a Results-Based Financing (RBF) part (US\$20 million) and traditional investment financing (US\$60 million)—as well as US\$8.9 million in counterpart financing.** Traditional investment financing will support the acquisition of needed technological infrastructure, development and adaptation of critical public management platforms, technical assistance for reform management, and the delivery of associated public management capacity building and training activities. It will disburse against eligible expenditures¹⁵ for procurable goods and services identified within the procurement plan.

34. Results-based financing through the use of DLIs has been designed to incentivize effective implementation and use of selected key public management tools (i.e. citizen centric digital services, electronic civil registry, electronic procurement system, electronic document management system) and thus to deliver expected results. DLIs will disburse against underlying expenditures (UEs)¹⁶. In each of the selected cases, the Borrower through the Ministry of Modernization, will be able to withdraw loan proceeds in the amount specified for each target by presenting: (a) evidence of the achievement of the agreed disbursement linked results (DLRs) representing advances in the use and implementation of selected key public management tools, which are subject to verification; and (b) the detail of expenses incurred under agreed budget lines under the Ministry of Modernization (see Table A2.5 in Annex 2 for details). Reimbursement of the expenses will be made into a reimbursement account managed by the Ministry of Modernization and denominated in loan currency. Proceeds from this account will then be transferred to an Operating Account managed by the Ministry of Modernization and denominated in AR\$. (See Annex 2 for additional details on the flow of funds under the input and results-based modalities).

B. Project Cost and Financing

35. **Loan amount, lending instrument, and project duration and costs.** The proposed operation will be financed by an investment project financing (IPF) loan of US\$80 million to the Argentine Republic (complemented by US\$8.9 million in counterpart funding) and will use a results-based financing modality

¹⁵ Categories of eligible expenditures include: consulting services, non-consulting services, goods (including ICT equipment and their installation), works, workshops and training, and operating costs.

¹⁶ Underlying expenditures include non-procurable expenses, staff salaries and utilities costs, incurred by the Ministry of Modernization in connection with the achievement of the result indicator.



for a portion of disbursements in order to incentivize the achievement of results measured by DLIs. The expected duration of this operation is four years. Disbursement arrangements are detailed in Annex 2. Table 1 provides the breakdown of project cost by financing modality and International Bank for Reconstruction and Development (IBRD) and Government of Argentina contributions.

Table 1. Project Cost and Financing by Component (US\$ Millions)

	Project cost	IBRD Financing	% Financing
<i>Component 1 Improvements in Service Delivery to Citizens, Businesses and Government</i>	17.9	16.1	89.9
<i>Component 2 - Strengthening of Cross-Cutting Public Sector Management Systems and Platforms</i>	20.9	18.8	89.9
<i>Component 3* - Enabling Technology and Reform Management</i>	49.9	44.9	90.0
Total Costs	88.7	79.8	90%
	Total Project Costs	88.7	79.8
	Front End Fees	0.2	0.2
	Total Financing Required	88.9	80.0

*Includes US\$2.92 million for the PIU and audits and US\$20,000 for IPP specific implementation.

C. Lessons Learned and Reflected in the Project Design

36. **The World Bank has a long history of engagement with the Government of Argentina in the area of state modernization, having most recently supported such efforts through the State Modernization I and II Projects discussed above.** With this experience has come an understanding of the modernization process, the technical and institutional challenges posed by the current reform program, and the factors that will be critical for its success. Drawing on lessons from the previous operations, the design intends to overcome past implementation and absorption challenges by: (a) relying on the technical mandate, competence and experience of the staff in the newly created Ministry of Modernization to lead a process which builds from their successful experience in CABA; (b) focusing the interventions and their implementation on a set of selected areas to make the impact of the modernization efforts more effective and visible; and (c) adapting the use of financing instruments to help shift the focus from inputs and processes to the achievement of results. Progress in the selected areas will be an important step in generating support for the future expansion of similar improvements into other sectors and services across the administration. The Project also responds to lessons learned from past projects on the challenges associated with large ICT purchases and how such issues can be mitigated. In particular, the planned adaptation of software previously and successfully deployed in CABA is expected to help to minimize the technical challenges typically associated with procuring new (and unfamiliar) technology, and ensure the required institutional and organizational support for such work.

37. **Lessons learned show that the coordination needed for the successful widespread roll-out of cross-governmental public sector management tools is likely to require substantial political commitment.** As such, the results-based elements of the operation are expected to help to motivate cooperation and coordination, and be key to the operation’s success. The Bank brings positive experience in similar types of multi-agency operations (Sector-Wide Approach, SWAs) which, by combining technical assistance through a standard investment lending component with a results-based component, were able



to achieve significant public sector reforms. The Minas Gerais Partnership II SWAp (P101324) in Brazil serves as an illustrative example. The operation, which spanned the public sector, private sector development, health, education, and transport, satisfactorily achieved its objectives related to public sector management and innovation, and DLIs were noted as seeming to have been important for promoting forward progress across Secretariats. In Argentina, the Public Sector Strengthening Program APL 1 (P121836) in La Rioja, which is progressing well, is using a similar structure of results-based disbursements combined with technical assistance to support public sector management reforms. The recently closed Argentina Basic Protection Project (P115183) also employed a combination of traditional technical assistance support, and results based disbursements. While delays in disbursements were encountered, overall, it was found that the mix of disbursement modalities served to incentivize program improvement while helping to avoid cumbersome procurement processes.¹⁷ Other recent similarly structured projects, including one in India (P149182) and one in Albania (P151972) on citizen services also help to round out the Bank's understanding of related reforms and the ways in which Bank support can be best leveraged. The proposed operation builds on such cumulative experience and is also taking innovative steps forward by combining instrument related approaches together with content-related innovations that leverage state-of-the-art technology and the extensive use of open data. By mixing input and results based elements, the operation incorporates important lessons learned to date from the Independent Evaluation Group's early assessment of Program-for-Results (PForR) operations, including the importance that technical assistance plays in results-based financing¹⁸.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

38. **The Project will be implemented by the Ministry of Modernization.** Within the Ministry, the International Financing Directorate will serve as the Project Implementation Unit (PIU). The PIU, which will be led by a full time Project Coordinator, will be responsible for all of the Project's fiduciary safeguards, administrative, and monitoring duties. Activities in Component 1 will require coordinated efforts between the Ministry of Modernization and other agencies (the Ministry of Production, OAC, and the Government of the Province of Buenos Aires). Implementation teams (one for each subcomponent/set of related activities), with support from an administrative management unit and the change management firm, will report to the PIU, which will depend upon the Chief of Staff of the Minister of Modernization, under the Minister's oversight, for overall strategic leadership and coordination of the Project.

39. An Operational Manual detailing processes and procedures governing the Project has been prepared. It provides for: (i) the procedures for the carrying out, monitoring and evaluation of the Project, including verification protocols to confirm DLR achievement; (ii) the organizational structure of the project, including the functions and responsibilities of the PIU; (iii) the Project procurement and financial management requirements and procedures; (iv) the Project's chart of accounts and internal controls; and (v) the indicators to be used for Project monitoring and evaluation.

¹⁷ Implementation Completion and Results Report on a Loan in the Amount of US\$600 million to the Argentina Republic for a Basic Protection Project, (Report. No. ICR3318, December 15, 2016).

¹⁸ Independent Evaluation Group. Program-for-Results: An Early-Stage Assessment of the Process and Effects of a New Lending Instrument. June 27, 2016. World Bank Group.



B. Results Monitoring and Evaluation

40. **Given the operation's focus on enabling the systematization and use of information for decision-making by the Government through the innovative use of technological tools and platforms, monitoring and evaluation of the Project's results will be strongly supported.** The PIU will be responsible for monitoring and reporting on Project results. A dashboard for monitoring Project implementation and results will be part of the monitoring tools and dashboards to be developed and used to track progress of the Government's Modernization Plan, and will serve to provide feedback to the Project both during implementation and beyond. Section VII presents the Project's PDO and intermediate indicators, including DLIs. The PIU will present bi-annual progress reports on project implementation, output and performance indicators, including DLIs, to the Bank. In the case of DLRs, verification of the achievement of results triggering disbursements will be subject to verification by the Bank or an external reviewer, as appropriate.

C. Sustainability

41. **The sustainability of the advances made under the Project are reinforced by two key factors: the Government's strong high-level political commitment to the state modernization and transparency agendas, and the participating entities' commitment and ownership of the reform.** At the political and strategic level, the state modernization and transparency agendas underlying the reforms enjoy strong support from the President. This support – as demonstrated by the President's commitment to only signing decrees electronically—has already helped to ensure the Government-wide transition to such. Strong support is expected to be maintained beyond Project implementation, reinforced by the reform activities that will institutionalize these agendas within the Government's structure and processes.

42. **The participating entities in which specific downstream interventions are planned have already demonstrated their commitment to the reform agenda and Project activities.** These entities, which were selected based on their assessed ability to absorb the reforms, have already initiated work related to the Project activities to be undertaken, demonstrating clear demand and buy-in, as does their co-financing of the reforms. Beyond the Project, and through the implementation of the planned platforms, this commitment will be institutionalized. Their successful implementation and delivery of tangible results will also serve to have positive demonstration effects on other entities, helping to support the demand for similar tools across the Government.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

43. The overall risk of the proposed Project is rated **substantial**, due to risks associated with sector strategies, technical design, institutional capacity for implementation, and stakeholders.

44. **Sector Strategies and Policies.** Risks associated with sector strategies are rated substantial. While the sector's strategy is clear, the newness of the Ministry of Modernization implies that recently established governance and financing arrangements remain to be tested over time, raising some uncertainty as to how its institutional consolidation process could affect project implementation. Based on international experience, establishing the right institutional arrangements for implementation of state modernization processes proves always challenging and dependent of sustained political support beyond one administration. The Government's long-standing commitment to the modernization agenda (previously implemented by the Chief of Cabinet's Office) helps to mitigate these risks. In addition, the



Ministry has strong support from the highest levels of government and, importantly, is viewed as a technical entity by other government agencies based on the recognized experienced of management and technical staff that moved from similar positions in the government of the Autonomous City of Buenos Aires. By situating the current project within the strongly supported, technical Ministry of Modernization, project implementation is expected to benefit from being close to the center of government while being insulated from any potential political volatility. This, however, will need to be sustained over time.

45. **Technical Design of Project.** Risks associated with the Project’s technical design are rated substantial. The nature of the public sector management reforms that are to be supported by the Project have proven to be difficult and only partially successful in previous operations. Under the current Project, development of horizontal platforms will be led by the Ministry of Modernization, while vertical interventions will take place in selected national and subnational-level entities (Ministry of Production, OAC, Province of Buenos Aires, among others)– something which in the past represented a major challenge. While benefits of implementing centralized management processes and shared services are mostly seen as evident, there is a risk that beneficiary entities may be reluctant to modify their practices and absorb the proposed changes. In order to mitigate this risk, design specifically targets vertical interventions within high-capacity entities with a demonstrated willingness to adopt the reforms (Ministry of Production, OAC, and the Province of Buenos Aires), while also leaving space for pilot interventions in other entities that may subsequently demonstrate demand and implementation capacity. Additionally, the Project contemplates various forms of support, including technical assistance/capacity building activities, communications strategies, and change-management interventions that would consider the previous experience the government team had when implementing similar interventions in the City of Buenos Aires. Furthermore, the use of results-based financing is intended to ensure that the necessary conditions for the absorption of reforms and the achievement of results are maintained.

46. **Institutional Capacity for Implementation.** Risks associated with institutional capacity for implementation are rated substantial. Having been recently created, the Ministry itself does not have experience with implementation of World Bank projects, and while the Ministry alone will hold administrative, monitoring, and fiduciary responsibilities, the effective implementation of a number of Project activities will depend on collaboration with other national and subnational entities, over which the Ministry of Modernization does not have control. Risks related to experience with Bank projects is partially mitigated by the incorporation of staff and consultants with such experience in the PIU, and will be further reduced through intensive capacity-building support from the Bank prior to and during implementation. Risks related to inter-entity collaboration are mitigated through a combination of vertical interventions being targeted within high-capacity entities with a demonstrated willingness to adopt the reforms and the realization of inter-institutional agreements between the Ministry of Modernization and identified government entities before initiating work.

