1. Country and Sector Background

Argentina’s recovery from the deep economic crisis of 2001-02 has been impressive. Sparked by increased exports and consumption, GDP has surpassed the pre-crisis level, growing at an average rate of around 9% between 2003 and 2007, and reaching 7% in 2008 despite the international financial crisis. The recovery has been pro-poor as earnings of the low income segments of the population have grown faster during the upturn than the average for the population as a whole and poverty rates have been reduced from 58% in 2002 to 17.8% in 2008.¹

The global economic crisis has found Argentina in a healthier fiscal position than prior crises, with annual primary fiscal surpluses above 3% between 2004 and 2008, international reserves at US$46,700, and a significant reduction in public debt following the 2005 sovereign debt

¹ National Institute of Statistics (INDEC).
restructuring. As a result the country has weathered the crisis relatively well to date. Nonetheless, the decline in commodity prices combined with the world economic slowdown is affecting the economic outlook through its impact on the fiscal accounts and international trade.

The Government of Argentina (GoA) believes that the success of the economic recovery and the response to the crisis rely on the emphasis given to the domestic market and active policies in favor of the industrial and manufacturing sectors. Consequently, the Government is taking several counter-cyclical measures to mitigate the negative impact of the decline in private aggregate demand and to strengthen the safety net system. The GoA anti-crisis plan includes announced investments of around 1.6% of GDP for public works in addition to the stable GoA expenditure in the sector. The overall expenditure announced for 2009 by GoA would amount to estimated at 6.1% of GDP in an effort to off-set the consequences of the crisis.

Urban transport infrastructure and services are increasingly demanded by lower income segments of the population as they increase their participation in the economy with growing employment rates and consumption. This is clearly evident in the growth of public transport patronage in the Buenos Aires Metropolitan Area (AMBA), where Metro patronage increased by 19% between 2002 and 2008, and suburban railway 17% . Therefore, an efficient urban transport system must be seen as one of the necessary pre-conditions of the GoA economic policy framework, where increasing domestic consumption capabilities of lower income populations segments need to be supported by increased access to urban services, employment opportunities, and commercial facilities.

In this respect, the strategic position urban transport has in the GoA economic policy framework was recognized early by the authorities and ample subsidies to the sector were provided keeping transport fares frozen for many years , so that transport costs would be reduced in real terms. This approach, although necessary given the critical context of 2002, has shown its limitations in later years as subsidies are distributed to the operators rather than users, reducing the incentives of operators to improve operational efficiency. Furthermore, with increasing demand, operational subsidies increased and financing originally destined to transport infrastructure, was diverted to this end . The GoA has recognized the limits this policy and has decided to improve the design and application of subsidies to the sector.

Despite the recovery in patronage over the last few years the levels have not fully reached the peak in the nineties, it seems that the improvement of the infrastructure and services has not kept up with the increase in transport demand observed in the period. Indeed, investment commitments by the GoA in the suburban railway and Metro concessions lagged several years and have arguably contributed to the deterioration of the existing infrastructure. Equally,

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2 World Bank, LCSSD Economic Unit; Crisis in LAC: Infrastructure Investment, Employment and Expectations of Stimulus, 2009.
4 Buenos Aires Metropolitan Area urban transport fares were increased by 33.33% in January 2009.
5 Agosta, Roberto & Orduna, M. 2009. Estudio de la Relación entre el Estado Nacional y las Ciudades del Interior de la Republica Argentina en Materia de Planeamiento Urbano y del Transporte Urbano.
modernization investments that were expected to be undertaken by the concessionaires have been lacking. As a result, the suburban railway and Metro are critically overcrowded and rundown.

The GoA is aware that an initial phase where supporting demand, limiting fares, and complying with the commitments of the urban transport concessions, in some cases after renegotiations, has come to an end. Now, the urban transport sector will enter a new phase where significant infrastructure investments are needed to adequately meet increasing demand. Therefore, a more integral policy framework has to be adopted where the sustainability, level and direction of subsidies are revised, and important investments are planned and undertaken.

The suburban railway which serves the Buenos Aires Metropolitan Area and is used by primarily the lower income populations as they inhabit proportionally more the outer parts of the Buenos Aires Metropolitan Area, transports 18% of annual transport demand. These services are all concessioned with the exception of the Roca Line. This railway network suffers from a structural problem which has been faced by all such networks in similar Metropolitan Areas, which is the inefficient and unsafe at grade road/rail intersections, as all the lines are at grade. The Bank supported Buenos Aires Urban Transport project (Loan 4363-AR and Loan 7442-AR) built twelve below grade crossings and over the years many other such solutions have been adopted. In line with the stated policy to improve urban transport, the GoA has announced the electrification and works to put the Roca and Sarmiento lines completely underground in their Buenos Aires sections. The other lines will continue to cause safety problems in their at-grade crossings and the operational efficiency of the railway services will remain limited.

