



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
ARGENTINA
SOCIO-ECONOMIC INCLUSION IN RURAL AREAS PROJECT
APPROVED ON JUNE 11, 2015
TO
ARGENTINE REPUBLIC

AGRICULTURE

LATIN AMERICA AND CARIBBEAN

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ABBREVIATIONS AND ACRONYMS

DIPROSE	General Directorate of Sectoral and Special Programs and Projects	Dirección General de Programas y Proyectos Sectoriales y Especiales
ESMF	Environmental and Social Management Framework	Marco de Gestión Ambiental y Social
GIRSAR	Integrated Risk Management in the Rural Agroindustrial System	Gestión Integral de los Riesgos en el Sistema Agroindustrial Rural
GSA	Government Secretariat of Agroindustry	Secretaría de Gobierno de Agroindustria
GoA	Government of Argentina	Gobierno de Argentina
IBRD	International Bank for Reconstruction and Development	Banco Internacional de Reconstrucción y Fomento (BIRF)
IPPF	Indigenous Peoples Planning Framework	Marco de Planificación de Pueblos Indígenas
MGAS	Environmental and Social Management Framework	Manual de gestión ambiental y social
NEA	North-east Argentina	Noreste Argentino
NOA	North-west Argentina	Noroeste Argentino
OP/BP	Operational Policies/ Bank Procedures	Políticas Operacionales/ Normas de Procedimientos del Banco
OM	Operational Manual	Manual Operativo
PIU	Project Implementation Unit	Unidad de gestión del proyecto
PISEAR	Socioeconomic inclusion in rural areas project	Proyecto de inclusión socioeconómica en áreas rurales
PROSAP	Provincial Agricultural Services Program	Programa de Servicios Agrícolas Provinciales
PDO	Project Development Objective	Objetivo de Desarrollo del Proyecto
PAD	Project Appraisal Document	Documento de Evaluación del Proyecto
RPF	Resettlement Policy Framework	Marco de Política de Reasentamiento
UCAR	Rural Change Unit (former PIU)	Unidad Cambio Rural



BASIC DATA

Product Information

Project ID P106685	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 11-Jun-2015	Current Closing Date 28-Feb-2021

Organizations

Borrower Argentine Republic	Responsible Agency Dirección General de Programas y Proyectos Sectoriales y Especiales (DIPROSE)
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Project Development Objective (PDO)

Original PDO

To increase the socio-economic inclusion of rural poor (small producers, indigenous people, and rural workers) by: (a) strengthening their organizational, planning and management capacity to achieve poverty-reduction goals; (b) improving their access to community infrastructure and services; and (c) piloting a new model for developing sustainable access to markets.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-80930	11-Jun-2015	09-Dec-2015	07-Apr-2016	28-Feb-2021	52.50	8.77	43.73



Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Introduction

1. **This Level Two Restructuring** includes the following changes:

- I. components: inclusion of medium-scale rural investments under component 2 and expansion the geographical coverage of component 3 (pilot of productive alliances);
- II. institutional arrangements;
- III. triggering of OP 7.50 and updating of safeguard instruments;
- IV. disbursement categories and reallocation of funds;
- V. procurement arrangements;
- VI. results framework; and
- VII. inclusion of the Safeguards Incident Response Requirement

B. Project Status

2. **The USD52.5 million Loan was approved in June 2015 and declared effective in April 2016.** As a result of the fiscal consolidation, only 15.0 percent of IBRD funds have been disbursed as of April 10, 2019 and performance progress has been limited.
3. **Delays in implementation, budgetary constraints at the federal level, and various institutional reforms have slowed down project implementation since 2016.** A long process of signing Participation Agreements with Provinces and setting up provincial project execution units and provincial implementation plans led to downgrading of the key project rankings. In 2017 the Government started to implement a plan to gradually reduce the fiscal deficit, which also included reducing the use of financial resources from external financiers. As a result, the Project received reduced budget allocations in 2017 and 2018, which only allowed the project to carry out a small part of the originally planned activities.
4. **In 2018, changes in the Government's institutional framework further contributed to slow down implementation.** The Executive Branch of the Argentine Republic underwent several institutional reforms. Presidential Decree 174/2018 and Administrative Decision 324/018 of March 2018 approved the organizational structure of the Ministry of Agroindustry, replacing the original project implementation unit 'UCAR' by a directorate under the Sub-Secretary of Administration, "Dirección General de Programas y Proyectos Sectoriales y Especiales (DIPROSE)". Subsequently, by Presidential decree 802/2018 of September 5, 2018, the Ministry of Agroindustry became the Secretariat of Agroindustry (GSA) under the Ministry of Production and Labor, without implying changes in the functions, structure, or composition of DIPROSE.



