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MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE ARGENTINE REPUBLIC

FOR THE PERIOD FY19-FY22

March 28, 2019

**Argentina, Paraguay and Uruguay Country Management Unit
Latin America and Caribbean Region, The World Bank**

**Southern Cone Unit
Latin America and Caribbean Region, The International Finance Corporation**

The Multilateral Investment Guarantee Agency

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ABBREVIATIONS AND ACRONYMS

ACUMAR	MRRB Authority (Autoridad de la Cuenca Matanza-Riachuelo)
AMBA	Buenos Aires Metropolitan Area (<i>Area Metropolitana de Buenos Aires</i>)
ANSES	National Social Security Agency (<i>Agencia Nacional de Seguridad Social</i>)
ASA	Advisory Services and Analytics
AUH	Universal Child Allowance (<i>Asignación Universal por Hijo</i>)
CABA	Autonomous City of Buenos Aires (<i>Ciudad Autonoma de Buenos Aires</i>)
CNDC	National Commission for the Defense of Competition (<i>Comisión Nacional de Defensa de la Competencia</i>)
CLR	Completion and Learning Review
COP	Conference of the Parties of the UN Framework Convention on Climate Change
CPF	Country Partnership Framework
CPPR	Country Portfolio Performance Review
CPS	Country Partnership Strategy
DPF	Development Policy Financing
EDGE	Excellence in Design for Greater Efficiencies
EPH	Household Survey (<i>Encuesta Permanente de Hogares</i>)
FY	Fiscal Year
G20	Group of Twenty
GDI	Graduation Discussion Income
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GNI	Gross National Income
GW	Gigawatt (one billion watts)
HIC	High-income Country
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results Report
ICSID	International Centre for the Settlement of Investment Disputes
IFC	International Finance Corporation
IMF	International Monetary Fund
INDEC	National Statistics Institute (<i>Instituto Nacional de Estadísticas y Censo</i>)
IPF	Investment Project Financing
LAC	Latin America and Caribbean
MDES	Multi-Dimensional Economic Survey
MIGA	Multilateral Investment Guarantee Agency
MRP	Management and Results Plan
MRRB	Matanza-Riachuelo River Basin
NDCs	Nationally Determined Contributions
NTM	Non-Tariff Measure
OECD	Organization for Economic Cooperation and Development
ONC	National Procurement Office (<i>Oficina Nacional de Contrataciones</i>)
PA	Programmatic Approach
PBA	Province of Buenos Aires (<i>Provincia de Buenos Aires</i>)
PDO	Project Development Objective

PER	Public Expenditure Review
PFM	Public Finance Management
PIU	Project Implementation Unit
PLR	Performance and Learning Review
PPP	Public-Private Partnership
PROSAP	Provincial Agricultural Development Project
RAS	Reimbursable Advisory Services
SAI	Supreme Audit Institutions
SBA	Stand-by Arrangement
SCD	Systematic Country Diagnostic
SIGEN	National Internal Audit Agency (<i>Sindicatura General de la Nación</i>)
SME	Small and Medium Enterprise
SORT	Systematic Operation Risk-Rating Tool
UHC	Universal Health Coverage
UMIC	Upper Middle-Income Countries
UNFCCC	United Nations Framework Convention on Climate Change
VAT	Value Added Tax
WBG	World Bank Group
WSS	Water and Sanitation Services
WTO	World Trade Organization

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FY19-FY22 COUNTRY PARTNERSHIP FRAMEWORK FOR THE ARGENTINE REPUBLIC

I. SUMMARY AND INTRODUCTION

1. **This Country Partnership Framework (CPF) outlines how the World Bank Group (WBG) will accompany Argentina's path to reduce macroeconomic instability while setting the stage for poverty reduction through private sector led growth.** The objectives selected for the CPF are closely linked to the priorities identified in the recent Argentina Systematic Country Diagnostic (SCD), which analyses key constraints to inclusive and sustainable growth and poverty reduction and suggests ways to address them.¹ They also reflect the fact that Argentina's Gross National Income (GNI) per capita² is above the Graduation Discussion Income, and that WBG's new financing will be focused to support the country's sustainable graduation path from IBRD. At the same time, the Government has expressed a preference to retain, in principle, access to the entire range of WBG instruments. This CPF covers the four-year period FY19-FY22. As Argentina's presidential and legislative elections are to be held in October 2019, the Progress and Learning Review (PLR) will provide an opportunity to assess progress of reforms, revisit priorities, and reflect changes to the CPF program as needed.

2. **Argentina's institutional constraints have persistently prevented the country from sustaining high-income levels; assisting the country to address them is a key focus of the CPF.** Permanently overcoming the cycles of economic volatility that have precluded sustained growth and shared prosperity will require addressing the significant institutional constraints that are holding the country back. Given this, the Country Partnership Framework's Focus Areas are: (i) supporting Argentina in securing access to long-term private financing on a sustainable basis; (ii) addressing key institutional constraints for better governance and service delivery; and (iii) supporting Argentina to implement its climate-related Nationally Determined Contributions (NDCs).

3. **When taking office at end-2015, the Government faced macroeconomic and structural imbalances in the economy and a weak institutional framework.** In December 2015, the country had large dual fiscal and current account deficits, monetization of the fiscal deficit and high inflation, large and regressive energy and transport subsidies, price controls and trade restrictions, limited domestic competition and significant government red tape for enterprises, no access to international financial markets, foreign exchange controls and multiple exchange rates. Furthermore, Argentina was under censorship by the International Monetary Fund (IMF) for unreliable statistics.

