

**Document of
The World Bank**

Report No: 17956-AR

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$284 MILLION

TO

THE ARGENTINE REPUBLIC

FOR A

**THIRD SOCIAL PROTECTION PROJECT
(TRABAJAR PROGRAM)**

June 8, 1998

**Human and Social Development Group
LCC7C
Latin America and the Caribbean Region**

CURRENCY EQUIVALENTS

Currency Unit = Argentine Peso (Arg\$)
Arg\$1 = US\$1

FISCAL YEAR

January 1 to December 31

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
FONAVI	National Housing Fund
FOPAR	<i>Fondo Participativo de Inversión Social</i> /Participatory Social Investment Fund
GDP	Gross Domestic Product
ICB	International Competitive Bidding
MTSS	<i>Ministerio de Trabajo y Seguridad Social</i> /Ministry Of Labor and Social Security
NCB	National Competitive Bidding
NGO	Non-governmental Organization
SOE	Statement of Expenditure
TOR	Terms of Reference

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Argentina
Third Social Protection Project

TABLE OF CONTENTS

A. Project Development Objective	3
1. Project development objective and key performance indicators.....	3
B. Strategic Context.....	3
1. Sector-related CAS goal supported by the project.....	3
2. Main sector issues and Government strategy	3
3. Sector issues to be addressed by the project and strategic choices.....	5
C. Project Description Summary.....	6
1. Project components.....	6
2. Key policy and institutional reforms supported by the project.....	6
3. Benefits and target population	6
4. Institutional and implementation arrangements.....	6
D. Project Rationale.....	7
1. Project alternatives considered and reasons for rejection.....	7
2. Major related projects financed by the Bank and/or other development agencies..	8
3. Lessons learned and reflected in proposed project design.....	8
4. Indications of borrower commitment and ownership.....	9
5. Value added of Bank support in this project.....	9
E. Summary Project Analyses	9
1. Economic	9
2. Financial.....	10
3. Technical.....	10
4. Institutional	10
5. Social	10
6. Environmental assessment.....	11
7. Participatory approach	12
F. Sustainability and Risks.....	12
1. Sustainability.....	12
2. Critical risks.....	13
3. Possible controversial aspects.....	13

G. Main Loan Conditions.....	13
1. Effectiveness conditions	13
2. Other	13
H. Readiness for Implementation.....	13
I. Compliance with Bank Policies.....	14

Annexes

Annex 1. Project Design Summary.....	15
Annex 2. Project Description.....	16
Annex 3. Estimated Project Costs.....	18
Annex 4. Project Monitoring Indicators	19
Annex 5. Procurement and Disbursement Arrangements.....	21
Table A. Project Costs by Procurement Arrangements.....	23
Table B. Thresholds for Procurement Methods and Prior Review.....	24
Table C. Allocation of Loan Proceeds.....	25
Annex 6. Project Processing Budget and Schedule	26
Annex 7. Documents in Project File.....	27
Annex 8. Statement of IFC's Committed and Disbursed Portfolio.....	28
Annex 9. Statement of Loans and Credits.....	30
Annex 10. Country at a Glance.....	32

Argentina
Third Social Protection Project
(TRABAJAR)
Project Appraisal Document

Latin America and the Caribbean Regional Office
LCC7C

Date: June 5, 1998	Task Manager: Polly Jones
Country Director: Myrna Alexander	Sector Director (Acting): Xavier Coll
Project ID: 49269 Sector: Multi Sector	Program Objective Category: Poverty Reduction
Lending Instrument: Specific Investment Loan	Program of Targeted Intervention: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Project Financing Data **Loan** **Credit** **Guarantee** **Other [Specify]**

For Loans/Credits/Others:

Amount (US\$m): 284

Proposed terms: Multicurrency Single currency, specify US\$
 Grace period (years): 5 Standard Variable Fixed LIBOR-based
 Years to maturity: 15
 Commitment fee: .75%
 Service charge: 0%

Financing plan (US\$m):

Source	Local	Foreign	Total
Government Funding (incl. National and sub-national levels)	583	150	733
Cofinanciers			
IBRD	284	0	284
IDA			
Private	60		60
Total	927	150	1,077

Borrower: Argentine Republic

Guarantor:

Responsible agency(ies): Ministry of Labor and Social Security

Estimated disbursements (Bank FY/US\$m):	1999	2000	19	20	20	20	20
	Annual	142	142				
	Cumulative	142	284				

For Guarantees: Partial credit Partial risk

Proposed coverage:

Project sponsor:

Nature of underlying financing:

Terms of financing:

Principal amount (US\$)
Final maturity

Amortization
profile

Financing available without guarantee?: Yes No

If yes, estimated cost or maturity:

Estimated financing cost or maturity with guarantee:

Project implementation period: 2 years Expected effectiveness date: September 30, 1998 Expected closing date: June 30, 2000

A: Project Development Objective

1. Project development objective and key performance indicators (see Annex 1):

The project would support the third phase of TRABAJAR, a social safety net program. Through the execution of small infrastructure facilities, TRABAJAR contributes to improvements in the living standards of the communities where the sub-projects are located and creates employment for poor workers. In view of the recent serious floods in several provinces of Argentina the government also plans to use the TRABAJAR program to respond to that situation.

The project builds on the experience of the Social Protection I and II Projects: the Social Protection I Project safeguarded critical social programs, including the first phase of TRABAJAR, during the 1995-96 *tequila* crisis, while the Social Protection II Project financed the continuation of the TRABAJAR program during 1997-98. This series of projects shares the objective of supporting improvements in the TRABAJAR program, particularly in the areas of targeting, the quality of sub-projects, and evaluation – aspects which have wide applicability to other social programs in Argentina.

The key performance indicators include: the number of workers hired and the payments made to them; and the share of projects which have been completed satisfactorily.

B: Strategic Context

1. Sector-related Country Assistance Strategy (CAS) goal supported by the project (see Annex 1):

CAS document number: 16505-AR Date of latest CAS discussion: May 15, 1997

The project supports the CAS objective of enhancing social development, including poverty alleviation and strengthening the social safety net. The most recent CAS for Argentina explicitly included a program of public works assistance during 1997-98 in order to help temper the effects of the economic recession which led to a peak unemployment rate of almost 19 percent in 1996. The increase in poverty in 1995-96 was closely related to the growth of unemployment in Argentina caused largely by the *tequila* crisis. Unemployment has since fallen but data from May 1997 showed that about 40 percent of those in the poorest decile were unemployed, compared to an average unemployment rate for the population of 17 percent.

2. Main sector issues and Government strategy:

The Government strategy to reduce poverty is based on a resumption of growth and macroeconomic stability supported by successful actions to liberalize the economy, privatize public enterprises, and maintain fiscal discipline. Given the strong link between unemployment and poverty, attention also has focused on actions to promote more job creation, including improvements to education, labor market reform and reductions in labor costs. However, improvement in these areas will take place only gradually, particularly on the labor front. In the meantime, the Government has endeavored to design effective social safety net programs to address the needs of the poor, and in particular to confront the immediate problem of high unemployment.

The Government has a wide ranging program in place consistent with the Bank's overall approach to poverty reduction. Investment in human capital is being addressed by a series of operations focused on the quality of secondary education, scholarships for poor students, and targeted upgrading of school facilities in disadvantaged areas with the support of the Bank and IDB. More detail is provided below on poverty alleviation trends, labor market reforms and social expenditures.

Poverty alleviation. Argentina's urban poverty declined between 1990 and 1994 together with the achievement of economic stability and growth. This was a dramatic reversal of the poverty trend during the latter part of the 1980s. However, economic stability and growth are necessary but not sufficient conditions to ensure continued and sustainable poverty reduction. In particular, so far outcomes in the area of employment creation have been insufficient to absorb higher participation in the labor market by women and youths, and some of the previous gains in poverty reduction were reversed in 1995-96 during the economic recession. Development of an economic environment which would promote higher levels of job creation is crucial for poverty alleviation in Argentina. While strong economic growth in 1997 (8

percent) reduced both poverty and unemployment rates, the situation is still worse than in 1994. As of October 1997, the unemployment rate had fallen to about 14 percent compared to 17 percent in May of 1997. Less than 1 percentage point of that drop (one-third of the total fall in the number of unemployed) would be attributable to the impact of TRABAJAR and other programs providing temporary employment, assuming that workers were unemployed prior to entering the programs.

Labor Market. A recent Bank sector report, *Estimating the Benefits of Labor Reform in Argentina (Report No. 15643-AR, January 31, 1997)* suggested that the following major reforms would encourage greater and more productive use of labor: (1) removing the legally granted monopoly power over negotiations in the hands of the central union federations and decentralizing collective bargaining to the firm level; (2) further reductions in payroll taxes; and (3) replacement of mandated severance payments by a fully funded unemployment insurance system. With the aim of increasing the capacity for job creation in the economy, the Argentine authorities have taken some steps to lower labor costs, which are high by international standards. They have reduced payroll taxes, increased the flexibility of contracts, and modernized employment regulations. However, so far the Government has not been able to make progress in the critical but politically difficult area of decentralization of collective bargaining and reform of the severance payment regime. After an unsuccessful attempt to do so via decrees, the Government submitted new labor legislation to the Congress in March 1998. As presently formulated, the legislation essentially leaves unchanged the existing labor market regulations in the area of collective bargaining and severance payments. And most of the temporary contracts which have been permitted in recent years would no longer be legal. Currently about a third of the new jobs created are workers with temporary contracts.

Social Expenditures. Another key feature of the Government's strategy is to strengthen social programs both in terms of levels and population being reached. With macro-stability in place, consolidated public social expenditures increased steadily during the first half of the decade and are expected to have fallen slightly in 1997 to about \$52 billion or 16.5 percent of GDP. The estimated reduction in spending is explained largely by lower outlays on social security and health/medical attention and *obras sociales* (health insurance for formal sector workers). The national government finances about 60 percent of consolidated social spending. Social security outlays account for two-thirds (\$19 billion), and spending on health and education for an additional \$6 billion. Health spending is mostly accounted for by medical insurance for the elderly and the *obras sociales*, and in the case of education, by transfers to tertiary education. Of the remaining \$4 billion, the largest components are nearly \$1 billion for FONAVI, resources passed to the provinces for housing which is part of the tax co-participation agreement between the federal and provincial governments, and a similar amount in the *Fondo del Conurbano* (funding for the province of Buenos Aires). About \$2 billion is accounted for by about 40 programs covering the major areas of labor (including programs to promote employment such as public works and wage subsidies), compensatory education programs, services for the elderly, community services and nutrition. About \$400 million of that goes for unemployment insurance.