47. **Stakeholders.** Stakeholder risks are also rated substantial. Even though early results¹⁹ observed in the past twelve months are promising, changes in human resource management, as observed in many other countries, could face opposition from public employees and labor unions, particularly if competition, disciplinary (i.e. absenteeism) and performance management standards are significantly

¹⁹ The Ministry of Modernization has already launched and started implementation of improvements to existing human resource management systems and procedures including the adoption of strengthened absenteeism control tools and the development of strategic staffing plans in all Ministries of the Central Administration.



raised. There are also stakeholder risks associated with the deployment of renewed online services—in cases where users are not fully familiar with online services, there are risks of dissatisfaction and resistance (particularly at the early stages of their implementation). Risks associated with labor union opposition will be principally mitigated through extensive consultations and a targeted communications strategy, as well as the inclusion of a cultural change program. Risks associated with potential user dissatisfaction will be addressed through the deployment of a comprehensive communications strategy to familiarize users with the changes and channels through which they will be able to seek assistance.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

48. Economic and financial analysis confirms that the Program will generate positive returns. The estimated economic costs and benefits of digitizing reforms related to SME certification and civil registry (subcomponent 1.1), procurement (subcomponents 1.2 and 2.2), and workflow management processes (subcomponent 3.3) (areas in which there is information available for analysis) are expected to yield a net present value of US\$203.1 million. The analysis assumes an exchange rate of 15 Argentinian pesos per US dollar and a 6 percent discount rate over a 10-year period (see Annex 4 for further details).

B. Technical

49. Project design draws heavily from the successful modernization experience previously undertaken within CABA as well as recognized international best practices in ICT enabled service provision. All of the advances in government administrative service provision planned within the Project build upon two key pillars: (i) centralized ICT infrastructure; and (ii) electronic document management (workflow) and information services. The centralized provision of ICT infrastructure will allow the Government to take advantage of a cloud computing approach that enables access to software, platforms and ICT infrastructure to be provided as a service across the Government – thereby leveraging economies of scale and ensuring Government-wide access to updated technology. In turn, electronic document (workflow) management and information services are important as they allow for the sharing of databases among entities and the modelling of the Government’s front and back-office processes through a common workflow platform by feeding electronically generated documents into government workflow processes for the creation, circulation, registry and sharing of information between entities.

50. The systematic incorporation of open data/open government within the Project is also a critical aspect of the Project’s technical design. By supporting related activities, efforts will contribute to increasing the use of the information that the Government is generating, which is critical for finding new solutions to public sector challenges. Additionally, the prioritization of specific areas for the downstream launching of services will be important for the launching of new multi-entity government administrative processes, and advances are expected to have important demonstration effects that will help to support the later broad expansion into other areas.

C. Financial Management

51. A Financial Management Assessment (FMA) was carried out to assess the adequacy of financial management arrangements²⁰ in place at the Project Implementing Unit (PIU) under the Ministry of

²⁰ The Financial Management Assessment (FMA) was conducted in accordance with OP/BP 10.00 and in line with specific Bank Guidelines Manual for World Bank-Financed Investment Operations; document issued by Operations Policy and Country Services OPCFM on March 1, 2010.



Modernization. The assessment conclusion is that overall FM arrangements in place at the Ministry of Modernization are acceptable to the Bank because they are capable of recording accurately all project transactions; safeguarding the project's assets; providing reliable and timely financial reporting to monitor project implementation and are subject to acceptable external auditing arrangements.

D. Procurement

52. Procurement will be conducted using the World Bank's 'Procurement Regulations for IPF Borrowers', issued in July 2016, for the supply of goods, non-consulting and consulting services. Overall Project implementation will be the responsibility of the PIU within the Ministry of Modernization. Procurement activities under the Project will be undertaken in a centralized manner through the PIU, which will be responsible for the procurement activities. A procurement capacity assessment over the PIU was carried out by the Bank, and a brief summary of the procurement capacity assessment, identified risks and mitigation measures is provided in Annex 2.

E. Social (including Safeguards)

53. The automation and standardization of government administrative processes supported under the Project is expected to improve the Government's ability to collect and manage gender disaggregated data. Moving ahead, in the longer term, this could have important impacts for gender-informed analyses of areas like human resources management and the accessibility of government administrative services for citizens' and businesses'.

54. The Safeguards policy on Indigenous Peoples (OP 4.10) is triggered. The indigenous population in Argentina is close to 1 million (representing 2.4 percent of the total population, based on the 2010 census) and is dispersed all over the country. Given the nature of the Project, no negative impacts are expected. On the contrary, the Project is expected to help to reduce barriers that have historically limited the access to and use of public information and services by citizens, including indigenous people, ethnic minorities and other vulnerable groups. Although the majority of the interventions financed by the Project will indirectly benefit indigenous peoples, there will be a specific focus on benefiting these groups under Subcomponents 2.4 (*Open Government, Open Data, and Innovation*) and 1.1 (*Improvements in Government-to-Citizen (G2C) and Government-to-Business (G2B) service*); and the specific activities to be implemented under these subcomponents have been incorporated in an Indigenous Peoples Plan (IPP) which has been prepared. The activity under Subcomponent 2.4 will consist of the inclusion of the Secretariat of Human Rights and Cultural Pluralism (*Secretaría de Derechos Humanos y Pluralismo Cultural*) under the Open Data and Open Government Initiatives. The activity under Subcomponent 1.1 will consist in the analysis of potential impacts that the activities under this Subcomponent may have on indigenous communities in the Province of Buenos Aires.²¹ The recommendations that result from this analysis will only be addressed by the Project if they are within its scope and means of resolution.

²¹ One objective of Subcomponent 1.1. is to improve civil registry services in the Province of Buenos Aires through the implementation of electronic tools. Under this Subcomponent the Government will support the modernization of a set of key front- and back-office civil registry processes in the Province of Buenos Aires (which accounts for 40 percent of the Argentina's population and more than 30 percent of indigenous peoples in the country). The IPP will include an analysis of potential impacts that the proposed changes would have on indigenous communities in the Province of Buenos Aires. This analysis would include the assessment of any current gap that these groups may have to access to the civil registry services in order to define if the activities financed under the Subcomponent will help to expand or reduce those potential gaps, and look for ways to potentiate any identified positive impact and/or minimize any negative one.



55. The IPP was prepared by the Ministry of Modernization in coordination with the Undersecretariat for the Promotion of Human Rights (*Subsecretaría de Promoción de Derechos Humanos*)²². The IPP was discussed with National Institute of Indigenous Affairs (INAI) authorities during November and December 2016. The document, which was approved by the Bank, was published in-country²³ and on the World Bank External Webpage on January 13, 2017. In addition, the Ministry of Modernization has established a simplified grievance and redress mechanism in order to support any feedback from indigenous peoples related to the planned activities.

F. Environment (including Safeguards)

56. The Project is rated as Category C for environmental assessment purposes consistent with the provisions of OP 4.01, taken the initial impact screening resulted in minimal or no adverse environmental impacts, and no World Bank environmental safeguards policies were triggered. Any environmental impact by the Project will be due to small works that may be financed related to the installation of hardware (e.g. cabling, electricity, adapting premises that will house the equipment, etc.) or minor refurbishing works of office facilities under other Project components, and the same are deemed minimal or null. The ICT infrastructure investments planned under Subcomponent 3.3 will complement existing equipment at the National Data Center and the secondary center, and establish the CERT, all hosted by ARSAT. Said investments will not imply civil works as the existing ARSAT buildings have the necessary space to locate the new ICT equipment. The latter will not replace, but complete existing equipment that ARSAT has purchased and still has years of useful life ahead. The ICT equipment purchased and to be purchased is and will be of the latest and most energy efficient type, and ARSAT equips and manages the National Data Center overall with environmentally efficient lightning and cooling systems. The Project will support ARSAT to develop and implement environmentally friendly ICT management protocols that include proper disposal of outdated equipment and hardware. Overall, ARSAT manages critical, top-quality security systems in the related buildings and will take advantage of the Project to expand said systems to cover wider quality management in terms of environmental efficiency; furnish the National Data Center as a model building of modern management systems.

G. World Bank Grievance Redress

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

²² Given the nature of the activities described in the IPP, as technical assistance, the Interim Guidelines on the Application of Safeguard Policies to Technical Assistance (TA) Activities in Bank-Financed Projects and Trust Funds Administered by the Bank, from January 2014, are applicable.

²³ https://www.argentina.gob.ar/sites/default/files/ppi_proyecto_modernizacion_e_innovacion_de_los_servicios_publicos.pdf



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Argentina

Modernization and Innovation for Better Public Services in Argentina

Project Development Objectives

To improve the quality and accessibility of selected government administrative services and enhance transparency in the public administration.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Number of users registered on the argentina.gob.ar portal with a Citizen Digital Profile		Number	500.00	1500000.00	Annual	Reports from the Citizen Digital Profile	Ministry of Modernization

Description: This indicator measures the number of users registered and using the Citizen Digital Profile, within a 12-month period.

Name: Improved performance in the Open Data Barometer Index		Number	23.78	46.00	Annual	Open Data Barometer Index	Ministry of Modernization
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Description: This indicator measures the country's performance in the Open Data Barometer Index, which is measured annually with a scale from 0 to 100.



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Cumulative number of government internal administrative processes mapped and modelled with eDMS across national line ministries and other entities of the national public administration (DLI)		Number	0.00	460.00	Annual (bi-annual targets are set for disbursement purposes, presented in the Legal Agreement)	BI reports on eDMS	Administrative Modernization Secretariat, Ministry of Modernization
<p>Description: This indicator measures the number of key government processes mapped and modeled with eDMS. Key processes prioritized are listed in the Operations Manual.</p> <p>Targets are cumulative.</p>							

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: 1.1.1: Number of key citizen centric processes designed and available online (DLI)		Number	0.00	22.00	Annual (bi-annual targets are set for disbursement purposes, presented in the Legal Agreement)	Service reports from the Citizen Digital Profile.	Ministry of Modernization



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<p>Description: The indicator measures the availability of and access to electronic services to citizens. 29 key services are prioritized, listed in the Operations Manual. Targets are cumulative.</p>							
Name: 1.1.2: Percentage of transactions related to SMEs carried out through electronic means		Percentage	1.00	90.00	Annual	Business Intelligence reports on TAD platform	Ministry of Production
<p>Description: This indicator measures the use and access to electronic services for SMEs-related processes (total transactions using TAD/overall total transactions), for reduced processing time, increased access in remote areas, better information for decision making, and improved transparency and user friendliness.</p>							
Name: 1.1.3: Number of regional government offices within the Province of Buenos Aires with an operating electronic Civil Registry (DLI)		Number	0.00	137.00	Annual (bi-annual targets are set for disbursement purposes, presented in the Legal Agreement)	Reports from Administrative Modernization Secretariat	Administrative Modernization Secretariat, Ministry of Modernization
<p>Description: This indicator measures the implementation of the Electronic Civil Registry system for improved information integrity and ease of access to information for citizens. An integrated database for all Civil Registry delegations will be implemented, facilitating digitalization of registries, decentralization of information, and interoperability between local agencies. Targets are cumulative.</p>							
Name: 1.1.4. Improved user satisfaction with government services for a predetermined set of services		Text	To be determined	To be determined following measurement of	Annual	Targeted Surveys	PIU



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
				baseline			
<p>Description: This indicator measures the percentage of users which evaluate satisfactorily government services for SMEs and Argentina.gov.ar. Targets will measure percentage increase from baseline. Baseline to be defined in Year 1.</p>							
Name: 1.2.1: Number of framework agreements processed through the e-procurement portal		Number	0.00	15.00	Annual	Reports from Compr.ar procurement system	Administrative Modernization Secretariat, Ministry of Modernization
<p>Description: This indicator measures the number of framework agreements (for goods which are common across the national public administration) processed through the new procurement system. Targets are cumulative</p>							
Name: 1.2.2: Percentage of public employees that have their asset declarations captured electronically, processed and analyzed		Percentage	0.00	70.00	Annual	Reports from Anticorruption Office	Anticorruption Office
<p>Description: This indicator measures the percentage of public employees that have their asset declarations captured electronically, processed and analyzed, from a universe of 45,000 public employees, for enhanced reporting and analytical capabilities of the OAC.</p>							
Name: 1.2.3: Number of pilot Province governments with back-office processes		Number	0.00	7.00	Annual	BI reports on eDMS	Administrative Modernization Secretariat, Ministry



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
supported by eDMS							of modernization
<p>Description: This indicator measures the number of provinces which have implemented eDMS. Target are cumulative</p>							
Name: 1.2.4: Number of pilot municipalities with improved digital public services		Number	190.00	700.00	Annual	Reports from Digital Country Secretariat	Digital Country Secretariat, Ministry of Modernization
<p>Description: This indicator measures the implementation of digital services in municipalities for improved access to services at the local level. Targets are cumulative</p>							
Name: 2.1.1: Number of Results-Based Management Dashboards implemented at the ministry level		Number	0.00	10.00	Annual	System reports	Ministry of Modernization
<p>Description: This indicator measures the number of customized dashboard applications implemented to support strategic planning and monitoring of progress and results in line ministries. Targets are cumulative</p>							
Name: 2.2.1: Percentage of purchasing units within the national public administration operating		Percentage	11.00	95.00	Annual (bi-annual targets are set for disbursement purposes, presented in	Compr.ar system reports	National Procurement Office, Ministry of Modernization