4. **Over the past years, Argentina has been working on an ambitious structural reform agenda, while starting to correct some of the macroeconomic imbalances and mitigating the social costs of these changes.** The Government eliminated foreign exchange controls, harmonized the exchange rate, reached an agreement with holdout creditors and moved to a flexible exchange rate regime. Energy and transport subsidies have been reduced significantly, and a new monetary policy regime has been implemented. Argentina also initiated structural reforms to strengthen the competitiveness of the economy and to create the conditions for private sector-led growth, including the reduction of export taxes, easing import controls and implementing reforms to reduce the cost of doing business. At the same time, Argentina

¹ World Bank. 2018. Argentina: Systematic Country Diagnostic (English). Washington, D.C.: World Bank Group.

<http://documents.worldbank.org/curated/en/696121537806645724/Argentina-Systematic-Country-Diagnostic>.

² The Graduation Discussion Income threshold is \$6,795. Argentina's GNI per capita (Atlas method) was \$13,030 in 2017, classifying it as a high-income country. However, the strong devaluation in 2018 will impact on the GNI per capita and the country's classification.

strengthened its legal framework to fight corruption and increase public sector transparency, and the credibility of statistics was restored.

5. **Given continued twin deficits and large external financing needs, the country remained vulnerable to changes in market sentiment and global financial conditions.** The plan to gradually reduce the fiscal deficit was aimed at preventing a deterioration in economic activity and mitigating the adverse impacts on the most vulnerable. This led to a slow decline in the, still sizable, primary fiscal deficit. Interest spending increased rapidly, as the Central Bank (BCRA) financing was replaced with public debt issuances. Inflation did not come under control. Together with questions about the independence of the Central Bank at the beginning of 2018, these factors made Argentina vulnerable to a sharp deterioration in investor sentiment. This occurred in April 2018 and led the country to request financial support from the IMF. A first Stand-By Arrangement (SBA) for \$50 billion was approved by the IMF Board in June 2018 and a revised, amplified, SBA of over \$56.3 billion was approved in October 2018.

6. **Vulnerabilities have built up in Argentina's economy due to the accumulation of institutional obstacles to the country's development.** Historically, these have led to a lackluster economic performance, institutional constraints across a range of areas (when compared to countries of a similar income level, as shown in the SCD) and disappointing outcomes in terms of access to quality services for the poor. The institutional constraints can be grouped in three areas that underpin this CPF: first, the *overall institutional setting for macroeconomic policy* has been typified by high volatility and intermittent crises resulting from fiscal vulnerabilities; second, *weak market institutions* related to competition and business environment reduce productivity and business opportunities, and have meant that there is an uneven playing field between firms; and third, a history of *weak and unequal institutional capacity for service delivery*, encompassing inefficient policy making and implementing structures, weak and nonprofessional bureaucracies, lack of collection and use of quality data for evidence-based policy making, inadequate procurement regulations, largely ineffective fiduciary controls and a lack of transparency in public policy making. This has reduced the effectiveness of the state and its ability to curb private and public-sector corruption, undermining citizen's trust in public institutions. Significant progress has been made over the past years in addressing these institutional constraints, but important gaps remain.

7. **Persistent poverty, vulnerability and inequality are closely linked to the three areas of institutional constraints identified above.** Economic crises and high-inflation periods have impacted significantly on individuals' well-being in the past. Institutional constraints for private sector growth are closely linked to vulnerability of employment and low overall productivity growth. Poor service delivery impacts the lives of the poorer population by denying them opportunities and impacting on their access to quality services. Also, institutional capacity constraints for service delivery translate into high geographic and socio-economic inequities, reducing equality of opportunities and intergenerational mobility.

8. **Shifts in the WBG engagement derive from the CPF being centered on supporting Argentina to address these institutional constraints.** First, at the center of this CPF is a new area of engagement to support the reform of fiscal institutions at the federal and provincial level through both analytical work and DPF financing. Leaving behind the track record of a high degree of policy shifts and institutional weakness of macro-economic policy making is of primary importance for long-term private investment. A second area of engagement—key for increasing the risk appetite for Argentina's assets—is that the CPF would shift additional resources to support the strengthening of market institutions (such as competition, trade and investment frameworks) as a basis for sustainable private sector led growth. Third, the CPF adds

more explicitly the fight against corruption to the ongoing accountability and transparency agenda. This is necessary not only to secure long-term investment but also to build on the Government's efforts to use the current "notebooks" investigation to reform public institutions and rules, and to require a much higher level of integrity from the private sector. The CPF will phase out IBRD traditional infrastructure hardware financing as well as change its focus in education to address key institutional constraints. Given the overall fiscal situation of the country, the IBRD instrument mix will shift from stand-alone IPFs to budget and program financing. As a complement to these efforts, and assuming a continued commitment from the Government to strengthen the foundations for private sector-led growth, the CPF foresees high additionality from IFC. After more than tripling its portfolio during the last CPS period, IFC will seek to provide much needed counter-cyclical long-term financing to exporters and leading domestic companies while mobilizing additional financing from commercial banks and other development finance institutions, bringing in strong financial additionality. In addition, IFC will contribute non-financial additionality by catalyzing policy and regulatory changes for market-creating activities in close coordination with IBRD.

