

May 30, 2006

ARGENTINA – CAS COMPLETION REPORT REVIEW

This review evaluates a CAS Completion Report covering the Bank's assistance to Argentina over the 20-month period April 2004 – December 2005. Due to the shortness of the period, the evidentiary basis for evaluation is less extensive than for a normal CAS period and the judgments rendered here may be revised substantially in subsequent evaluations. Outcomes of objectives identified in the Bank's CAS as priorities are rated Moderately Satisfactory in view of strong poverty reduction performance and mixed performance on structural reform. Limited progress made on structural reforms militates against the sustainability of the poverty reduction achieved.

Bank engagement contributed to economic and social stability. However, the dominant factor in Argentina's strong poverty reduction performance was the rapid growth of the economy, achieved despite slow progress on the structural reform agenda advocated by the Bank to sustain strong, pro-poor growth. Moreover, looking forward, engagement with the Bank is still very narrow, with some critical elements of Argentina's future development framework uncertain and, at present, still "off-the-table" for dialogue with the Bank.

Background and Context

1. An FY01 Country Assistance Evaluation (CAE) assessed Bank assistance to Argentina during 1990 to 1999.¹ It concluded that the outcome of Bank support during the 1990's was satisfactory. It noted, however, that Argentina's economy remained highly vulnerable to economic shocks and recommended that the Bank in its future strategy continue to stand ready to support Argentina in time of crisis, particularly to help alleviate the impact of such crises on the poor. The CAE also recommended that future programs should focus sharply on assistance to the social sectors (health, education, safety nets) and reform of Argentina's provincial governments. It noted that concerns over allegations of corruption had been increasing in general and in some Bank projects in particular, and called for further measures (in addition to those already taken by the Bank) to address these problems.

2. These recommendations were reflected in the 2001 CAS. The 2001 CAS program, however, was derailed by the crisis that erupted late in 2001. The Bank's focus shifted from a medium term development program to social protection and restructuring the economy and the financial system in response to a highly fluid economic, political and social situation.²

3. The 2004 CAS was formulated in an extremely uncertain and difficult operational environment. Argentina was in the early stages of recovery from the 2001 crisis and the Bank was still in the process of establishing an operational relationship with the Government elected in 2003. Argentina's relationships with the Bank and with investors and creditors were contentious, and passionately held views were widely divergent, within Argentina, within the Bank and within the Board on the appropriate strategy in this environment. Board discussion of the CAS was twice postponed and, after consultations with Executive Directors, the Bank requested

¹ Operations Evaluation Department, Argentina Country Assistance Evaluation. Report No. 20719, July 10, 2000.

² Experience under the 2001 CAS has not been evaluated.

endorsement of only the first 20-month slice (April 2004-December 2005) of the operational program proposed in the CAS.³

Government Objectives, CAS Objectives, and Overview of Implementation

4. The Government's program, as set forth in the newly elected president's inaugural address to the Congress,⁴ emphasized, *inter alia*, three objectives:

- sustain the recovery of the economy and prepare the ground for sustained growth;
- more equitable distribution of the benefits of economic activity [growth];
- improve governance, including reducing corruption, increasing the transparency, integrity and independence of the judiciary, and improving the efficiency and effectiveness of public administration.

5. The Bank's 2004 strategy aligned Bank support with the broad objectives enunciated by the Government. There were significant differences between the Bank and the Government on the details of the strategy for achieving those objectives -- with the Bank's strategy calling for a direction and pace of structural reform in a number of areas that, as implementation of the strategy unfolded, the Government was not prepared to undertake. Lending support -- up to US\$2 billion -- was to be provided in areas where a consensus could be reached with the Government on an appropriate policy framework. In other areas where there was not yet a consensus, the Bank was to provide analytical support.

6. Due to the consensus "gap" with regard to structural policy and the political sensitivity of conditionality, the Government requested, and the CAS envisaged, heavy reliance on investment loans (75 percent of the lending program). The CAS also recognized the need for vastly improved performance of the portfolio as a condition of delivery of further lending.

CAS Implementation

Progress Toward Development Objectives

7. Progress has been made on important country objectives, including reduced poverty (38.5 percent versus a CAS target of 48 percent), reduced extreme poverty (14 percent versus a CAS target of 21 percent) and reduced unemployment (12.5 percent versus a CAS target of 17 percent). The economy also grew by an estimated 9 percent during 2005, with a strengthened financial sector and revering private sector investment and foreign investment. Important progress was made health care. However, there were continued problems with structural reforms. Debt restructuring is incomplete, infrastructure reforms are limited, and only partial progress has been achieved in improving governance. The CAS envisaged progress on a number of sub-objectives and benchmarks in each of the Government's priority areas to provide the structural underpinnings for sustained accelerated growth and poverty reduction, as discussed

³ The CAS presented to the Board laid out a 4-1/2 year program.

⁴ There was, at the time of the CAS, no formal statement of the Government's program.

in the paragraphs below. Ratings with regard to degree of achievement of medium-term objectives in many instances reflect the shortness of the CAS implementation period and the sparseness of evidence available on progress toward these objectives.