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
with the new electronic procurement system (DLI)					the Legal Agreement)		
<p>Description: This indicator measures availability and access to the electronic procurement system, directed to improve transparency and efficiency in public procurement, and information security. Percentage is calculated over a total of 98 purchasing units.</p>							
Name: 2.3.1: Percentage of ministerial units (reparticiones) using the management system for HR Management SARHA or equivalent validated system		Percentage	0.00	79.00	Annual	Assessment in 22 ministries and 93 decentralized bodies	Ministry of Modernization
<p>Description: Percentage of ministerial units using a validated HR system from a total of 93 units (22 ministries and a sample of decentralized agencies), covering the records of 177,000 public officials.</p>							
Name: 2.4.1: Number of datasets in open formats published in the national open data portal in a timely manner		Number	200.00	800.00	Annual	Data Portal reports	Open Government and Innovation Secretariat, Ministry of Modernization
<p>Description: This indicator measures the number of datasets containing public information from the National Public Administration agencies, which are published and updated (within a 12-month period). Targets are cumulative</p>							
Name: 2.4.2: Ratio of		Percentage	0.00	5.00	Annual	Reports from implementing	Ministry of



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
innovation projects implemented of total project proposed						areas	Modernization
Description: This indicator measures the number of innovation projects (defined in Operational Manual) implemented from the total proposed projects within a year.							
Name: 3.3.1: Increased government IT processing and data storage capacity		Text	1 rack installed	3 racks installed		Purchase report	ICT Secretariat, Ministry of Modernization
Description: This indicator will measure the installation of IT infrastructure for increased processing capacity and storage. Targets are cumulative							



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	End Target
Number of users registered on the argentina.gov.ar portal with a Citizen Digital Profile	500.00	500.00	350000.00	850000.00	1500000.00	1500000.00
Improved performance in the Open Data Barometer Index	23.78	23.78	28.00	38.00	46.00	46.00
Cumulative number of government internal administrative processes mapped and modelled with eDMS across national line ministries and other entities of the national public administration (DLI)	0.00	30.00	130.00	280.00	460.00	460.00

Intermediate Results Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	End Target
1.1.1: Number of key citizen centric processes designed and available online (DLI)	0.00	0.00	8.00	14.00	22.00	22.00
1.1.2: Percentage of transactions related to SMEs carried out through electronic means	1.00	1.00	10.00	30.00	50.00	90.00
1.1.3: Number of regional government offices within the Province of Buenos Aires with an	0.00	0.00	30.00	80.00	137.00	137.00



Indicator Name	Baseline	YR1	YR2	YR3	YR4	End Target
operating electronic Civil Registry (DLI)						
1.1.4. Improved user satisfaction with government services for a predetermined set of services	To be determined	TBD	TBD	TBD	TBD	To be determined following measurement of baseline
1.2.1: Number of framework agreements processed through the e-procurement portal	0.00	0.00	5.00	5.00	5.00	15.00
1.2.2: Percentage of public employees that have their asset declarations captured electronically, processed and analyzed	0.00	0.00	4.00	40.00	70.00	70.00
1.2.3: Number of pilot Province governments with back-office processes supported by eDMS	0.00	0.00	2.00	4.00	7.00	7.00
1.2.4: Number of pilot municipalities with improved digital public services	190.00	190.00	360.00	530.00	700.00	700.00
2.1.1: Number of Results-Based Management Dashboards implemented at the ministry level	0.00	0.00	4.00	7.00	10.00	10.00
2.2.1: Percentage of purchasing units within the national public administration operating with the new electronic procurement system (DLI)	11.00	11.00	50.00	75.00	95.00	95.00
2.3.1: Percentage of ministerial units (reparticiones) using the management system for HR Management SARHA or equivalent	0.00	0.00	34.00	58.00	79.00	79.00



Indicator Name	Baseline	YR1	YR2	YR3	YR4	End Target
validated system						
2.4.1: Number of datasets in open formats published in the national open data portal in a timely manner	200.00	200.00	400.00	600.00	800.00	800.00
2.4.2: Ratio of innovation projects implemented of total project proposed	0.00	0.00	0.00	3.00	5.00	5.00
3.3.1: Increased government IT processing and data storage capacity	1 rack installed	1 rack installed	2 racks installed	2 racks installed	3 racks installed	3 racks installed



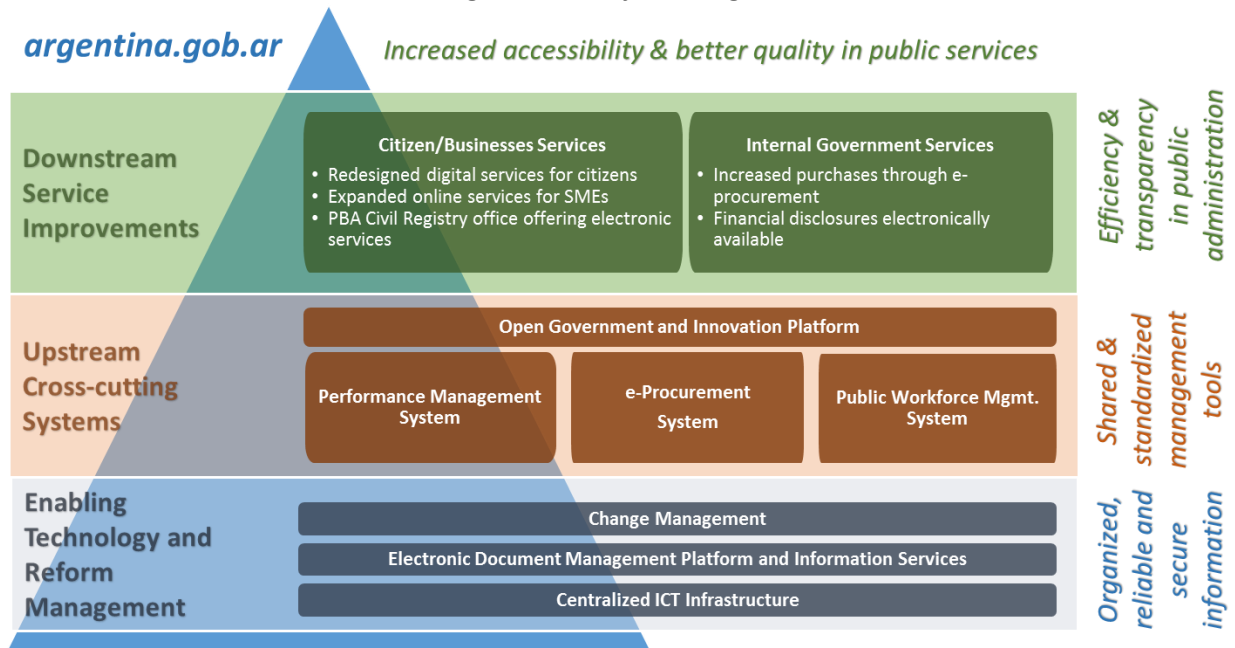
ANNEX 1: DETAILED PROJECT DESCRIPTION

COUNTRY : Argentina

Modernization and Innovation for Better Public Services in Argentina

1. This annex describes the Project’s three components which support each of the three essential stages of the modernization reform (summarized below in Figure A1.1).

Figure A.1. Project Design



Component 1. Improvements in Service Delivery to Citizens, Businesses, and Government (Estimated cost: US\$17.9 million; WB financing: US\$16.6 million)

2. This component contains two subcomponents, supporting improvements in Government-to-citizen/Government-to-business and Government-to-Government services which are detailed below.

3. *Subcomponent 1.1 - Improvements in Government-to-Citizen (G2C) and Government-to-Business (G2B) services:* This subcomponent will provide support to improve the quality, accessibility, and transparency of selected citizen and business services at the national and subnational levels. Three areas of improvement were selected based on existing demand and opportunities for improvement. These include a focus on small and medium enterprises (SMEs), the automation of civil registry processes in the Province of Buenos Aires, and the launching of key processes for citizens through the Citizen Digital Profile.

(a) *Area 1. Digital services to citizens (Argentina.gob.ar):* In recent years, Argentina has advanced on the identification of citizen services and processes, making information and guidance for citizens



on how to approach the public administration available through online government portals. While a few of those services are already online, levels of usage still remain low. The Government's presence on the internet is dispersed across approximately 1,000 government websites that do not follow a standardized vision nor modern design, creating barriers for citizens to understand and interact with the government through electronic means.

In this context, the Government seeks to implement a Digital Government strategy to better serve citizens in a modern and user-friendly fashion. To this end, the Project will provide support for: (i) the development of a new architecture for the provision of citizen services that includes the relaunching of the *argentina.gob.ar* portal as a single entry point for citizen interaction with the Government (including implementation of modules tailored to agencies' specific needs, definition of standard content and guidelines, and assessment and redesign Government content according to those guidelines); (ii) the redesigning of the digital interfaces and improved user-experience tools of up to 29 key processes²⁴ to improve the users' experience as well as the enhancement of the National Government Services Catalog, compiling information on all citizen-related processes and G2C services; (iii) the broad adoption of the digital citizen profile service²⁵; and (iv) the establishment of a digital assistance program that leverages existing government offices to assist citizens who are lacking internet access in accessing digital services.

Together, these reforms will facilitate citizens' access to information about government processes and procedures, as well as their ability to access user-friendly eServices. Advances in this area, measured by the number of key-citizen centric processes which have been redesigned and made available online, will be reimbursed through a DLI. Over the longer term, these process improvements are expected to contribute to have a cost and time savings for citizens and the service providers in government agencies, as well as an improved user satisfaction.

(b) *Area 2. Expanded online services for SMEs through the use of electronic services:* Argentina's SME sector faces challenges in terms of access to government services, transaction costs, and equal business opportunities. For example, the country's approximately 590,000 SMEs are currently required to travel to Buenos Aires or other major cities in order to carry out processes and access government services. In addition, the Ministry of Production is burdened with processes related to SMEs (receiving over 800 certification applications per day, among other requests), and the fact that such processes are carried out manually affects the quality, cost and efficiency of services. Considering that 99.7 percent of private companies in Argentina are SMEs, which generate 70 percent of private employment, the Government has prioritized the improvement of services to this sector. The Ministry of Modernization has recently initiated work to support ongoing efforts by the Ministry of Production in the modernization of SME service provision through the streamlining of internal processes (back-office) and availability of electronically-enabled

²⁴ AFIP single tax, House Worker Registration, Consumer Protection, Obtaining Unique Disability Certificate, Social Tariff, Legalizations, Survival Certificates, Non-contributory pensions, Exporta Facil, Family Farming, Negative Certification, Hague Apostille, FONDEAR, Adherence to Social single tax, Registry of Deeds, Registry of Motor Vehicle Ownership, Registration of Rural Land Property, Registration Aspiring adoptive guardians, Recidivism, National SUBE for all transport systems, Industrial Registry, National Register of Industrial Property, Registration Import for Publishing Sector, Travel Agents Registration, NIC.ar Registration domains, ANSES National Book, Monitoring DNI and Passport, Personal Data Protection

²⁵ This implies the creation of an electronic record for each citizen, unifying the information submitted for accessing to a variety of public sector services, and allowing it to be used for different purposes.



transactions (front-office). The Project will support activities to: (i) reengineer and streamline internal administrative processes for a more effective provision of services to SMEs; (ii) develop online transactions through the adoption and configuration of a virtual services module (*Tramites a Distancia*); (iii) train personnel for the operation of redesigned online processes; and (iv) acquisition of equipment and supplies for post offices to operate the new system. As a result of this work, the percentage of transactions related to SMEs carried out electronically is expected to increase substantially. In turn, this shift is expected to contribute to reduced transaction costs for SMEs (promoting equal opportunities for all SMEs), improved transparency and quality of the services offered to them, and facilitate monitoring of service provision performance.

- (c) Area 3. Improved civil registry services in the Province of Buenos Aires through the implementation of electronic tools: Through its 481 regional civil registry offices, which provide services for the Province's 16 million citizens (more than 40 percent of Argentina's population), the Province of Buenos Aires annually registers an average of seven million changes of civil status. These offices (which include main (*cabeceras*), secondary, mobile, and stable offices, as well as hospitals and express documentation centers) offer different levels of services; 394 offices offer certifications (Address Sworn Statements, loss statements and survival certificates); 230 offer the three types of state of life services,²⁶ 154 offer two types of such services, 74 offer only one type, and 13 only offer DNI and Passport services.). Currently, the Province's civil registry does not have a centralized and integrated information system, resulting in processes being recorded manually and on paper. As a result, administrative processes are highly time consuming and citizens need to physically visit offices several times in order to obtain specific certificates.