9. **WBG corporate priorities are embedded in the CPF program.** Climate change is one of the three Focus Areas of the CPF and will support Argentina's effort to reach its Nationally-Determined Contribution (NDC). The WBG will contribute to transition Argentina to a cleaner energy mix, minimizing the impact of floods in urban and rural areas, increasing the use of climate risk management approaches, and promoting climate-friendly urban mobility. The CPF will support gender equality by focusing on enhancing women's economic opportunities, protecting their human capital, supporting small and medium enterprises (SMEs) that have active gender-equality policies, assisting indigenous women in the northwest of the country to develop productive activities, and by enhancing the social protection of families with young children during economic downturns. Finally, increasing private financing in infrastructure investment and financial intermediation in general are key components of the program with Argentina. The CPF will support the principles of *Maximizing Finance for Development (MFD)* by supporting reforms to deepen financial and capital markets, strengthen market institutions and regulations, support deeper financial intermediation through more resilient and innovative solutions and promote a much higher level of integrity from the private sector.

10. **The Bank, IFC, and MIGA will continue to work closely as one WBG across the CPF program areas.** The Bank, IFC, and MIGA are jointly supporting the development of renewable energy by assisting the mobilization of private financing for the sector through the RenovAR Program. Support for improvements to business regulations and enabling services, such as telecommunications and transport/logistics, will continue to be a joint effort of the three organizations, supported by Development Policy Financing. The promotion of a local capital market is also a joint goal. The Bank will focus on the implementation of legal, regulatory, and institutional reforms for the financial sector, with the aim of enabling the development of resilient financing instruments for housing and the private sector. The IBRD is providing long-term private financing to SMEs by supporting the banking sector through the state-owned Bank for Investment and Foreign Trade (*Banco de Inversión y Comercio Exterior*, BICE). The IFC is supporting Argentina's financial sector and the development of a nascent local capital market through innovative investments aimed at creating a more robust investor base and more efficient deployment of available savings in the Argentine economy, and by helping local banks expand lending to SMEs. MIGA, through its political risk insurance, is providing cover to Argentina's largest private-sector bank; this support has the potential to facilitate additional local lending during the CPF period, including credit to small and medium-sized enterprises.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1. Political and Institutional Context

11. **While the current administration has initiated strong reforms to reduce existing imbalances, Argentina's current economic situation reflects long-term vulnerabilities due to the accumulation of institutional obstacles to the country's development.**³ These institutional constraints can be grouped in three areas, which together have led to the historical lackluster economic performance, significant institutional constraints across a range of areas when compared to countries of a similar income level, and disappointing outcomes in terms of access to quality services for the poorer in society: (i) the overall *institutional setting for macroeconomic policy* has been typified by high volatility and intermittent crisis resulting from fiscal vulnerabilities; (ii) *weak market institutions* related to competition and the business environment reduce productivity and business opportunities; (iii) *weak and unequal institutional capacity for service delivery*, encompassing poor procurement regulations, ineffective fiduciary controls, and a lack of transparency in public policy-making, has reduced the effectiveness of the state and its ability to curb corruption and reflected in poor outcomes, particularly for the less well-off, and undermined citizen's trust in public institutions. Recent reforms in all areas have started to produce tangible results but important absolute gaps remain.

12. **First, Argentina's institutional setting for macroeconomic policy making has been marked by large swings and volatility of economic growth.** Argentina has had a disappointing long-run economic performance, with average long-run economic growth of only 2.7 percent between 1950 and 2016 – about half that of high performing countries in the region and less than a third of emerging countries in Asia. Closely linked, Argentina has an unusually volatile macroeconomic environment: the country spent roughly one-third of the time since 1950 in recession, the second highest in the world. Institutionally, these cycles reflect non-cooperative behavior among institutional actors across levels of government on macroeconomic policy formulation and implementation, which in turn has generated large swings in the institutional rules for economic policy. For example, tax legislation has been enacted or modified over 80 times and fiscal federal rules have been changed 14 times since 1988.

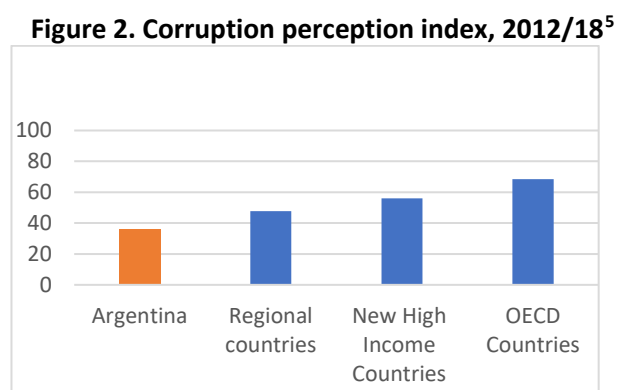
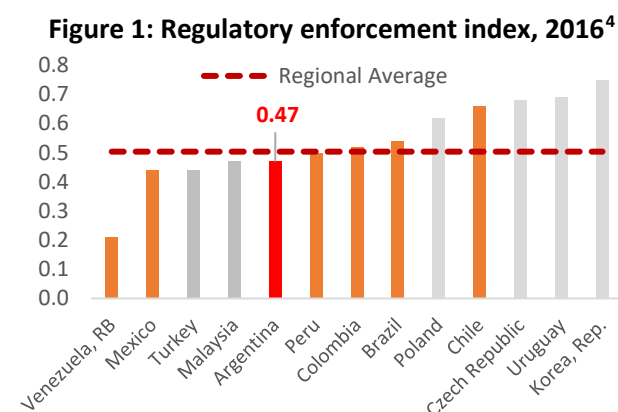
13. **Stop-go cycles have characterized Argentina's economic development for several decades.** They are the outcome of a political system typified by short-term considerations (*cortoplacismo*). This short-termism combines with high expectations and pressures of one of Latin America's largest middle classes to create high pressures to spend during booms. The large vertical imbalances of the federal system and the tendency of political and economic actors to reach agreements through short-term "deals" has undermined the ability of public institutions to enforce long-term commitment to reforms and to develop sustainable countercyclical fiscal and monetary policies. This has frequently led to highly procyclical economic policies that amplify booms and busts, undermining actors' confidence in the credibility of policymakers and the ability of the economy to deliver long-term stable growth.