The Metro, also concessioned, has been in need of expansion for many years. In the past years, the GoA has belatedly complied with the concession contract investment commitments, the Buenos Aires Urban Transport project supported by the Bank rehabilitated Metro Line A. More recently, the GoA has extended Line A and is working on Line E. The Metro is in the National government’s jurisdiction as it signed the concession contracts, although the intention is to transfer it to the City of Buenos Aires government. When and how this is done has become a political issue between National and Municipal governments held by opposing political parties.

The concessioning of the suburban railways and the metro followed a period of little investment in either network leaving a situation of relative neglect. The signed concession contracts included a commitment from the GoA to provide infrastructure investments to all networks as part of the agreements. These commitments were complied with partially and belatedly, and arguably the concessionaires did not carry out all the investments expected. The impact of the GoA investments in the Metro and the relative competitive advantage of a Metro in a congested city may explain the difference in performance between it and the suburban railway. In any case, for both networks the result of the lack of or lagging investments and the new found and increasing demand resulting from the 6 previous years of continued economic growth are exerting tremendous pressure on the system and as a result the suburban railway and Metro are critically overcrowded and rundown.

Also in Buenos Aires Metropolitan Area, the majority of transport demand uses the public bus system, 71% of transport demand, which is comprised by 17 thousand vehicles and operated by

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6 US$400 million of 1994 investments in all lines. Only investments in Line C have not been carried out.
300 or so companies. The buses in Buenos Aires are under the jurisdiction of the National government, the buses that cross municipal lines are in the Provincial government’s jurisdiction, and the lines that operate within municipal boundaries are under the corresponding municipal jurisdiction. These services have historically and still provide reasonable services with acceptable quality, however, recently the limited quantity of coins in circulation in the country have meant that public transport users, in particular bus users are seriously inconvenience as these services do not accept any other form of payment. To address this issue the GoA announced the introduction of an electronic payment mechanism for all of the Metropolitan Area transport services.

The complexities that emanate from a Federal Government set-up, where decentralization of jurisdictional responsibilities tends to atomize the “business” of planning and managing urban transport adds to limited local government capacity, especially in the Buenos Aires Metropolitan Area, hindering the ability to deal with transport issues efficiently. The lack of a coordinating body to coordinate between jurisdictions makes it difficult to deal with transport infrastructure and services which inevitably span various municipalities. It also complicates the implementation of a Metropolitan approach to planning, programming and priority-setting over the urban conglomerate that is served by the transport services and functions together, irrespective of the administrative limits. Deeply needed reforms such as fare integration or the establishment of sustainable financing mechanisms not dependent on the current direct subsidies to transport operators, are difficult to address within the current institutional arrangement.

In other Metropolitan Areas many of the issues identified and faced by the Buenos Aires Metropolitan Area are also beginning to emerge. Most of the population increases that the medium size cities are experiencing are located in the urban outskirts, exerting additional pressure over the road infrastructure and generating high levels of congestion and local pollution in the central business districts. As a result, there is a decline of the quality of services in the downtowns, a natural increase in motorization rates and minimal measures to promote compact cities and to control urban expansion. This results in the greater need for improved public transport services in many cases to counter the growing motorization on the one hand, and to prevent the deterioration of the existing public transport systems which are the sole alternative for many, on the other. In some Metropolitan Areas this means moving from small scale systems to mass transit.

A second common issue faced by medium size Metropolitan Areas is the lack of a transport coordinating agency to manage infrastructure and transport services at a metropolitan scale. Just as in Buenos Aires, the current institutional set-up makes it extremely difficult to coordinate plans and investments whenever there is a need for inter-jurisdictional intervention, which is the case of many rail, transit and road projects, therefore hindering the local efforts to improve transportation services. At present, the National Government is intervening in Metropolitan scale projects in these areas to circumvent this barrier.

Finally and common to all Metropolitan Areas in Argentina, poverty and exclusion tend to concentrate in the outskirts of Metropolitan Areas or in Villa Miserias, where exclusion from urban services is added to the already precarious living conditions. Although, as previously

7 Shantytowns.
mentioned, important strides have been made regarding poverty reduction, solid pockets of poor and excluded settlements exist in Metropolitan Areas, where arguably the Buenos Aires Metropolitan Area concentrates the greatest part. The distance from the center of the Buenos Aires Metropolitan Area to the poor outskirts and the difficulty of the bus system to enter the impoverished and sometimes unauthorized settlements mean that the poor are disproportionally affected by the quality and access to the public transport system, from which they depend completely to limit their exclusion.

2. Objectives

The project (APL1) development objectives contribute to the overall program development objective by: (i) supporting the design and creation of a multijurisdictional Metropolitan Transport Agency for the Buenos Aires Metropolitan Area (AMBA); (ii) strengthening the Authorities’ capacity in decision making, planning, priority setting, and resource allocation in urban transport; (iii) improving the quality and performance of urban transport infrastructure and/or services in Tucumán, Posadas and Mendoza; and (iv) improving the physical integration and access to public transport networks in the Buenos Aires Metropolitan Area.