5. **Since June 2018 and based on the detailed analysis of the performance of the project conducted the Mid Term Review, the key ratings of the project have been downgraded:** Progress towards achievement of PDO is currently rated *Moderately Unsatisfactory*, and Overall implementation Progress is rated *Unsatisfactory*.
6. **Activities under components 2 and 3 have now picked up and implementation has improved:** at end 2018, the Project had approved 104 rural investment subprojects under component 2 (with 98 subprojects under implementation) and 13 productive alliances under component 3 (with 11 alliances under implementation). These subprojects are delivering the expected benefits on the ground and are progressing satisfactorily. However, the ongoing the fiscal consolidation constraint limits the project's ability to reach the scale necessary to achieve its key targets. The Borrower and the Bank have thus agreed to work out an alternative mechanism that would enable the use of project funds for the remaining implementation period.
7. **Fiduciary and Safeguards management.** The project financial statement audit reports are up to date and have been satisfactory to the Bank. However, the concurrent audits for the subprojects have not been completed as originally planned (see paragraph 25 below). Beyond this specific point, the project is in compliance with fiduciary requirements and with the environmental and social safeguards instruments.

C. Background and Rationale for Restructuring

8. **The Project restructuring aims to improve overall performance and ensure the achievement of the PDO by the current closing date.** The proposed restructuring would allow the project to disburse loan proceeds more smoothly, significantly increase the delivery of subprojects, and maximize development impact at the grassroots level. Furthermore, it would resolve outstanding issues that have emerged during implementation regarding financial management, disbursements, and procurement, and improve the results framework to better track progress towards achieving the PDO. The full extent of the proposed changes is described in Section II. The restructuring was requested by the Borrower in January 2019.

II. DESCRIPTION OF PROPOSED CHANGES

I. Changes in components

Inclusion medium-scale rural investments under component 2

9. To expand the impact and scope of the investments and activities of the Rural Investment Subprojects under component 2, the financing of medium-scale works is proposed with a ceiling of USD800,000.00 per investment. These would include rehabilitation of rural roads; collection and conduction of water for irrigation and human and animal consumption; installation or rehabilitation of electrical networks; use of alternative energy sources; and improvement of communication and rural connectivity. Schedule 1 of the Loan Agreement, Project Description, Part 2: Rural Livelihoods, would be modified accordingly. This would require the creation of a new disbursement Category (10), as set out in Schedule 2 Section IV.A.1 of the Loan Agreement to cover these medium-scale investments. These works would be executed at the provincial level. Changes have been reflected in the updated version of the Operation Manual (OM).
10. The underpinning rationale for including medium-scale investments is that sometimes small community investments are not sufficient to ensure access to infrastructure and services. In such cases, complementary investments at a larger scale can make a significant difference in terms of maximizing development impact. For instance, repairing a rural road that serves multiple communities can be critical for community subprojects that aim to improve access to local



markets. Beneficiary communities have raised this concern and requested additional support for this type of investments.

Expansion the geographical coverage of component 3 (pilot of productive alliances)

11. It is proposed to expand the geographical scope of component 3 to all of the provinces participating in the project. There are two reasons for this change: First, project experience thus far has shown that selecting the intervention area only based on poverty indicators has significant limitations; the poverty indicator-based approach worked well for the initial pilot activities in the North-East (NEA) and North-West Argentina (NOA), but demand for additional productive alliances in these areas has shown to be limited. And, second, expanding to further provinces also represents an important opportunity for the project to diversify into different value chains as well as to provide, through these pilots, richer lessons learned from a more diverse range of experiences.
12. Project experience has shown that there is both demand and capacity for productive alliances in the rest of the participating provinces, representing an opportunity to consolidate the productive alliances model in the rest of the country. Implementation of the first productive alliances in the NEA and NOA has triggered interest among all participating provinces in applying this instrument. For most provinces, the productive alliance approach is furthermore a strong fit, as promoting access to markets for smallholder producers has now become an integral part of their development agendas. In addition, provinces that are carrying out investments under component 2 would also have the capacity to transition to productive alliances in a smooth manner; in fact, in many countries, agencies responsible for community-driven investments also implement productive alliances. To implement this expansion, the project would first add those provinces that have shown readiness for the adoption of productive alliances (e.g. Córdoba, Santa Fe, and San Juan).
13. To incorporate this change into the Project, the OM has been adjusted accordingly.