14. **Second, regarding market institutions, Argentina still faces significant gaps relative to both OECD standards as well as to countries at its income level.** A country characterized by an abundance of natural resources, Argentina is the fourth most closed economy in the world today and has low integration

³ For background and data information, see World Bank. 2018. Argentina: Systematic Country Diagnostic (English). Washington, D.C.: World Bank Group.

into global value chains –ongoing trade, investment climate and competition reforms are aiming to address this inward orientation. Still, though, limited institutional capacity to enforce and monitor competition prevents the reallocation of resources efficiently and effectively across sectors. Firms have very limited access to finance, high expense of capital inputs and large costs of doing business which are related in part to red tape and restrictive business processes and regulations that result in low quality logistics and other support services. Limitations in the performance of the judiciary is another key institutional constraint to a healthy business environment.

15. **Third, weak and unequal institutional capacity for service delivery has reduced the effectiveness of the state.** Argentina’s history of volatility has left an imprint on how political and economic actors interact. The political interference in public administration has undermined the creation of a professional bureaucracy and its ability to effectively enforce laws and regulations to promote private sector development (Figure 1). Historically, low levels of transparency and poor data and information systems affect the quality of policymaking and implementation process. Procurement practices and regulations allowed the perpetuation of inefficiencies and rent seeking behaviors – important advances have been achieved over the past years to move to more transparent practices, especially through the introduction of e-procurement systems. Strengthening of the anti-corruption office has similarly shown first results as efforts to enforce anti-corruption legislation and public integrity policies had been constrained until recently by the lack of credible institutions with the mandate, independence, and capacity to detect, investigate, and sanction corruptive practices. Historical perceptions of the failure to significantly control corruption stands out compared to regional and OECD countries, and to countries that have managed to move to high-income status (Figure 2). The urgency to reform core institutions; foster functioning checks-and balances between the legislative, executive and judiciary; and to ensure accountability of public officials was recently elevated by the notebooks (*cuadernos*) investigation. Published in August 2018, the investigation exposed fraud and corruption involving public officials and private sector businesspeople during previous administrations (see Box 1).



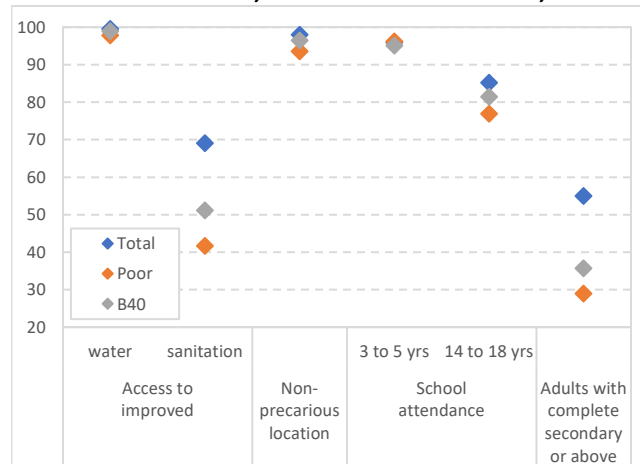
Source: World Justice Project, Rule of Law Index 2017-18. Source: Transparency International.

⁴ Regulatory quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development (Source: World Justice Project). A lower scoring for a country corresponds to a lower ranking (less regulatory quality).

⁵ The Corruption Perceptions Index (CPI) ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople. It uses a scale of 0 to 100. A lower score for a country corresponds to a lower ranking (less control of corruption).

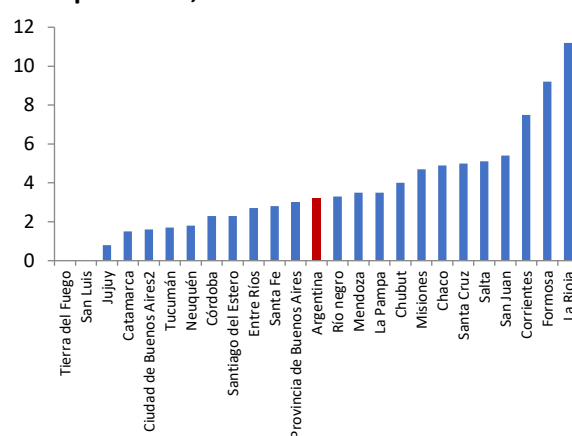
16. **Institutional capacity and incentives for service delivery vary widely across government agencies and jurisdictions.** This is reflected in a significant inequality of service delivery outcomes. Service access gaps across income groups are large (Figure 3), translating also in strong variations of outcomes across income groups and geographical areas (Figure 4). In part, this is due to the decision-making process and policy implementation decentralized across a variety of regulatory agencies, without appropriate coordination mechanisms, which leads to increased institutional fragmentation and uneven quality of service delivery across provinces. This lack of institutional coordination also reflects Argentina’s fiscal federalism, with provinces responsible for expenditures (such as basic health-care and education), while revenues are mostly collected at the national level. An automatic redistribution of revenues (“coparticipación”) and discretionary transfers to the provinces help fund these expenditures, although discretionary expenditures as a share of total transfers have decreased over the last three years. Few sectors command the tools to hold provinces to account for the quality of service provision—the health sector is an example where such incentives exist for subnational governments to improve spending efficiency and comply with national policy guidelines and regulations.