The following indicators will be used to measure progress towards the achievement of the proposed objectives (Annex 3 provides the baseline values and targets for the selected APL1 indicators):

**APL1**

1. The Buenos Aires Transport Metropolitan Agency is legally created, is adequately staffed according to the organigram designed in the project, has adequate offices and equipment, and its own operating budget.
2. Number of Metropolitan Areas with updated origin-destination household surveys and urban transport/land use master plans and transportation modeling tools.
3. The AMBA Urban Transport Planning Observatory is fully functioning and data is accessible via webpage.
4. The AMBA Transport Master Plan is completed.
5. In Tucumán:
   - % of primary school students absent in low transitability days is reduced.
   - Number of appointments in CAP (Centros de Atencion Primaria or Community Health Centers) cancelled in low transitability days is reduced.
   - Number of days with no circulation of public buses is reduced.
   - Average speed of public buses in Barrio 11 de Marzo is increased.
6. In Posadas:
   - User’s perception of public transport system quality is increased.
   - Average speed of public buses on corridor increases.
7. In Mendoza:
   - Public transport services on the Colector Papagayo.
8. Users quality perception of access to AMBA suburban railway stations.
3. Rationale for Bank Involvement

The domestic consumption has been a central element of the GoA pro-poor economic growth strategy and continues to be essential in its response against the global economic crisis. Urban transport infrastructure and services are essential to foster and develop domestic markets, thus the Bank’s continued support of the urban transport sector in Argentina is an essential element contributing towards pro-poor growth.

In order to address the present shortcomings and face the significant challenges involved in the urban transport sector, a more complex set of policies and a more integral framework needs to be developed. Argentina has shown in the last years a clear willingness to improve its urban transport public system, and the Bank has been a privileged partner in this effort since 1997, through the ongoing Bank transport loans, the PTUBA (*Proyecto de Transporte Urbano de Buenos Aires*, Loan 4363-AR and Loan 7442-AR). Thus, the Bank offers a comparative advantage in its ability to draw upon global knowledge, sustain a policy dialogue, and exploit synergies with other operations and past experiences in the implementation of transport projects in Argentina. Furthermore, the Bank, as part of its engagement strategy in Argentina in this period, is seeking to be involved in more policy complex operations moving away from infrastructure implementation type support in the previous period. This operation does exactly that in the urban transport sector.

The Bank’s involvement and experience in countries that have undergone radical reforms in the sector such as Colombia, Mexico, Chile and Brazil make it an ideal partner for the GoA in what should be a new generation of policies for the sector. As a clear example, the Government has decided to support the creation of a Metropolitan Transport Agency or a Metropolitan Consortium for the Great Buenos Aires to ensure coordination between the different levels of government in the urban transport sector, a policy the Bank has supported for many years for the Buenos Aires Metropolitan Area.

4. Description

**Component 1: Creation of a Metropolitan Transport Agency (MTA) for Buenos Aires (US$28.5 million without contingencies).** The objective of this component is to strengthen the capacity for transportation planning and management at the metropolitan level. This component will prepare the legal, technical, financial and institutional conditions for the creation of a Metropolitan Transport Agency (MTA). The existence of an agency for the AMBA is a prerequisite to rationally restructure inter-jurisdictional bus routes, coordinate bus and subway services, implement multimodal integration, especially fare integration, smart card compatibility, subsidy and uniform tariff policies etc. Furthermore, this component will finance the

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8 As mentioned in the document elaborated by the Interprovincial Council of Public Works Ministries (CIMOP, June 2005, page 258), *Una visión estratégica del transporte en la Argentina*, which highlights the need for Metropolitan Transport Agencies both in the Great Buenos Aires and the biggest metropolitan areas.
consolidation of a solid transport database, building on the database created in the PTUBA, and consolidating it through the creation of the Urban Transport Observatory. Finally, the operation will support the Electronic Ticket project (SUBE) initiated by the GoA by financing a Project Management consultancy and technical assistance. Both the Observatory and SUBE projects are the necessary building blocks to support a possible change in the existing subsidy scheme which this operation will also support with individual consultants.

This component is divided into the following sub-components:

- **Sub-component 1.1: Agency Structuring (US$1.0 million without contingencies):** Develop the adequate legal and institutional frameworks for the new Metropolitan Transport Agency.

- **Sub-component 1.2: Consolidation of Transportation Planning in Buenos Aires (US$13.0 million without contingencies):** Support necessary technical efforts for transportation planning activities. This includes: (i) continued development of the AMBA Urban Transport Model (US$2.0 million); (ii) An AMBA Transport Master Plan (US$2.0 million); (iii) Feasibility Studies and Design Studies for a major multijurisdictional project in AMBA (US$6.0 million); (iv) Transport Planning data collection and updating (US$3.0 million).