Objective 1: Sustained economic growth with greater equity: Partially Achieved

8. *Macroeconomic Stability: Partially Achieved.* Specific macroeconomic stability progress benchmarks included (i) compliance with annual performance targets and benchmarks set by Government and monitored under an IMF stand-by program, (ii) conclusion of public debt restructuring in 2004, and (iii) maintenance of a fiscal policy consistent with pro-poor growth policies. Progress in these dimensions was mixed. The Bank's principal vehicles for support of these objectives were an Economic Recovery Structural Adjustment Loan, (ERSAL) and dialogue. The ERSAL was not signed due to differences over the appropriate macroeconomic framework that emerged after Board approval, and little progress was made subsequently on the specific structural measures envisaged in the operation. Drawings under a 2003 IMF three-year stand-by were suspended with the failure to complete the third review that was to have taken place in mid-2004, and the arrangement will lapse in early 2006. Progress with regard to debt restructuring was less than targeted – with restructuring still incomplete. On the positive side, fiscal policies achieved a primary surplus, and the structure of tax and expenditure policies was pro-poor. There has, however, been some resurgence of inflation as a result of a combination of fiscal and monetary “expansion” (lower primary surplus, un-sterilized intervention in the foreign exchange market), with inflation now estimated at 12.3 percent for 2005. In December 2005, the President announced that Argentina would pre-pay its debt to the IMF, and pre-paid this debt in January, 2006. But these achievements, both positive and negative, cannot be directly attributed to the Bank's program.

9. *Recovery of the Financial Sector: Substantially achieved.* Specific short-term⁵ financial sector recovery benchmarks included (i) payment of compensation to banks for government policies that damaged them, (ii) elimination of forbearance on loan classification, (iii) completion of action plans for restructuring of public banks (which in 2005 accounted for over 50 percent of banking assets and were considerably weaker than private banks). Bank support for these objectives was to have been provided through the ERSAL (see paragraph 8). Specific medium-term benchmarks included (iv) recovery of financial intermediation and lending, (v) compliance with international standards with regard to Bank regulation, and (vi) full compliance with prudential regulations. The record is strongest with regard to financial intermediation and lending, which have clearly begun to recover. Progress is being made on other sub-objectives (e.g., compensation, elimination of forbearance), although generally at a slower pace than envisaged in CAS benchmarks. But these achievements, both positive and negative, cannot be directly attributed to the Bank's program.

10. *Promotion of Private Sector Development: Partially Achieved.* Specific medium-term progress benchmarks included: (i) improvements in leading business confidence indexes, (ii) increased private sector investment (percent of GDP), including FDI, (iii) setting of a schedule

⁵ “Short-term” in this context and elsewhere in this review refers to progress benchmarks for the period up to and including 2005. “Medium-term” benchmarks cover the full originally-proposed 5-year CAS period.

for reduction of export taxes, (iv) increase of formal employment, export growth, including to new markets, and greater regional integration. Bank support in this area was to have been provided through the ERSAL, and indirectly, through the Bank's support for infrastructure development. Progress was made against many of these benchmarks. The private sector investment ratio (private sector investment/GDP) has increased (15.1 percent in 2003 to 19.8 percent in 2005) and foreign investment is recovering. In addition to the indicators cited in the CASCR, ICRG (International Country Risk Guide) and EIU-CRS (Economist Intelligence Unit Country Risk Service) indicators show considerably diminished risks, reflecting primarily the strong macro performance of the last two years and the partial restructuring of Argentina's debt. Institutional dimensions of the business environment as captured in these indices, however, have not improved. Once again attribution to the Bank's program is difficult to assess.

11. *Promotion of Public-Private Partnerships in Infrastructure: Not achieved.* Specific benchmarks of progress in this area were (i) adoption of an appropriate legal and regulatory framework, (ii) completion of renegotiation of concessions by end-2004, (iii) settlement of appeals initiated for international arbitration, (iv) resumption of investment by concession-holders, and (v) a transparent social tariff in operation. Bank support was provided through the ERSAL. Little progress was made against these benchmarks. Relatively few concessions have been renegotiated. No regulatory framework has been adopted and that submitted by the Government for consideration by the Congress is viewed by the Bank as seriously deficient. A social tariff has not been introduced.

12. *Maintaining and Improving Infrastructure: Not Achieved.* Specific medium-term progress benchmarks in this area included (i) improved maintenance of national and provincial roads, (ii) tariff policies that would cap the percentage of income spent by the poor on transport, (iii) increased access of the poor to water, sewerage, electricity and natural gas services, and (iv) reduction of transport related air pollution in major cities. Bank support was provided through projects in implementation and new lending. Little progress was registered against most of these benchmarks, although some interventions were initiated (e.g., Bank supported water and sewerage operations, establishment of pollution data collection and analysis facilities) that could result in future progress; although preliminary data indicate that road maintenance was improved. Tariff policies remain unchanged, as does infrastructure service access for the poor.