Figure 3. Access to services, living conditions and school attendance, and level of education, 2016



Source: Data from SEDLAC (CEDLAS and World Bank), based on EPHC.

Figure 4. Maternal mortality (per 10,000 births) across provinces, 2013



Source: Argentina’s Ministry of Health.

Box 1. The notebooks corruption investigation (*Los cuadernos de la corrupción*)

In August 2018 a large-scale corruption investigation was revealed, dominating the news ever since. The Argentine Justice Department is investigating alleged illicit cash payments made by companies in exchange for public works contracts during the administrations in office during 2003-2015. So far, several former public officials and businessmen have been detained and accused of having participated in massive bribery schemes. The number of former public officials and businessmen involved continues to grow and the investigation has reached a former President as well as relatives of the current President. The investigations are based on information of bribe amounts, names, addresses, dates and places that were recorded in notebooks (*cuadernos*) by a driver of the former Minister of Planning. Many businessmen called to testify used plea bargains under the “Repentance Law” (Law 27,304), sanctioned in late 2016. While the investigation is still unfolding, it has already impacted current public contracts. Other implications of the investigation have to do with the legal liability of the allegedly involved business leaders. The Chamber of Appeals decided to reduce the charges to less severe crimes, which is likely to put some relief in the business community.

2.2. Recent Economic Developments

17. **The current Government came into office at end-2015 facing macroeconomic and structural imbalances in the economy, and a weak institutional framework.** While poverty and inequality had

declined remarkably since the economic crisis in 2001, economic imbalances were high at end-2015: the overall fiscal deficit of the consolidated public sector stood at 4.4 percent of GDP and public spending was above 40 per cent of GDP in 2015, a significant increase from the 25 per cent it represented in the early 2000s. Subsidies for energy and transport had risen substantially from 0.8 percent of GDP in 2005 to 6.0 percent in 2015 and were regressive. The fiscal deficit had been financed mainly through loans from the Central Bank (BCRA), feeding inflation which reached 27 percent at end 2015 (City of Buenos Aires CPI). Growing current account deficits, reaching 2.7 percent of GDP in 2015, combined with a lack of access to external financing put pressure on international reserves. The economy faced foreign exchange controls, multiple exchange rates, high trade restrictions, limited domestic competition in goods and services, and significant costs for enterprises from government red tape. Finally, Argentina had been under IMF censure since September 2012 for the quality of its official data for the Consumer Price Index and the GDP.

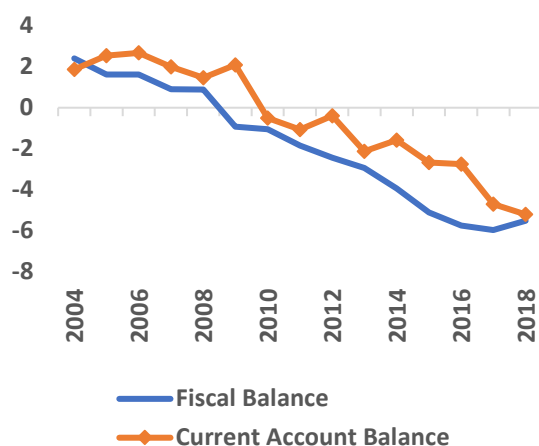
18. Argentina has been working on an ambitious structural reform agenda since end-2015, while starting to correct macroeconomic imbalances and mitigating the social costs of these changes. The Government eliminated foreign exchange controls, harmonized the exchange rate, reached an agreement with holdout creditors and moved to a flexible exchange rate regime. Energy and transport subsidies have been cut in half under the new Government, falling to 1.9 percent of GDP at end-2018. Initially, monetary policy was placed under an inflation-targeting regime, later replaced by a targeting of the monetary base. Argentina also initiated structural reforms to strengthen the competitiveness of its economy and to create the conditions for private sector-led growth, including reducing export taxes, easing import controls and implementing reforms to reduce the cost of doing business. At the same time, the country strengthened the legal framework to fight corruption and increase public sector transparency. The reform agenda was approved by a Congress where the Government's coalition has not held a majority in either chamber so that many of the reforms had to be negotiated, especially with the provinces.

19. Despite the reforms put in place by the Government, the tightening of global financial conditions in the first part of 2018 brought to the fore Argentina's underlying vulnerabilities. For both social as well as political reasons, the Government chose a gradual adjustment path, including a slow reduction of the fiscal deficit, aimed at preventing a deterioration in economic activity and mitigating the adverse impacts on the most vulnerable. Continued macroeconomic imbalances, with a primary deficit of 4.2 percent of GDP and inflation of 24.8 percent at end-2017, combined with high external financing needs given a current account deficit of 4.7 percent of GDP in 2017, as well as questions about the independence of the Central Bank at the beginning of 2018 made Argentina vulnerable to a global financial turmoil. Argentina's financial markets came under sudden pressure in April 2018, resulting in a large depreciation of the peso, a rise in the sovereign risk premium, increased concern on the Government's economic program and the roll-over needs for short-term Central Bank paper (LEBACs). The initial drivers behind the turmoil included a severe drought earlier in the year that impacted agricultural production and exports, a tightening of global financial conditions—U.S. dollar appreciation and an upward shift in U.S. interest rates—and a heightened increase in the perceived riskiness of the more vulnerable emerging markets. These events prompted the Government to seek IMF financial support in May 2018.