Given Argentina's federal structure which gives the provinces responsibility for basic social programs, including education, health and housing, and the fact that a large share of national social spending is dominated by obligatory social security payments, the national government has relatively little flexibility nor direct mechanisms for major changes and reallocation of social spending in the short run. The main area for efficiency gains at the national level therefore appears to lie in the relatively small amount of spending --\$2 billion per year--for various targeted programs. The main goal on that front is to reduce duplication and to improve program design, especially on targeting. Regarding the provinces, the national government's strategy is to provide national standards and an overall policy and institutional framework, encourage the application of sound criteria and use a combination of moral suasion, institutional support and dissemination of best practices to improve spending at the provincial level. Several Bank and IDB financed operations, in the area of health and education, as well as economic management, are directly helping the provinces. The Government recognizes that there is a problem of fragmentation and overlapping of programs and that administrative costs in some cases are probably excessive. Some actions to address these issues have been taken. A Social Cabinet has been organized under the Chief of the Cabinet with the aim of improving coordination among social programs. Improvements to data availability on social indicators and program beneficiaries are underway (some financed under the Social Protection I Project). Evaluations of a few social programs at the national level have been completed and others are in process (some financed under World Bank loans). These actions have resulted in the identification of vulnerable groups

and improvements in targeting. In the past, many employment programs in Argentina were characterized by high administrative costs, poor targeting and fraud. In 1996, the Government introduced changes in the employment programs to make them more efficient and transparent. The Bank has supported these efforts under the Social Protection I and II Projects.

3. Sector issues to be addressed by the project and strategic choices:

The Social Protection III project is a continuation of earlier efforts to reduce poverty and improve the efficiency of social spending. It is a complement to – but not a substitute for—efforts to stimulate higher employment creation which require continued high growth, labor market reform and improvement to the quality and relevance of Argentina's education system. The particular issues being addressed by the operation are as follows:

Improved Poverty Targeting

Building on the improvements realized in the first two phases of TRABAJAR, the project will continue to sharpen targeting and mechanisms to monitor and evaluate the program's poverty alleviation impact. The targeting mechanism for TRABAJAR will remain the low wage rate, which is expected to be attractive only to those who are poor and with few prospects for employment. This is combined with prior resource allocation to the provinces according to the distribution of poor unemployed persons and the use of sub-project ranking criteria which favor projects located in poor areas. Experience thus far shows the self-targeting mechanism to be effective: evaluation of TRABAJAR indicates that on average 40 percent of TRABAJAR resources have reached those in the bottom 5 percent of the income distribution, while 75 percent have benefited the bottom 20 percent. Additional technical assistance will be provided to some provinces where there is still potential to improve geographical targeting. In addition, the poorest areas of the country would be eligible to receive additional project financing for materials which should help address the obstacle of a lack of counterpart funding.

Efficiency of Social Expenditures

The project will continue to support the efforts of the Government to improve the efficiency of social programs begun under the Social Protection I Project. The Social Protection II Project supported several reforms in the design of the TRABAJAR public employment program to increase its cost-effectiveness. These included a strengthening of sub-project evaluation and supervision procedures. These efforts will continue to be supported under the proposed project and have been strengthened in some areas based on the results of the ex-post evaluation of a sample of sub-projects of TRABAJAR financed in 1997. The evaluation indicated that although the improvements in evaluation and supervision procedures had shown positive results, additional steps should be taken in order to promote higher sub-project benefits. These included: more attention to the relevance of the sub-project to the needs of the community, stricter review of the unit costs of the investments, and closer supervision to ensure satisfactory completion. This proposed project will support several improvements in the procedures of TRABAJAR in order to address these weaknesses. These include ensuring that more projects are visited during the evaluation process, providing more assistance to executing agencies during project implementation, following more closely the results of the project supervision, and organizing better the sub-project cycle.

C: Project Description Summary

1. Project components (see Annex 1):

<u>Component</u>	<u>Category</u>	<u>Indicative Costs (US\$M)</u>	<u>% of Total</u>	<u>Bank- financing (US\$M)</u>	<u>% of Bank- financing</u>
TRABAJAR Sub-projects		1,050	97.5	272	96
Project Administration		25	2.3	10	3
Monitoring and Evaluation of Employment Program		2	.2	2	1
Total		1,077	100	284	100

2. Key policy and institutional reforms to be sought:

The project would continue to support improvements in the design and implementation of the TRABAJAR public works program in Argentina with a view to maximizing the benefits for poor workers in the country, as well as for poor communities. The project would also support monitoring and evaluation of the TRABAJAR program as well as for a program to promote private employment for unemployed workers, also managed by the Ministry of Labor and Social Security. In addition, mainly through more proactive communication, efforts will be made to promote more participation by women and NGOs (see Social Assessment).

3. Benefits and target population:

Through the investments financed under the TRABAJAR program, the project would provide temporary financial assistance to poor workers, who are suffering from high levels of unemployment, and would improve social and economic infrastructure in poor communities, thereby raising living standards. The number of people that would participate in the TRABAJAR program as workers is estimated at about 300,000. It is expected that about 15,000 projects would be financed.

4. Institutional and implementation arrangements:

TRABAJAR is managed by the Ministry of Labor and Social Security, through its staff at the national, regional and provincial levels. The Ministry provides the sub-project menu, criteria and other instructions for sub-project preparation, evaluation, approval, and supervision. It also assigns the resources for each province using a formula which weights most heavily the distribution of the poor unemployed, but will also take into account implementation performance. Sub-projects can be proposed by municipalities, provinces, national agencies or organizations of civil society. The main source of sub-projects is expected to be municipalities.

All sub-projects will be evaluated by professionals (mainly engineers or architects) contracted by the provincial officers of the MTSS according to a methodology which is specified in the operational manual and incorporates economic, technical, financial, institutional, environmental, and social aspects. A data base on prices of materials as well as unit costs has been built up from previously approved projects and will be used as a basis for comparison for subsequent project proposals. For about 30 percent of sub-projects, evaluation would include a site visit. Sub-projects are labor-intensive and relatively small. The average project size is less than \$100,000 and most projects employ an average of 20 workers. The types of sub-projects eligible for financing include rehabilitation, expansion, and new construction covering: potable water, sewerage, latrines, housing, roads, urban works, irrigation, schools, health centers, and other community social infrastructure.

The sub-projects which receive a positive evaluation will be considered at monthly meetings by committees constituted at the regional level, which include Provincial Managers of Employment and Training (MTSS employees), the Regional Manager of MTSS, a representative from the national office of the MTSS, and members of civil society as observers (currently mostly provincial, business and union representatives). Sub-projects will be ranked by a point system

according to several criteria, the most important of which is the poverty level of the area in which the sub-project is located. Sub-projects will be approved up to the limit set by available funds. Payments to workers will be made by checks through the National Social Security Administration. Sub-projects will be supervised at least two times during implementation.

Up until now, TRABAJAR has financed only the costs for unskilled labor. Under the proposed project, on a pilot basis, TRABAJAR would finance also the costs of materials for selected projects in poor areas in order to improve the targeting to poor areas. These projects would have to satisfy the following criteria: (1) located in one of the 300 municipalities in which the share of the population with unsatisfied basic needs (NBI) is over 40 percent; (2) fall into the category of either potable water or social infrastructure (including education, health and sanitary facilities for those and other community infrastructure); and (3) cost no more than \$35,000. The maximum that would be financed in materials would be \$20,000 for a project. Projects would follow standard designs. An agreement signed between the Ministry and the municipality would specify the procurement procedures to be followed for material purchases and documentation would be retained at the municipality for review during sub-project supervision. Since the goods to be purchased would be standard, common construction materials, during evaluation they would also be compared against the unit cost data base. Reimbursements would be made in phases: 40 percent to be paid 10 days after project construction has begun, and 30 % in each of the following two months thereafter in an account the municipality has in the Banco de la Nacion. It is estimated that materials could be financed for up to 1,500 projects, about 10% of the total number of projects expected to be financed under the proposed loan.

Financial Management. A financial management review was carried out (see Annex 7). The review concluded that the management of the project was acceptable and met the requirements of the local authorities and the World Bank in the areas of accounting systems and procedures, planning and budgeting, and internal controls. Nevertheless, the existence of several different data bases of information relating to accounting, payments to beneficiaries, activities with UNDP and monitoring of the sub-project cycle was a problem. Staff had to spend time ensuring consistency of information which sometimes resulted in delays in recording information. In addition, since information was dispersed, standard financial reports could not be generated automatically. An integrated data base would be preferable for financial management. The review also suggested changes in the organization of the presentation of accounts. The project unit is in agreement with these recommendations. The latter suggestion can be implemented easily and will be carried out before project effectiveness. The former will take some time and depends as well on other units in the Ministry of Labor. Progress in making these improvements will be monitored during project supervision.

D: Project Rationale

1. Project alternatives considered and reasons for rejection:

Project alternatives considered and rejected included different approaches to poverty alleviation and employment creation, targeting, and the relative roles of the private and public sectors. The project takes into consideration the experience built up through the past Social Protection operations and complementarity from other government and on-going Bank and IDB-financed projects.

Poverty alleviation. One alternative project design would have been supporting another type of safety net - for example, nutritional assistance to children. One reason for rejecting this alternative is that the Bank is supporting priority social programs in other loans - Maternal and Child Health I and II and the Social Protection I Project. The focus on employment creation is justified because most of the increase in unemployment has been felt by the lower income groups in Argentina. The link between poverty and unemployment is strong.

Employment creation. Alternatives such as further reduction of payroll taxes are dependent upon the maintenance of strong fiscal performance and tax reform. While the Government has lowered payroll taxes, there are limits on what can be done while maintaining fiscal discipline. The Bank has supported labor reform through technical assistance and analytical work, but these reforms have proven difficult to implement in the current electoral cycle.