13. *Sustainable Use of Natural Resources: Partially Achieved.* Specific medium-term progress benchmarks in this area were (i) rehabilitation and use of irrigation infrastructure, (ii) reduced rates of land degradation, (iii) adoption of new fisheries policies, technologies, and management practices, (iv) improved public disclosure of water, air and toxics pollution data and levels of compliance, and (v) compliance with international treaties and timetables. Bank support was provided through operations intended to boost agriculture sector growth (e.g., through implementation of projects in irrigation, rural roads, and rural electrification), reduce rural poverty (e.g., through projects addressing small farmer and indigenous community development) and natural resource management (e.g., IBRD/GEF blend funded projects in forestry management, marine pollution prevention, and biodiversity conservation). Progress was made in rehabilitation of irrigation systems, improved public disclosure of environmental compliance information, and Argentina was compliant with its international environmental

obligations. Land degradation may be accelerating, and no progress was made in improving fisheries policy or management.

Objective 2: Strengthening social inclusion: Substantially Achieved.

14. *Reaching the Vulnerable: Substantially Achieved.* Specific benchmarks for progress in this area called for (i) reduction in the number of people needing to participate in workfare programs to 1.4 million in 2005 and 0.5 million in 2008, (ii) increased coverage of safety nets/social programs of the poorest quintile, (iii) reduction of unemployment for lowest income quintile, and (iv) reduction in youth unemployment rates and/or increases in youth enrollment and matriculation rates. Bank support in this area was provided by the Jefe de Hogares project in implantation and dialogue and development on a project to transform Argentina's system from an emergency protection system to one designed to provide a longer term safety net. Bank analytical work indicates that this program contributed to poverty reduction, and that poverty would have been some three percentage points higher absent government transfers, which were financed in part by the Bank. Progress was made in all areas except increased safety-net coverage of the poorest quintile, although the 2005 workfare program benchmark was not met.

15. *Building an Inclusive Health System: Fully Achieved.* Specific progress benchmarks included (i) expanded coverage of maternal-child health insurance to 20 percent of the eligible population by 2005 and 40 percent by 2008, and (ii) maintenance of vaccination coverage. Bank support was provided through dialogue based on sector work completed in the previous CAS period and and APL addressing maternal and child health issues. The short-term benchmark for maternal-child health insurance was met, and vaccination coverage has been maintained.

16. *Preparing and Maintaining a Well Educated Labor Force: Partially Achieved.* Specific benchmarks included (i) increase in enrollment at secondary level, (ii) decrease in repetition rates at lower secondary level to 6 percent in 2005 and 4 percent in 2007, (iii) improvement in PISA quality results, and (iv) increase in the relation graduates/new entrants in university education. Bank support included projects in implementation, and a new operation supporting secondary education in rural areas. Secondary level enrollment rates increased. No data are yet available on other benchmarks.

Objective 3: Promoting better governance: Partially Achieved

17. *Fighting Corruption and Promoting Accountability and Transparency: Partially Achieved.* Specific short-term progress benchmarks included (i) Government wide use of e-procurement system, and (ii) a functioning asset disclosure system for high level public employees. Medium-term benchmarks included (iii) *Casas de Justicia* introduced, and established as an effective way of providing justice and government services to the poor, and (iv) improved public perception on integrity and transparency of the public sector as evidenced by the TI CPI (Transparency International Corruption Perceptions Index). Bank support was provided through an Institutional Development Fund grant which strengthened the national Anti-corruption Office, and through implementation of the State Modernization project which supported the development of the e-procurement system. Progress was made in extending the use of e-procurement, and asset disclosure for high level employees. The TI CPI also improved

slightly, although its level continues to reflect a perception that corruption remains a serious problem.

18. *Strengthening Institutions: Partially Achieved.* Specific short-term benchmarks of progress in this area included (i) an increase in the number of agencies using an updated IFM system, (ii) identification and publication of key agency results, and (iii) completion of integrated and valid personnel registry. Medium-term benchmarks included (iv) improved agency results as judged by citizen report cards and surveys, (v) timely and unqualified audits of agencies, and (vi) performance indicators improving for AFIP (various revenue measures), PAMI (audits and client satisfaction), ANSES (audits and client satisfaction), Property Registry (number registered and reduced transaction costs for businesses). Bank support was provided through a technical assistance loan to ANSES, through implementation of a loan supporting improvement of Argentina's public investment program, and through a new loan supporting improved budget management. Progress was made in increasing agency adoption of financial management systems. There is as yet little or no evidence concerning progress toward other benchmarks.

19. *Effective Decentralization: Not Achieved.* Specific short-term benchmarks of progress in this area included (i) strengthened Federal Council on Provincial Relations, (ii) design of program to promote (through co-financing, external borrowing, direct federal subsidies, etc.) sub-national modernization, and (iii) enactment of a new co-participation law. Medium-term objectives included (iv) installation of standardized systems at sub-national levels, and (v) improved performance indicators (service delivery, transparency, accountability, justice, etc.) in sub-national governments undertaking modernization efforts. Bank support was provided via the implementation of the Second Provincial Development Project and a new Subnational Governments Public Sector Modernization project. Progress on short-term benchmarks was modest, with modernization in some provinces, but the legal framework for decentralization remains inadequate. No evidence is yet available with respect to medium-term benchmarks.