II. Changes in institutional arrangements

14. In the context of limited fiscal space at the federal level, the central (federal) Government decided to adopt an on-lending scheme to the provinces. Since its inception, the project has been transferring IBRD proceeds to the provinces on a grant basis for Rural Investment Subprojects under component 2. By doing so, the funds have been allocated and recorded in the national (federal) budget. On the contrary, if participating provinces were to take debt via sub-loans, the funds would go through the budget at the province level, not affecting the fiscal deficit at the federal level. Therefore, by operating based on sub-loans, the project should be in a better position to disburse larger amounts of resources.



15. With regards to the implementation arrangements of the project, the following changes are being proposed:

Table 1: changes in implementation arrangements

Original arrangement	Proposed change	Remarks
<p>Component 1 (Capacity Development):</p> <ul style="list-style-type: none"> - through Secretariat of Agriculture (GSA/DIPROSE, former UCAR), including the Technical Assistance Agreements (Section I.A.4 of Schedule 2) as well as for Contracting Management Agreements (Section I.A.5 of Schedule 2). 	<p>Institutions have been updated</p>	<p>The former Ministry of Agroindustry turned to Government Secretariat of Agroindustry (under the Ministry of Production and Labor) and UCAR became DIPROSE.</p> <p>This update also applies to components 2 and 3.</p>
<p>Component 2 (Rural Livelihood):</p> <ul style="list-style-type: none"> a) GSA/DIPROSE transfers funds to participating provinces on a grant basis, with provinces providing grants to beneficiary communities for demand-driven investments/activities (Section I.D.1.a, Schedule 2). b) GSA/DIPROSE transfers grants directly to beneficiary communities (Section I.D.1.b, Schedule 2). 	<ul style="list-style-type: none"> a) and b) remain unchanged c) <i>Adding the on-lending scheme for subprojects:</i> GSA/DIPROSE transfers funds to participating provinces as sub-loans, with provinces providing grants to beneficiary communities. d) <i>Adding the on-lending scheme for medium-scale investments:</i> GSA/DIPROSE transfers funds to participating provinces as sub-loans for medium-scale infrastructure investments. 	<p>Section I.D.1 (a) of Schedule 2 and Schedule 6 of the Loan Agreement</p> <p>After the restructuring becomes effective, the project will carry out all new subprojects via sub-loans to provinces (modality c). However, the portfolio will have legacy subprojects with the original schemes a) and b) (approved before the restructuring). Therefore, all three mechanisms may coexist until project end.</p> <p>Sub-loans are specified in the participating agreements.</p>
<p>Component 3 (Access to Markets):</p> <ul style="list-style-type: none"> a) GSA/DIPROSE transfers grants directly to producer organizations (Section I.D.3.1, Schedule 2). 	<ul style="list-style-type: none"> a) remains unchanged b) <i>Addition of the on-lending scheme:</i> GSA/DIPROSE transfers funds to participating provinces as sub-loans, with provinces providing grants to producer organizations for investments/activities. 	<p>After the restructuring becomes effective, this component will only operate through sub-loans to provinces (modality b), with provinces providing grants to organizations. However, currently there are 13 alliances under scheme a), thus, both modalities (a and b) may coexist until project end.</p> <p>Sub-loans are specified in the participating agreements.</p>
<p>Component 4 (Project Management):</p> <ul style="list-style-type: none"> - execution of this component at the central level through GSA/DIPROSE. 	<p>No change</p>	

16. On-lending poses risks. Given current circumstances an on-lending mechanism is the only alternative acceptable to the Borrower to move forward with the project. However, it is important to recognize that this scheme poses the risk of causing delays, which has been evidenced in prior Bank-funded projects that used subnational loans, such as



PROSAP (106684)¹. Conscious of this risk, the Borrower has assumed a proactive approach to collaborating and negotiating with the provinces, which have been selected according to the prevalence of target groups, as determined in the PAD, and indebtedness capacity. DIPROSE has been diligently following through with the steps needed in each of the ten provinces, to make sure that all provincial agreements (one in each province covering both components 2 and 3) are signed within the next few months after the restructuring goes into effect. Currently, the level of progress in each province is the following:

- a. Corrientes, Neuquén and Córdoba have already secured a budget allocation for 2019 and are awaiting the restructuring and the signature of the respective provincial agreement to go ahead and process the final authorization, which would allow them to start operating. Neither amendments nor new laws are needed for the sub loans.
- b. Chaco, Misiones, La Rioja, Santa Fe and Río Negro have incorporated an allocation into the budget of 2019 and are amending their respective laws to make sub loans for PISEAR possible.
- c. Jujuy and Tucumán are requesting a budget allocation for 2019 and need to initiate the process of amending their respective laws.²

III. Triggering of OP 7.50 and updating of safeguard instruments

17. The safeguards instruments (Environmental and Social Management Framework -ESMF; Indigenous Peoples Planning Framework - IPPF and Resettlement Policy Framework - RPF) have been updated to reflect potential impacts associated with the medium scale works and the corresponding mitigation and compensation measures as well as different consultation processes as required in OP 4.10 and OP 4.12. The Bank has granted the no objection to the revised instruments on March 30th, 2019, which were publicly disclosed on April 2nd, 2019. The updated IPPF states the need to prepare and consult the corresponding indigenous peoples plan if a proposed medium scale work affects indigenous peoples. Actions agreed upon with indigenous people's representatives during Project's preparation and included in the original IPPF did not undergo any changes in this restructuring.
18. The Bank has re-examined the applicability of OP 7.50 and determined that it would become relevant for the Project. While OP 7.50 was not triggered during preparation, the infrastructure works (medium-scale investments) may involve the expansion, rehabilitation and/or improvement of ongoing water conduction systems, which could, in turn, rely on bodies of water that discharge into the Plata River basin. However, water abstraction has been estimated to be negligible in relation to the discharge flows of the respective transboundary rivers. Thus, the team has requested the exception to the notification requirement under paragraph 7 (a) of OP 7.50, which has been authorized by the Regional Vice President on May 3rd, 2019.³

¹ The latest Completion and Learning Review of the Country Partnership Strategy flagged the potential delays that can result from preparing and putting in place subnational loans.

² The Salta and Catamarca Provinces were hesitant to take debt and decided to drop out of the project.

³ As pointed out in the PAD, component 2 was projected to include small irrigation systems that install tanks and pipes, as well as water conduction systems for human consumption and household sanitation (latrines) without any discharge to any stream. At the time of preparation OP 7.50 was not triggered for these planned small-scale investments because the identified subprojects were not deemed to rely on international waterways as defined by the Policy. To date, this assessment has proved to be correct because none of the subprojects has used or affected bodies of water linked to international waterways. In the scenario that a given small-scale subproject were to use water from a stream within the Plata River basin, the case would also fall under the authorized exception.



IV. Changes in disbursement categories and reallocation of funds

19. It is proposed to make the following changes to the categories of disbursement in the Loan Agreement:
20. The allocation for Categories 2 (a) and 2(b) related to Community Subprojects (under Component 2), and 3(a) and 3 (b) related to IP Community Subprojects (also under Component 2) would be reduced to the amount disbursed as of December 31, 2018. Future disbursements for Component 2 will be made under two new categories of disbursement to be created: Category (9) Grants for Rural Investment Subprojects contemplating small-scale investments under Part 2 (a) of the Project with an allocation of US\$27,813,599.21; and Category (10) for Works, goods, consulting services, and non-consulting services for the medium-scale investments under Part 2(b) of the Project with an allocation of US\$10,000,000.00. These new categories of disbursement would be formulated to focus on the grants for subprojects rather than the types of expenditures that are eligible under each subproject, allowing for the more agile disbursement of the funds. As stated in the PAD, funding for indigenous peoples would be specifically earmarked in the Project budget (30 percent of resources of component 2 and corresponding resources from component 1). However, rather than controlling this in the disbursement table through a separate disbursement category, the requirement for this funding would be included in the OM and the target would be tracked through the monitoring and evaluation system of the project.
21. In relation to component 3b (productive alliances), a new disbursement category is created (category 11) with an allocation of USD 9.92 million. This new disbursement category would be formulated to focus on the grants for subprojects rather than the types of expenditures that are eligible under each subproject.
22. In relation to component 4 (project management), Category 6 would be increased by USD 0.26 million to finance concurrent subproject audits.
23. Table 1 below summarizes the changes to disbursement categories.



