I. Introduction and Context

Country Context

The federal structure of the Argentinean government gives provinces a fundamental role in the promotion of inclusive development and poverty reduction. Argentina is a federation of 23 provinces and one autonomous city, Buenos Aires. They all have their own constitution, and co-exist under a federal system with three levels of Government: national, provincial and municipal. In the 1990s, responsibility for delivering basic services (mainly health and education) was transferred to the provincial level. Thus, assisting provincial governments to become more results-oriented and effective in delivering public services is critical to promote inclusive development in Argentina.

In the past five years, the Northern Province of Salta has experienced high growth rates combined with strong fiscal performance. With a total population of 1,215,207 people, which is equivalent to 2.7 percent of Argentina’s population, Salta contributes about 1 percent to the national GDP and national exports. Since the economic recovery after the 2001/2002 crisis, the Province has run primary surpluses, reaching AR$794 million in 2010. Salta’s revenues rely heavily on federal transfers, both automatic and discretionary, representing close to 70 percent of the provincial total revenues.

Salta’s GDP per capita remains only one third of the national average with great disparity between urban and rural areas. Although there is no official poverty estimation for rural areas in Argentina, alternative socioeconomic information suggests great welfare disparities between urban and rural areas. According to the “Unsatisfied Basic Needs” survey, more than 50 percent of the population in rural areas lives below the poverty line compared to a rate of less than 30 percent in urban Salta. In addition, several indigenous communities live in the province and they represent a significant proportion of the rural poor. Salta’s geographical location and the vast extension of its virgin territories also pose a challenge for service delivery in rural areas mainly due to three factors: (i) low population density, (ii) complicated topography which makes access to some areas difficult, particularly in the departments located in the Southern Andes mountain range, and (iii) high migratory pressures from neighbor countries.

Sectoral and Institutional Context

Health

Despite a steady improvement in human development indicators, social inclusion remains a challenge, particularly for remote areas. Provincial health indicators have kept a steady pace of improvement; however, many of them remain below the national average. For example, Salta’s infant mortality rate is at 14 per 1,000 live births compared to the national average of 12.1. Maternal mortality rate is at 8.4 and the national average at 5.5 per 10,000 live births. Providing access to primary health services for populations in rural and remote locations, where availability of general practitioners or specialists is very limited, remains a challenge. In general, the northern areas of the province, where Salta’s indigenous populations are located, show higher infant mortality rates than the average for the Province.

To address the challenge of improving health services delivery, the provincial Ministry of Public Health has prepared a 5-year Plan (Plan Quinquenal 2011-2015) which includes the development of a strategy to complement the services currently provided by hospitals and primary care facilities. This would be achieved by the gradual digitalization of all health service providers through: (i) the sector-wide implementation of the Acuario System (a management system to be used by hospitals and primary health care centers), which would permit the follow-up with patients who have received services from health care facilities; (ii) the use of fixed and mobile Telemedicine equipment to facilitate diagnosis, treatment and prevention of disease and injuries in population living in...
rural or isolated areas and; (iii) the use of telemetric tools connected to cell or satellite phones for the same purpose. In addition, a special effort is being made to address inequality in access to primary health care services by strengthening local health staff capabilities in remote areas through training and improving coordination with nutrition and other social programs.

Education
Coverage in secondary education remains a challenge in the Province of Salta. While coverage rates are close to universal in preschool and primary levels (98 and 97 percent respectively), for secondary level coverage rates drop to 74.9 percent (see Graph 1). This average coverage rate hides important heterogeneity within the province with rates in rural areas being disappointingly low (56 percent) compared with the relatively high rate in urban centers (82 percent). Additionally, grade repetition and school dropouts, two components of system’s efficiency, are higher at the secondary level and also more common among the rural population.

Low coverage in rural areas is related to Salta’s diverse context. A significant proportion of the rural population speaks an indigenous language, lives in rather small and isolated communities and has to cope with incomes below the poverty line, creating an extra challenge for the provision of pertinent school services in these areas. The lack of reliable information about the main restrictions faced by rural schools represents an additional complication. Experts in Salta’s Ministry of Education point to the long house-to-school commuting distance and the lack of pertinence in the supply of vocational education—i.e. relevant for the labor market, as the main culprits behind the low coverage rates in rural areas. All of these adverse conditions affect the systems’ coverage and efficiency rates and create an environment that is not conducive to effective learning in rural areas.

Priorities for the Provincial Ministry of Education during the mandate 2007-2011 follow two lines of action: (i) inclusion of marginal groups in secondary education—youth from rural areas, indigenous peoples, and those with special needs, and (ii) collection and optimum use of data to improve school-based management. Since 2007 the Ministry of Education of Salta has created 42 new units for secondary education—most of them in rural areas—which represents an increase of almost 25 percent at this education level. Additionally, the Ministry has recently made an important effort towards creating an education information system capable of producing reliable statistics for the education system as a whole and for each public and subsidized school. The information system is not yet in place due to lack of financial resources and limited technical expertise.