20. Argentina reached an agreement with the IMF for a Stand-by Arrangement (SBA) of \$50 billion in June 2018 and received access to an increased resource envelope of \$56.3 billion in October 2018. After a short period of relative calm following the SBA approval in June 2018, global financial volatility returned in August 2018, leading to a widespread depreciation of emerging market currencies, with the Argentine Peso hit hard (over 50 percent depreciation in 2018). To restore market confidence, in late August 2018, the Government requested the IMF for a revision of the program to frontload resources. The First Review of the SBA in October 2018 increased financing to \$56.3 billion, and frontloaded

disbursements of close to \$19 billion to 2018-2019. The revised SBA includes: (i) the acceleration of fiscal consolidation to achieve a primary balance in 2019 and a primary surplus in 2020; and (ii) shifting from inflation targeting to a tight targeting of the monetary base (nominal growth of the monetary base set at zero percent per month until June 2019) and a commitment to a floating exchange rate within a wide non-intervention zone. The package also includes a provision for increases in the benefit amount for the main social safety net programs

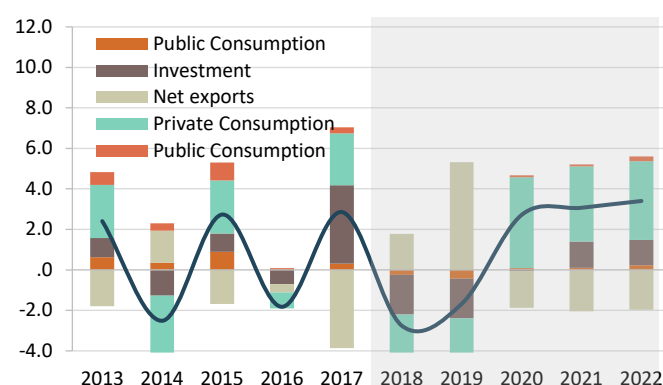
Figure 5. Fiscal and Current Account Balance, in percent of GDP, 2004-2018



Source: Ministry of Treasury.

Note: Overall (fiscal) balance of the federal government.

Figure 6. Contribution to GDP growth, in percentage points, 2013-2022



Source: World Bank staff based on IMF (December 2018).

21. **Financial conditions have improved since the new monetary framework was put in place in October 2018.** Since the implementation of the new monetary regime in October 2018, the exchange rate had remained relatively stable around the lower bound of the non-intervention FX zone. The reference interest rate (LELIQ) decreased substantially from over 73 to 45 percent in late-February 2019. However, the Peso regained volatility in March 2019, reverting to the center of the non-intervention FX zone, leading to a new hike in the interest rate to 68 percent at the end of the month. On the fiscal front, the government met its 2.7 primary deficit target for 2018. The 2019 budget passed by Congress relies on expenditure cuts, mainly on subsidies and capital expenditures, and increased revenue collection from temporary export taxes.

22. **Economic activity is falling with growth expected to return in 2020.** Argentina's economy contracted by 2.5 percent in 2018, mainly due to a large fall in agriculture exports which were negatively impacted by a severe drought. Also, investments were hard hit due to the financial turmoil and uncertainty with a 5.8 percent fall. Inflation reached 47.6 percent in 2018. Private consumption fell by 2.4 percent, mirroring the negative effects of the peso depreciation on inflation and real wages. The recession is expected to continue into 2019, when economic activity is projected to decrease by 1.7 percent albeit a turning point in economic activity has occurred in January and February in several industries. The return of growth of 2.7 percent in 2020 would rely on a continued positive exports performance, and a rebound in investment and private consumption in 2020. See Table 1 for key macroeconomic indicators.

23. **The sharp currency depreciation impacted negatively on public debt sustainability.** The Federal Government's debt-to-GDP ratio is estimated to have reached 86 percent of GDP by end-2018, up from 57.6 percent at the end of 2017, and just above the IMF's high-risk threshold. The fiscal targets agreed with the IMF should place public debt on a downward path, to reach 59.3 percent of GDP by 2023.