Table 2: Modified disbursement categories

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Consulting services, non-consulting services, Training and Operating Costs under Part 1 of the Project	2,100,000	100%
(2) (a) Works and goods under Community Subprojects under Part 2 of the Project incurred on or prior to December 31, 2018 (b) Non-consulting services and consulting services under Community Subprojects under Part 2 of the Project incurred on or prior to December 31, 2018	372,123.45 2,810	100% of the amount disbursed under the pertinent Rural Investment Subproject Agreement 100% of the amount disbursed under the pertinent Rural Investment Subproject Agreement
(3) (a) Works and goods under IP Community Subprojects under Part 2 of the Project incurred on or prior to December 31, 2018 (b) Non-consulting services and consulting services under IP Community Subprojects under Part 2 of the Project incurred on or prior to December 31, 2018	542,795.49 8,671.85	100% of the amount disbursed under the pertinent Rural Investment Subproject Agreement 100% of the amount disbursed under the pertinent Rural Investment Subproject Agreement
(4) Consulting services, non-consulting services, Goods, Training and Operating Costs under Part 3(a) of the Project	1,000,000	100%
(5) (a) Works and goods under Productive Alliances Subprojects under Part 3(b) of the Project incurred on or prior to December 31, 2018 (b) Non-consulting services, consulting services and Operating Costs under Productive Alliances Subprojects under Part 3 (b) of the Project incurred on or prior to December 31, 2018	78,150.24 1,628.25	100% of amount disbursed under the pertinent Productive Alliances Subproject Agreement
(6) Goods, consulting services and non-consulting services under Part 4 of the Project	528,750	100%
(7) Front-end Fee	131,250	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(8) Premia for Interest Rate Caps or Interest Rate Collars	0	Amount due pursuant to Section 2.08(c) of this Agreement
(9) Grants for Rural Investment Subprojects under Part 2 (a) of the Project	27,813,599.21	100% of the amount disbursed for Grants for Rural Investment Subprojects under the pertinent Rural Investment Subproject Agreement
(10) Goods, works, consulting services, and non-consulting services under Part 2 (b) of the Project	10,000,000	100%
(11) Grants for Productive Alliances Subprojects under Part 3 (b) of the Project	9,920,221.51	100% of amount disbursed for Grants for Productive Alliances Subprojects under the pertinent Productive Alliances Subproject Agreement
TOTAL AMOUNT	52,500,000	



24. Due to the fiscal constraints, the Government was unable to finance from its own resources the hiring of the auditors to perform the semi-annual financial, procurement, and technical audits of the activities under Parts 2 and 3(b) of the Project as originally planned. To avoid further delays in conducting the necessary audits, the Bank has agreed that this expenditure item be financed through loan proceeds. This would require an increase in the amount allocated to Category (6), as set out in Schedule 2 Section IV.A.1 of the Loan Agreement to cover these additional costs. The audits would also be mentioned explicitly under Part 4 of the Project so that these costs are eligible for financing. The Borrower has initiated the process of hiring the auditors to conduct the subproject audits.

V. Change in the procurement arrangements

25. The project is adopting the Procurement Regulations for Investing Project Financing Borrowers, dated July 2016, revised in November 2017 and August 2018. A Project Procurement Strategy for Development has been prepared (the Bank granted a no objection on May 20th, 2019). The Strategy addresses how procurement activities support the development objectives of the project and provide adequate justification for the selection methods in the Procurement Plan.

VI. Change in the results framework

26. It is proposed to adjust the results framework to: (i) incorporate indicators that better reflect actual and gradual progress on the ground, (ii) facilitate the measurement of some indicators that have presented difficulties in tracking progress during execution, and (iii) comply with the World Bank requirements on citizens’ engagement (table 3).

Table 3: Modified Results Framework

Original indicators	Adjusted or new indicators	Reason for change
1. Objective indicators		
Community organizations functional 12 months after subproject completion (Number)	Only adjusted intermediate targets.	--
Share of results achieved for Rural Investment Subprojects	Adjusted: Number of rural investment subprojects that meet at least 75% of the expected results (Number)	Due to the structure of the project database, reporting the original indicator has turned cumbersome. The change facilitates standardization and reporting.
Increase in gross value (Quantity x Price) of sales for Productive Alliance Subprojects.	Adjusted: Increase in volume of sales of the organizations participating in Productive Alliances (Percentage)	To avoid distortions due to changes in prices, especially in commodity prices that are influenced by factors external to the Project and the country.
Rural Investment and Productive Alliance subprojects operational and/or maintained 12 months after their completion (Percentage)	Only adjusted intermediate targets.	--
Number of beneficiaries, of which women (percentage)	Adjusted: A breakdown is included for the three target groups of the Project: -Number of beneficiaries of community subprojects -Number of beneficiaries of subprojects of indigenous communities -Number of beneficiaries of Productive Alliances	To be consistent with the disaggregation included in the PDO.