Over the coming years, the Government aims to deploy an adapted version of electronic civil registry (eCR) module of the eDMS developed in the City of Buenos Aires to the 481 delegations of the Province of Buenos Aires' civil registry. The eCR's centralized database will be housed in the registry's headquarters in La Plata, allowing the regional offices to access the system via the internet, and the Province will provide connectivity, technological equipment and infrastructure improvements in the regional offices. In turn, the Project will support: (i) the analysis, standardization, and re-engineering of civil registry administrative processes; (ii) the implementation of automated civil registry processes across 137 main regional offices (*cabeceras*); (iii) the installation of specific remote electronic services for citizens; and (iv) the training of personnel in regional office for the operation of the new system. Once the system is in operation, the processing times for citizen services are expected to be reduced dramatically (for example, birth registry time is expected to decline from 30 to 6 minutes and rectification acts from 2 years to two months). In addition, official documentation will be available online for other public agencies users (e.g. National Registry of People (*Registro Nacional de las Personas*, RENAPER), National Social Security Administration (*Administración Nacional de la Seguridad Social*, ANSES), etc.), which will allow for better coordination and communication among government agencies, and reduce time costs for citizens. Within the Project's implementation timeline, implementation of electronic services within the 137 main civil registry offices across the Province is targeted, and will be supported with a DLI.

²⁶Birth, marriage and death registrations



24. This subcomponent also contemplates support to a set of pilot interventions in G2C services, which would be implemented based on Government priorities, technical conditions, and/or demand from the beneficiary entities with respect to the specific interventions. Interventions to be supported may include updating, modernization and automation of the processes associated with the implementation of electronic-based solutions for online provision of public services, automated management of selected social benefit programs' transfers (GAT), automated processing of non-tax revenue management (RNT), and other remote citizen/business services. The process for selecting the pilot interventions will be provided for in the Operational Manual.

4. *Subcomponent 1.2 - Improvements in Government-to-Government (G2G) services:* This subcomponent will support improvements in the efficiency and transparency of internal government services through the implementation of streamlined back-office public management solutions in two areas, which have broad implications across the national administration.

(c) *Area 4. Increased transparency, competition and savings in public procurement:* Public procurement in Argentina faces challenges in terms of efficiency and transparency. Procurement practices vary across entities within the national government, information on procurement is poor and opaque, which results in low levels of competition, and lengthy and costly processes. In spite of progress in the implementation of practices directed toward improving efficiency and transparency such as framework agreements, the expansion of this practice has been limited, mainly due to a lack of analytical capabilities and the tools required to identify efficiency gains in public procurement. As a part of the effort to address these challenges, the Government is supporting the expansion of Framework Agreements (through the centralized e-procurement system to be adapted and deployed under Component 2) for highly demanded goods and services. To this end, the project will support: (i) an analysis of existing procurement needs in the national government and the identification of opportunities for the implementation of procurement framework agreements; (ii) the carrying out of supply and demand studies and preparation of procurement framework agreements; and (iii) implementation of procurement framework agreements for selected goods and services using the e-procurement platform. These advances under the Project are over the longer term, expected to reduce time, increase savings and competition, and enhance transparency in Government purchases.

(d) *Area 5. Increased compliance with the country's ethics framework through the roll out of efficient and effective monitoring and control mechanisms directed at preventing corruption:* Argentina lacks an integrated and coordinated strategy to prevent and fight corruption, which has become a structural problem. In the 2015 Corruption Perception Index elaborated by Transparency International, Argentina ranked 107 out of 167, behind 13 LAC countries including Uruguay, Chile, Panama and Bolivia, to name a few.²⁷ The Government considers the promotion of ethics in the public administration to be key to achieving the administration's objectives of improving transparency and reducing corruption. However, the capacity of the OAC to carry out its mandate of preventing and detecting conflicts of interest and illicit enrichment in the public sector is limited. In 2013, a legislative and regulatory reform affected the overall functioning of

²⁷ <http://www.transparency.org/cpi2015#results-table>



the disclosure system and the capacity of the OAC to fulfill its functions. Submissions are now channeled through the tax authority (AFIP) and the content of the declarations has been reduced. In addition, the OAC has limited tools and software to support analysis and investigation: every year, from a universe of 45,000 asset declarations, the Office is required to analyze 1,500 declarations of high level officials, including the President, Ministers and Secretaries, which is done manually. There is also room to improve cooperation and information exchange arrangements with other entities (such as the Financial Information Unit (*Unidad de Información Financiera*, FIU), AFIP and the prosecutors' office).

The Project will support the OAC's ongoing effort to update and strengthen management of the asset declaration system through: (i) the implementation of an electronic document management and automated workflows application; (ii) the adoption of business intelligence tools including the creation of interfaces with other relevant government databases, and enhanced reporting and analytical capabilities of the OAC; and (iii) the provision of training to the OAC's personnel on data analysis and risk assessment techniques. This will allow the OAC to monitor asset and income declarations more efficiently, expand its coverage, and more efficiently respond to inquiries and corruption allegations. The Government is seeking to increase the percentage of public employees that have their asset declarations captured electronically, processed and analyzed, from 0 to 70 over the next four years.

5. This subcomponent also contemplates support to pilot interventions in other G2G services, which would be implemented based on Government priorities, technical conditions, and/or demand from the beneficiary entities with respect to the specific interventions which interventions. These activities may include the piloting of public-management toolkits covering cross-cutting management systems (electronic procurement, electronic document management, and human resources) in a set of selected provinces, as well as modernization toolkits aimed at improving front and back-office municipal services, and work to reduce the digital access gap a part of the *País Digital* initiative. The process for selecting the pilot interventions will be provided for in the Operational Manual.

6. Approximately 94 percent of the 2,214 municipalities in Argentina generally present poor conditions in terms of transparency and quality of services and efficiency of public administration (processes are done manually, and information is not available to citizens or even to public servants). In addition, technological inclusion and penetration is poor, which prevents the implementation of modern and cost-effective ICT public management solutions and services. Given that almost one third of the population lives in such municipalities (generally of 50,000 inhabitants or less), reducing the gaps in quality of and access to municipal services is a Government priority and is at the center of the *País Digital* component of the State Modernization Plan, which envisions a gradual implementation of shared electronic services for remote municipalities. The Project's support to front and back office municipal services are expected to initially reach up to 700 municipalities. These interventions will be based on the use of centrally-supported cloud services, thus providing such access to small and poor municipalities at a very low cost. By offering access to government services to citizens, proposed interventions in these municipalities are expected to support inclusion by exposing an excluded population to technology through different means and thus improving the quality and transparency of public services as a whole.



Component 2. Strengthening of Cross-Cutting Public Sector Management Systems and Platforms
(Estimated cost: US\$20.9 million; WB financing: US\$18.6 million)

7. This component contains four subcomponents—three supporting core back-office public management systems, and one supporting the development of open data, open government, and innovation platforms.

8. *Subcomponent 2.1 – Performance Management System:* With the objective of gradually installing a results-based culture in the Argentinean public administration, initial steps were taken to introduce the framework and management tools required to shift attention from a focus on inputs and processes to accountability for the achievement of results. Previously, the Ministry of Economy put in place processes and systems intended to force line-ministries and other entities in the national government to prepare and execute their budgets based on programs and results. Yet, despite the existence of such procedures, very few entities have actually adopted the tools in a meaningful way and many have continued to manage their programs and activities on the basis of historical allocations for their budgets. Similarly, supported by the State Modernization II project, the Chief of Cabinet Office designed and tested a results monitoring tool (SISEG) which was applied to a number of selected national programs. However, its use was later discontinued due to the lack of effective follow up from the center, and a lack of perceived benefits from such reporting on the part of line ministries. As such, currently, decisions are not evidence-based, nor made in a coordinated way, hindering the effective and efficient use of public resources. The lack of information on government programs, activities and indicators also limits social accountability and participation.

9. The new administration has put a special emphasis on the deployment of the Management-by-Results concept, and situated it as one of the five pillars in the State Modernization Plan. The new concept takes the previous experience into consideration and intends to adapt international good practices in this area with the objective of providing all ministries in the central government with the methodologies and tools to properly develop strategic plans and perform monitoring in a way that benefits the center of government and the reporting entities. In order to accomplish this objective, this subcomponent would support the development of a Performance Management System by:

- a. developing a two-level strategic planning methodology. The first level will provide line-ministries with the parameters and guidance for strategic planning and monitoring. The second level of the methodology will provide the center of government (the Chief of Cabinet's Office supported by the Ministries of Finance and Modernization) with monitoring methodologies and problem-solving protocols to resolve implementation issues affecting the achievement of results in strategic government priority areas;
- b. designing and developing a software application to support the operation of customized dashboard applications to support strategic planning and monitoring of progress and results in line ministries, as well as an aggregated dashboard to be used by the center of government to monitor and inform interventions in the selected priority areas; and
- c. the deployment of both the methodology and dashboards through a participatory and gradual implementation process involving central and line ministries. This would also include proper installation of the software application as well as extensive training of users at all levels.



10. Expected results of these actions include the gradual adoption of a results-based management practice by all ministries in the national administration, as well as the installation of a “delivery unit” type of function at the center of government. This, in turn, over time is expected to contribute to more effective implementation of priority programs and policies for both the government as a whole as well as in each individual ministry.

11. *Subcomponent 2.2 –Electronic Procurement System:* Although progress has been made over recent years, several challenges remain in establishing a more competitive, cost-effective, and transparent public procurement system in Argentina.²⁸ A lack of systematic collection and dissemination of procurement information and statistics persists, posing a challenge for public authorities’ decision making processes, as well as for improving transparency and accountability of government spending. Moreover, public officials responsible for procurement processes often have limited specialization and skills in the area. Planning in public procurement is weak, reducing the possibilities for implementing practices such as consolidated purchases, and instruments to promote competition and savings in public procurement such as standard procurement documents and procedures, and framework agreements²⁹ are underutilized.

12. The current procurement system needs to be updated to address these challenges and to make it compatible with the modern electronic document management tools being introduced by this Project. As such, this subcomponent will support the Government’s effort in:

- a. the upgrading and adaptation of the e-procurement system successfully implemented in the City of Buenos Aires (<https://www.buenosairescompras.gob.ar/>) including the development of an interface with the national financial management information system e-SIDIF;
- b. the installation and roll-out of the updated electronic public procurement system across the 98 purchasing units in the central government;
- c. the provision of training to personnel responsible for public procurement and the creation of a help-desk; and
- d. the elaboration of a National Procurement Strategy covering market analysis, opportunities for innovation, and policy options to further improve practices in public procurement and contract management for goods and services, and public works.

13. The implementation of the new procurement system foresees the creation of a unified registry of providers, the expansion of framework agreements (which is supported under Implementation Area 4 of Subcomponent 1.2), and the availability of systematized public procurement information. The Project will recognize advances in the gradual implementation of the procurement system through a DLI tracking the percentage of purchasing units within the national public administration that are operating with the new procurement system. Over time, this work is expected to contribute to more efficient, less costly and more transparent public procurement.

²⁸ With WB support through the State Modernization II project, the government was able to implement a procurement system (SECOP) in 70% of the national public administration. However, due to changes in ICT, at project closing (in December 2014) the need to upgrade the system had already been identified by the Government.

²⁹ Standard documents promote competition, participation of suppliers, and confidence in the procurement system. A reduction of time and costs in the procurement of public goods and services can be typically expected as a result of the implementation of framework agreements.



14. *Subcomponent 2.3 –Human Resource Management Systems:* Over the years, the Government has developed a reputation for being an oversized organization with employee performance problems and a lack of career advancement opportunities resulting from inconsistent human resource management practices, hiring freezes during crisis periods, and insufficient oversight and monitoring capabilities. Limited availability of reliable data represents a challenge when estimating the size of the Argentinean public sector. A recent study by the local think tank CIPPEC³⁰ estimates that, based on national household surveys and official government data, the public sector employs close to 3.9 million people and accounts for 18% of the country’s total workforce. It is estimated that the number of public employees grew by almost 70% between 2001 and 2014 with subnational governments accounting for over 80% of this growth.

15. The executive branch of the Argentinean national public administration has approximately 174,000 civilian employees. Only about 65 percent are considered regular employees, with the rest being hired through different contractual modalities (Decree 1421) that do not provide the same level of benefits or career opportunities. The law currently establishes that regular employees should make up 85 percent of the total workforce and the Government has been under considerable pressure especially from labor unions to regularize thousands of employees, some of which have been working for the public sector for more than 10 years. There have been efforts, led especially by the Ministry of Modernization, to increase the efficiency of HR management practices, and plans are in place to competitively incorporate thousands of people as regular employees through 2019. These plans aim to put in place the necessary conditions to manage the transformation in the national public administration through the implementation of modern HR practices that provide a clear picture of the government’s optimal structure and staffing needs, increase the government’s ability to manage attendance and performance, and develops career frameworks and training plans.