- **Sub-component 1.3 Urban Transport Observatory (US$1.1 million without contingencies):** Finance the creation of an Observatory which will collect, process and maintain all the urban transport and air quality databases.

- **Sub-component 1.4 Fare System Consolidation (US$10.5 million without contingencies):** Facilitate the provision of a single fare media payment technology across all transportation modes in AMBA. This sub-component will finance supervision and project management consultant services only.

- **Sub-component 1.5 Staff and Operational Expenses (US$2.9 million without contingencies):** Finance the necessary staff, office and other operational expenditures of the Metropolitan Transport Agency for the duration of the project. This may include a seed group of professionals that have destined to become part of the MTA and are working on the activities financed by component 1, prior to the legal creation of the MTA.

**Component 2: Urban Transport Improvements in Argentina’s medium size Metropolitan Areas (US$62.9 million without contingencies).** The objective of this component is to enhance the mobility conditions of Argentina’s medium size Metropolitan Areas. Five Metropolitan Areas have been selected to participate from the program (Mendoza, Posadas, Tucumán, Córdoba and Rosario). The eligibility criteria for a city or Metropolitan Area to participate in the PTUMA Program is the following: (i) An urban transport policy or strategy that favors public transport; (ii) A Master or Strategic Transport Plan for the Metropolitan Area that has been adopted, is duly recognized, and has been published; (iii) An origin-destination household survey that provides information on mobility indices in the Metropolitan Area; (iv) A working computer-based transport model for the Metropolitan Area. Other cities or Metropolitan Areas may participate in the Program provided they meet the eligibility criteria. The Program provides financing for interested cities or Metropolitan Areas for assistance in attaining the eligibility criteria.
Therefore, the component will finance: (a) one or more priority projects that are in an advanced state of planning and have been evaluated from social, environmental and economic perspectives. (b) a set of specific feasibility studies and/or final designs for future projects that result from currently undergoing comprehensive transport studies and studies to support interested cities in meeting the eligibility criteria so that they may integrate the Program in APL2.

This component is divided into the following sub-components:

Sub-component 2.1 Metropolitan Area of Mendoza (US$9.8 million without contingencies): Paving works of Colector Papagayos.

Sub-component 2.2 Metropolitan Area of Posadas (US$14.6 million without contingencies): Construction of segregated busway on Uruguay Avenue.

Sub-component 2.3 Metropolitan Area of Tucumán (US$22.5 million without contingencies): Paving and storm water drainage of Barrio 11 de Marzo.

Sub-component 2.4 Metropolitan Area of Córdoba (US$2.0 million without contingencies): Preparation studies for Mitre Intermodal transport terminal.

Sub-component 2.5 Metropolitan Area of Rosario (US$4.0 million without contingencies): Preparation studies for High Quality transit in Corredor Norte-Sur Project.

Sub-component 2.6 Technical assistance (US$10 million without contingencies): Financing of feasibility and/or design studies or other studies supporting interested cities in attaining eligibility criteria of Program. Financing the strengthening of institutional capacity of participating Metropolitan Areas in environmental and social management.

The works sub-projects prepared in APL1 up to detailed design will be financed in APL2, specifically the sub-projects presented by Córdoba and Rosario. However, all sub-projects that comply with preparation criteria (economic, social and environmental assessments), have a detailed design and come from eligible Metropolitan Areas (ie. those that comply with the criteria set for Metropolitan Areas) may be considered for financing in APL2, this may include Metropolitan Areas not yet identified. In the case of the Metropolitan Areas that have already had sub-projects financed in APL1 (potentially Tucumán, Posadas and Mendoza), they will need to show progress in the institutional set-up regarding multijurisdictional coordination to be considered in APL2, in particular the way they implement the Metropolitan Area transport plan in multiple jurisdictions.

Component 2 addresses sectoral issues such as the underinvestment in road maintenance and road infrastructure, increased traffic congestion in urban areas, the decreasing quality of public transport service and the limited intermodal integration. The target groups are the future users of the infrastructure projects, the residents of surrounding neighborhoods and the commercial areas adjacent to the projects. The main outputs of this component are the road improvements and new public transport infrastructure in Mendoza, Posadas, Tucumán, Córdoba and Rosario as well as a set of feasibility and/or design studies for previously identified projects.
Component 3: Public Transport access and modal integration in Buenos Aires Metropolitan Area (US$53.6 million without contingencies). The objective of this component is to improve current accessibility to and mode integration of the public transport network in the AMBA. This component will include infrastructure works on transfer centers, train stations and grade-separated crossings. It will also feature operational improvements in the current train signaling system. This component provides an integral strategy to improve service quality by acting simultaneously on bus-train physical integration, accessibility to stations, railway signaling improvements, and rail-road crossings. The combination of these actions will improve the perceived quality of suburban train services in the AMBA. The area of intervention is considered one of the poorest in the country, the types of works are relatively low-cost and will have significant impacts, and the users will be public transport passengers, thus the benefits will be, to a great degree, accrued by the some of poorest sectors of the population.