Targeting. During preparation of the Social Protection II Project, other targeting mechanisms were proposed -including a requirement that beneficiaries be the head of household. In order to ensure that the costs of participation to the poor be

as low as possible and recognizing the complexity of household labor arrangements, it was agreed to minimize the requirements for participation and to focus instead on the self-targeting mechanism of the low wage rate. This mechanism seems to be working well, as demonstrated by the results of the evaluation of TRABAJAR.

Public/Private Mix. An alternative would have been a social fund managed outside of traditional government channels and using private contractors. Experience under Social Protection II is that the MTSS-managed TRABAJAR program has sufficient transparency, objective project selection and targeting criteria, and controls. Government management of the program makes it easier to ensure that the wage rate offered will encourage self-targeting by the poor.

2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned):

Sector issue	Project	Latest Supervision (Form 590) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<u>Bank-financed</u> Protecting/Improving Efficiency of Social Safety Net	Social Protection I (Ln. 3957-AR)	S	S
Municipal Reform and Infrastructure	Social Protection II (Ln. Second Municipal Development Project (Ln. 3860-AR)	S HS	S HS
<u>Other development agencies</u> Inter-American Development Bank Job Training for Youth/Secondary School Scholarships	Programa de Apoyo a la Productividad y Empleabilidad de Jovenes		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

3. Lessons learned and reflected in proposed project design:

The lessons learned and reflected in the project design relate mainly to public works schemes and the operational procedures of social funds. The most important general conclusions which can be drawn from these experiences are as follows. One, the level of the wage rate is critical in determining the distribution of benefits from the program, as well as how well it is targeted toward the poor. Maintaining the wage at the level of the ruling market wage for unskilled labor is the best way to improve the transfer of benefits to the poor. Two, public works schemes are most appropriate in situations in which poverty is expected to be transient. They are not long-term solutions. Three, public works programs can be designed to encourage the participation of women, lower transactions costs for the poor as well as the potential cost of foregone income, and the involvement of non-governmental organizations and grass roots participation to prevent abuse. Four, it is important that the program be designed to strengthen the secondary benefits from the assets created. Effective monitoring and supervision of projects is important to ensure the quality of works.

The design of the TRABAJAR program incorporates these lessons. First, the wage rate is equivalent to the expected wage rate for households in the bottom decile of income distribution in order to maximize the transfer of benefits to the poor. Second, it is recognized that a combination of continued growth, lower payroll taxes, and labor market liberalization will be required to increase the employment generation capacity of the economy in the medium-term. A resumption of high growth in 1997 did reduce the unemployment rate. TRABAJAR is a safety net programs; it is not a long-run solution to high unemployment in Argentina. Third, the design of the TRABAJAR program includes features to promote the participation of women and lower the foregone income of the poor (for example, elimination of the requirement that the participant has to be the head of household and promotion activities) and encourage the participation

of organizations of civil society and communities (for example, technical assistance for project preparation). Four, in order to ensure adequate benefits from the assets created by the sub-projects, the TRABAJAR program has strengthened supervision and monitoring.

The project also has taken into account the results of the evaluations done for the previous projects. These included the ex-post evaluation of a sample of sub-projects and a survey of workers on the program. The ex-post evaluation of a sample of sub-projects indicated that more attention needed to be paid to increasing the relevance of the sub-projects to the needs of the community, to controlling unit costs of investments, to ensuring that projects were completed satisfactorily and to the institutional analysis of the executing agency. In order to address these weaknesses, sub-project evaluation and supervision methodologies and procedures have been modified (particularly for typologies which had experienced more problems), additional staff will be contracted in these areas and more technical assistance provided to sub-project sponsors.

4. Indications of borrower commitment and ownership:

The borrower's commitment to the TRABAJAR program (at all levels of government) has been demonstrated during 1997 by steady funding of the sharp expansion of the program and by the substantial progress made in the implementation of reforms in its design and execution over the past two years. The Government's contribution of counterpart funds under the previous project was greater than had been initially programmed.

5. Value added of Bank support in this project:

Bank support adds value in several areas. The Bank's review of TRABAJAR identified modifications in the design of the scheme to increase the efficiency of the program in making transfers to the poor. The experience of the Bank in the targeting of social programs has been applied and monitored during 1997. The knowledge gained by the Bank in social fund projects was used to improve the operating procedures of the program. Bank experience is helping in the evaluation of TRABAJAR and wage subsidies to promote employment in the private sector.

E: Summary Project Analysis (Detailed assessments are in the project file, see Annex 7)

1. Economic :

Cost Effectiveness Analysis:

The TRABAJAR program can be thought of as generating *direct benefits* (net income gain to poor workers) and *indirect benefits* (mainly the value of assets to communities). The proportion of total public expenditure on TRABAJAR (by both the MTSS and cofinancing by local government) which is accountable to the net income gain to poor workers is determined by the following four variables: (a) the budget leverage, or the amount of private financing mobilized by the project; (b) the labor intensity (or the share of the cost of unskilled labor in the total project cost); (c) the targeting performance; and (d) the proportionate net wage gain to poor participants. From the information available it is estimated that the cost of transferring \$1 to poor workers through the TRABAJAR scheme is about \$4-5 (about the same as in the previous program since the basic parameters have not changed). These calculations suggest that the case for TRABAJAR as an anti-poverty scheme rests heavily as well on establishing that the indirect benefits are of sufficient value to poor people to outweigh the extra costs that are incurred with this type of program. Several features of TRABAJAR suggest that the indirect benefits, particularly from the assets created, help tilt the balance in favor of TRABAJAR over alternative transfer-based schemes. These features include: well-defined project selection criteria and approval procedures; co-financing of non-labor project costs by local governments; and the existence of considerable administrative controls and monitoring. These aspects of TRABAJAR have in fact been strengthened during the previous project and additional efforts will be supported under this project.

An evaluation of the net benefits to workers in the TRABAJAR program is currently in preparation. Already the study indicates that the targeting of TRABAJAR to poor workers has been effective. An ex-post evaluation of a sample of projects financed under TRABAJAR during 1997 was also carried out. The preliminary findings are that most projects have satisfactory returns, but that there was room for improvements in several areas. One, the relevance of the sub-project to the needs of the community needed to be increased. In response, more technical assistance will be provided to project sponsors and the evaluation methodology has been modified in order to increase the focus on this important

aspect, including stricter enforcement of the requirement that 30 percent of projects should be visited before approval. The ex-post evaluation also indicated problems because some projects were not completed satisfactorily. As a result, supervision of projects is being tightened and extra staff contracted to resolve problems with implementing agencies. There was also evidence of high unit costs for some investments. In response, the use of unit cost comparisons during project evaluation will be enforced and the use of the data base on unit costs be made more accessible to evaluators. Finally, the institutional analysis of the executing agency will be strengthened as this has proved critical to the outcome of sub-projects.

2. *Financial:*

The project's financial impact is on the participating community, typically the municipality or community group which would take on responsibility for the counterpart requirements and the eventual operation and maintenance of the investment.

The evaluation methodology for TRABAJAR sub-projects includes an analysis of the budget proposed for all projects. In addition, for some types of projects, the standards relating to cost recovery and tariffs used in the sector are confirmed in the sub-project proposals. During the ex-post evaluation of a sample of projects, the implementation of these practices was confirmed.

The main fiscal impact is the operations and maintenance expenditures for TRABAJAR sub-projects. These are small projects (below \$100,000) and generally are sponsored by municipalities who finance on average 70 percent of the total cost. Projects proposed for the second TRABAJAR program exceeded the resources available. Since the projects are spread throughout the country, the operations and maintenance obligations are unlikely to be significant for any one municipality. The ability of the sponsoring organization to ensure the subsequent operations and maintenance of the sub-project is also considered during project evaluation. The ex-post evaluation of a sample of sub-projects financed under the second phase of TRABAJAR indicated that the issues relating to operations and maintenance were being handled adequately. Under the proposed project, an ex-post evaluation of projects which have been finished for a longer period of time would be visited in order to review the operations and maintenance arrangements.

3. *Technical:*

All TRABAJAR sub-projects will be evaluated before being submitted for approval. The evaluation methodology (See Annex 2) includes technical aspects, focusing in particular on appropriate dimensioning of the project, comparison with a data base on unit costs, and a check for compliance with existing national and local standards whenever available. Some technical weaknesses were identified in some water and sewerage projects during the ex-post evaluation of a sample of TRABAJAR projects financed under the previous project. As a result, the evaluation methodology and the requirements that these projects have to meet have been strengthened.

4. *Institutional:*

- a. **Executing agencies:** The TRABAJAR program is directed by a small team within the Directorate of Employment and Training Policies in the Ministry of Labor and Social Security. Day-to-day management is handled by the provincial Offices of Employment and Training. The staff of MTSS at both levels has been supplemented during the previous project by consultants which mainly are responsible for project evaluation and some project supervision. This arrangement is expected to continue during implementation of the Social Protection III Project. The majority of sub-projects are executed by municipalities. Their performance under the previous project was satisfactory. The performance target of completing 70 percent of sub-projects on time was met.
- b. **Project management:** The TRABAJAR program will be directed by a small unit within the directorate of Employment and Training Policies in the Ministry of Labor and Social Security. The record of project management during the Second Social Protection Project was excellent

5. *Social:*

A social assessment was carried out during project preparation. The assessment included consultations with key stakeholders in TRABAJAR, particularly municipal officials and NGOs. Overall, the participation of NGOs as sponsors of sub-projects in the TRABAJAR program increased slightly during the sharp expansion financed by the previous project and their 16 percent share compares favorably with the experience of social funds in Latin America. The improvement reflected the increased promotion and technical assistance activities undertaken by the project management and some important design changes (for example, removal of bias for high shares of project cofinancing and access to outside institutions for evaluations of projects). However, there is substantial variation among provinces. The main necessity that NGOs identified in the social assessment was more information about the program and more technical assistance in the preparation of sub-project proposals. Under the proposed project, the project coordination unit is expanding technical assistance at both the central and at the provincial level and will explore ways to improve the flow of information about the requirements and results of the program to various actors, including organizations of civil society.