Progress Toward Program Implementation Objectives

20. The Bank met some of its program implementation objectives,⁶ delivering a lending program in size and composition approved in the CAS, building a pipeline of future investment lending operations, utilizing analytical and advisory work as an entry for dialogue as per the CAS strategy, and working successfully with the Government to improve portfolio performance. However, as noted earlier, the ERSAL, which was one of the Bank's principal vehicles for supporting structural reform was not signed. Portfolio performance also remains poor relative to Bank-wide averages. The Bank also maintained strict supervision of on-going Bank projects and was proactive in addressing cases where malfeasance may have occurred. These achievements were realized within an administrative budget in line with those of comparable programs.

⁶ The CAS completion report was completed prior to the completion of the twenty-month lending program envisaged in the 2004 CAS, although it is expected that the operational program will be completed by the time of discussion of the next CAS in 2006.

IEG Assessment of CAS Outcome

21. The outcome of Bank assistance over the 2004 CAS period is rated as *Moderately Satisfactory*, in view of the high relevance of poverty reduction, the rapid reduction of poverty, but tempered with limited structural progress achieved by Argentina over this period. Poverty reduction outcomes exceeded targets by a substantial margin. The dominant factor in Argentina's strong poverty reduction performance was the rapid growth of the economy, achieved despite slow progress on the structural reform agenda advocated by the Bank to sustain strong, pro-poor growth. These policy objectives were also highly relevant to sustained poverty reduction, but not necessary in the short-run given the strong stimulus the economy received from depreciation of the currency and favorable terms of trade developments, and the fiscal space provided by the substantial de facto reduction of Argentina's external debt.

22. However, as noted above, performance fell short in relation to a number of structural policy benchmarks. In many instances where progress was made (e.g., strengthening of financial intermediation, improvements in business confidence), the strong rebound of the economy was a contributing or dominant factor in the progress registered. Less progress was made with regard to sub-objectives that depended upon changes in policy or institutional reforms (e.g., regulatory policy, renegotiation of concessions contracts, legal framework for decentralization).

23. In view of the weak overall record on structural reform and uncertain prospects for the future direction of Argentina's structural policies, however, there are substantial risks that progress on poverty reduction may not be sustained. These risks are magnified by the pervasiveness and intensity of governance issues⁷, which in general greatly diminish the effectiveness of development assistance, and which has been a specific problem in the implementation of the Bank's program.

Assessment of the CAS Completion Report

24. The CCR provides a frank, comprehensive, well-reasoned assessment of progress toward CAS objectives and the role of Bank during the CAS period, well-supported by evidence (within the limits imposed by the short period under consideration). The CCR was clearly facilitated by the clarity of the 2004 CAS with regard to benchmarks, notwithstanding the uncertainty at the time about how the program would evolve.

Conclusions

25. The Bank's strategic choices (i.e., selection of development objectives, approach to engagement, choice of instruments, and priority on portfolio management) were appropriate to

⁷ Argentina ranked 97th of 158 countries ranked on Transparency International's 2005 Corruption Perception Index ratings, ... World Bank Governance indicators for 2004 rank Argentina substantial below countries at comparable income levels in all dimensions with the exception of Voice and Accountability. Other dimensions captured in the Bank's governance indicators are Political Stability, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. In the Latin America and Caribbean Region, Argentina ranks above the LAC average by a substantial margin on Voice and Accountability, and substantially below on Regulatory Quality and Rule of Law; other ratings are comparable.

the circumstances and indeed perhaps the only plausible option available to the Bank to remain engaged in Argentina during this period given the IFI's joint commitment – undertaken in the context of the 2003 stand-by arrangement with the Fund and apparently at the behest of major shareholders - to maintain exposure through 2006.

26. Bank engagement, notwithstanding frictions in the relationship, contributed (together with the continuing engagement of other IFIs and partners) to economic and social stability, as well as to progress with regard to strengthening and transforming the social safety net (via implementation of the Jefe de Hogares project, work with the Government on developing an operation to transform social assistance for a non-crisis environment, and analytical work on labor, poverty, and growth) and improving access of the poor to maternal and child health services (via previous analytical work and sector adjustment and investment lending support). It improved the prospects for Bank contributions to progress in transportation, water and sewerage via improved project implementation and lending, and recent AAA may have opened the way for more productive engagement in education and a dialogue on some aspects of structural policy bearing on finance and on pro-poor growth. As noted above, however, the major positive development outcomes with regard to poverty reduction registered during the period under review were due primarily to factors other than Bank support. Moreover, looking forward, engagement with the Bank is still very narrow, with some critical elements of Argentina's future development framework uncertain and, at present, still "off-the-table" for dialogue with the Bank. Prospects for AAA impact in these circumstances are highly uncertain, and indicate the need for selectivity to maximize prospective impact

27. The Bank has been concerned with the integrity with which its operations are implemented. However, the frequency with which issues arise, in the context of an overall weak governance environment, jeopardizes the effectiveness of development assistance in Argentina. While the Bank may succeed in "ring-fencing" its operations and in strengthening some technical dimensions of governance, general malfeasance in governance could overwhelm any positive contribution of Bank assistance *per se*. In view of the substantial risks to development effectiveness posed by current structural policies and governance institutions, a continuation of the close monitoring of the Argentina program by senior management and the Board that was maintained under the 2004 CAS would be appropriate during the implementation of the next CAS.