This component is divided into the following sub-components:

Sub-component 3.1 Transfer centers (US$5.0 million without contingencies): Detailed design studies for improvement infrastructure works in three intermodal centers of the AMBA.

Sub-component 3.2 Station Accessibility (US$30.6 million without contingencies): Works to improve the access conditions of around to train stations in the AMBA. This component is demand-based. A universe of stations eligible to have their access conditions improved, have been identified and ranked on the basis of poverty indicators of the area, number of passenger boarding and alighting, and train frequency. The corresponding and interested Municipality will present the project concept, within the framework of the type of works that are considered eligible, and if the PIU approves, the project design will be carried out. The eligible types of works are small, such as road and sidewalk paving, urban furniture, street lighting, bicycle facilities etc. The works per station will be limited to approximately US$1.0 million without taxes. Technical and economic studies justifying small increases in specific cases will be accepted.

Sub-component 3.3 Grade separated crossings (US$17.5 million without contingencies): Works to build one grade-separated crossings in critical railroad intersections.

Sub-component 3.4 Train signaling System (US$0.5 million without contingencies) Train signaling system: Study to design the best strategy to improve the train signaling system.

Component 3 addresses sectoral issues like the underinvestment in rail infrastructure such as stations and transfer centers in the AMBA, the high accident rates in rail crossings, and the inefficient barrier and signaling systems. The target group will be the commuter train passengers and the surrounding communities. The main outputs of this component are the improvement of access conditions to existing rail infrastructure.

Component 4 Sectoral Training: Urban Transport Planning Master (US$2.5 million without contingencies). The objective of this component is to improve academic training in urban transport. The component will design a postgraduate course (Masters) in urban transport including all the component disciplines such as engineering, planning, economics, etc. The component builds on the course designed and carried out with the support of the PTUBA AF loan, and will attempt to follow the academic curriculum designed then, but adapted so as to become a permanent course in the participating universities.
This component seeks to bring together the Universities of Buenos Aires, Cuyo, Cordoba and Rosario to develop and implement this course. The course would be shared by the participating universities and would be given in class and through a virtual platform (internet, videoconferencing, etc.), so that students in each of the universities would follow the same curriculum but based in their own city.

This component is divided into the following sub-components:

*Sub-component 4.1 Institutional and Academic Development* (*US$0.64 million without contingencies*). The institutional and academic design of the course with the objective of obtaining the courses permanence through its accreditation with the Ministry of Education.

*Sub-component 4.2 Implementation of the course* (*US$1.76 million without contingencies*). The sub-component will finance education fees and a limited amount of scholarships for students. The program will finance the first two promotions and from then on the course will be self-sufficient.

*Sub-component 4.3 Teacher training program* (*US$0.1 million without contingencies*). This sub-component will finance the implementation of a teacher training program destined for the professors that will participate in the Masters course.

The total cost of the project will be distributed as shown in this table:

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>COST (US$ Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1: Creation of a Metropolitan Transport Agency (MTA) for Buenos Aires</td>
<td>28,5</td>
</tr>
<tr>
<td>Component 2: Urban Transport Improvements on Argentina’s medium size Metropolitan Areas</td>
<td>62,9</td>
</tr>
<tr>
<td>Component 3: Public Transport Access and modal integration in Buenos Aires</td>
<td>53,6</td>
</tr>
<tr>
<td>Component 4: Sectoral Training: Urban Transport Planning Master</td>
<td>2,5</td>
</tr>
<tr>
<td>Operating costs</td>
<td>4,6</td>
</tr>
<tr>
<td>Physical contingencies 20% of Physical works</td>
<td>18,00</td>
</tr>
<tr>
<td>Price contingencies: 10% (C1+C2+C3+Physical Contingencies)</td>
<td>17,00</td>
</tr>
<tr>
<td><strong>PROJECT TOTAL</strong></td>
<td><strong>187,10</strong></td>
</tr>
<tr>
<td>Front end-fee</td>
<td>0,50</td>
</tr>
<tr>
<td>Bank share (80%)</td>
<td>150,00</td>
</tr>
<tr>
<td>Nation share (20%)</td>
<td>37,60</td>
</tr>
</tbody>
</table>
Components have been selected on the basis of addressing identified needs and requirements in the respective municipalities. The specific definition and characteristics of every component were planned and discussed with the local counterparts. Component 1 was designed with the Buenos Aires Transport Planning Team (PLATAMBA), at the Secretariat of Transport, in order to improve the current transportation planning process under this proposal.

Components 2 and 3 were developed along with the Project Implementation Unit (PIU) at the Secretariat of Transport who served as liaisons with the local municipalities. For these two components, all infrastructure elements were required to be justified under the basis of a positive economic evaluation, an adequate technical assessment and a thorough understanding of safeguard aspects. Moreover, all sub-components were required to be consulted to the public and social and environmental screenings.