Provincial public management
In recent years, the Province has taken the first steps in introducing a programmatic classification and output targets. Provincial public financial management (PFM) is implemented according to a comprehensive regulatory framework under the Secretariat of Budgeting. This Secretariat is particularly responsible for the budget, treasury, and accounting functions, and for managing the Province’s integrated financial information system. Under the leadership and the coordination of the Secretariat of Budgeting, a new programmatic classification based on courses of action (cursos de acción) has been developed. Approximately half of the budget is classified according to these courses of action, while the rest is still based on jurisdictional units. Given the initial development stage of this programmatic classification, the level of development of the courses of action is uneven.

Significant progress has also been made in strategic planning, M&E and procurement. The Strategic Planning Secretariat was created on November, 2009 by Decree No. 4759 of the Provincial Executive Power, under the Governor’s General Secretariat. Under the auspices of the new Strategic Planning Secretariat and the Salta Foundation, the provincial strategic development plan, “Salta 2030” is currently being developed in order to establish the basis for the Province’s sustainable development. In addition, other planning exercises have been developed throughout the provincial administration as well as efforts to improve underpinning information systems with uneven level of development, methodological thoroughness and results. The Government of Salta (GoS) has also embarked in a procurement reform initially focused on the procurement of Goods, Services and Pharmaceuticals. The reform has been centered on increasing efficiency and transparency; this has been done by the creation of a coordinating unit as well as a centre dedicated to improving the procurement logistics in terms of distribution and warehousing.

The GoS has an ambitious reform agenda aimed at promoting social inclusion and ensuring public policies focus on results that improve the quality of life of all salteños and salteñas. The current Governor, who took office in 2007, has recently been re-elected for an additional 4-year period. He has laid out a vision that places the people at the center of public policy and concentrates on delivering results to the most needed population. The Government realizes that public sector effectiveness and performance-oriented management are key to achieve the desired results. Key public management challenges include: (i) the need to strengthen the coordination of planning efforts and initiatives, (ii) deepen and consolidate the budget programmatic structure, (iii) strengthen the linkage between planning and budgetary activities, (iv) developing information management systems to inform the policy making process, and (v) consolidate and expand the procurement reform.

Relationship to CAS
The proposed operation is fully consistent with the CPS program objectives. The operation would contribute to two of the key objectives in the CPS: (i) Consolidate improvements in health indicators and improve quality of education while reducing drop out, and (ii) expand performance management and improve the quality of public expenditure, enhance service delivery outcomes and trust in institutions. The Sector-Wide Approach (SWAp) instrument fits well within the objectives of the CPS which calls for multi-sectoral and performance-based operations. Similarly, the proposed loan is consistent with the CPS goal of deepening the Bank’s relationship with sub-national governments and the Province of Salta complies with the subnational eligibility criteria.

The proposed Project complements and provides leverage to current active health and education programs in the province. In health, the proposed project complements efforts to improve health care service delivery in Salta as it strengthens the supply of
services in areas that cannot be reached with ongoing projects. The main focus of the current active programs -Plan Nacer APL 1 and 2 and the Provincial Public Health Insurance Development Project - is on expanding the coverage of uninsured population whereas this operation focuses particularly on providing primary health care services to the under-served populations. If successful, the project could serve as a pilot to be replicated in other provinces with similar challenges. In education, the proposed project complements the nation-wide Rural Education Improvement Project (PROMER) currently under implementation in Salta. PROMER focuses on expanding infrastructure and increase bilingual school programs in rural schools. The proposed loan, on the other hand, aims at improving information systems and vocation and distance education models to increase access to secondary education.

II. Proposed Development Objective(s)

Proposed Development Objective(s)
The development objective of the Project is to improve access to primary health and secondary education services among the rural population and support information-based decision-making.

Key Results
- Increased percentage of rural population (covered by the Nominative beneficiary database of the Ministry of Health) receiving primary health care
- Increased percentage of rural population receiving health care through the Telemedicine Program
- Increased secondary education coverage of rural population
- More budget programs with indicators monitored through the M&E system

III. Preliminary Description

Concept Description
Loan amount, lending instrument and project duration. The proposed loan in the amount of US$60 million is designed as a Specific Investment Loan (SIL) using a SWAp modality. In each sector, SWAp funds will contribute to government programs in a catalytic and focused manner to support Salta’s achievements of its development goals. The Project implementation period will be three years, between January 2013 and December 2015. The Project would be presented to the Board in FY13 Q1, along with the new Argentina CPS (2013-15).