In the case of poor municipalities, the main barrier to entry in TRABAJAR has been the lack of ability to prepare and execute sub-projects; and a lack of resources to finance materials. The expansion of technical assistance proposed responds to the first set of concerns and the pilot financing line for materials responds to the second. Another theme raised by the social assessment were the problems during the previous project with delays in payments to beneficiaries. Although these delays accounted for a small percentage of total payments (less than 5 percent), they were serious in some places and caused hardship for some workers. In response, in recent months the Ministry has completed an important effort to improve the system of registration and payments (particularly for replacements of workers which caused problems). These efforts already have shown positive results. Payment delays are now expected to be both much lower in number and able to be resolved easier at the level of the provincial offices of employment.

Gender. Labor force participation by females in Argentina has risen in recent years, and stands now at around 30 percent. The participation rate for males is 53 percent. Women account for slightly less than half of the total unemployed. About a fifth of poor households are headed by women. Unemployed men are more likely to be poor than are unemployed women. About 55 percent of unemployed men are in households in the bottom 20 percent of the income distribution (as measured by household income per capita) while the share for unemployed women is 40 percent. Contrary to expectations, the share of women participating in the expanded TRABAJAR program fell slightly relative to the 1996 program, from 15 to 13 percent. The variation among provinces is substantial with the share of female workers ranging from 3 to 20 percent. Additional promotional activities will be undertaken in provinces with low shares of participation by women to ensure that gender stereotypes do not preclude women from participating in projects.

Targeting. As was the case in the previous project, the main instrument used for targeting poor beneficiaries is self-targeting through the low wage rate. Preliminary data from the survey of TRABAJAR beneficiaries indicates that three-quarters of the workers were from households in the bottom two deciles of the household income distribution and about 40 percent of the workers were from households in the bottom 5 percent of the income distribution. Budget resources are distributed initially to the provinces according to the estimated distribution of poor unemployed persons. During supervision of the Social Protection II Project an analysis was carried out on the geographical targeting of the expanded TRABAJAR program during the first 5 months of execution and the results indicated, overall, a significant improvement (see "Reaching Poor Areas in a Federal System" by Martin Ravallion, March 1998). Efforts will continue under the proposed project to improve targeting, particularly in some provinces which have relatively worse performance. These include technical assistance and access to financing for materials in poor municipalities.

6. *Environmental assessment:* Environmental Category A B C

The project has been assigned a B category. The TRABAJAR subprojects to be financed under the Loan under expected to remain small (under \$100,000) and most of the environmental impacts should be predictable and subsequently avoided or mitigated with common practices. Checklists and other environmental tools have been incorporated into the evaluation methodology. The description of the methodology together with forms, etc. is included in the Operational Manual.

Environmental considerations are also incorporated into promotion and supervision activities. During supervision of the Social Protection II Project, the Bank did not find any major negative environmental impacts, but did identify improvements that could be made in the guidelines to enable the tools to be used better by the project staff and project presenters. Significant improvements were made in the area of environmental analysis and several training activities were carried out in the first half of 1998.

7. Participatory approach: Primary beneficiaries and other affected groups:

The key stakeholders are poor workers, municipalities and non-governmental organizations. The TRABAJAR program has been a demand-driven fund since its establishment in 1996. The fact that the share of organizations of civil society sponsoring sub-projects has increased even as the program sharply expanded is evidence of the participatory approach of the Government. During supervision of the Social Protection II Project and preparation for this project, visits have been made to 8 provinces to discuss the program with municipal authorities, NGOs, and beneficiaries. Discussions with municipalities, organizations of civil society and beneficiaries took place during the social assessment and influenced design changes in the proposed project. In addition, other organizations of civil society (such as the Catholic church and labor unions) participate in TRABAJAR as project sponsors, advisors and observers. Labor unions and provincial authorities have an input in setting overall priorities among viable sub-projects.

F: Sustainability and Risks

1. Sustainability:

The future scale and operation of the TRABAJAR program would depend on the level of unemployment and other economic conditions. The Argentine government expects that the need for TRABAJAR would diminish over time as the unemployment rate declines. Already, high economic growth in 1997 helped to reduce the unemployment rate from 17 percent in May to 14 percent in October 1997 and, as a result, the estimated size of the target population for TRABAJAR has decreased slightly. Nevertheless, given its demonstrated success in targeting poor workers and in financing small infrastructure projects, TRABAJAR (or similar programs) could reasonably be expected to remain a part of the social safety net in Argentina, to be used flexibly for some population groups depending on economic and social conditions. The current level of financing accounts for a small fraction of GDP and aggregate spending at the national and provincial levels and can be considered affordable under a scenario of continued fiscal discipline and control.

Moreover, the sustainability of the sub-projects financed under TRABAJAR is expected to be high given the high share of financing by local governments and the fact that many sub-projects involve remodeling, refurbishment, or expansion of existing facilities. In addition, the strengthening of the evaluation methodology (including more attention to design standards and operations and maintenance), promotion of the criteria of relevance of the project for the community, and close supervision has contributed to sustainability of the sub-projects. In the area of cost recovery, the evaluation methodology includes a stipulation that the local practices for particular types of sub-projects (for example, basic sanitation, street paving, etc.) would be applied for any project financed by the TRABAJAR program. The ex-post evaluation of a sample of sub-projects financed and completed under the previous project confirmed that the arrangements for operations and maintenance as well as cost recovery were generally satisfactory. Another ex-post evaluation of completed projects is planned under the proposed project to ensure that these arrangements are continued over a longer period of time.

2. *Critical Risks (reflecting assumptions in the fourth column of Annex 1):*

<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
Annex 1, cell "from Outputs to Objective"		
Poor TRABAJAR outcomes on targeting to poor workers and projects with low value to poor communities	Low	Self-targeting of workers, strengthening of sub-project evaluation and supervision, close monitoring and evaluation.
Annex 1, cell "from Components to Outputs"		
Lack of government budgetary support for TRABAJAR	Low	Sufficient budget allocation to be confirmed during negotiations.
Overall Risk Rating	Low	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

3. *Possible Controversial Aspects:*

None

G: Main Loan Conditions

1. *Effectiveness Conditions:*

No special effectiveness conditions.

2. *Other*

Utilization of Project Funds

- The Borrower would ensure that the wage rates applicable to the services of temporary and fixed term workers for sub-projects shall not exceed Arg\$200/mo. (Section 3.05)
- The Borrower would forward to the Bank for its review the relevant documentation for all Sub-projects estimated to cost more than \$350,000 equivalent after the sub-projects have been approved by the Project Management Unit (Section 3.06)

Management of Project

- The Project will be carried out in accordance with an Operational Manual acceptable to the Bank (Section 3.06 of the Loan Agreement), and will be managed by a Project Management Unit with functions and key staff with qualifications and experience acceptable to the Bank (Section 3.04 of the Loan Agreement).

H. Readiness for Implementation

The engineering design documents for the first year's activities are complete and ready for the start of project implementation. Not applicable.

The procurement documents for the first year's activities are complete and ready for the start of project implementation. Not applicable.

The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.

I. Compliance with Bank Policies

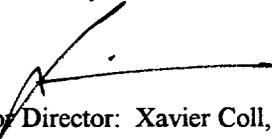
This project complies with all applicable Bank policies.

The following exceptions to Bank policies are recommended for approval:

Local Cost Financing. The high share of local cost financing is a consequence of the main objective of the project—through the financing of labor-intensive social and economic infrastructure investments, the living standards of poor communities would be raised and employment created for poor workers. It is justified by the need to provide a safety net for poor households who have been most adversely affected by unemployment in Argentina. The fact that the resources for the program will be targeted to Argentina's poorest areas also justifies local cost financing. Given the objective of the Government to expand the program substantially in order to have a significant impact on the poor, and the stringent fiscal policy being implemented by the Government, it is our judgment that the financial requirements of the program would exceed the limits of available local savings and expected foreign exchange resources. The project complies with all other applicable Bank policies.



Task Manager: Polly Jones, LCSHD



Acting Sector Director: Xavier Coll, LCSHD



Country Director: Myrna Alexander, LCC7C

Annex 1
Project Design Summary
Argentina: Social Protection III

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
Sector-related CAS Goal: Enhance social development, including by strengthening the social safety net and reducing unemployment	Poverty indicators (headcount, etc.), net benefit to workers	Government statistics	(Goal to Bank Mission) The critical assumptions are that a stronger social safety net would alleviate poverty in the short-run, while economic growth and the consolidation and deepening of reforms, including in the labor market, would provide the basis for sustained poverty reduction.
Project Development Objectives: Support a social safety net program which through financing for small infrastructure projects, provides employment to poor workers and improves the living standards in poor communities.	Poverty indicators (headcount, etc.), net benefit to workers	Official Government statistics; results of evaluation study of participants of TRABAJAR	(Objective to Goal) A critical assumption is that the increase in poverty in 1995-96 was strongly related to unemployment.
Outputs: Small infrastructure projects and temporary jobs for poor workers	No. of workers hired for projects; payments made to beneficiaries; extent to which projects are targeted to poor areas; quality of investments financed, including timely completion of projects	Monitoring system of TRABAJAR program; results of supervision of projects; ex-post evaluation of a sample of projects	A critical assumption is that design of the program results in self-targeting to poor workers and investments in projects which have value to poor communities
Project Components/Sub-components: Financing for Sub-projects under the TRABAJAR program Project Management, Supervision and Evaluation	Inputs: TRABAJAR Program Budget	Monitoring system of TRABAJAR program	(Components to Outputs) Timely release of budget for TRABAJAR program. Sufficient demand for projects to be financed by TRABAJAR

Annex 2

Third Social Protection Project Project Description

Project Component 1 - TRABAJAR Program - US\$ 1050 million (total cost of component)

Sub-projects will be presented by municipal and provincial governments, private groups, and national organizations. The menu of projects which are eligible for financing by the TRABAJAR III program includes minor construction, repair, expansion, or remodeling for schools, health facilities, basic sanitation facilities, small roads and bridges, culverts and canals, community kitchens and centers, tourist centers, low-cost housing, and community services. More detail (including restrictions and special requirements in some cases) for each category of project are contained in the Operational Manual.

Project Component 2 - US\$ 25 million (total cost of component)

Project management and supervision costs.

Project Component 3 – US\$ 2 million

Evaluation and monitoring of the TRABAJAR program, as well as for other employment programs operated by the MTSS. Evaluation of the TRABAJAR program will include ex-post evaluations of sub-project quality. Some of these evaluations will focus on special topics, such as experience with sub-project operations and maintenance, specific project categories, and problems of executing agencies. Draft terms of reference for these studies have been agreed with the Government and are in the Project file (Annex 7).