Component 4 was designed by the PIU in liaison with several universities and the Secretariat of Transport staff that recently created a Masters in Railway Engineering with the University of Buenos Aires. The final architecture of the Masters will greatly depend on the activities carried out during the implementation of the loan.

5. Financing
Source: ($m.)
Borrower 37.6
International Bank for Reconstruction and Development 150
Total 187.6

6. Implementation

**Borrower:** The Borrower is the Argentine Republic and the Executing Agency the Secretariat of Transport within the Ministry of Federal Planning and Infrastructure.

**Project Management and Implementation:** The Project Implementation Unit set up when the Buenos Aires Urban Transport Project (Loan AR 4163) was initiated (hereinafter PIU) will execute the proposed project. This PIU is a well established unit, which has performed satisfactorily during the last years of project implementation and is fully familiar with Bank’s rules. It has particularly gained fiduciary experience from the implementation of the ongoing project, and has the capacity to manage the project funds.

The PIU will retain overall responsibility for Project implementation, acting as a permanent link between the Bank and the Borrower. For the purpose of this Project the PIU will in particular: (i) manage and monitor project implementation; (ii) elaborate pre-qualification and bidding documents for works, and appraise all activities included in the institutional strengthening sub-components, prior to submitting them for the Bank’s no objection; (iii) work closely with engineering consulting firms hired by the Borrower to prepare engineering designs and bidding documents; (iv) carry out the Project’s budgeting, accounting, financial management, monitoring general flow of funds, authorizing transfers of funds, managing financial and accounting...
information systems, preparing Project progress reports and financial statements interaction with
the Bank and the external auditors on FM issues.; (v) monitor and assess the impact of the
Project in relation to the development objectives of the project and on the basis of the results
indicators established in the project’s results framework (Annex 3); (vi) will cooperate closely
with the transport agencies of the participating municipalities both in the AMBA and the five
participating Metropolitan Areas. The institutional arrangements for the cooperation between the
PIU and participating Metropolitan Areas will be clearly defined in Cooperation/Implementation
Agreements to be signed between secretary of Transport and participating Municipal and
Provincial Governments as needed.

The PIU is headed by a General Coordinator, who is assisted by various coordinators in the
following areas: Works, Technical Designs and Studies, Accounting and Finance, Relation with
Metropolitan Areas, and Legal Affairs, as well as having support in the different municipalities
involved. The composition of the PIU is submitted to the Bank’s approval. Procurement and
Financial Management activities will be centralized at the federal level.

7. Sustainability

The investments in component 1 that support the creation of the MTA are institutionalized by the
trigger scheme proposed in this operation. In other words, if this operation is successful, it will
have meant that the MTA has gathered all the necessary elements of sustainability (legal
existence, budget, physical presence and staffing), which in turn are the proposed triggers.

The other investments in component 1 relate to transport planning tools and data. These
investments will be made sustainable by the creation of an Urban Transport Observatory which
will collect, maintain and publish all the data gathered in the operation and will continue the task
of maintaining and updating the information. The commitment of publishing the information in a
webpage will introduce external pressure for the improvement and continuity of the availability
of the information.

Regarding the infrastructure investments under components 2 and 3, they will be owned by the
corresponding Municipalities. They will sign an agreement with the Secretariat of Transport in
which amongst other things they commit to maintaining the works financed by this operation.
Future investments and further participation by the eligible Metropolitan Areas in the program,
particularly in APL2, will be subject to the level of compliance of the agreements signed with the
Secretariat of Transport in APL1.

Having said the above, the wager this project is making is that despite its relative modest
amount\(^9\), the dialogue developed with the Borrower will allow it to support elements which will
lead to a major reform of the sector that will improve overall sustainability. These are: (i)
electronic ticketing system, which will lead to transport network integration in the AMBA and to

\(^9\) Only the subsidies to the urban transport sector amount to US$1,600 millions per year from the National
government. It also destinates a significant amount of funds to transport infrastructure such as rail and rolling stock for
suburban railways, etc. Furthermore, Municipalities also finance in some measure local transport or urban
infrastructure.
future fare integration; (ii) restructuring of the subsidy policy, which with the existence of the electronic ticketing system may include a greater level of demand-based subsidies; (iii) the creation of a Metropolitan Transport Agency that can resolve the jurisdictional barriers in the AMBA and promote and carry out more efficiently Metropolitan transport projects. If the project achieves these elements of reform, the possibility of furthering the programs overarching objectives is greatly enhanced.

8. Lessons Learned from Past Operations in the Country/Sector

*The role of national governments in the implementation of urban transport services projects and reforms is paramount.* Reforms in the sector normally require large investments and complex technical decisions. Given that municipalities lack both financial and technical resources, the participation of the National Government becomes crucial in promoting reforms at the municipal level and finds its justification in the fact that most of the economic growth at the national level happens in Metropolitan Areas, provided that this growth is not hindered by deficient urban services, including transport.