16. The Project will support the implementation of these HR practices and systems through the following activities:

- a. implementation of a human resources management system based on electronic document management, automated workflows and business intelligence systems (which will also allow for improvements in additional HR systems such as attendance and performance management);
- b. harmonization of payroll systems across the twenty two central government ministries plus and selected decentralized entities;
- c. carrying out of a workforce planning exercise to analyze each line ministry’s stock of human capital, establish its business needs and design action plans to reach those optimum levels; and
- d. investments in developing the Government’s top management cadre, initially at the federal level and subsequently at the subnational level. This effort will focus on developing both management and technical competencies as well as on promoting a shared vision of the Government’s strategic goals and a shared set of values, including service excellence, ethics, transparency and integrity.

³⁰ Dieguez, Gonzalo and Gasparin, Jose; “El rompecabezas del empleo público en Argentina: Quienes hacen funcionar la maquinaria del Estado?”; Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPEEC); April 2016



17. Over the longer term, the effective implementation of strengthened HR management systems is expected to reduce processing and transaction times and errors, as well as increase the Government's access to actionable data (e.g. absenteeism, overtime, business needs, contracting modalities, career opportunities etc.) thereby contributing to more efficient and effective management of the public workforce. It is also expected to support the strengthening of management and technical competencies and promote a shared vision of the government's strategic goals and a shared set of values, including service excellence, ethics, transparency and integrity.

18. *Subcomponent 2.4 – Open Government, Open Data, and Innovation:* Argentina joined the Open Government Partnership (OGP) in 2012, which translated into specific commitments (national action plans) to promote transparency, participation and collaboration. The first national action plan developed for 2013-14³¹ placed a stronger emphasis on e-government aspects over priority themes such as transparency, public procurement, and access to information, resulting in civil society's participation in the plan being limited to those organizations involved in the Government's Digital Agenda³². Moreover, concentrated outreach within the Buenos Aires area hindered broader awareness, adoption and promotion of open government principles within government entities and civil society organizations outside the capital area. As evidenced by its performance in the Open Data Barometer, Argentina has room to improve the accessibility of its information. The country also currently lacks a strategy to promote the application of innovative methodologies in the public sector, as well as a space in which to pilot and validate public policies and programs prior to their expansion and replication in the public administration. Following recent changes in the Government's agenda, the development of open data, open government and open innovation agendas have been strongly prioritized and introduced new areas for advancement. In January 2016, the Government launched the Data Opening Plan and, in June 2016, the new Open Government Coordination Unit in the Ministry of Modernization updated the 2015-17 action plan. This subcomponent will support innovation and openness in the national and subnational public administrations based on the proactive application of the Open Government, Open Data and Open Innovation principles. Through the elaboration of an institutional framework that promotes these principles, it will support transparency by facilitating access to public data in open formats, citizen participation, and multi-stakeholder collaboration aimed at finding innovative solutions to public sector challenges.

19. This subcomponent will support activities to:

- a. strengthen the National Open Data Initiative, and promote the use and re-use of public data. This will include: support to: (i) the implementation of a government data framework, which will define guidelines for data management, standardization, and best practices; (ii) the progressive development of the National Open Data platform datos.gov.ar; (iii) the development of a data integration tool, which will ease data collection and management; (iv) the preparation of open data deep-dive diagnostics for key sectors; and (v) the development of an online platform for citizens to process access to information requests following the recent approval of the Access for Information Act (Law No. 27275);
- b. support Argentina's Open Government strategy, including targeted technical assistance to critical commitments under the Open Government Partnership, activities to increase awareness

³¹ <http://www.opengovpartnership.org/sites/default/files/Action%20Plan%20ARGENTINA.pdf>

³² Argentina Progress Report 2013-2014, Independent Reporting Mechanism (IRM)



of open government principles, capacity building among government entities and civil society organizations across the country, the creation of methodologies for the coordination of working groups, and articulation of round table discussions in regions across the country.

- c. promote a culture of innovation across the public sector including the development of Gob Lab, a safe environment for the Government and civil society to convene and engage in seeking solutions to specific public challenges across the various stages of innovation interventions (identification of public challenges, crowdsourcing of ideas, co-creation of solutions, incubation and acceleration, test, pilot and implementation); and
- d. the generation, testing, and implementation of innovation processes in which a wide spectrum of stakeholders (private sector, academia, civil society, citizens, and public sector) collaborate to identify public sector challenges and propose solutions to address them. In particular, it will finance innovation interventions in the form of competitions, calls for proposals, and open data challenges, among others, which will comprise the identification of public challenges, crowdsourcing of ideas, co-creation of solutions, incubation and acceleration, test, pilot and implementation.

20. This subcomponent will also include pilots that support public innovation activities at the city level. This work will aim at consolidating Buenos Aires' innovation initiative, capturing the experience and extracting lessons learned, with the goal of developing a strategy for a potential replication of the initiative in other cities across the country.

21. Building upon the release of open government data, the establishment of a GobLab, and the advance of Argentina's open government plans, this subcomponent is expected to support the generation, testing, and implementation of innovation processes in which a wide spectrum of stakeholders collaborate to identify public sector challenges and propose solutions to address them. As a result, over the course of Project implementation, the success of ratio of the number of implemented innovations over the number of proposed ideas is expected to improve.

Component 3. Enabling Technology and Reform Management (Estimated cost: US\$49.9 million; World Bank: US\$44.6 million)

22. This component contains three subcomponents, supporting a change management strategy, the electronic document management platform and information services, and ICT infrastructure, described below.

23. *Subcomponent 3.1 – Change Management Strategy and Project Management:* Implementation of public sector management reforms prove to be complex and difficult in every context. The introduction of new practices, even when clearly favorable for most of affected stakeholders is always subject to skepticism and resistance. The proposed program is not expected to be an exception, and resistance is anticipated to arise on a number of fronts. Public employees, including unions, may react to the renewed HR management processes to be introduced; government vendors may question changes to be introduced to the procurement processes (at least until they show the benefits); users of citizen services or SMEs may be skeptical or even unsatisfied with changes until they become familiar with the electronic services and perceive the benefits; government entities may not be fully capable of adopting transparency principles or deploying collaborative innovation exercises, etc. All of these possible reactions and



challenges could put the whole program at risk if not properly and proactively managed. As such, this operation contemplates an explicit change management subcomponent.

24. This subcomponent will support the development and implementation of a comprehensive and centrally managed change management and communication strategy, which will include the following activities:

- a. preparation of a high level risk assessment to identify the potential areas of resistance to the Project in order to prioritize interventions and develop a well-targeted change management plan;
- b. execution of specific stakeholder analyses for each of the prioritized areas geared at identifying potential sources of resistance to change as well as reform champions;
- c. preparation of change management plans for the program as a whole and for each of the individual components;
- d. development and implementation of a comprehensive communication strategy;
- e. development and implementation of targeted training programs for stakeholders at various levels; and
- f. support to overall project coordination and management including the hiring of necessary specialized staff to support financial management and procurement activities and the execution of Project audits, the hiring of a specialized consulting firm to carry out the independent verification of DLRs requiring external validation, and the implementation of IPP-related activities.

25. Implementation of the change management component is seen as a critical element for the Project's successful implementation. It is expected that by implementing this comprehensive strategy, resistance to change, while not being fully eliminated, will be managed in a way that does not severely affect either Project implementation or the achievement of the intended objectives.

26. *Subcomponent 3.2 – Electronic Document Management Platform and Information Services:* Currently in Argentina, in spite of some past efforts to develop electronic services, most G2G and G2C services are underlain by paper-based processes which do not take full advantage of widely available ICT tools to improve back-office workflows and facilitate front-office transactions. This impedes efforts to ensure the adequate follow-up and accountability required to continuously improve government services, and can ultimately translate into inefficiencies in their provision. As the Modernization program focuses on upgrading the interaction between the Government and citizens through the efficient use of ICTs, a new approach for information management and ICT services, which builds from electronic workflow management, is needed. Digital services will require users (citizens, public servants and firms) to unequivocally identify themselves and digitally sign electronic transactions, a capability which is currently limited to a specific set of processes within the Government. Additionally, the expansion of digital services will create an unprecedented amount of data that the Government will be able to use to promote data-driven decision-making processes.

27. In particular, this subcomponent will support the following activities:

- a. key activities to adopt the electronic workflow management platform as the core technology on



- top of which new and modern digital services (G2G and G2C) are going to be implemented, including adaptation and implementation of the electronic document management ecosystem (eDMS). In particular, this will contemplate: the development of eDMS modules for inter-agency processes; the identification and re-engineering of core and inter-governmental processes; the development of an e-learning site for eDMS users; and the implementation of a capacity building strategy including a train-the-trainer program as well as face-to-face user training programs;
- b. implementation of electronic ID authentication mechanisms and the expansion of the digital signature to a wider number of users. In particular, work will encompass the provision of central services for ID authentication and reliable official notification and the development of interfaces with the existing government databases
 - c. installation of data warehouse and business intelligence tools to enable the Government to store and exploit the data generated through digital services, including development of the required interfaces to ensure the integration of the digital signature into public management information systems; implementation of specific dashboards to monitor the performance of main public management information systems; establishment of a data warehouse to collect and store the data generated through the functioning of the various systems; and implementation of a centralized repository of standardized information regarding the operation of public management information systems.

28. With this approach, the Government aims to create the required enabling environment for citizens, government officials and private companies to interact online in a secure and verified manner. The development of common cross-cutting workflow modules and expanded electronic authentication is essential to the Government's ability to electronically manage of back and front-office workflows and processes, including those linked to the long-distance processes for SMEs, civil registry automation, e-procurement, etc. It will also enable the public administration to make more informed decisions by increasing its data analytics capabilities. In order to transition from a paper-based administration, the Government plans to map, re-design, and implement eDMS (activity (a) above) for a set of 460 internal government processes³³. While most activities under this component will be supported through traditional investment financing, this latter activity will be supported through a DLI.

29. *Subcomponent 3.3 – ICT Infrastructure:* While ARSAT (*Empresa Argentina de Soluciones Satelitales Sociedad Anónima*), the decentralized company which provides telecommunications services to key Government entities and also hosts the National Data Center³⁴ is recognized as the most reliable data center in the country and classified as *Tier 3* quality international standard level, as the envisaged digital transformation proceeds, ARSAT's capacity will become limited and additional ICT infrastructure will be needed to meet increased demand.

30. Work under this subcomponent will support the expansion of ARSAT's datacenter's capacity to respond to increased demand due to the implementation of the State Modernization Plan. Tasks to be supported under this subcomponent will include:

- a. enhancements to ARSAT's datacenter's capacity to host ICT services for government agencies;

³³ Identified based on their relevance (measured by volume and monetary value of transactions, and impact on citizen services).

³⁴ ARSAT has been incorporated into the Ministry of Modernization in order to centralize data processing services for the entire government.



- b. expansion of ARSAT's datacenter's IT capacity of the secondary center, to strengthen business continuity services;
- c. establishment of a Center of Emergency Response Team (CERT) to provide cyber-security services; and
- d. provision of technical assistance across government institutions to support an effective provision of ARSAT's datacenter's services and to develop and implement environmentally friendly ICT management protocols including protocols for the disposal of outdated equipment and hardware.

31. The implementation of expanded and secured data center capacities will translate in new cloud computing, hosting, and housing services that are expected to lead to cost savings for the Government in the medium term.



ANNEX 2: IMPLEMENTATION ARRANGEMENTS

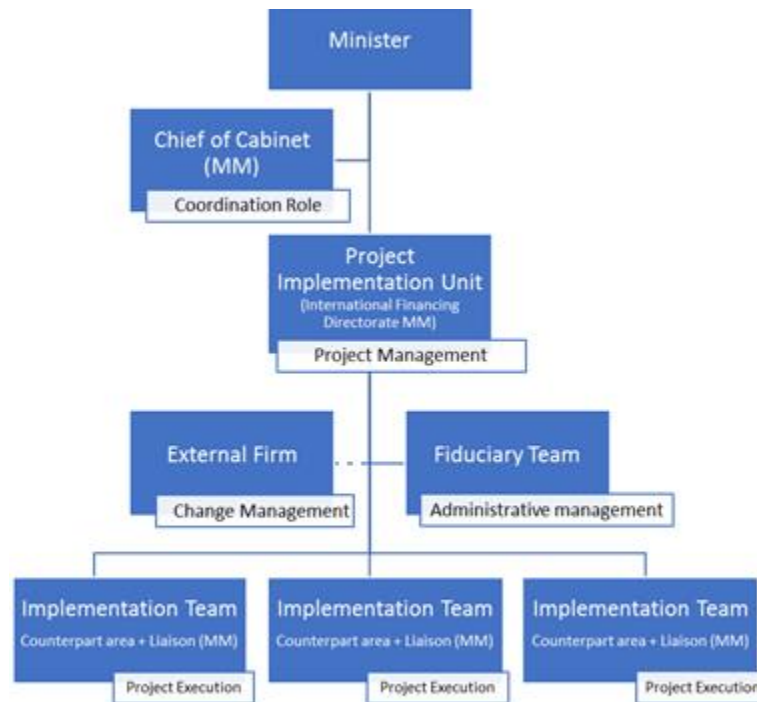
COUNTRY : Argentina

Modernization and Innovation for Better Public Services in Argentina

Project Institutional and Implementation Arrangements

1. The Project will be implemented by the Ministry of Modernization. Other institutions that will participate in project implementation include the Ministry of Production and the Office of Anticorruption in the Ministry of Justice at the national level, and subnational level agencies including most notably the Government of the Province of Buenos Aires as beneficiary entities in specific parts of the project.
2. Figure A2.1 illustrates the project organization and the reporting lines within the Ministry of Modernization and between the Ministry and other entities participating in the Project.