Annex Table 1. Economic and Social Indicators, 2000 - 2005

Series Name	2000	2001	2002	2003	2004	2005	Argentina	Chile	Brazil	Mexico	LAC	Russian Federation	Turkey
Growth and Inflation													
GDP growth (annual %) ^{1/2}	-0.8	-4.4	-10.9	8.8	9.0	9.2							
GNI per capita, Atlas method (current US\$) ^{1/}	7,490	7,030	4,060	3,680	3,590	4,200							
GNI per capita, PPP (current international \$)	11,850	11,483	10,300	11,307	12,526	..							
GDP per capita growth (annual %)	-1.8	-5.4	-11.8	7.8	7.9	..							
Inflation, consumer prices (annual %) ^{1/2}	-0.9	-1.1	25.9	14.8	4.4	9.6							
Composition of GDP (%) ^{1/}													
Agriculture, value added	5.1	4.9	10.8	11.0	10.4	9.3							
Industry, value added	28.1	27.0	32.4	34.7	35.6	35.2							
Services, etc., value added	66.9	68.1	56.8	54.3	54.0	55.5							
External Accounts													
Exports of goods and services (% of GDP) ^{1/}	10.9	11.5	27.7	25.0	25.3	24.1							
Imports of goods and services (% of GDP) ^{1/}	11.5	10.2	12.8	14.2	18.1	22.6							
Current account balance (% of GDP) ^{1/}	-3.2	-1.2	8.5	5.9	2.2	-0.1							
Total debt service (% of exports of goods and services)	70.8	42.3	16.5	37.9	28.5	..							
External debt (% of GNI)	53.3	58.9	158.5	136.6	117.4	..							
Total reserves in months of imports	6.3	4.3	5.3	5.7	5.8	..							
Fiscal Accounts (% of GDP)													
Current revenue, excluding grants ^{1/}	19.4	18.7	17.6	20.5	23.5	23.6							
Expenditure, total	17.0	17.1	..	..	..	..			
Overall budget balance, including grants ^{1/}	-2.4	-3.2	-1.5	0.5	2.6	1.5							
Gross domestic savings ^{1/}	15.6	15.5	26.9	25.9	26.3	21.3							
Social Indicators													
Health													
Life expectancy at birth, total (years)	..	..	74.3	74.5	74.6	..							
Immunization, DPT (% of children ages 12-23 months)	66.0	82.0	88.0	89.0	90.0	..							
Improved sanitation facilities (% of population with access)	..	..	..	..	..	..	
Improved water source (% of population with access)	..	..	..	..	..	..	
Mortality rate, infant (per 1,000 live births)	17.0	..	..	..	16.2	..							
Education													
School enrollment, primary (% gross)	60.1	60.9	61.5	..	..	..				
School enrollment, primary (% gross)	117.8	117.5	117.8	..	..	..				
School enrollment, secondary (% gross)	96.7	99.3	99.1	..	..	..				
Population													
Population, total (million)	36.8	37.3	37.6	38.0	38.4	..							
Population growth (annual %)	1.1	1.0	1.0	1.0	..	..					
Urban population (% of total)	89.5	89.7	89.9	90.1	90.3	..							

1/ WB Regional databases

2/ Data for 2005 is from the IMF's World Economic Outlook, April 2006

Source: World Bank Development Indicators (April 2006 update) for all indicators excluding those noted.

Annex Table 2. Planned and Actual Lending, FY04-FY06

Base Case Scenario

US \$ Million

Product envisaged in CAS 04	Proposed amount	Approved project	Status of Delivery as of May 08, 2006	Approval/ Board date	Approved Amount
I- Programmed Projects					
<u>Adjustment</u>					
Economic Recovery Support	500	Economic Recovery Support	Approved	Jun-04	500
SAL/PRLs	t.b.d.	BASAL (PRL4)	Dropped		
<u>Investment</u>					
Maternal-Child Health APL1		Provincial Maternal-Child Health APL 1	Approved	Apr-04	135.8
National Highway Management		National Highway Asset Management	Approved	Jun-04	200
Province Bs. As. Infrastructure		Province of Bs.As. Infrastructure	Approved	Dec-04	200
Bs.As. City Infrastructure		Urban Flood Prev. & Drainage APL 1	Approved	Apr-05	130
Provincial Development III		Subnational Gov. Public Sector Modernization	Approved	Dec-05	40
	1,500				
Secondary Education		Rural Education Improvement Loan	Approved	Dec-05	150
Social Protection		Heads of Household Transition Project	Approved	Mar-06	350
Flood and Drainage		Urban Flood Prev & Drainage APL 2	Board Presentation	Jun-06	70
Municipal Services and Infrastructure		Basic Municipal Services Project	Board Presentation	Jun-06	110
Water Resources Management		Integrated Water Resources Management	Slipped FY07	Sep-06	80
II- Non-programmed Projects					
<u>Investment</u>					
		Provincial Roads II	Approved	Jun-05	150
		Institutional Strengthening - ANSES II	Approved	Jul-05	25
		Solid Waste Management	Approved	Feb-06	40
Proposed Amount (Apr. 04 - Dec. 05)	2,000	Approved Amount (Apr. 04 - Mar. 06)			1,920.8
		Loans pending Approval (June 06)			180.0
TOTAL	2,000				2,100.8

Source: Argentina CAS 2004 and WB Business Warehouse as of May 8, 2006.