Components. The proposed Project will be implemented under two modalities: A US$54million SWAp that will disburse against eligible expenditure programs (EEPs) and a US$6 million Technical Assistance (TA) that will disburse against statements of eligible expenditures. The project will include three components: two SWAp components in health and education that will be implemented by the provincial Ministries of Health and Education, respectively; and a TA component that will be managed by a Project Coordination Unit (PCU) located at the Provincial Ministry of Finance and Public Investment.

Component 1: Improve access to primary health services and provide support for evidence-based clinical practice. This component will support the provincial program of Primary Health Care Services which aims at improving the coverage of primary health care services. The program amounts to a total of about US$71 million during 3 years, against which the SWAp will disburse about US $24 million in the three years of project duration. The main objective of this component is to expand access to health services of people in rural areas, especially in geographically isolated areas through the implementation of a Telemedicine Program, including the use of telematic tools in selected areas. This technological innovation will help to reach populations living in remote areas with effective health services delivery, optimization of the emergency system and the enhancement of the patient interfacility transfer processes. In addition, its implementation would improve the quality of health service delivery throughout the network through the promotion of the use of standardized evidence-based clinical practice guidelines and protocols for Telemedicine services and the use of a new information management system to support evidence-based clinical practice. Participation of beneficiaries during the design and implementation of these new services will ensure they are responsive to gender, equality and multiculturalism.

Component 2: Improve access to secondary education of rural population. This component will support the Provincial Program of Secondary Education which aims at improving the coverage of secondary education services among the poor and create the conditions to enhance service quality. The program amounts to a total of about US$112 million a year, against which the SWAp will disburse about US$30 million over three years. In particular, the component will support: (i) the implementation of an education information system capable of producing basic variables such as dropouts, enrollment, number of teachers, school infrastructure, and repetition, among others for the education system as a whole and at the department and school levels; (ii) the development and implementation of a training program for school principals on how the use of education information system to improve school-based management, (iii) the design of pertinent vocational and virtual education models to increase the offer of secondary school in rural areas, and (iv) special training for teachers working with students with special needs: hospital and home-based education and bilingual teaching assistants.

Component 3: Strengthen the provincial core public management systems and develop information-tools for policymaking. This component will support the strengthening of key provincial public management systems, consolidating and deepening the progress made in recent years in planning, budgeting, procurement and the production of information for policy-making. In particular, the component will provide technical assistance in the following areas:
- Subcomponent 3.1: Institutional Strengthening for Public Planning: This subcomponent will provide Technical Assistance
to support the development of the Integrated Public Planning System that would aim at defining an institutional framework, enhancing current planning initiatives, strengthening coordination among different agencies and levels of government and providing different planning tools. It includes technical assistance for (i) the implementation of comprehensive provincial planning system (legal framework, institutional design, processes, methodological tools, etc.), and (ii) development of performance budgeting pilots in sectoral ministries including Health, Education, Labor and Economic Development (to be determined).

- Subcomponent 3.2: Institutional Strengthening for Program Budgeting: This subcomponent will provide Technical Assistance for the implementation of program budgeting in the non-financial public sector, which involves: (i) the determination of institutional production, the adjustment of the budget programmatic structures, and the construction of input-output coefficients; (ii) the development of a complementary module to the financial information system (called JD Edward) to track the physical production indicators; and (iii) the development of a training program on program budgeting and its link with planning.
- Subcomponent 3.3: Institutional Strengthening for Public Management Information Systems: This subcomponent will provide Technical Assistance for the development of an information system for the design, implementation and monitoring of public policy. This will involve the improvement of public agencies’ data systems and the design and implementation of information management tools and accountability mechanisms.
- Subcomponent 3.4: Institutional Strengthening for Public Procurement: The objective of this subcomponent is to support the ongoing reform of the procurement system in Salta and improve its efficiency and transparency by adopting modern procurement methods such as framework agreements and e-procurement.
- Subcomponent 3.5: Institutional Strengthening for the Government Health Care Program: This subcomponent will provide Technical Assistance to support the design and development of: (i) the Telemedicine Program operational plan, (ii) evidence-based clinical practice guidelines for the use of telemedicine and e-health technology to expand the health service delivery, and (iii) a plan for health personnel training on the use of such technology.
- Subcomponent 3.6: Institutional Strengthening for the Government Education Program: This subcomponent will provide Technical Assistance to strengthen evidence-based decision making within the Ministry of Education in Salta and will finance the following activities: (i) the development and implementation of a strategic plan to improve the quality of the education system in Salta, (ii) the design and implementation of the first province-level standardized test, (iii) a study on the underlying causes behind school dropouts in Salta, (iv) an evaluation of the effects on secondary school enrollment of the federal program "Asignación Universal por Hijo" (Universal Child Allowance), and (v) an evaluation of the provincial program "Libertad" on teaching methods and learning conditions.

IV. Safeguard Policies that might apply

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V. Tentative financing

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