*Bringing public transport infrastructure to a state of good repair is essential to maintain public transport ridership:* Buenos Aires lost near 50% of its public transport ridership since the early nineties due to an increasing urban motorization, a deteriorating bus transport service and an overcrowded commuter train system. As response, the GoA financed infrastructure improvements in select lines of the subway system in Buenos Aires and in railway systems in some medium size cities, leading to a steady recovery of public transport ridership. Nonetheless, the increase in transport demand due to improved economic conditions and the backlog of infrastructure and service improvements in the public transport systems have recently led to the stagnation of public transport ridership in the AMBA, and the increasing demand from medium size Metropolitan Areas for significant investments in public transport systems. The PTUMA project will try to address the need in public transport infrastructure investments in all eligible Argentinean Metropolitan Areas.

*Planning must be institutionalized to improve resource allocation.* Lack of planning is endemic in the transport sector in Argentina; Buenos Aires is arguably the largest and most important city in Latin America without a household transport survey and the corresponding planning tools and institutions. As a result, resource allocation decisions tend to be inefficient at best and arbitrary at worst. A major effort has been started with the PTUBA-AF to provide all the necessary transport planning tools to the GoA; this project will consolidate and institutionalize that effort.

*Public transport operations can be improved by empowering a centralized body with service planning decisions:* The current public transport systems in most Argentinean cities rely almost fully on private operators. This approach improves efficiency in operations but leaves little room for reaping benefits from intermodal integration. A centralized planning body can leverage transport policies that conduce to a better physical, operational and institutional integration across service providers. This operation will lay the basis in all Metropolitan Areas to move towards schemes of inter-municipal cooperation for managing and planning transport systems and it will support the creation of the Buenos Aires Metropolitan Area Transport Agency.
The Buenos Aires Metropolitan Area Transport Agency must be created with limited functions and with the participation of the National Government, the Provincial Government and the Municipal Government of Buenos Aires only at the outset. A law regarding the creation of the MTA (then denominated ECOTAM) was approved by Congress in 1998 (Law No. 25,031). It defined that all the 43 Municipalities of the AMBA had to adhere to the MTA for it to be effective. This did not occur and the law was never regulated. It seems wiser to limit the functions delegated to the MTA and to limit the participants in order to cover the essence of what is needed to overcome the main issues faced by the AMBA. In this respect, the coordinated planning of major multijurisdictional infrastructure and services seems to be sufficient at the outset.

The World Bank support must be consistent with the objectives sought and the tools chosen to tackle the main development barriers identified in the urban transport sector in Argentina. The Bank’s involvement in the urban transport sector over the years has clearly identified that the lack of a MTA in Buenos Aires is a barrier to the development and improvement of the urban transport system, as it is in similar Metropolitan Areas in the world. Therefore, this operation is conceived and geared fully to address this issue and the choice of loan instrument and trigger scheme are consistent with that fact.

Creation of Institutional Synergies at the Municipal level: Countries that have developed successful multi-city transport Programs (i.e. Colombia) have strengthened local institutional practices through a constant knowledge transfer across municipalities. The adoption of Bank procedures for the Program’s implementation in every Metropolitan Areas will foster communication across municipalities and the sharing of best practices.

Public consultations can greatly improve projects designs and acceptance. The on-going Buenos Aires Urban Transport Project (PTUBA) has financed projects similar to those featured in the proposed operation such as rail-road crossings and transfer centers. The final designs and rationale was discussed during public participation exercises that allowed to improve projects on the basis of the suggestions made by the citizenry, and consequently to increase the project’s public acceptance. Such scheme will be replicated under the proposed operation, building upon the experience of the PTUBA.

This project is building on lessons from the PTUBA. Performance of this project has been recently evaluated by the World Bank’s Quality Assessment Group in 2008. This group rated the likelihood of achieving the proposed Development Objectives as “Satisfactory/Likely”. The evaluation panel recommended: (i) to pursue dialogue at the Country Management Unit level to address any systemic causes of implementation delays (ii) to further pursue the creation of the Metropolitan Transport Agency and, (iii) to give particular attention to the results of the ex-post evaluation. The first two recommendations of the panel will be adopted in this operation as they refer to the same sectoral context and issues.

9. Safeguard Policies (including public consultation)
The project preparation has complied fully with all applicable World Bank safeguard policies. In order to ensure the implementation of specific recommendations raised during the environmental assessment process conducted a preliminary design level, the counterpart team will use an Environmental and Social Manual that it has been using since the PTUBA AF loan.