Figure A2.1. Implementation arrangements and reporting lines.



3. **Project leadership and overall coordination (Coordination Body).** The Minister of Modernization will be responsible for overall strategic leadership and coordination of the Project, with support from the Minister’s Chief of Cabinet, and the participation of the five areas involved in the project (Human Resources; Administrative Modernization; Technological Infrastructure; Open Government and Public



Innovation; and Digital Country Strategy). The Chief of Staff will be in charge of ensuring overall coordination across the various areas involved during implementation within and outside of the Ministry of Modernization. The Project's Operational Manual will describe coordination procedures in detail.

4. **Project Implementation Unit.** The International Financing Directorate within the Ministry of Modernization will serve as the PIU, and will be led by a full time Project Coordinator. The PIU will be responsible for all administrative aspects of the operation as well as for monitoring arrangements in the project, and also hold fiduciary responsibilities for the implementation of the Bank loan. The PIU will be supported by the following teams:

5. **Administrative Management Team**, which will carry the following specific responsibilities:

- a) Ensure compliance with Bank financial management, procurement regulations and safeguard requirements, preparing Interim Financial Reports (IFRs), consolidating project financial reports based on information provided by other agencies involved in the Project on planned and actual expenditures under UEs, and preparing and overseeing implementation of specific Terms of Reference (TORs) for the annual audit and procurement reviews.
- b) Manage the procurement process according to the Procurement Plan approved by the Bank, review of TORs prepared by technical teams, elaboration of bidding documents, publication of procurement notices and contract awards, and negotiation of contracts with consultants, among others.
- c) Liaise with the Bank, overseeing technical inputs from all institutions involved in the Project, and consolidating documentation on UEs, DLRs and input-based activities to report to the Bank in a timely manner. In addition, as mentioned above, the PIU will hire an external party as an independent mechanism to verify achievement of agreed-upon DLRs to trigger disbursements.
- d) Monitor and evaluate the progress of the Project in terms of physical achievements and results indicators agreed with the Bank and prepare the Project Reports for timely submission to the Bank.

6. **Change Management Firm**, under the supervision of the PIU, will have the responsibility for the design and implementation of the change management strategy for the entire Project.

7. **Implementation Teams.** For project execution, implementation teams will be established for each subcomponent/set of related activities. Teams will be composed of a representative of each of the participating institutions and a liaison from the Ministry of Modernization. These teams (one for each sub-component/set of related activities) will be in charge of the implementation of activities under such, and will be responsible for the preparation of technical documents and reports as needed under project implementation. Where applicable, an Inter-Institutional Agreement/Post Office Agreement will be entered into between any participating province, any participating municipality, the OAC, Ministry of



Production, ARSAT and/or post office and the Ministry of Modernization prior to the carrying out of relevant activities.

8. **Coordination with Beneficiary Entities:** Beneficiary entities (i.e. Ministry of Production, OAC, and the Government of the Province of Buenos Aires) will participate actively in the implementation of their respective project activities and the monitoring of results. Such entities will be part of the implementation teams, as described above, and report to the PIU on project progress, and achievement of results and DLRs where applicable.

Financial Management

9. **Introduction.** A Financial Management Assessment (FMA) was carried out to assess the adequacy of financial management arrangements³⁵ in place within the Project Implementing Unit (PIU) under the Ministry of Modernization. It was determined that financial management arrangements in place at the PIU are acceptable to the Bank to implement the Project.

10. **Executive Summary and Conclusion.** The assessment conclusion is that overall FM arrangements in place at the Ministry of Modernization are acceptable to the Bank because they are capable of recording accurately all project transactions; safeguarding the project's assets; providing reliable and timely financial reporting to monitor project implementation and are subject to acceptable external auditing arrangements.

Description and Assessment of Project FM arrangements

11. **Institutional Arrangements for FM.** As noted earlier, a PIU under the Ministry of Modernization will be responsible for overall FM aspects comprising: overseeing budgeting formulation and execution; treasury operations including payments of eligible expenditures; managing the Designated Account and submission of withdrawal applications to the Bank; maintaining the Project's accounting records and preparing the requisite project financial reports; and complying with the Project's external auditing arrangements.

12. **Organization and Staffing.** As the Ministry of Modernization was created in December 2015, there is no ministerial experience in WB-financed project implementation. Nevertheless, the PIU has qualified staff who are capable of undertaking the Project FM function. Furthermore, some of the FM professionals including the FM coordinator, have relevant experience implementing previous Bank financed projects.³⁶

13. **Budgeting.** National budget formulation and implementation are guided by rules established by the National Constitution and the Financial Administration Law. The preparation of the annual budget, which integrates current and capital expenditures, is coordinated by the Ministry of Finance and follows a clearly defined calendar that is generally adhered to. The Federal Government's integrated budget and

³⁵ The Financial Management Assessment (FMA) was conducted in accordance with OP/BP 10.00 and in line with specific Bank Guidelines Manual for World Bank-Financed Investment Operations; document issued by Operations Policy and Country Services OPCFM on March 1, 2010.

³⁶ Second State Modernization Project (Ln 7449 AR, P101170, closed in 2014).



accounting information technology (IT) system, SIDIF (*Sistema Integrado de Información Financiera*) will be used for fulfilling project budget accounting needs. The Project will rely on the Ministry of Modernization’s own procedures for budget formulation and execution.

14. **Accounting and Financial Reporting.** The UEPEX³⁷ system which is the Federal Government IT module for accounting and financial reporting of donor-financed operations will be used to generate the annual financial statements and Interim Financial Reports (IFRs). These reports will be generated on the basis of budget execution reporting in the SIDIF system for the underlying expenditures along with records of Project transactions for other eligible expenditures financed under the traditional investment financing (input-based) method, and will consolidate results of all Project components. The Ministry of Modernization through its PIU will be responsible for: (i) maintaining Project accounts with the chart of accounts reflecting the Project categories, components and source of funding; and (ii) producing the requisite annual financial statements following the International Accounting Standards. Cash basis accounting will be used to maintain project records. Project financial reports will consist of annual financial statements and quarterly Interim Unaudited Financial Reports (IFRs). The IFRs customized format will be used for disbursement purposes and will include information on project compliance with the agreed DLRs as per provisions in the Loan Agreement. Format and content of financial statements and IFRs for reporting and disbursement purposes are incorporated in the Project’s Operational Manual.

15. The following table shows the financial reports schedule to be submitted to the Bank:

Table A2.1. Reports’ Schedule

Report	Due date
Quarterly unaudited project IFRs reflecting the following: compliance with agreed DLRs; sources and uses of funds for each quarter and cumulative uses by category, including beginning and ending cash balances.	Within 45 days after the end of each calendar quarter
Audited financial statements	Within six months after the end of each calendar year (or other period agreed with the Bank).

16. **Internal Control and Internal Auditing.** The internal control environment to be used for the Project is anchored in Argentina’s legal and institutional framework and the Ministry of Modernization operational processes and procedures. These allow for the establishment of roles and responsibilities for financial management, and the proper segregation of duties. The internal controls relevant to the project include arrangements to provide assurance that: (a) operations are conducted effectively, efficiently, and in accordance with relevant financing agreements; (b) financial and operational reporting is reliable; (c) applicable laws and regulations are complied with; and (d) assets and records are safeguarded. The use of the national SIDIF system, with its inbuilt controls that ensure proper authorization of transactions, contributes to the observance of these controls. Additionally, the Ministry of Modernization is under the scope of the General Syndicate of the Nation or SIGEN, which is the Federal Government’s internal audit office under the executive branch. The General Syndicate of the Nation supervises and coordinates the actions of the Internal Audit Units in all government agencies, approves their audit plans, and conducts

³⁷ UEPEX: Argentina budget execution and recording software for multi-lateral financed operations



independent audits.

External Auditing Arrangements

17. The Project's annual financial statements will be audited under TORs prepared according to Bank guidelines and performed by an independent auditor and following standards both acceptable to the Bank. Audited financial statements will be furnished to the Bank no later than six months after the end of each fiscal year—or another period agreed upon with the Bank (not exceeding 18 months)—when, due to project circumstances, it is more cost effective to join periods to be audited. Auditors should submit (a) an opinion on the project financial statements, the SOE statement and the Designated Account (DA); and (b) a Management Letter. Audit terms of reference will be included in the Project's Operational Manual. In accordance with the Bank's Access to Information Policy, upon receipt of the annual audited financial statements of the Project, they will be made available to the public by the Bank. The borrower agrees to disclose the audited financial statements to the public on time.

18. **DLR Verification Protocol.** As mentioned above, a verification protocol will be established to validate accomplishment of the DLRs. In general, DLRs that can be objectively evidenced and are non-quantitative will be validated by the Bank.³⁸ In cases where DLRs are determined to require external review, the validation will be carried out by an external reviewer following terms of reference acceptable to the Bank.

Risk Assessment and Mitigation

19. The overall FM risk after mitigating measures is assessed to be Moderate. The following mitigating measures have been adopted to address the identified project's FM risks: (i) preparation of an Operational Manual (OM) including a section with FM arrangements acceptable to the Bank; (ii) verification of the achievement of certain DLRs by an independent external reviewer; (iii) review of IFR for disbursement purposes by the Task Team; (iv) identification of underlying expenditures which will allow for the achievement of the agreed targets (DLR) that will in turn trigger disbursements will be linked to specific budget lines in the Ministry of Modernization annual budget and included in the Loan Agreement; and (v) preparation and presentation of annual audits of project's financial statements following auditing standards and terms of reference acceptable to the Bank. The Project risk rating will be reviewed regularly in the course of Project supervision.

FM Implementation Support Plan

20. The FM supervision plan and the resources to be allocated thereto have been determined in accordance with the risks identified. During project implementation, FM staff will assess the continuing adequacy of the financial management arrangements for the project. In addition to monitoring the timeliness of receipt of the interim and annual audited financial statements, FM staff will review these reports. The Project's FM Specialist (FMS) will participate in at least one supervision mission every year and will provide ad hoc support through emails and phone calls as needed. The FM supervision plan will be adjusted by the assigned FMS according to project's fiduciary performance and updated risk.

³⁸ By the Bank's designated Task Team Leader.



Loan Covenant

21. No other non-standard conditions for FM are applicable to this project except for the following: An external validation of the DLRs requiring external review will be carried out by an external party and following TORs both acceptable to the Bank. This will be the independent mechanism to verify the accomplishment of agreed-upon targets to trigger reimbursements of underlying expenditures linked to agreed-upon DLRs.

Disbursement Arrangements

22. **General Disbursement Arrangements.** The following disbursement methods may be used under the loan: (i) Advance (ii) Direct Payment; and (iii) Reimbursement of eligible expenditures including underlying expenditures pre-financed by the Borrower. Details of the flow of funds and disbursement arrangements are presented below. Table A2.3 details IBRD and counterpart financing by component and financing modality, and Table A2.4 presents the general disbursements arrangements for the project. See Figure A2.2 below for an overview of flow of funds.