Original indicators	Adjusted or new indicators	Reason for change
2. Intermediate indicators		
<i>Component 1</i>		
Community organizations created or strengthened by the Project	Adjusted: Community organizations strengthened by the Project	The Project has only strengthened pre-existing organizations and is not considering creating new organizations.
Subproject proposals considered eligible for financing (over total of proposals presented)	Only adjusted intermediate targets	---
<i>Component 2</i>		
Community Subprojects completed	Adjusted: Supplementary indicators are included -Approved community subprojects -Community subprojects with first disbursement -Community subprojects fully disbursed	Including supplementary indicators for all three categories of subprojects will allow the project to better track the portfolio. Given the structure of the project, a healthy portfolio is critical to achieving the PDO.
Indigenous subprojects completed	Adjusted: Supplementary indicators are included: -Approved indigenous subprojects -Indigenous subprojects with first disbursement - Indigenous subprojects fully disbursed	Refer to the previous indicator
Families who have benefited by at least one subproject of rural investment (percentage whose head is a woman or a youth)	Only adjusted intermediate targets	---
<i>Component 3</i>		
Financed Productive Alliances	Adjusted: Completed Productive Alliances; supplementary indicators are also included: -Approved productive alliances -Productive alliances with first disbursement -Productive alliances fully disbursed	Refer to changes in component 2 'completed' is better language than 'financed'
Producer families linked to markets through Productive Alliances	Only adjusted intermediate targets	---
Productive Alliances capable of starting a second productive cycle without financial support	To be deleted	This indicator does not apply to several of the subsectors of alliances such as honey or yerba mate. In addition, it is redundant with respect to the fourth main indicator.
<i>Others</i>		
---	New: Grievances registered related to delivery of project benefits that are addressed within 30 days (%) (Percentage)	As per corporate requirement

VIII. Inclusion of the Safeguards Incident Response Toolkit (SIRT)

27. The restructuring has provided the opportunity to include the new corporate requirement of reporting incidents. The loan agreement (Section I.F of Schedule 2) would be amended to add a covenant requesting the Borrower to notify the Bank of any incident or accident related to or having an impact on the Project which has, or is likely to have, a



significant adverse effect on the environment, the affected communities, the public or workers, including, explosions, spills, any workplace accidents that result in death, serious or multiple injury, pollution, any violent labor unrest, any dispute between the Borrower or security forces (assigned to protect the Project) and local communities, any case of gender-based violence and violence against minors, or any incidents in or related to international waterways or disputed areas. The notification shall include sufficient detail regarding the incident or accident, indicating any measures that have been taken or are planned to be taken to address it, if any (including information provided by any contractor and supervising entity), all in accordance with the Operational Manual.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Reallocation between Disbursement Categories	✓	
Disbursements Arrangements	✓	
Disbursement Estimates	✓	
Safeguard Policies Triggered	✓	
Legal Covenants	✓	
Institutional Arrangements	✓	
Procurement	✓	
Other Change(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Overall Risk Rating		✓
EA category		✓
Financial Management		✓
APA Reliance		✓
Implementation Schedule		✓



Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1: Capacity Development	13.83	Revised	Component 1: Capacity Development	4.20
Component 2: Rural Livelihood	43.00		Component 2: Rural Livelihood	43.00
Component 3: Access to Markets	16.27		Component 3: Access to Markets	16.27
Component 4: Project Management	3.27		Component 4: Project Management	3.27
TOTAL	76.37			66.74