Table 1. Key macroeconomic indicators, 2015-2021

	2015	2016	2017	2018	2019	2020	2021
Real Economy	<i>Annual percentage change unless otherwise indicated</i>						
GDP per capita (US\$)	14,749	12,706	14,516	11,590	...	...	...
Real GDP	2.7	-1.8	2.7	-2.5	-1.7	2.7	3.1
Consumption	3.7	-1.0	4.0	-2.4	-6.3	6.5	5.2
Government consumption	6.9	0.3	2.7	-3.3	-3.2	0.6	0.7
Gross fixed capital formation	3.5	-4.9	12.2	-5.8	-9.6	-0.4	7.4
Total exports (Goods and Services)	-2.8	5.3	1.7	0.0	12.7	5.4	5.6
Total imports (Goods and Services)	4.7	5.7	15.4	-5.1	-9.8	11.7	11.9
Fiscal Accounts	<i>Percent of GDP, unless otherwise indicated</i>						
Total revenues 1/	35.4	35.0	34.8	35.0	36.5	36.7	36.1
Total expenditures 2/	41.4	41.7	41.5	40.7	40.2	39.2	38.7
Primary Balance 3/	-4.4	-4.7	-4.3	-2.6	-0.1	1.0	1.1
Overall Balance 3/	-6.0	-6.6	-6.8	-5.7	-3.7	-2.5	-2.6
Public and publicly guaranteed debt (PPG) 4/	52.6	53.3	57.1	88.0	67.9	64.5	62.4
External debt 5/	20.3	19.5	21.7	34.9	33.0	32.1	31.3
Balance of Payment							
Current account balance	-2.7	-2.7	-4.9	-5.4	-1.5	-2.4	-2.4
Trade balance	-1.0	-0.7	-2.4	-2.0	1.9	0.3	-0.4
Exports of goods and services	10.9	12.8	11.4	14.6	18.7	17.2	17.0
Imports of goods and services	11.9	13.5	13.8	16.7	16.8	17.0	17.4
Foreign direct investment	1.7	0.3	1.6	2.0	0.4	0.9	1.3
Monetary Indicators	<i>Annual percentage change unless otherwise indicated</i>						
CPI (eop)	...	...	24.8	47.7	20.2	13.0	9.0
Credit to private sector	35.7	31.2	51.3	36.7	19.5	17.5	17.7
Monetary Base (yoy change)	34.9	31.7	21.8	35.1	13.5	24.5	18.1
Interest rate	32.2	23.9	28.8	59.3	30.7	21.4	15.3

Sources: IMF Staff Report (December 2018) and World Bank's *World Development Indicators* and staff estimates for per-capita GDP.

1/ Federal government and provincial governments.

2/ Includes transfers to municipalities, but excludes municipal spending.

3/ Excludes overall balance of the BCRA.

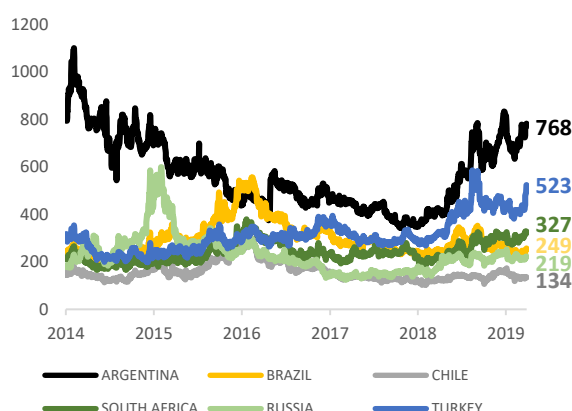
4/ Gross federal government debt.

5/ Gross federal government debt held by external residents.

24. **After a period of improved market access, external financing is now severely curtailed with the country subject to a high-risk premium.** Significant reforms from late-2015 had improved the country's risk perception resulting in an upgrade in credit ratings. Sovereign spreads as measured by the EMBI+ fell from above 800 basis points in 2014 to under 400 basis points at points during 2017, but the recent market turmoil pushed Argentina's risk perception back to over 800 basis points in December 2018 and stood at around 750 end-March (see Figure 7), above all countries included in the EMBI+ index except Venezuela and Ecuador. The depreciation of the peso also shows the extent to which Argentina lost market confidence in 2018 relative to other emerging market economies (see Figure 8). The sovereign credit rating is non-investment grade (S&P B, Fitch B, Moody's B2), having only come close to graduating from the speculative asset class in the mid-1990s (S&P BB). Restoring external market access and reducing Argentina's sovereign risk premium will require sustained macroeconomic stabilization and institutional

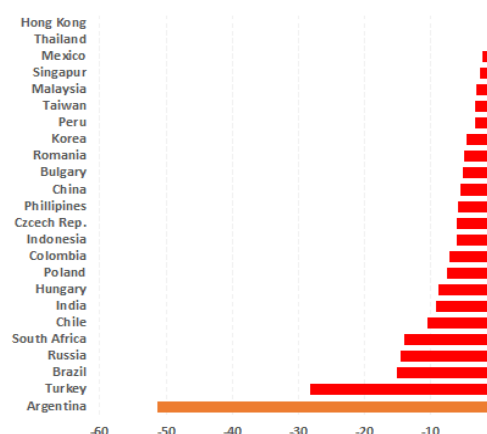
development. A positive development is that Argentina was upgraded to Emerging Market Status by Morgan Stanley Capital International in June 2018. The change will take effect in May 2019.

Figure 7. Emerging market spreads, EMBI+



Source: Bloomberg.

Figure 8. Change in emerging market currency values to the U.S. Dollar, 2018, in percent



Note: Negative figures refer to a depreciation.
Source: Bloomberg.

2.3. Poverty Profile

25. **The current economic recession is having a strong social impact.** While overall employment remained relatively stable, a shift occurred from formal to informal employment – between December 2017 and December 2018, around 190.000 formal sector jobs were lost. Further, as nominal wages were not able to keep up with inflation, real wages declined strongly (around 12 percent) in the same period, with informal sector wages decreasing slightly more in real terms. Moreover, the price of the basket of goods consumed by the poor increased more than overall inflation (52.9 percent between December 2017 and December 2018). This led to an increase of urban poverty, according to the national poverty line, to 27.3 percent in the first half of 2018 (from 25.9 percent in the second half of 2017) and to 32.0 percent in the second half of 2018.⁶ The Government expanded its social safety net to buffer some of the negative impacts on welfare with additional bonus payments for the non-contributory child benefit program at end 2018. This provided important relief but has not fully offset the real income decline of vulnerable households.