Annex Table 3: Programmed and Actual AAA, 2003 - 2008

Products envisaged in 2004 CAS	Status of delivery as of May 08, 2006	Date delivered to Client
Completed FY03- Mid FY04		
Health Sector Strategy	Completed	06/18/2003
Public Expenditure Review	Completed	06/30/2003
Policy Notes	Completed	06/09/2003
Poverty Update	Completed	06/18/2003
Transport Infrastructure	Completed	11/20/2002
Rural Infrastructure	Completed	09/30/2003
Public Service and Infrastructure Concessions	Completed	05/15/2003
Restoring Growth	Completed	06/27/2003
Insolvency ROSC	Completed	12/01/2003
Completion Mid FY04 – Mid FY06		
Programmed		
Social Policy	Slipped ^{1/}	FY08
Financial Sector Study	Completed	12/24/2003
Investment Climate Policy Notes	Completed	12/23/2003
Skills Building/Labor Market	Completed	03/30/2005
Seeking Sustained Growth & Social Equity	Completed	06/30/2005
Investment Climate	Completed ^{2/}	06/30/2005
Rural Sector Strategy	Completed	03/31/2006
Old Age Welfare and Social Security	Completed	03/29/2006
FSAP	Slipped ^{3/}	
Federal-Provincial Fiscal Relations	Forecast ^{3/}	12/01/2006
Prog. DPR Agriculture & Environment	Forecast ^{3/}	07/31/2006
Institutional & Governance review	Forecast	07/29/2006
Non-programmed		
Housing Finance Study	Completed	05/12/2004
Completion FY06		
Programmed		
Competitiveness (CEM)	Completed ^{2/}	06/30/2005
Agricultural Finance & Growth	Completed ^{4/}	03/31/2006

1/ Incorporated into Policy Notes follow-up; 2/ Incorporated into Growth & Equity Study; 3/ Under New CAS (FY07); 4/ Combined into Rural Sector Strategy

Source: CAS 2004, CASC FY06, and WB Business Warehouse as of May 08, 2006.

Annex Table 4: IEG Project Ratings for Argentina, FY03-05

Project ID	Approval FY	Exit FY	OED Outcome	OED Sustainability	OED ID Impact
AR SEGBA V	1987	2003	UNSATISFACTORY	LIKELY	MODEST
AR-Social Protec.3	1998	2003	SATISFACTORY	LIKELY	SUBSTANTIAL
AR-Secondary Ed. 3	1998	2003	SATISFACTORY	LIKELY	SUBSTANTIAL
AR SPECIAL SAL (SSAL)	1999	2003	UNSATISFACTORY	UNLIKELY	MODEST
AR SAL 1 (Federal Prov Fiscal Relations)	2002	2003	MODERATELY SATISFACTORY	LIKELY	SUBSTANTIAL
AR Economic & Social Transition	2003	2003	SATISFACTORY	UNLIKELY	MODEST
AR-SECONDARY EDUCATION 2	1996	2004	MODERATELY UNSATISFACTORY	UNLIKELY	MODEST
AR-Higher Ed. Reform	1996	2004	SATISFACTORY	LIKELY	SUBSTANTIAL
AR-AIDS and STD Control Project	1997	2004	MODERATELY SATISFACTORY	LIKELY	SUBSTANTIAL
EL NINO EMERGENCY FLOOD PROJECT	1998	2005	SATISFACTORY	UNLIKELY	MODEST

Region	Total Evaluated		Outcome % Sat	Inst Dev Impact % Subst		Sustainability % Likely	
	(\$M)	(No)	(\$)	(No)	(\$)	(No)	(\$)
Argentina	4,412.1	10	34.3	70.0	22	50.0	27.8
Latin America & Caribbean	20,118.4	161	78.6	81.6	59	60.1	74.4
Bankwide average	59,680.5	741	84.0	79.0	60	54.3	83.8

Source: WB Business Warehouse Tables 4a.5 and 4a.6 as of January 3, 2006.

Annex Table 5: Portfolio Status Indicators by Year, 2000 - 2005

(US\$ million)