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IBRD-80930-001 Currency: USD				
iLap Category Sequence No: 1	Current Expenditure Category: CS, NCS, TR & OP - Pt 1			
2,100,000.00	225,562.65	2,100,000.00	100.00	100.00
iLap Category Sequence No: 2A	Current Expenditure Category: CW & GO: Community Subp. Pt 2			
25,935,000.00	372,123.45	372,123.45	100.00	100.00



iLap Category Sequence No: 2B	Current Expenditure Category: NCS & CS: Community Subp. Pt 2				
1,365,000.00	2,809.99	2,810.00	100.00	100.00	
iLap Category Sequence No: 3A	Current Expenditure Category: CW & GO: IP Community Subp. Pt 2				
11,115,000.00	542,795.49	542,795.49	100.00	100.00	
iLap Category Sequence No: 3B	Current Expenditure Category: NCS & CS: IP Community Subp. Pt 2				
585,000.00	8,671.85	8,671.85	100.00	100.00	
iLap Category Sequence No: 4	Current Expenditure Category: CS, NCS, GO, TR & OP - Part 3a				
1,000,000.00	157,466.92	1,000,000.00	100.00	100.00	
iLap Category Sequence No: 5A	Current Expenditure Category: CW & GO: Prod. Alliances Subp. P3b				
9,500,000.00	78,150.24	78,150.24	100.00	100.00	
iLap Category Sequence No: 5B	Current Expenditure Category: NCS,CS&OP: Prod.Alliances Subp. P3b				
500,000.00	1,628.25	1,628.25	100.00	100.00	
iLap Category Sequence No: 6	Current Expenditure Category: GO, CS & NCS - Part 4				
268,750.00	156,803.74	528,750.00	100.00	100.00	
iLap Category Sequence No: 8	Current Expenditure Category: PREMIUM FOR CAPS/COLLARS				
0.00	0.00	0.00			
iLap Category Sequence No: 9	Current Expenditure Category: Grants for Rural Investment Subprojects under Part 2(a) of the project				
0.00	0.00	27,813,599.21		100	
iLap Category Sequence No: 10	Current Expenditure Category: GO, CW, CS, NCS under part 2(b) of the project				
0.00	0.00	10,000,000.00		100	



iLap Category Sequence No: 11	Current Expenditure Category: Grants for Productive Alliance Subprojects under Part 3(b) of the project			
	0.00	0.00	9,920,221.51	100
Total	52,368,750.00	1,546,012.58	52,368,750.00	

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2015	0.00	0.00
2016	2,000,000.00	0.00
2017	630,579.99	0.00
2018	10,846,502.95	0.00
2019	19,925,000.00	8,919,334.50
2020	17,775,000.01	38,188,519.78
2021	1,322,917.05	399,172.99
2022	0.00	0.00

COMPLIANCE**Safeguard Policies**

Safeguard Policies Triggered	Current	Proposed
Environmental Assessment (OP) (BP 4.01)	Yes	Yes
Performance Standards for Private Sector Activities OP/BP 4.03	No	No
Natural Habitats (OP) (BP 4.04)	Yes	Yes
Forests (OP) (BP 4.36)	Yes	Yes
Pest Management (OP 4.09)	Yes	Yes
Physical Cultural Resources (OP) (BP 4.11)	Yes	Yes



Indigenous Peoples (OP) (BP 4.10)	Yes	Yes
Involuntary Resettlement (OP) (BP 4.12)	Yes	Yes
Safety of Dams (OP) (BP 4.37)	Yes	Yes
Projects on International Waterways (OP) (BP 7.50)	Yes	Yes
Projects in Disputed Areas (OP) (BP 7.60)	No	No

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IBRD-80930	Finance Agreement :Terms of Reference for Consultancies under Part 1(b) (Schedule 2, Section I.F) Description :Ensure that terms of reference for any consultancy in respect of any Project activity under Part 1(b) of the Project shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance. Frequency :CONTINUOUS	Complied with	No Change
IBRD-80930	Finance Agreement :Specific Budget Line in the National Budget (Schedule 2, Section II.B.4) Description :Create, prior to the commencement of each calendar year during Project implementation, and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the national annual budget in order to keep track of the corresponding expenditures incurred during Project implementation. Frequency :Yearly	Complied with	No Change
IBRD-80930	Finance Agreement :Technical and Fiduciary Audits (Schedule 2, Section II.B.5) Description :Carry out, through independent auditors, technical and fiduciary audits of subprojects covering the period of one semester (or any other period agreed with the Bank) and provided to the Bank no later than 45 days after the end of such period. Frequency :SemiAnnual	Not complied with	No Change



IBRD-80930	Finance Agreement: Report of any incident or accident (Section I.F of Schedule 2) Description: Notify the Bank of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers Frequency: CONTINUOS	Expected soon	New
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Results framework

COUNTRY: Argentina

AR Socio-Economic Inclusion In Rural Areas

Project Development Objectives(s)