Table A2.3. IBRD and Counterpart Financing by Component (US\$ Millions)

Project Components	Project cost	IBRD Financing		Total	Counterpart Funding
		Result-Based	Input-Based		
Component 1 - Improvements in Service Delivery to Citizens, Businesses and Government	17.9	8.0	8.1	16.1	1.8
Component 2 - Strengthening of Cross-Cutting Public Sector Management Systems and Platforms	20.9	3.0	15.8	18.8	2.1
Component 3* - Enabling Technology and Reform Management	49.9	9.0	35.9	44.9	5.0
Total Costs	88.7	20.0	58.8	78.8	8.9
Front End Fees	0.2			0.2	
Total Financing Required	88.9	20.0	58.8	80.0	88.9

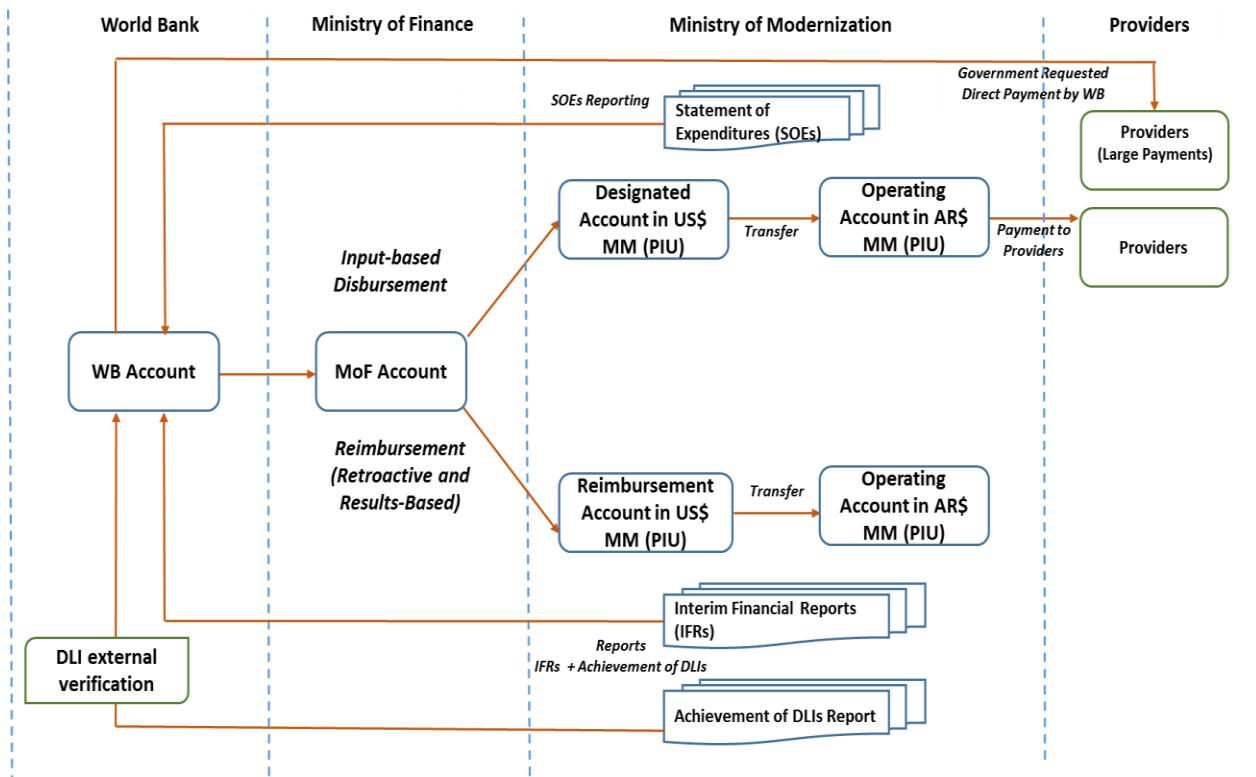
*Includes US\$2.92 million for the PIU and audits and US\$20,000 for IPP specific implementation.



Table A2.4 Overall Disbursement Arrangements for the Project

Retroactive expenditures	<p>Eligible expenditures including underlying expenditures:</p> <ul style="list-style-type: none"> Are paid up to 12 months prior to the date of loan signing; Do not exceed 20 percent of the loan amount. Comply with the agreed DLR (for underlying expenditures only)
Reimbursement of eligible expenditures financed by the Government after the date of loan signing	<ul style="list-style-type: none"> Reimbursement of eligible expenditures including underlying expenditures into a separate bank (different from the DA) account managed by the Ministry of Modernization.
Other Disbursement Methods	<ul style="list-style-type: none"> Direct payments to suppliers. The minimum application size for direct payment requests will be defined in the Disbursement Letter (DL). Advance to a segregated designated account in US\$ managed by the PIU (as previously explained) with a proposed ceiling of US\$5 million
Supporting documentation	<ul style="list-style-type: none"> Statement of Expenditures (SOEs) Records (supplier contracts, invoices and receipts) for direct payments. IFRs accompanied by supporting evidence detailed below (for underlying expenditures only).

Figure A2.2 Flow of Funds



23. **Flow of Funds and Disbursement Arrangements for Eligible Expenditures other than Underlying Expenditures (Traditional Investment Financing (Input-Based)).** The Project will finance the procurement of goods, consultant and non-consultant services, operating costs, training and workshops, for which regular a IPF disbursement mechanism will be used. To finance expenditures to local providers, one Designated Account managed by the Ministry of Modernization and denominated in loan currency, will be opened at the state-owned bank, *Banco de la Nación Argentina* (BNA). This account will receive



advance from the Loan account and will be replenished by the Bank as execution progresses. Proceeds from the Designated Account will be transferred to an Operating Account managed by the Ministry of Modernization and denominated in AR\$ to handle payments of eligible expenditures to local providers. Under this modality, the Ministry of Modernization will document eligible expenditures to the Bank using Statements of Expenditures (SOEs), including copies of records evidencing these eligible expenditures or summary reports of eligible expenditures as supporting documentation. At the request of the Government, the Bank will make direct payments to vendors based on requests for payments and supporting documentation. Reimbursement of eligible retroactive expenditures will be available for expenditures made within the year prior to loan signing. Such funds will be deposited in a separate bank account managed by the Ministry of Modernization and denominated in loan currency.

24. **Flow of Funds and Disbursement Arrangements for Eligible Underlying Expenditures (Results-Based).** As noted in earlier sections of the PAD, a portion of Project resources will be disbursed following a results-based financing approach. The Project will reimburse selected Underlying Expenditures (UEs) incurred by the Ministry of Modernization and pre-financed with local counterpart funds and the achievement of results under such UEs, which are associated to Disbursement-Linked Results (DLRs). Achievement of a set of established DLRs included in the legal agreement will trigger reimbursements for a total up to US\$ 20 million. A specified amount of loan proceeds has been allocated to each DLR, referred as the DLR price, which is the amount that the Government can claim as reimbursement against UEs upon achievement and verification of DLRs (validated by an external reviewer where appropriate). See Table A2.5 below for DLRs and linked disbursements. The Ministry of Modernization through its annual budget execution will pre-finance the underlying expenditures necessary to achieve the agreed DLRs, which will be linked to specific budget lines (as detailed in Table A2.5 below). Reimbursements will be made against the achievement and validation of such DLRs, and the execution of the UEs as reported in Interim Financial Reports (IFRs). From the FM perspective, funds disbursed under this modality will be documented against the presentation of an IFR. The Ministry of Modernization will prepare IFRs for disbursement purposes accompanied by the following evidence: (i) Budget execution reports produced by the SIDIF system including the UEs incurred during the reported period; (ii) Certification letter issued by the Financial Management Division (*Servicio Administrativo Financiero* or SAF in Spanish) of the Ministry of Modernization stating that the UEs' are accurate and duly supported; (iii) Technical report specifying the achieved DLRs, and (iv) DLR Verification Report from the corresponding verifying entity where applicable. IFRs for disbursement purposes are expected to be submitted to the Bank every quarter depending on compliance with DLRs, which will be reviewed by the Task Team before submission to the Loan Operations (WFALN) Department for reimbursement. As with the reimbursement for retroactive expenditures discussed above, such funds will not enter the Designated Account; they will be deposited in the same reimbursement account managed by the Ministry of Modernization and denominated in loan currency. Proceeds from this account will then be transferred to an Operating Account managed by the Ministry of Modernization and denominated in AR\$.)



Table A2.5. DLIs, DLRs, and Associated Disbursements

Component	Results-based (DLIs)	DLRs	Associated Disbursement (US\$ Millions)	Associated Underlying Expenditures
Component 1. Improvements in Service Delivery to Citizens, Businesses, and Government	DLI#1. Implementation of cumulative number of key citizen centric processes redesigned with support from the MM and available online in the argentina.gob.ar portal (from a baseline of 0)	Target 1.1: Website available with an updated catalog of citizen services	1.0	Ministry of Modernization (Jurisdiction. 26), Strengthening of Management and Public Innovation (Program. 24), Leadership and Administration (Activity 1), Section 1, Cost Items 1,2,3,5,7,8
		Target 1.2: At least 3 redesigned citizen services available	0.75	
		Target 1.3: At least 8 redesigned citizen services available	0.75	
		Target 1.4: At least 11 redesigned citizen services available	0.75	
		Target 1.5: At least 14 redesigned citizen services available	0.75	
		Target 1.6: At least 18 redesigned citizen services available	0.5	
		Target 1.7: At least 22 redesigned citizen services available	0.5	
	DLI#2. Cumulative number of main civil registry offices (<i>cabeceras</i>) within the Province of Buenos Aires with an operating electronic Civil Registry (from a baseline of 0)	Target 2.1: Interinstitutional Agreement signed between the Ministry of Modernization and the Government of the Province of Buenos Aires for the implementation of the Civil Registry Modernization project	0.5	Ministry of Modernization (Jurisdiction. 26), Administrative Modernization (Program 25), Leadership and Administration (Activity 1), Section 1, Cost items 1, 2, 3, 5, 7, 8
		Target 2.2: 10 main regional offices with an operating electronic civil registry	0.3	
		Target 2.3: 30 main regional offices with an operating electronic civil registry	0.7	
		Target 2.4: 50 main regional offices with an operating electronic civil registry	0.4	
		Target 2.5: 80 main regional offices with an operating electronic civil registry	0.6	
		Target 2.6: 100 main regional offices with an operating electronic civil registry	0.2	
		Target 2.7: 137 main regional offices with an operating electronic civil registry	0.3	
Component 2. Strengthening of Cross-Cutting Public Sector	DLI#3. Percentage of purchasing units (out of a total of 98 purchasing	Target 3.1: 11% of purchasing units	0.5	
		Target 3.2: 25% of purchasing units	0.2	
		Target 3.3: 50% of purchasing units	0.3	



Component	Results-based (DLIs)	DLRs	Associated Disbursement (US\$ Millions)	Associated Underlying Expenditures
Management Systems	units) within the national public administration operating with the new procurement system	Target 3.4: 60% of purchasing units	0.5	
		Target 3.5: 75% of purchasing units	0.5	
		Target 3.6:85% of purchasing units	0.4	
		Target 3.7: 95% of purchasing units	0.6	
Component 3. Enabling Technology and Reform Management	DLI#4. Cumulative number of government internal administrative processes mapped and modelled with eDMS across national line ministries and other entities of the national public administration (from a baseline of 0)	Target 4.1: 30 government processes mapped and modelled with eDMS	1.0	
		Target 4.2: 80 government processes mapped and modelled with eDMS	1.2	
		Target 4.3: 130 government processes mapped and modelled with eDMS	1.8	
		Target 4.4: 200 government processes mapped and modelled with eDMS	1.0	
		Target 4.5: 280 government processes mapped and modelled with eDMS	1.5	
		Target 4.6: 350 government processes mapped and modelled with eDMS	1.1	
		Target 4.7: 460 government processes mapped and modelled with eDMS	1.4	

25. The table below shows the overall Project’s disbursement arrangements by expenditure category.

**Table A2.6 Disbursement Categories**

Category	Amount of the Loan Allocated (expressed in US\$)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Underlying Expenditures under Components 1.1(a), 1.1(c), 2.2 and 3.2 (a) of the Project	20,000,000	100%
(2) Goods, works, non-consulting services, consulting services, Training and Workshops, and Operating Costs under Components 1.1(b), 1.1(d), 1.2, 2.1, 2.3, 2.4, 3.1, 3.2(b), 3.2(c), and 3.3 of the Project.	59,800,000	100%
(3) Front-end Fee	200,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of the Loan Agreement
TOTAL AMOUNT	80,000,000	

Procurement

26. Procurement will be conducted according to the World Bank’s “Procurement Regulations for IPF Borrowers”, issued in July 2016, for the supply of goods, non-consulting services and consulting services. The World Bank’s Standard Procurement Documents will govern the procurement of World Bank-financed Open International Competitive Procurement. For procurement involving National Open Competitive Procurement, the Borrower will use standard procurement documents acceptable to the Bank that will be included as part of the Operation Manual.

27. A procurement capacity assessment of the PIU was carried out by the Bank. The assessment reviewed mainly the organizational structure for implementing the Project, and the experience of the existing procurement staff. While familiar with handling procurement processes for low cost and complexity, the identified staff has less experience on managing international open competitive processes and more complex processes, such as the use of indefinite delivery contracts.

28. Based on the specific needs identified to take the responsibility for the procurement function under this Project, the following actions are recommended to reduce risk and facilitate project implementation: (i) the PIU will assign/appoint an experienced procurement specialist with knowledge of the Bank’s procedures who will be specifically assigned to this Project; (ii) the Operation Manual will include a detailed description of the roles and responsibilities of the PIU and its interaction with the Technical Units that spells out technical, administrative and contract management tasks and



responsibilities of each of them; (iii) the PIU procurement specialist and technical staff should attend procurement training within six month of Loan approval; iv) the Bank's procurement team will closely assist the PIU during project implementation, in particular for more complex activities.