**Environmental Assessment (OP/BP 4.10).** The Borrower has prepared four Environmental Assessment (EA) packages (one for each sub-project, Component 2), including expedite site-specific EA and an which include a first stage of public consultations and a set of environmental management measures, as part of an Environmental and Social Management Manuals. An overall environmental analysis of minor improvements in railway stations (Component 3) was carried out, based on the review of a sampling exercise and of a bidding document. EA process has indicated that the main direct impacts are expected to occur during construction and cause localized negative environmental impacts. Such impacts are expected to consist essentially of noise, vibration, dust, and traffic disruption. Additional negative impacts during construction will occur due to haulage and final disposal of materials. Access to commercial sectors and houses will be affected temporarily, however, the mitigation measures already designed will to reduce unnecessary interference in commercial activities. Based on the available information, no involuntary resettlement will result, with the exception of the Mendoza, which requires specific resettlement measures. Most project impacts can be mitigated by adequate designs and environmental management plans. Water management and design of adequate drainage systems will be critical to ensure the environmental feasibility of sub-projects, as well as to avoid and minimize the eventual impact of floods in vulnerable populations, particularly in Tucuman and Mendoza sub-projects. Although they are not expected as part of this project, eventual indirect impacts linked to changes in land-use, changes in traffic volumes, or specific impacts on commercial activities will be addressed by the project if they are detected during the public consultation process and in line with Bank’s safeguards policies.

In all the feasibility studies, detailed design, transport master plans, and eventual land use plans under Component 1 or 2 of the Project, the Borrower shall ensure that the terms of reference for all studies include a provision to incorporate the World Bank Safeguard Policies in them.

The Bank team has identified that the sub-project in Esteban Echeverria, to be partially funded with this loan proceeds from Component 3, has been received observations from a group from the local community. This group has sent its observations to the Bank, the PIU and the Municipality. The Bank team and the PIU have met with the neighbors and as a result the PIU and the project team are striving to address their concerns. The Bank team been monitoring the process and have supported to the PIU to ensure safeguard compliance, as well as implementation of public consultations and public information disclosure. The Borrower has been proactive, not only improving the EA to include a technically sound analyses of alternatives, acceptable to the Bank, but also offering permanent dialogue and access to project information to reach consensus around the proposed project by the participating municipality. Background information regarding this project is available in project files.

In conclusion, the project is complying with environmental safeguard requirements. Project implementation will be guided by the use of detailed environmental management plans, promoting public consultation processes and detailed EA at project design level. In particular,
safeguard implementation will be ensured by a central PIU who will coordinate the supervision and approval of local procedures and monitoring with sub-national units in each participating Metropolitan Areas. A strengthening plan will be prepared before appraisal to ensure proper environmental management conditions in the PIU and in participating Metropolitan Areas. For works under the demand-driven Component 3, a framework approach is being followed. All projects, identified during the phase of loan implementation, will be subject to the EA process included in the Environmental and Social Management Manual prepared by the Borrower. Screening and Expedite EA will be prepared for each particular sub-project.

**Involuntary Resettlement Policy (OP/BP 4.12).** Most of the civil works under the project will follow the alignments of existing roads and right-of-ways, reducing the likelihood of involuntary displacements. However, a Resettlement Policy Framework (RPF) was prepared for component 3, given that sub-component 3.1 is largely demand-based and the final designs are not known at this stage. It will be applied where physical and/or economic resettlement occurs, in the specific circumstances of each sub-project.

In component 2, according to the sub-project’s preliminary designs submitted by the PIU, field visits, and work with the Borrower and local counterparts an Abbreviated Resettlement Plan was deemed be necessary for one sub-project in *sub-component 2.1, Colector Papagayos* in Mendoza. The Plan was presented to the Bank and it was found that it complied with OP4.12; it was published in the Borrower’s webpage and in the Bank’s Infoshop. It will be necessary to acquire a small fraction of one land plot (less than 200 m2), belonging to a firm, talks have already been initiated with the owner and there will be a voluntary ceding of the property by the firm. This acquisition or voluntary donation of land is not considered to be a high amount, and will be paid by the Municipality of Mendoza.

**Physical Cultural Resources (OP/BP 4.11).** Given that this loan involves projects with civil works that could affect cultural resources, this policy is triggered. Even though the EA process conducted so far indicates there is no expectation that cultural property is in the project areas, the Environmental and Social Management Manual sets forth "chance find" procedures in the case that such property is encountered.

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
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<tbody>
<tr>
<td>Environmental Assessment (OP/BP 4.01)</td>
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<td>Projects on International Waterways (OP/BP 7.50)*</td>
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</tbody>
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10. List of Factual Technical Documents


Agosta, Roberto & Orduna, M. Abril 2009. Estudio de la Relación entre el Estado Nacional y las Ciudades del Interior de la Republica Argentina en Materia de Planeamiento Urbano y del Transporte Urbano.


Brunstein, Fernando José. 2006. Proyecto paso a desnivel junto a Estación Carupá (municipios de San Fernando y Tigre). Impactos sobre funcionamiento de Estación de Carga de GNC.


11. Contact point
Contact: Andres G. Pizarro
Title: Sr Transport. Spec.
Tel: 5260+3707 / 54-11-4316-9707
Fax:
Email: apizarro@worldbank.org
Location: Buenos Aires, Argentina (IBRD)

12. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Email: pic@worldbank.org
Web: http://www.worldbank.org/infoshop