To increase the socio-economic inclusion of rural poor (small producers, indigenous people, and rural workers) by: (a) strengthening the planning and management capacity to achieve poverty-reduction goals; (b) improving their access to community infrastructure and services; and (c) developing a new model for developing sustainable access to markets.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets				
			1	2	3	4	5
To increase the socio-economic inclusion of the rural poor.							
Community organizations functional 12 months after subproject completion (Number)		0.00					
<i>Action: This indicator has been Revised</i>							
Rural investment subprojects that meet at least 75% of the expected results (Number)		0.00				130.00	240.00
<i>Action: This indicator has been Revised</i>							
Increase in volume of sales of the organizations participating in Productive Alliances (Percentage)		0.00				30.00	30.00
<i>Action: This indicator has been Revised</i>							
Rural Investment and Productive Alliance subprojects operational and/or maintained 12 months after their completion. (Percentage)		0.00					
<i>Action: This indicator has been Revised</i>							



Indicator Name	DLI	Baseline	Intermediate Targets				
			1	2	3	4	5
Direct project beneficiaries (Number)		0.00				41,296.00	50,000.00
<i>Action: This indicator has been Revised</i>							
Female beneficiaries (Percentage)		0.00					
<i>Action: This indicator has been Revised</i>							
Beneficiaries of community subprojects (Number)		0.00					
<i>Action: This indicator is New</i>							
Beneficiaries of subprojects of indigenous communities (Number)		0.00					
<i>Action: This indicator is New</i>							
Beneficiaries of Productive Alliances (Number)		0.00					
<i>Action: This indicator is New</i>							

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				
			1	2	3	4	5
Component 1: Capacity Development							
Community organizations strengthened by the Project (Number)		0.00					
<i>Action: This indicator has been Revised</i>							



Indicator Name	DLI	Baseline	Intermediate Targets				
			1	2	3	4	5
Subproject proposals considered eligible for financing (over total number of proposal presented) (Percentage)		0.00				70.00	70.00
Action: This indicator has been Revised							
Component 2: Rural Livelihood							
Community Subprojects completed (Number)		0.00				127.00	210.00
Action: This indicator has been Revised							
Community Subprojects approved (Number)		0.00					
Action: This indicator is New							
Community Subprojects with first disbursement (Number)		0.00					
Action: This indicator is New							
Community Subprojects fully disbursed (Number)		0.00					
Action: This indicator is New							
Indigenous Peoples Community Subprojects completed (Number)		0.00				54.00	90.00
Action: This indicator has been Revised							
Indigenous Peoples community Subprojects approved (Number)		0.00					
Action: This indicator is New							
Indigenous Peoples community Subprojects		0.00					



Indicator Name	DLI	Baseline	Intermediate Targets					
			1	2	3	4	5	
with first disbursement (Number)								
Action: This indicator is New								
Indigenous Peoples community Subprojects fully disbursed (Number)		0.00						
Action: This indicator is New								
Families benefited with at least one Rural Investment Subproject (of which % of female-headed family and youth-headed families) (Number)		0.00						
Action: This indicator has been Revised								
Female-headed families benefiting from the project (Number)		0.00						
Action: This indicator has been Marked for Deletion								
Youth-headed families benefiting from the project (Number)		0.00						
Action: This indicator has been Marked for Deletion								
Component 3: Access to Markets								
Productive Alliances completed (Number)		0.00				21.00		40.00
Action: This indicator has been Revised								
Productive alliances approved (Number)		0.00						



Indicator Name	DLI	Baseline	Intermediate Targets				
			1	2	3	4	5
Action: This indicator is New							
Productive alliances with first disbursement (Number)		0.00					
Action: This indicator is New							
Productive alliances fully disbursed (Number)		0.00					
Action: This indicator is New							
Producer families linked to markets through productive alliances (Number)		0.00					
Action: This indicator has been Revised							
Component Three - Indicator 3: Productive Alliances capable of starting a second productive cycle without financial support (Number)		0.00	50.00	60.00	65.00	70.00	75.00
Action: This indicator has been Marked for Deletion							
Component 4: Project Management (Action: This Component is New)							
Grievances registered related to delivery of project benefits that are addressed within 30 days (Percentage)		0.00					
Action: This indicator is New	Rationale: Citizen engagement indicator.						



The World Bank

AR Socio-Economic Inclusion In Rural Areas (P106685)