Component 1 (TRABAJAR) Project Cycle

1. Project Promotion. Most promotion activities would take place at the provincial level, with the assistance of the central project coordination unit. These would include activities for NGOs and community groups designed to provide technical assistance in the presentation of sub-projects for financing under the program. These activities will be expanded under the proposed project.
2. Project Presentation. The MTSS has established the guidelines for presentation of sub-projects. The menu of activities eligible for financing includes the following: construction, extension, remodeling and rehabilitation, schools, basic sanitation systems, small roads, bridges, culverts, weirs, and canals, health facilities, community kitchens and other centers, low-cost housing and community services. More details regarding eligibility for each category are spelled out in the operational manual and the guide for presentation of sub-projects. Sub-projects must be completed within 3-6 months. The application form includes information on executing agencies, total cost, benefits expected (including a description of the community, role of the community in project selection, and implementation and supervision), and location of the sub-project. Completed applications are presented to the provincial Managers of Employment and Training Programs where they are screened for completeness of information and compliance with the eligibility criteria.
3. Project Evaluation. Each sub-project will be evaluated by trained professionals, who will generally be contracted at the provincial level. For about 30 percent of the sub-projects this will include a site visit. The methodology to be used for evaluation covers economic, technical financial, institutional, environmental, and social aspects of the sub-project and incorporates checks on costs using a data base of unit cost comparisons for similar types of sub-projects. It was

developed during project preparation of the previous project, drawing from the experience with social funds. Based on experience under the previous project and the results of the ex-post evaluation of a sample of sub-projects the evaluation methodology and formats for presentation of projects have been modified in several areas. Details of the revised methodology are contained in the operational manual.

4. Project Approval. Once a sub-project is judged to be viable on economic, technical and other grounds, it is ranked according to specific criteria. These criteria are explained in both the operational manual and the guide for presentation of projects. Sub-projects are given points depending on the extent of poverty in the area where the sub-project is located (highest weight), the coverage of previous sub-projects, the project category, previous performance of the implementing agency under TRABAJAR, the priority assigned by the province and labor conditions. Sub-projects are submitted every month to one of five regional committees. The members of the committees are the Provincial Managers of Employment and Training, the Regional Director of the MTSS, a representative of the national office of the MTSS, as well as in some cases non-voting representatives of civil society. The committees will review projects and approve projects based on their rankings up to the limit of the resources assigned to each province. Once a sub-project is approved by the committee, a resolution is issued by the MTSS listing the names of the project and the amounts of financing from the TRABAJAR program for each.

5. Project Implementation and Financing and Payment of Workers. Once a sub-project is approved, the executing agency has to present to the Provincial Manager of Employment and Training Programs, the list of workers on the project. Executing agencies can choose such workers if they wish from lists of unemployed workers wherever they are available from MTSS offices. Inclusion on such a list is not a prerequisite for working on a sub-project. The list of workers is verified and checked in the provincial office and the information passed on to the national office of ANSeS where additional verification is done. Checks are issued to each worker once a month for the previous month's work. Depending on the location of the sub-project, workers receive their checks at a bank or at the post office. Workers sign for their checks and this information is returned to the national office within 30 days of the initial receipt of the checks for the workers.

6. Under the proposed project, on a pilot basis, TRABAJAR would finance also the costs of materials for selected projects in poor areas in order to further improve targeting. These projects would have to satisfy the following criteria: (1) located in one of the 300 municipalities in which the share of the population with unsatisfied basic needs (NBI) is over 40 percent; (2) fall into the category of either potable water or social infrastructure (including education, health and sanitary facilities for those and other community infrastructure); and (3) cost no more than \$35,000. The maximum amount that would be financed in materials would be \$20,000 per project. Projects would follow standard designs. The agreement that would be signed between the Ministry and the municipality would specify the procurement procedures to be followed for material purchases (generally local shopping) and documentation would be retained at the municipality for review during sub-project supervision. Since the goods to be purchased would be standard, common construction materials, during evaluation they would also be compared against the unit cost data base. Reimbursements would be made in phases: 40 percent, 10 days after project construction has begun, and 30 percent in each of the following two months thereafter, in an account the municipality has in the Banco de la Nacion. It is estimated that materials could be financed for up to 1,500 projects, about 10% of the total number of projects expected to be financed under the proposed loan.

7. Project Supervision. Each sub-project would be supervised by trained professionals, generally contracted at the provincial level. Generally each project would be supervised at least two times during execution, once at the beginning of implementation before the first payment to workers is authorized and once when the project is near to complete, before the final payment to workers is authorized. For some projects there would also be visited mid-way in project execution. Technical assistance would also be provided to those executing projects, focusing in particular on cases where supervision identified problems.

Annex 3
Third Social Protection Project
Estimated Project Costs

<u>Project Component</u>	Local	Foreign	Total
	-----US \$ million-----		
TRABAJAR Sub-projects	900	150	1,050
Project Administration	25	0	25
Project Monitoring and Evaluation	2	0	2
Total	927	150	1,077
Total Baseline Cost¹	927	150	1,077
Physical Contingencies			
Price Contingencies			
<u>Total Project Cost</u>	927	150	1,077

¹ Since most of the project cost is accounted for by financing for sub-projects and physical targets are not the principal objective, no contingencies have been provided for sub-projects. Any increase in the average subproject cost would be reflected in a smaller number of subprojects being implemented. Given the projected 18-month execution period for the project, no contingencies have been calculated for project administration either.

Annex 4 Monitoring Indicators

I. Project Cycle

(1) No. of Projects (overall and by province and by project category):

- (1) presented
- (2) evaluated
- (3) determined to be viable
- (4) approved
- (5) never started
- (6) started on time
- (7) projects with delayed starts (1 mo., 2 mo. etc.)
- (8) paralyzed
- (9) finalized
- (10) started, but never completed

* (2) Percentage of sub-projects completed satisfactorily (can be used)

II. Direct beneficiaries (overall and by province)

- * (1) No. of workers entering the program
- (2) No. of beneficiaries (total) employed in sub-projects
- (3) No. of beneficiaries/project (average and range by province)
- (4) Key characteristics of beneficiaries: sex, age, previous economic activity, education level, family structure
- (5) Wages paid/mo. (av. by province and overall)

III. Budget/Process Indicators

- (1) Amount executed/amount assigned/by province
- (2) No. of sub-projects appraised/evaluator/mo (overall and by province)
- (3) Projects visited for evaluation/total projects/mo (overall and by province)
- (4) No. of projects supervised/supervisor/mo
- (5) Supervision visits/project/mo (overall and by province)
- (6) Av. no. of supervision visits/project during its execution (overall and by province)

IV. Coverage Indicators

Jobs provided/estimated target population/by province/for country

V. Beneficiary Payments

- (1) Payments paid by ANSeS/payments authorized by MTSS
- * (2) Accumulated Payments to Beneficiaries
- (3) Payments confirmed by beneficiaries/Payments paid by ANSeS
- (4) Beneficiaries experiencing payment delays/total beneficiaries

VI. Project outputs and costs (overall and by province)

- (1) Number of projects by type
- (2) Share of projects which finance new construction (by type of project)
- (3) Average cost (and range)/project category
- (4) Average share of labor cost (and range)/by project category

VII. Extent of Targeting to Poor Areas/Participation

- (1) Correlation of Projects (number and total expenditures) with incidence of poverty, number of unemployed poor, etc./within country and within provinces
- (2) % of projects sponsored by NGOs, municipalities, etc. (overall and by province)
- (3) % of projects with participation of NGOs, etc. (overall and by province)

* Indicates monitoring indicators which will be included in the supplemental letter of the loan agreement and for which benchmarks have been set.

Annex 5

Third Social Protection Project Procurement and Disbursement Arrangements

Procurement

A large proportion of the loan would not involve procurement as the Bank would reimburse the Government for remuneration paid to qualified beneficiaries of the TRABAJAR employment program. This procedure is currently being used for financing provided to the Government under the on-going Social Protection (3957-AR) and Second Social Protection Loans (4195-AR).

Procurement for equipment, office supplies and materials for selected sub-projects would be handled using either NCB or shopping depending on the value of the contract. Goods would be procured in accordance with the provisions of the *Guidelines, Procurement under IBRD Loans and IDA Credits* (January 1995, as revised in January and August 1996 and September 1977). In the case of materials for sub-projects, agreements signed between the Ministry of Labor and Social Security with the municipality sponsoring the project would specify the procurement procedure to be followed. The procedures also are set out in the operational manual. The cost of each selected sub-project would not exceed \$35,000 with a maximum of \$20,000 of materials financed for each project. The projects would follow standard, basic designs and be limited to a few specific types (potable water, social infrastructure, sanitary infrastructure). The materials are expected to be mainly off-the-shelf, standard construction items and the value of the contract for any one item would usually be relatively small. Wherever possible, municipalities would use local shopping and documentation would be maintained at the municipality for review during supervision. In some rural, isolated areas, it may not be practical or feasible to obtain quotations from more than one supplier. In those cases, direct contracting for purchases of materials would be permitted for individual contracts below \$5,000 up to an aggregate amount of \$10 million. The costs of the common construction materials would be compared against the unit cost data base during sub-project evaluation. Municipalities would be reimbursed for the cost of materials in phases and upon the receipt of information regarding project execution.

Consulting services related to project management would be contracted following the *Guidelines for Use of Consultants by World Bank borrowers* (February 1997). Most of the contracts are expected to be for individuals and below \$100,000. For these contracts, it is expected that consultants would be selected according to their qualifications. Single-source selection would be used only in exceptional cases, and with one exception, only for contracts below \$100,000. The project is expected to use the services of the UNDP to provide administrative support on tasks related to project management. The cost of this contract is slightly below \$200,000. The choice of UNDP by the Government is based on their prior experience with similar projects.

Procurement methods (Table A)

Prior review thresholds (Table B)

Disbursement

The proceeds of the proposed loan are expected to be disbursed over a period of 18 months. The project completion date would be December 31, 1999 and the Loan closing date is June 30, 2000. Retroactive financing of up to 10 percent of the loan or US\$28 million would be available to cover eligible expenditures incurred after May 1, 1998, but no more than 12 months prior to loan signing.