29. Considering the above and the expected workload, the overall procurement risk is defined as Moderate.

30. The Borrower through the PIU has prepared a Project Procurement Strategy for Development (PPSD). Activities envisaged during project implementation include procurement of IT equipment and software and consulting services for designing and developing software. A Short Form PPSD was prepared due to the scope, the low cost and risk of the procurement activities, and the fact that the Project does not include any contract which exceeds the value thresholds to use a Long Form PPSD.

- a. Goods: The Project will finance the procurement of IT equipment and software to support the implementation and effective use of improved services to citizens, businesses, and government agencies at the national and subnational levels. Goods will be procured using request for bids with open competitive approach using the established threshold for the country;
- b. Consultant Services: The Project will finance consultancy activities to enable the successful development and implementation of the modernized transversal management systems and platforms. Quality- and Cost-Based Selection would be the selection method regarding the nature of the services envisaged. Due to the existence of a developed national market, international market approaches are not expected. Also, direct selection would be the best approach selection method of consulting services for IT services planning and execution plans under Component 1, considering that the continuity in the technical approach, the experienced acquired and continued professional liability of the same consultant makes continuation preferable to a new competition.

31. Likewise, the Borrower has developed a Procurement Plan for the first 18 months with the activities that are already defined. The rest of the activities will be added once they are defined by the technical areas.

32. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the implementing agencies has recommended (i) close procurement support and guidance in the first bidding processes, and (ii) annual supervision missions in the field to carry out the post review of procurement actions.

Environmental and Social (including safeguards)

33. All Project activities, including environmental and social aspects, will be implemented by the PIU under the Ministry of Modernization. The Safeguards policy on Indigenous Peoples (OP 4.10) is triggered. The activities linked to the implementation of the Indigenous Peoples Plan, which was prepared by the Ministry of Modernization in coordination with the Undersecretariat for the Promotion of Human Rights (Subsecretaría de Promoción de Derechos Humanos), discussed with the National Institute of Indigenous



Affairs (INAI), and approved by the Bank, (published in-country³⁹ and on the World Bank External Webpage on January 13, 2017) will be carried out in coordination with the National Institute of Indigenous Affairs and the Secretariat of Human Rights⁴⁰.

Monitoring and Evaluation

34. The operation will have a strong focus on the monitoring and evaluation of Project's results, for which a dashboard to track progress on indicators and their targets will be developed. Such dashboard will be developed under Component 3, as part of efforts to systematize and use information for decision making through the innovative use of technology.

35. The PIU will be responsible for monitoring and reporting on Project results, including the Project's PDO and intermediate indicators, and DLIs. The PIU will be responsible for collecting evidence on achievement of DLRs and all other indicator targets, and report to the Bank bi-annually on project implementation, output and performance indicators, including DLIs. In the case of results linked to DLIs, verification of the achievement of DLRs triggering disbursements will be subject to verification by the Bank or an external reviewer as previously discussed.

³⁹ https://www.argentina.gob.ar/sites/default/files/ppi_proyecto_modernizacion_e_innovacion_de_los_servicios_publicos.pdf

⁴⁰ Given the nature of the activities described in the IPP, as technical assistance, the Interim Guidelines on the Application of Safeguard Policies to Technical Assistance (TA) Activities in Bank-Financed Projects and Trust Funds Administered by the Bank, from January 2014, are applicable



ANNEX 3: IMPLEMENTATION SUPPORT PLAN

COUNTRY : Argentina

Modernization and Innovation for Better Public Services in Argentina

Strategy and Approach for Implementation Support

1. The implementation support strategy was developed based on the risks and mitigation measures related to the operation and targets the provision of flexible and efficient implementation support to the clients. It also considers the lessons learned from the State Modernization Projects I & II (P101170 and P057449). The implementation support strategy focuses primarily on the implementation of the risk mitigation measures as follows:

- (a) **Inter-institutional coordination** between the Ministry of Modernization, Ministry of Production, Anti-corruption Office and Civil Registry. To ensure coordination among the institutions and agencies involved, a close supervision will be carried out to support the planning and results monitoring. The supervision will include but not be limited to semiannual supervision missions. Additionally, a PIU Liaison will be identified within each of the Implementation Teams in order to monitor and follow-up upon each of the components.
- (b) **Technical support.** The Project design introduces innovative and alternative disbursement mechanisms that involve the agreement and participation of other institutions. The Bank technical and fiduciary team will have continuous dialogue with the implementing unit to support implementation and the use of DLIs, including verification mechanisms. Implementation support missions will include public sector specialists to help guide the Project Implementation Unit under the Ministry of Modernization with project implementation and policy dialogue.
- (c) **Change Management and Communications Strategy.** As discussed above, Project design contemplates explicit support to a comprehensive change management and communication strategy – and specifically, the contracting of a change management firm - in order to proactively manage the risks associated with the planned public sector reforms. During implementation, the Bank team will closely supervise advances and bottlenecks in both strategies through regular communication and semiannual supervision missions including the PIU, implementation teams, and the change management firm.
- (d) **Monitoring and evaluation.** The Bank team will provide support to the Ministry of Modernization in collecting and analyzing the information needed to trigger DLIs and monitor the project result framework.
- (e) **Procurement.** A country office-based procurement specialist will provide timely support and carry out ongoing supervision. The specialist will participate in project implementation support missions and visits, respond to just-in-time requests, and provide ongoing guidance to the implementing unit based on its procurement activities.
- (f) **Financial Management.** During project implementation, the World Bank will supervise the project's Financial Management arrangements in two main ways: (a) review the project's annual audited financial statements; and (b) during the World Bank's implementation



support missions, review the project’s FM and disbursement arrangements to ensure compliance with the World Bank’s requirements. An FM specialist will assist in the supervision process as needed.

- (g) **Operations.** During project implementation, the World Bank will provide implementation support to the team members of the PIU in the Ministry of Modernization to prepare, update, and use the project management tools, including the Operational Manual, annual work plan, procurement plan, and disbursement projections. The task team will track the progress of the Project’s indicators, monitor the implementation progress of Project components, review the DLRs, and monitor Project execution according to annual action plans.
- (h) **Safeguards.** Country office-based environmental and social specialists will provide advice during project implementation support missions, respond to enquiries from the PIU, and provide ongoing guidance to the client based on its environmental and social safeguards activities.

Implementation Support Plan and Resource Requirements

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Task management	Task team leader/ Public sector specialist	20 Staff Weeks (SWs)	
	Procurement	Procurement specialist	6 SWs	Training and Preparation
	FM	FM specialist	6 SWs	Training and Preparation
	Safeguards	Environmental and Social specialists	4 SWs	Site visit and Social Plan
	Operations support	Operations officer	2 SWs	Revision of documentation
	Technical support	ICT Policy specialist / Public Sector Specialist	10 SWs	
12-48 months	Task management	Task team leader/ Public sector specialist	60 SWs	Task Leadership
	Procurement	Procurement specialist	16 SWs	Training and Supervision
	FM	FM specialist	16 SWs	Training and Supervision
	Safeguards	Environmental and social specialists	4 SWs	Environmental and Social Supervision



Operations support	Operations officer	
Technical support	ICT Policy specialist/Public Sector Specialist	10 SWs
Other		

Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
TTL (Public Sector Specialist)	80	8	
Procurement Specialist	22	8	
Financial Management Specialist	22	8	
Environmental and Social Specialist	8	8	
Operations Officer	2	2	
ICT Policy Specialist/Public Sector Specialist	20	8	



ANNEX 4: ECONOMIC AND FINANCIAL ANALYSIS

Summary of Cost Benefit Analysis, US\$

1. Improving the efficiency of Argentina's public administration will result in positive economic and financial benefits. Reduced transaction costs and time savings for processes related to SME certification and civil registries (within subcomponent 1.1), procurement (within subcomponents 1.2 and 2.2), and workflow management (within subcomponent 3.3) - the areas in which benefits are able to be quantified - are expected to yield a net present value (NPV) of \$203.1 million. The analysis assumes an exchange rate of 15 Argentinian pesos per US\$ and a 6% discount rate over a 10-year period. Benefits are both financial in terms of reduced prices for commonly procured goods using framework agreements as well as economic in terms of volume of time saved by citizens, businesses, and government staff. Since the number of staff involved in specific reforms are both unknown, several proxies are used. Changes made to staff numbers will significantly affect the magnitude of the NPV for the Project. Costs correspond to Project cost amounts for the relevant subcomponents, and estimates of future costs to sustain the interventions. The analysis accounts for 10% in price and physical contingency for unexpected delays.

Subcomponent 1.1: Improvements in Government-to-Citizen and Government-to-Business Services

2. **Benefits.** Financial and economic savings resulting from digitizing processes related to SMEs and civil registries yield an NPV of US\$100.2 million. Digitizing the manual processing of steps related to SME certifications and allowing those to be done remotely is expected to translate to \$162.6 million in time and travel cost savings for SME representatives who would otherwise have to travel to Buenos Aires. Additional fees that can be generated as a result of processing higher volumes of SME certifications is expected to result in US\$392,000. Finally, the reduced transaction costs are also expected to save about 40% of government staff time in 2017 and 50% in 2018-2019. Since the number of staff working on SME certifications is not known, the analysis uses a few proxies to quantify the gains from staff time saved as a result of these reforms. Given that the daily volume of SME certification applications is 600, we assume that there are 6 staff processing 100 SME certifications who are getting paid 150% of the minimum monthly wage or \$813, which is also consistent with the average monthly salary of civil servants in Argentina. This is a conservative estimate, as there might be more staff involved. Over the course of ten years, this yields US\$4.8 million. Similarly, the digitalization of civil registry services in the Province of Buenos Aires is also expected to speed up the registry and certification process up to 20% and significantly increase the percentage of the population that has online access to these important services. Applying this benchmark to all civil registries and assuming that 6 staff work full time on 85 daily birth registrations in each of the 137 registries, over a ten-year period this yields US\$20.2 million.

3. **Costs.** The total estimated cost for this subcomponent is US\$32.3 million which includes investments under the Project related to key processes for citizens through the Citizen Digital Profile, selected services to small and medium enterprises (SMEs), and the automation of civil registry processes in the Province of Buenos Aires, and estimated future costs to sustain the interventions. The benefits outweigh the costs related to this subcomponent.



Subcomponent 1.2: Improvements in Government-to-Government Services and Subcomponent 2.2: Electronic Procurement System

4. **Benefits.** Financial savings resulting from reduced prices of commonly procured goods using Framework Agreements that the Program supports yields an NPV of US\$3.1 million. Significant savings result from lower prices resulting from the use of framework agreements to procure selected goods such as tokens, cell phones, computers, scanners, data house management, and LED monitors. The analysis takes the difference between the market price and the framework agreement price and multiplies this by the quantity of the selected type of goods that the government expects to procure under this modality. However, since the quantity has not yet been defined, we use a small percentage of the 1,816 staff working for the Ministry of Modernization as a proxy. Assuming that 25% of the 1,816 staff in the Ministry of Modernization receive new tokens, cell phones, computers, scanners, data warehouse management services, and LED monitors each year, the total value of savings yields US\$41.9 million. This is a conservative estimate, as there are many more goods and services that will be purchased using framework agreements that were not included in the analysis.

5. **Costs.** The total estimated cost related to these two subcomponents is US\$37.3 million which includes investments under the Project related to the expansion of Framework Agreements, implementation of an updated e-procurement system, training to personnel responsible for public procurement and the creation of a help-desk, and elaboration of a National Procurement Strategy which will include market analysis, opportunities for innovation, and development of policy options to further improve practices in public procurement and contract management for goods and services, and public works, as well as estimated future costs to sustain the intervention. The benefits outweigh the costs related to these two subcomponents.

Subcomponent 3.3: ICT Infrastructure

6. **Benefits.** Economic benefits resulting from staff time saved by using electronic work flow management yields an NPV of US\$99.9 million. The Project will invest in expanding the capacity of the government's IT services to automate key internal Government workflow processes and facilitate transactions. Benefits that are expected to result from using the electronic workflow management platform have been calculated by quantifying government staff time savings. The analysis calculates the amount of salaries saved as a result of a very conservative 5 percent decrease in transaction time. Since the exact number and salary of staff benefiting from more efficient workflow processes is not yet known, the analysis uses half of the number of software users or 47,000 and 150% of the monthly minimum wage of \$813 as proxy measurements. This yields \$229.3 million over a ten-year period. Similar to the calculations of subcomponent 1.1, 1.2, and 2.2 this is a conservative estimate as the amount of staff benefiting from improved workflow management processes is likely higher.

Costs. The total estimated cost for this subcomponent is US\$74.9 million for investments under the Project related to the ARSAT's capacity to host ICT services for government agencies, including consultancy services, software licenses for 94,000 users, hardware infrastructure, and operational costs, as well as estimated future costs to sustain the intervention. The benefits outweigh the costs related to this subcomponent.