Country	2000	2001	2002	2003	2004	2005
Argentina						
# Proj	37	38	35	30	31	29
# Proj At Risk	5	6	24	25	12	14
% At Risk	13.5	15.8	68.6	83.3	38.7	48.3
Net Comm Amt	6,389.9	6,590.2	6,234.5	3,854.7	5,169.3	4,569.3
Comm At Risk	616.0	643.4	3,121.3	3,386.0	1,600.3	1,714.3
% Commit at Risk	9.6	9.8	50.1	87.8	31.0	37.5
Chile						
# Proj	6	4	5	5	6	5
# Proj At Risk	0	1	0	0	0	0
% At Risk	0.0	25.0	0.0	0.0	0.0	0.0
Net Comm Amt	318.7	280.6	374.5	303.0	290.3	185.2
Comm At Risk	0.0	10.1	0.0	0.0	0.0	0.0
% Commit at Risk	0.0	3.6	0.0	0.0	0.0	0.0
Brazil						
# Proj	54	55	56	54	48	49
# Proj At Risk	5	5	6	4	9	9
% At Risk	9.3	9.1	10.7	7.4	18.8	18.4
Net Comm Amt	5,711.4	5,536.9	6,200.1	4,880.4	4,074.7	4,948.4
Comm At Risk	799.0	776.0	675.4	363.4	685.8	626.7
% Commit at Risk	14.0	14.0	10.9	7.4	16.8	12.7
Mexico						
# Proj	24	23	22	20	18	16
# Proj At Risk	3	3	1	3	2	1
% At Risk	12.5	13.0	4.5	15.0	11.1	6.3
Net Comm Amt	5,772.1	5,877.1	4,928.2	4,139.9	3,527.4	2,766.7
Comm At Risk	771.8	743.1	404.1	954.1	750.0	350.0
% Commit at Risk	13.4	12.6	8.2	23.0	21.3	12.7
Russian Federation						
# Proj	31	32	28	30	23	22
# Proj At Risk	12	8	13	2	4	4
% At Risk	38.7	25.0	46.4	6.7	17.4	18.2
Net Comm Amt	6,144.4	3,774.2	2,496.7	2,678.6	1,984.9	1,977.0
Comm At Risk	3,331.3	870.7	996.9	228.6	364.5	379.5
% Commit at Risk	54.2	23.1	39.9	8.5	18.4	19.2
Turkey						
# Proj	21	17	18	14	14	19
# Proj At Risk	4	3	5	1	3	1
% At Risk	19.0	17.6	27.8	7.1	21.4	5.3
Net Comm Amt	4,053.1	4,295.2	5,890.4	4,417.4	4,278.2	5,929.9
Comm At Risk	500.1	635.1	1,111.8	300.0	934.8	300.0
% Commit at Risk	12.3	14.8	18.9	6.8	21.9	5.1
Uruguay						
# Proj	8	8	8	11	10	10
# Proj At Risk	0	0	0	1	0	0
% At Risk	0.0	0.0	0.0	9.1	0.0	0.0
Net Comm Amt	403.6	378.1	382.0	873.1	845.1	616.4
Comm At Risk	0.0	0.0	0.0	27.0	0.0	0.0
% Commit at Risk	0.0	0.0	0.0	3.1	0.0	0.0

Source: WB Business Warehouse Table 3a.4 as of January 3, 2006.

Annex table 6: IBRD/IDA Net Disbursements and Charges Summary Report for Argentina
(US\$ million)

FY	Disb Amt.	Repay Amt.	Net Disb.	Interest	Fees	Net Transfer
2000	1,445.7	474.6	971.0	612.5	30.4	328.1
2001	1,009.1	632.2	376.8	722.5	10.7	-356.4
2002	1,189.7	1,363.0	-173.3	595.5	17.3	-786.2
2003	1,587.0	2,156.3	-569.3	432.5	15.9	-1,017.8
2004	1,177.7	1,549.1	-371.5	283.0	12.2	-666.6
2005	493.9	850.6	-356.7	236.1	5.7	-598.5
Total (FY00-05)	6,902.9	7,025.8	-122.9	2,882.2	92.3	-3,097.4

Source: WB Loan Kiosk, Net Disbursements and Charges Report as of January 3, 2006.

**Annex Table 7: Total Net Disbursements of Official Development Assistance and Official Aid
CY 2000-2004 (US\$ million)**

Donors	Calendar Years				
	2000	2001	2002	2003	2004
Australia	0.02	0.03	0.03	-	0.03
Austria	0.13	0.11	0.13	0.13	0.14
Belgium	0.54	0.48	0.32	0.39	0.49
Canada	1.14	0.72	2.05	2.58	2.29
Czech Republic	0.10	0.07	0.05	0.02	0.12
Denmark	-0.61	0.02	0.01	-	-
Finland	0.08	0.07	0.02	0.12	0.14
France	7.51	5.90	11.74	10.50	13.60
Germany	7.40	9.23	13.08	16.85	10.87
Greece	-	-	0.02	0.03	0.09
Hungary	-	-	-	-	0.00
Ireland	0.14	-	0.22	0.15	0.16
Italy	-11.66	-19.81	-1.58	2.88	4.02
Japan	37.29	16.51	12.88	11.58	9.26
Korea	-	0.01	0.04	0.09	0.09
Luxembourg	0.23	-	0.18	0.06	0.08
Netherlands	0.21	0.45	0.26	0.20	1.03
New Zealand	0.11	0.22	0.15	0.24	0.34
Norway	0.01	0.04	0.09	0.37	0.03
Poland	3.22	0.01	0.01	0.01	0.01
Portugal	-	0.13	0.51	-	0.08
Slovak Republic	-	-	-	0.01	0.01
Spain	-6.48	-3.91	9.86	41.16	33.39
Sweden	0.19	0.18	0.23	0.30	0.29
Switzerland	0.20	0.17	0.12	0.28	0.30
Turkey	-	-	-	-	0.03
United Kingdom	9.52	0.03	-	-	-
United States	-2.47	-0.47	1.61	10.37	1.82
EC	10.27	129.87	4.80	4.81	6.68
MONTREAL PROTOCOL	1.70	2.43	0.06	1.05	1.75
GEF	0.37	0.58	1.48	0.84	1.84
IDB Sp.Fund	-14.19	-4.40	-10.80	-10.01	-5.26
UNDP	-0.49	-	0.33	0.19	-0.04
UNTA	2.13	1.93	0.88	2.20	1.93
UNICEF	0.96	1.06	0.60	0.30	0.44
UNHCR	1.02	0.94	0.82	0.58	0.74
Other UN	23.52	5.45	1.14	1.96	3.61
UNFPA	-	0.01	0.30	0.19	0.43
Arab Countries	-1.38	-2.24	-	-4.36	-2.21
Other Bilateral Donors	5.57	5.61	31.28	9.00	2.54
DAC Countries	43.50	10.10	51.93	98.19	78.45
Multilateral	25.29	137.87	-0.39	2.11	12.12
G7	48.73	12.11	39.78	54.76	41.86
DAC EU Members	7.20	-7.12	35.00	72.77	64.38
Non-DAC Bilateral Donors	7.51	3.46	31.38	4.77	0.59
ALL Donors	76.30	151.43	82.92	105.07	91.16