Required Documentation. Withdrawal applications for consultant services with a contract value of \$100,000 or more, and \$50,000 or more for the employment of firms and individual consultants, respectively, would be supported by full documentation. Disbursements would be made on the basis of **Statements of Expenditures (SOEs)** against eligible expenditures not undertaken by contract which would cover payments of remuneration of temporary workers in the TRABAJAR program and the materials financed for selected projects. Supporting documentation for these expenditures would be maintained by the Ministry of Labor and Social Security, and would be available for periodic review by the Bank. The preparation of the withdrawal applications and SOEs and the organization of the supporting documentation is the responsibility of a team in the MTSS led by an administrative officer.

Allocation of loan proceeds (Table C)

Special Account. A special account of US\$30 million would be opened for this project in the *Banco de la Nacion*. The MTSS would submit replenishment applications for the Special Account on a monthly basis, or whenever 20 percent of the authorized allocation has been used, whichever occurs first. The replenishment applications will be supported by the necessary documentation: a bank statement of the Special Account and a reconciliation bank statement of the Special Account against the Bank's records. Replenishment of the Special Account would follow Bank procedures. The Special Account would be audited annually by independent auditors acceptable to the Bank. The audit report would be submitted to the Bank for review and approval within six months of the end of the fiscal year.

Table A: Project Costs by Procurement Arrangements
(in US\$million equivalent)

Expenditure Category	Procurement Method				Total Cost (including contingencies)
	ICB	NCB	Other	N.B.F	
1. <u>Works</u>				720	720
2. <u>Goods</u>					
Computer and Office Equipment and Supplies		0.5 (0.5)	0.5 (0.5)		1.0 (1.0)
Materials for Selected TRABAJAR Sub-projects			30 (30)		30 (30)
3. <u>Services</u>					
Consultancy Services (including per diems, and media services)			11 (11)		11 (11)
Financial Services (service charge to process payments to workers)				10.0	10.0
Project Administration				5.0	5.0
4. Remuneration for Temporary/Fixed Term Staff (TRABAJAR Program)			300 (242)		300 (242)
<u>Total</u>		0.5 (0.5)	341.5 (283.5)	735	1077 (284)

Note: N.B.F. = Not Bank-financed (includes elements procured under parallel cofinancing procedures, consultancies under trust funds, any reserved procurement, and any other miscellaneous items.

Table B: Thresholds for Procurement Methods and Prior Review¹

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review / Estimated Total Value Subject to Prior Review
	US \$ thousands		US \$ millions
1. <u>Works</u>	N/A	NBF	None
2. <u>Goods</u>	100 to 350	NCB	First two contracts
	100 to 5	Shopping	None
	< 5,000	Direct contracting	None
3. <u>Services</u>			
<i>Firms</i>	>100,000	Bank Guidelines	All
	<100,000	Bank Guidelines	Review of TORs only
<i>Individuals</i>	>50,000	Bank Guidelines	All
	<50,000	Bank Guidelines	Review of TORs only
4. Remuneration for Temporary/Fixed Term Staff (TRABAJAR) ²			

Total value of contracts subject to prior review:

1.0 mill.

¹ Exemption from prior review does not apply to consultant contracts below thresholds in cases of single-source selection of firms, assignments of a critical nature, and amendments to contracts raising the original value above the threshold.

² The Bank will review all subproject proposals estimated to cost over \$350,000.

Table C: Allocation of Loan Proceeds

Expenditure Category	Amount in US\$million	Financing Percentage
1. Services:		
(a) Remuneration for Temporary/Fixed Term Staff (TRABAJAR)	242	80%
(b) Consulting Services	11	100 %
2. Goods		
Equipment and Supplies	1	100 % of foreign and 50 % of local expenditures
Materials for selected TRABAJAR sub-projects	30	80%
Total	284	

Annex 6
Third Social Protection Project
Project Processing Budget and Schedule

A. Project Budget (US\$000)	<u>Planned</u> (At final PCD stage) \$116,000	<u>Actual</u> \$94,500 (as of 6/2/98)
B. Project Schedule	<u>Planned</u> (At final PCD stage)	<u>Actual</u>
Time taken to prepare the project (months)	7 months	
First Bank mission (identification)	11/05/1998	11/05/1998
Appraisal mission departure	4/13/1998	4/25/1998
Negotiations	5/11/1998	5/8/1998
Planned Date of Effectiveness	9/30/1998	9/30/1998

Prepared by: Ministry of Labor and Social Security

Preparation assistance: N/A

Bank staff who worked on the project included:

<u>Name</u>	<u>Specialty</u>
Polly Jones	Project Management and Design
Martin Ravallion	Economic Analysis, Poverty and Evaluation Design
Maria Claudia Vasquez	Engineer and Sub-Projects Economic Analysis
Christian Hurtado	Engineer and Sub-project Supervision
Armando Godinez	Sub-project Supervision and Social Aspects
Sandra Cesilini	Social Assessment and NGO participation
Karla McEvoy	Environmental Issues and Project Administration
Ruth Izquierdo	Project Assistant
Martin Rama, Kalanidhi Subbarao, Zafiris Tzannatos (Peer Reviewers)	Labor Economists, Poverty, Social Protection

Annex 7
Argentina Third Social Protection Project
Documents in the Project File*

- A. **Project Implementation File**
 - Revised Operational Manual
 - Application and Guide for Presentation of Projects
 - Supervision Methodology
 - Technical Assistance Plan

- B. **Bank Staff Assessments**
 - Cost-Effectiveness Analysis (Ravallion BTO)
 - Evaluation of Project Quality TRABAJAR (1998)
 - Social Assessment
 - Financial Management Review

- C. **TOR for Project Evaluation Studies**

***Including electronic files**

Annex 8
Argentina
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of 30-Apr-98
(In US Dollar Millions)

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1960/95/97	Acindar	36.25	16.43	10.00	63.33	11.25	16.43	10.00	13.33
1977/84/86/88/94/96	Alpargatas	24.23	6.05	6.37	89.29	19.23	6.05	6.37	48.79
1978/81/86/87/91/93/96	Minetti	10.00	0.00	10.00	30.00	10.00	0.00	10.00	30.00
1986/89/91/97	Banco Roberts-AL	10.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00
1987	BGN-TBR	.11	0.00	0.00	0.00	.11	0.00	0.00	0.00
1987/89	BGN-Bolland	.13	0.00	0.00	0.00	.13	0.00	0.00	0.00
1987/89/90/96/97	Terminal 6	19.19	0.00	0.00	18.42	13.54	0.00	0.00	11.07
1987/92	BRLP	8.51	0.00	0.00	.58	.97	0.00	0.00	.58
1988/93	Bunge y Born	3.19	0.00	0.00	24.06	3.19	0.00	0.00	24.06
1989	BGN-Algodonera	.16	0.00	0.00	0.00	.16	0.00	0.00	0.00
1989	BGN-Ferrum	.50	0.00	0.00	0.00	.50	0.00	0.00	0.00
1989	BGN-FRIGOTOBA	.08	0.00	0.00	0.00	.08	0.00	0.00	0.00
1989	BGN-Interpack	.15	0.00	0.00	0.00	.15	0.00	0.00	0.00
1989	BGN-Parafina	.38	0.00	0.00	0.00	.38	0.00	0.00	0.00
1989	BGN-Willmor	.41	0.00	0.00	0.00	.41	0.00	0.00	0.00
1989	ROB-COMESI	.09	0.00	0.00	0.00	.09	0.00	0.00	0.00
1989	ROB-INTA	.09	0.00	0.00	0.00	.09	0.00	0.00	0.00
1989/96	Banco Frances	4.82	0.00	0.00	.13	4.82	0.00	0.00	.13
1990	CIP	0.00	.08	0.00	0.00	0.00	.08	0.00	0.00
1990/94	Petroken	19.39	0.00	5.00	3.65	19.39	0.00	5.00	3.65
1991	BCA	1.26	0.00	0.00	1.60	1.26	0.00	0.00	1.60
1991	ROB-Longvie	.11	0.00	0.00	0.00	.11	0.00	0.00	0.00
1992	FEPSA	6.95	0.00	0.00	5.87	6.95	0.00	0.00	5.87
1992	Oleaginoso Oeste	5.35	0.00	5.00	7.15	5.35	0.00	5.00	7.15
1992	Rioplátense	5.33	1.00	0.00	1.67	5.33	1.00	0.00	1.67
1992	San Jorge	0.00	27.00	0.00	0.00	0.00	0.00	0.00	0.00
1992/93/96	Malteria Pampa	11.49	0.00	1.00	9.20	11.49	0.00	1.00	9.20
1992/95	Bridas	36.29	0.00	0.00	60.30	36.29	0.00	0.00	60.30
1993	Argentina Equity	0.00	4.00	0.00	0.00	0.00	4.00	0.00	0.00
1993	Nuevo Central	5.63	3.00	0.00	8.75	5.63	3.00	0.00	8.75
1993	Yacylec	7.70	5.04	0.00	23.25	7.70	5.04	0.00	23.25
1993/94	Molinos	0.00	5.55	0.00	0.00	0.00	5.55	0.00	0.00
1994	Aceitera General	13.75	10.00	0.00	0.00	13.75	10.00	0.00	0.00
1994	BGN	12.00	0.00	3.00	0.00	12.00	0.00	3.00	0.00
1994	LBAR	0.00	1.17	0.00	0.00	0.00	.64	0.00	0.00
1994	LBAV	0.00	3.62	0.00	0.00	0.00	3.62	0.00	0.00
1994	Quilmes	11.07	0.00	0.00	8.75	11.07	0.00	0.00	8.75
1994/95	EDENOR	16.25	0.00	15.00	66.50	16.25	0.00	15.00	66.50
1994/95/96	Aguas	70.22	7.00	0.00	219.11	70.22	7.00	0.00	219.11
1994/95/97	La Maxima	0.00	14.39	4.00	0.00	0.00	12.12	3.96	0.00
1995	Banco Roberts	0.00	0.00	20.00	0.00	0.00	0.00	20.00	0.00
1995	CEPA	11.00	0.00	0.00	2.40	11.00	0.00	0.00	2.40
1995	Mastellone	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1995	Nahuelsat	27.50	5.00	0.00	0.00	27.50	5.00	0.00	0.00
1995	SanCor	17.50	0.00	20.00	21.00	17.50	0.00	20.00	21.00

