



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/07/2000	
PROJ ID: P051693		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name :</b> Second Provincial Reform-Salta	<b>Project Costs (US\$M)</b>	75	75
<b>Country :</b> Argentina	<b>Loan/Credit (US\$M)</b>	75	75
<b>Sector(s) :</b> Public Sector Management Adjustment	<b>Cofinancing (US\$M)</b>		
<b>L/C Number :</b> L4219			
	<b>Board Approval (FY)</b>		98
<b>Partners involved :</b>	<b>Closing Date</b>	12/31/1999	12/31/1999
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group :</b>
<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
To help the Province of Salta, Argentina to reform and restructure its government to ensure an efficient and responsive delivery of public services (notably social services) within fiscally sound policies.			
<b>b. Components</b>			
The reform program supported by the project included three major components .			
1. <i>The reform of public finances</i> including (a) improvement in tax collection and administration to promote higher reliance on own source revenues; (b) civil service reform and reduction of personnel expenditures, with structural reform of selected sectors; and (c) rationalization of public expenditures and prioritization of government spending, while ensuring no cuts in the budget for the social sectors .			
2. <i>Education reform</i> to ensure extension of mandatory education and guaranteed access to the poor .			
3. <i>Health reforms</i> to improve efficiency and equity in the health sector by separating the provision and financing of public health services, increasing cost recovery, consolidating hospital facilities, reducing excessive staff and reallocating resources to non-personnel expenditures, improving targeting to the poor and increasing health insurance coverage.			
<b>c. Comments on Project Cost, Financing and Dates</b>			
The loan was disbursed in two tranches - \$45 million on loan effectiveness for actions agreed prior to Board approval and US\$30 million upon implementation of agreed reform program . Figures on local financing costs are not available.			
<b>3. Achievement of Relevant Objectives:</b>			
The project achieved most of its objectives . The province achieved improvement in tax collection and administration . It was able to contain increases in personnel expenditures and maintain social spending . In education, the province introduced improvements in the management of human resources, consolidated small classes, improved distribution of public funds to private schools, eliminated excess teacher training institutions and updated the curriculum . In health, it established self-managed hospitals; improved the health insurance management information system and expanded insurance coverage for the poor .			
<b>4. Significant Outcomes/Impacts:</b>			
The province achieved a higher reliance on own revenues, improved fiscal balance and reduced debt overhang . In education, the province achieved a lower student -teacher ratio, and improved access to education . In health it improved efficiency in the delivery of health care and access for the poor .			
<b>5. Significant Shortcomings (including non-compliance with safeguard policies):</b>			
The ICR does not provide any evidence to show that the guaranteed access to primary and secondary education by the poor was achieved. The project also could not complete its plan of improving the human and financial management system in education . In health, the performance of Obra Social Provincial remains an area of concern . The project also represented a missed opportunity in introducing structural reforms in provincial taxes . The level of personnel expenditures was contained rather than reduced .			

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<b>6. Ratings:</b>	<b>ICR</b>	<b>OED Review</b>	<b>Reason for Disagreement /Comments</b>
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Highly Satisfactory	Highly Satisfactory	
<b>Borrower Perf .:</b>	Highly Satisfactory	Satisfactory	Section 5 above notes some residual concerns with borrower implementation .
<b>Quality of ICR:</b>		Satisfactory	

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

#### **7. Lessons of Broad Applicability:**

Quick-disbursing loans can serve as an important inducement for reluctant governments to introduce fundamental reforms.

**8. Assessment Recommended?**  Yes  No

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

The ICR is of good quality and provides useful indicators on project performance . The ICR also does not include an aide-memoire and borrower's comments. The aide-memoire is however available in project files and the borrower has indicated its willingness to provide comments once the program is completed in all participating provinces . This was an Intensive Learning Model ICR, and stakeholder workshops were conducted with provincial authorities and technical staff in each of the sectors to assess the scope and impact of reforms .