Source: OECD DAC Online database, table 2a. Destination of Official Development Assistance and Official Aid - Disbursements, as of February 23, 2006

Annex Table 8: Argentina - Millennium Development Goals

	1990	1994	1997	2000	2003	2004
Goal 1: Eradicate extreme poverty and hunger						
Income share held by lowest 20%	..	..	..	..	3	3
Malnutrition prevalence, weight for age (% of children under 5)	..	2	5	..	..	..
Poverty gap at \$1 a day (PPP) (%)	..	..	..	..	2	2
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	..	..	..	7	7
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..	..	..
Prevalence of undernourishment (% of population)	..	..	3	..	3	3
Goal 2: Achieve universal primary education						
Literacy rate, youth total (% of people ages 15-24)	98	..	..	..	..	99
Persistence to grade 5, total (% of cohort)	..	..	..	93	..	..
Primary completion rate, total (% of relevant age group)	..	..	91.8	98.8	100.5	100.5
School enrollment, primary (% net)	..	..	..	100	..	..
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliament (%)	6	..	25	28	31	31
Ratio of girls to boys in primary and secondary education (%)	..	..	..	102.6	102.5	..
Ratio of young literate females to males (% ages 15-24)	100.4	..	..	..	..	100.4
Share of women employed in the nonagricultural sector (%)	36	38	40	43	48	48
Goal 4: Reduce child mortality						
Immunization, measles (% of children ages 12-23 months)	93	96	92	56	96	95
Mortality rate, infant (per 1,000 live births)	26	..	..	17	..	16
Mortality rate, under-5 (per 1,000)	29	..	..	19	..	18
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	..	..	..	97.5	99	99
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	82	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
Children orphaned by HIV/AIDS	..	..	..	..	..	..
Contraceptive prevalence (% of women ages 15-49)	..	..	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	71.7	..	..	..	..	43.1
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	1	1
Tuberculosis cases detected under DOTS (%)	..	..	3.9	30.4	65.6	64.7
Goal 7: Ensure environmental sustainability						
CO2 emissions (metric tons per capita)	3.4	3.5	3.7	3.7	3.5	..
Forest area (% of land area)	13	..	..	12	..	..
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	6	7	8	7	7	7
Improved sanitation facilities (% of population with access)	82	..	..	..	..	..
Improved water source (% of population with access)	94	..	..	..	..	..
Nationally protected areas (% of total land area)	..	..	..	..	6.6	6.6
Goal 8: Develop a global partnership for development						
Aid per capita (current US\$)	5.2	4.3	2.9	2.1	2.8	2.4
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	35	18	33	47	35	19
Fixed line and mobile phone subscribers (per 1,000 people)	93.3	149.1	236.5	389.8	432.8	578.9
Internet users (per 1,000 people)	0	0.4	2.8	70.5	119.2	133.4
Personal computers (per 1,000 people)	7.2	34.4	47.8	69.4	79.7	96.4
Total debt service (% of exports of goods, services and income)	37	25	50	71	38	28
Unemployment, youth female (% of female labor force ages 15-24)	15.6	26.7	28.9	31.6	34.3	34.3
Unemployment, youth male (% of male labor force ages 15-24)	11.5	20.3	21.1	26.2	33.7	33.7
Unemployment, youth total (% of total labor force ages 15-24)	13	22.8	24.2	28.5	33.9	33.9
Other						
Fertility rate, total (births per woman)	3	..	2.6	2.5	2.3	2.3
GNI per capita, Atlas method (current US\$)	3190	7580	8140	7470	3670	3580
GNI, Atlas method (current US\$) (billions)	103.9	260.5	290.6	275.6	139.5	137.3
Gross capital formation (% of GDP)	14	19.9	19.4	16.2	15.1	19.1
Life expectancy at birth, total (years)	71.7	..	73.2	73.8	74.5	74.6
Literacy rate, adult total (% of people ages 15 and above)	95.7	..	..	..	..	97.2
Population, total (millions)	32.6	34.4	35.7	36.9	38	38.4
Trade (% of GDP)	15	18.1	23.3	22.4	39.2	43.4

Source: World Development Indicators database, April 2006