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1995	Socma	20.84	0.00	0.00	50.00	20.84	0.00	0.00	50.00
1995	SIDECO	0.00	15.00	0.00	0.00	0.00	15.00	0.00	0.00
1995	Terminales Port.	9.00	2.00	0.00	0.00	9.00	2.00	0.00	0.00
1995	Tower Fund	0.00	15.73	0.00	0.00	0.00	8.25	0.00	0.00
1995	Tower Fund Mgr	0.00	.14	0.00	0.00	0.00	.04	0.00	0.00
1995/97	Kleppe/Caldero	11.29	0.00	0.00	0.00	7.79	0.00	0.00	0.00
1996	Zanon	14.00	0.00	6.00	0.00	14.00	0.00	6.00	0.00
1996	Banco Galicia	30.00	0.00	0.00	200.00	30.00	0.00	0.00	200.00
1996	Bansud	25.00	0.00	0.00	0.00	4.90	0.00	0.00	0.00
1996	Brahma - ARG	17.79	0.00	0.00	29.70	17.79	0.00	0.00	29.70
1996	CAPSA	12.00	0.00	5.00	33.00	12.00	0.00	5.00	33.00
1996	Grunbaum	7.50	0.00	2.00	5.00	7.50	0.00	2.00	5.00
1996	MBA	0.00	.16	0.00	0.00	0.00	.16	0.00	0.00
1996	Neuquen Basin	0.00	26.40	0.00	0.00	0.00	20.52	0.00	0.00
1996	Refisan	20.00	0.00	0.00	30.00	20.00	0.00	0.00	30.00
1996	Transconor	25.00	0.00	20.00	210.00	25.00	0.00	20.00	210.00
1997	FRIAR	10.00	0.00	2.50	7.00	10.00	0.00	2.50	7.00
1997	Guipeba	15.00	0.00	5.00	0.00	15.00	0.00	5.00	0.00
1997	Milkaut	10.00	0.00	10.00	5.00	10.00	0.00	10.00	5.00
1997	T6I	10.00	0.00	5.00	30.00	10.00	0.00	5.00	30.00
1997	Vicentin	25.00	0.00	0.00	10.00	25.00	0.00	0.00	10.00
1998	FAID	0.00	5.00	0.00	0.00	0.00	.96	0.00	0.00
1998	Patagonia	5.00	0.00	1.00	0.00	2.00	0.00	1.00	0.00
Total Portfolio:		664.50	173.76	155.87	1,274.71	594.71	126.46	155.83	1,176.86

Approvals Pending Commitment

		Loan	Equity	Quasi	Partic
1996	AGUAS III - INC	15.00	0.00	0.00	75.00
1997	ARGIE MAE	0.00	.40	0.00	65.00
1998	AUTCL	12.00	0.00	0.00	0.00
1998	AYG	.45	0.00	0.00	0.00
1997	BANCO DEL SUQUIA	0.00	0.00	10.00	0.00
1998	F.V. S.A.	12.00	0.00	4.00	0.00
1993	FEPSA (II)	0.00	0.00	0.00	4.00
1998	HOSPITAL PRIVADO	10.60	0.00	0.00	0.00
1998	PATAGONIA FUND	0.00	20.00	0.00	0.00
1997	TGN II BLINC	0.00	0.00	0.00	10.00
Total Pending Commitment:		50.05	20.40	14.00	154.00

Annex 9
Status of Bank Group Operations in Argentina
IBRD Loans and IDA Credits in the Operations Portfolio

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/		Last ARPP Supervision Rating b/	
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm Rev'd	Dev Obj	Imp Prog
Number of Closed Loans/credits: 56												
Active Loans												
AR-PE-5968	IBRD 28540	1987	SEGBA	SEGBA V	276.00	0.00	0.00	62.96	62.95	0.00	S	S
AR-PE-6009	IBRD 32970	1991	GOVT OF ARGENTINA	INA AG SERVICES&INST DEV	33.50	0.00	0.00	1.55	1.33	1.19	S	S
AR-PE-5977	IBRD 32810	1991	ARGENTINE REPUBLIC	WTR SUPPLY II	100.00	0.00	36.00	22.86	58.87	1.00	S	S
AR-PE-6005	IBRD 32800	1991	REPUBLIC OF ARGENTINA	PROVINC DEV PROJ	200.00	0.00	0.00	22.48	22.46	0.00	S	S
AR-PE-6034	IBRD 34600	1992	GOVERNMENT	TAX ADMIN II	20.00	0.00	0.00	.12	.11	0.00	S	S
AR-PE-6003	IBRD 36110	1993	GOVT OF ARGENTINA	INA RD MAINT & REHAB SCT	340.00	0.00	0.00	87.98	71.50	0.00	S	S
AR-PE-6036	IBRD 35200	1993	GOVERNMENT	YACYRETA II	300.00	0.00	0.00	1.01	1.00	0.00	S	S
AR-PE-6062	IBRD 37100	1994	MIN OF ECONOMY	CAPITAL MKT TA	8.50	0.00	0.00	3.22	3.20	0.00	S	S
AR-PE-6025	IBRD 36430	1994	GOVT OF ARGENTINA	INA MTNAL CHILD HLTH & N	100.00	0.00	0.00	25.00	14.37	0.00	S	S
AR-PE-6018	IBRD 38770	1995	ARGENTINE REPUBLIC	PROV DEVT II	225.00	0.00	0.00	205.21	22.21	0.00	U	S
AR-PE-6060	IBRD 38600	1995	GOVT OF ARGENTINA	MUNIC DEVT II	210.00	0.00	0.00	177.51	-12.81	0.00	HS	HS
AR-PE-5992	IBRD 37940	1995	GOVT OF ARGENTINA	INA SECONDARY ED I	190.00	0.00	0.00	149.58	112.62	0.00	S	U
AR-PE-45687	IBRD 40040	1996	REP. OF ARGENTINA	H.INSURANCE TA	25.00	0.00	0.00	9.87	.29	0.00	HS	S
AR-PE-6057	IBRD 39710	1996	GOV'T OF ARGENTINA	SECNDARY ED 2	115.50	0.00	0.00	109.71	43.91	-5.79	S	S
AR-PE-38883	IBRD 39600	1996	REPUBLIC OF ARGENTINA	ENT.EXPORT DV.	38.50	0.00	0.00	27.77	26.93	1.10	S	S
AR-PE-37049	IBRD 39580	1996	GOVT OF ARGENTINA	PUB.INV.STRENGTHG	16.00	0.00	0.00	15.50	8.98	0.00	U	U
AR-PE-35495	IBRD 39570	1996	SEC.OF SOC.DEVIT (OFFICE	SOCIAL PROTECTION	152.00	0.00	0.00	5.29	5.29	0.00	HS	U
AR-PE-6040	IBRD 39480	1996	GOVERNMENT	FORESTRY/DV	16.00	0.00	0.00	13.21	.42	0.00	S	S
AR-PE-6030	IBRD 39310	1996	REPUB OF ARGENTINA	PROVCL HLTH SCTR DEV	101.40	0.00	0.00	91.59	41.35	0.00	HS	S
AR-PE-6055	IBRD 39270	1996	GOVT. OF ARGENTINA	MINING SCTR DEVT	30.00	0.00	0.00	10.31	-1.71	0.00	S	S
AR-PE-40904	IBRD 39260	1996	REPUBLIC OF ARGENTINA	BANK REFORM	500.00	0.00	0.00	166.00	166.00	0.00	S	S
AR-PE-34091	IBRD 39210	1996	REP OF ARGENTINA	HIGHER ED REFORM	165.00	0.00	0.00	135.54	78.22	44.55	S	S
AR-PE-49268	IBRD 41950	1997	ARGENTINE REPUBLIC	SOC.PROTECT.2	200.00	0.00	0.00	31.04	-85.62	0.00	S	S
AR-PE-43418	IBRD 41680	1997	REPUBLIC OF ARG	AIDS PREV.&STD CTRL	15.00	0.00	0.00	14.02	1.27	0.00	S	S
AR-PE-6059	IBRD 41640	1997	ARGENTINE REPUBLIC	MTL.CHD.HTH.2	100.00	0.00	0.00	96.67	1.67	0.00	S	S
AR-PE-39584	IBRD 41630	1997	GOVT OF ARGENTINA	B.A.URB.TSP	200.00	0.00	0.00	198.26	21.60	0.00	S	S
AR-PE-6010	IBRD 41500	1997	GOA	PROV AG DEVT I	125.00	0.00	0.00	125.00	6.47	0.00	S	S
AR-PE-46821	IBRD 41310	1997	GOVT.OF ARG	PENSION TA	20.00	0.00	0.00	16.71	2.42	0.00	S	S
AR-PE-6052	IBRD 41170	1997	GOVT OF ARGENTINA	FLOOD PROTECTION	200.00	0.00	0.00	198.79	6.79	0.00	S	S
AR-PE-5980	IBRD 40930	1997	GOVT OF ARGENTINA	PROV ROADS	300.00	0.00	0.00	298.99	35.32	0.00	S	U
AR-PE-40808	IBRD 40850	1997	GOA	N.FOREST/PROTC	19.50	0.00	0.00	18.59	-.58	0.00	S	S
AR-PE-50713	IBRD 43140	1998	MINISTRY OF ECONOMY	MODEL COURT DEV.	5.00	0.00	0.00	5.00	.10	0.00	S	S
AR-PE-50714	IBRD 43130	1998	REPUBLIC OF ARGENTINA	SECOND.ED 3	119.00	0.00	0.00	119.00	17.30	0.00	S	S
AR-PE-52590	IBRD 42950	1998	REPUBLIC OF ARGENTINA	NAT HWY REHAB&MAINT	450.00	0.00	0.00	450.00	0.00	0.00	S	S
AR-PE-55477	IBRD 42820	1998	GOVT OF ARGENTINA	MINING TA	39.50	0.00	0.00	39.50	0.00	0.00	S	S
AR-PE-6050	IBRD 42810	1998	REP OF ARGENTINA	POLLUTION MGT.	18.00	0.00	0.00	18.00	.07	0.00	S	S
AR-PE-55935	IBRD 42730	1998	GOVERNMENT	EL NINO EMERGENCY	42.00	0.00	0.00	42.00	4.34	0.00	S	S
AR-PE-6006	IBRD 42210	1998	MIN. OF ECONOMY	P.RFM(TUCUMAN)	100.00	0.00	0.00	100.00	55.00	0.00	S	S
AR-PE-51694	IBRD 42200	1998	GOVERNMENT	P.RFM(S.JUAN)	50.00	0.00	0.00	50.00	10.00	0.00	S	S
AR-PE-51693	IBRD 42190	1998	GOVERNMENT	P.RFM(SALTA)	75.00	0.00	0.00	30.00	0.00	0.00	HS	HS
AR-PE-51695	IBRD 42180	1998	GOVERNMENT	P.RFM(R.NEGRO)	75.00	0.00	0.00	50.00	8.34	0.00	S	S
AR-PE-6041	IBRD 42120	1998	GOVERNMENT	SMALL FARMER DV.	75.00	0.00	0.00	75.00	5.54	1.00	S	S
Total					5,390.40	0.00	36.00	3,320.84	817.52	43.05		

Generated by the Operations Information System (OIS)

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/		Last ARPP Supervision Rating b/	
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm Rev'd	Dev Obj	Imp Prog
			<u>Active Loans</u>	<u>Closed Loans</u>	<u>Total</u>							
Total Disbursed (IBRD and IDA):			2,033.57	7,188.67	9,222.24							
of which has been repaid:			213.68	3,084.11	3,297.79							
Total now held by IBRD and IDA:			5,150.82	4,207.46	9,358.28							
Amount sold :			0.00	12.79	12.79							
Of which repaid :			0.00	12.79	12.79							
Total Undisbursed :			3,320.84	102.89	3,423.73							

- a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.
 b. Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system was introduced (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:
 Disbursement data is updated at the end of the first week of the month.

Argentina at a glance

8/28/97

POVERTY and SOCIAL

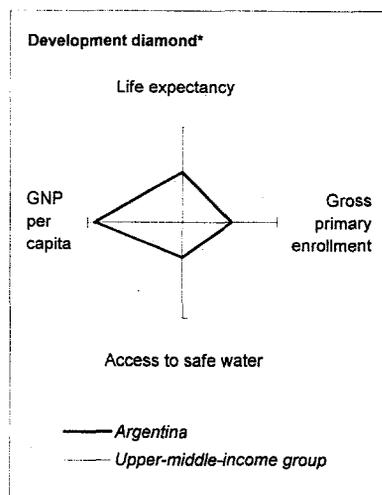
	Argentina	Latin America & Carib.	Upper-middle-income
Population mid-1996 (millions)	35.1	485	479
GNP per capita 1996 (US\$)	8,410	3,710	4,540
GNP 1996 (billions US\$)	295.0	1,799	2,173

Average annual growth, 1990-96

	Argentina	Latin America & Carib.	Upper-middle-income
Population (%)	1.3	1.7	1.5
Labor force (%)	2.0	2.3	1.8

Most recent estimate (latest year available since 1989)

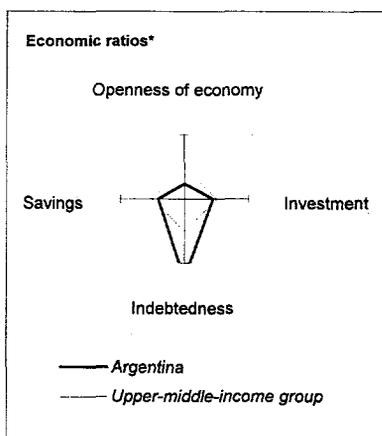
	Argentina	Latin America & Carib.	Upper-middle-income
Poverty: headcount index (% of population)	26	..	..
Urban population (% of total population)	88	74	73
Life expectancy at birth (years)	73	69	69
Infant mortality (per 1,000 live births)	22	37	35
Child malnutrition (% of children under 5)	..	..	..
Access to safe water (% of population)	64	80	86
Illiteracy (% of population age 15+)	4	13	13
Gross primary enrollment (% of school-age population)	111	110	107
Male	..	..	..
Female	..	..	..



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

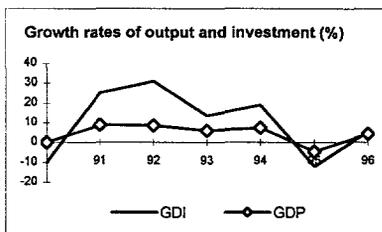
	1975	1985	1995	1996
GDP (billions US\$)	52.4	88.4	280.8	300.5
Gross domestic investment/GDP	29.4	17.6	18.3	18.5
Exports of goods and services/GDP	5.8	11.7	8.5	9.0
Gross domestic savings/GDP	29.3	23.1	18.4	18.1
Gross national savings/GDP	28.4	16.6	17.5	17.2
Current account balance/GDP	-2.5	-1.1	-0.9	-1.3
Interest payments/GDP	0.9	5.0	2.1	2.3
Total debt/GDP	14.7	57.6	32.0	33.2
Total debt service/exports	44.7	60.1	47.4	46.7
Present value of debt/GDP	..	..	29.5	..
Present value of debt/exports	..	..	332.1	..

	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	0.6	2.9	-4.6	4.4	5.0
GNP per capita	-1.8	2.0	-6.4	2.8	3.9
Exports of goods and services	5.1	7.6	26.4	7.4	8.0



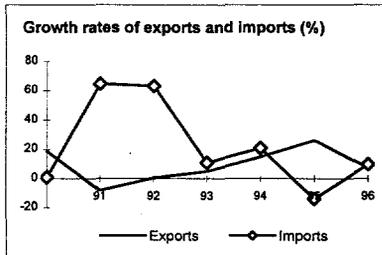
STRUCTURE of the ECONOMY

	1975	1985	1995	1996
(% of GDP)				
Agriculture	6.6	7.6	7.4	7.1
Industry	50.1	39.3	36.0	36.2
Manufacturing	38.2	29.7	..	..
Services	43.3	53.1	56.6	56.7
Private consumption	58.1	..	72.3	73.3
General government consumption	12.6	..	9.4	8.5
Imports of goods and services	6.0	6.3	8.5	9.3



(average annual growth)

	1975-85	1986-96	1995	1996
Agriculture	1.6	1.5	2.3	0.3
Industry	-1.5	2.7	-8.5	4.9
Manufacturing	-1.6	0.9	..	..
Services	2.2	3.3	-3.0	4.6
Private consumption	..	..	-8.6	5.7
General government consumption	..	..	-6.6	-5.4
Gross domestic investment	-3.5	5.7	-11.9	5.4
Imports of goods and services	2.4	14.5	-14.0	10.0
Gross national product	-0.3	3.4	-5.1	4.0

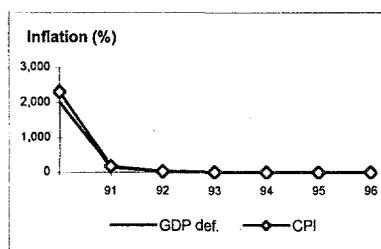


Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

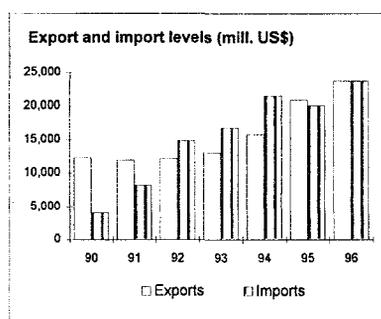
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	182.6	672.3	3.4	0.1
Implicit GDP deflator	198.2	618.2	4.5	2.5
Government finance				
(% of GDP)				
Current revenue	..	..	16.7	16.5
Current budget balance	..	..	-0.2	-1.1
Overall surplus/deficit	..	..	-1.1	-2.4



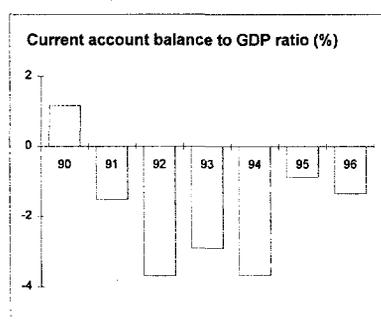
TRADE

	1975	1985	1995	1996
(millions US\$)				
Total exports (fob)	2,961	8,396	20,964	23,774
Food	..	..	1,969	2,203
Meat	..	..	1,582	1,955
Manufactures	..	..	10,836	12,004
Total imports (cif)	3,947	3,814	20,120	23,733
Food	..	..	..	..
Fuel and energy	..	..	809	846
Capital goods	..	..	4,746	5,647
Export price index (1987=100)	..	..	118	124
Import price index (1987=100)	..	..	115	120
Terms of trade (1987=100)	..	..	102	103



BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US\$)				
Exports of goods and services	3,498	10,039	23,889	27,076
Imports of goods and services	4,324	5,285	23,826	27,900
Resource balance	-826	4,754	63	-824
Net income	-466	-5,706	-2,941	-3,523
Net current transfers	6	0	432	334
Current account balance, before official capital transfers	-1,286	-952	-2,446	-4,013
Financing items (net)	208	2,200	2,515	231
Changes in net reserves	1,078	-1,248	-69	3,782
Memo:				
Reserves including gold (mill. US\$)	848	4,703	15,992	19,774
Conversion rate (local/US\$)	3.7E-10	6.0E-05	1.0	1.0



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US\$)				
Total debt outstanding and disbursed	7,723	50,946	89,719	99,701
IBRD	341	700	4,913	5,372
IDA	0	0	0	0
Total debt service	1,603	6,209	9,732	14,529
IBRD	43	114	565	608
IDA	0	0	0	0
Composition of net resource flows				
Official grants	0	6	36	..
Official creditors	59	217	1,411	..
Private creditors	-111	2,350	5,674	..
Foreign direct investment	0	919	1,319	..
Portfolio equity	0	0	211	..
World Bank program				
Commitments	0	0	2,272	946
Disbursements	19	144	941	1,077
Principal repayments	17	68	259	282
Net flows	1	75	682	795
Interest payments	26	46	306	326
Net transfers	-25	30	376	469