26. **Despite the significant reduction over the last 15 years, urban poverty in Argentina remains high according to national standards.** Compared to other countries, the proportion of the poor as measured by the upper-middle income line is lower than in the Latin America and Caribbean region, but still 50 percent higher than in new HICs countries and almost two times that of OECD countries (Figure 9). Urban poverty is highest in the Northern regions, but due to the concentration of the population around the city of Buenos Aires, more than half of the poor live in the Greater Buenos Aires area. The incidence

⁶ Source: INDEC

of poverty reaches 41 percent among children aged 0 to 14 years old, against only 7 percent among the elderly (65 years old and older).

27. **Indigenous populations are particularly vulnerable.** Indigenous populations represent 2.4 percent of the population and four out of five live in urban areas. Indigenous populations are ten percentage points more likely to have at least one unmet basic need compared to the non-indigenous population (at 23 percent vis-à-vis 13 percent, respectively). A larger share of the indigenous populations lives in precarious slum-like conditions (24 percent), compared to non-indigenous people (13 percent). In the cities, 79 percent of indigenous populations have access to water and 47 percent to sewerage, compared to 84 percent and 53 percent, respectively, of non-indigenous people. Indigenous populations also lag behind non-indigenous when it comes to access to services, as ethnicity intersects with location. A rural, indigenous woman is considerably less likely to finish primary or secondary school as compared to a non-indigenous rural woman; while an urban non-indigenous woman is almost four times more likely to finish secondary school. Finally, as Argentina does not collect household income and employment statistics in rural areas, information is missing on the living standards of a large share of the population, which disproportionally affects the indigenous populations as they are twice as likely to live in rural areas.

28. **Going forward, the labor market needs to recover its lost momentum as a force to reduce poverty and inequality.** Following a positive trajectory of formalization and employment growth until 2011, employment rates, particularly among men and youth, ceased to grow. Not only more jobs are required, but also labor productivity would need to grow. At least 40 percent of jobs are estimated to be in low-productive sectors such as in parts of manufacturing, informal services or parts of the construction and commerce sectors. At around 30 percent among wage employees, informality is still high, especially among less educated women. Except for Patagonia, more than half of women with less than complete secondary schooling work informally, a proportion that reaches 70 percent in the northern regions of the country. Informal wage-earners not only have less security and benefits, but also earn lower salaries. Combined with restricted access to affordable child care services, limited opportunities for low-educated women result in relatively low female labor force participation. Among the young that have wage employment, 56 percent are informal. Due to dropping out before finishing upper secondary school, many young people lack the necessary skills to secure a formal sector job and end up with informal and unstable employment.

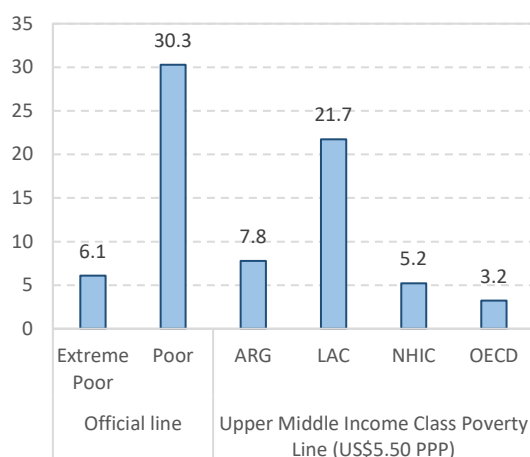
29. Poverty, vulnerability and inequality developments are closely linked to the three areas of institutional constraints identified in the CPF:

- *Macroeconomic instability and institutions, economic crises and high-inflation periods have impacted significantly on individuals' well-being.* The hyper-inflation episodes at the end of the eighties, the recession in the mid-1990s, and the severe crisis at the turn of the century resulted in unprecedented levels of informality, poverty and inequality (Figure 9 and Figure 10). More recently, the high inflation rates (and the economic downturn) since the second quarter of 2018 led to a full reversal of the poverty gains of 2017 as the poor have fewer instruments to protect themselves from these types of crisis. The main non-contributory transfer (the universal child allowance) is well-targeted and thus plays an important role protecting the most vulnerable but, given the size of the transfer, is insufficient to lift families out of poverty. In addition, a quarter of Argentines live in households with no children or elderly (without pensions), and thus are less protected from strong negative income shocks.
- *Institutional constraints for private sector growth are closely linked to vulnerability of employment, consumer welfare losses and low overall productivity growth.* Institutional constraints preventing access to capital markets, access to credit and business opportunities

affect living standards and prevent a reduction in poverty. A high share of workers is employed in low-productivity low-income jobs, intensifying families' reliance on public transfers. Among the poor, one in three are unemployed and three-quarters of those employed are informal workers who are more likely to be affected in times of economic downturn. Growth prospects and employment generation of micro, small, and medium-sized firms, in which almost half of the private sector workers of the country are employed, are especially affected by weak market institutions. Furthermore, the lack of competition hurts consumers, as they face higher prices. Households at the lower end of the income distribution suffer relatively greater welfare losses as they consume more homogeneous goods for which there are less opportunities to substitute and these consumers are less likely to have access to alternative markets.

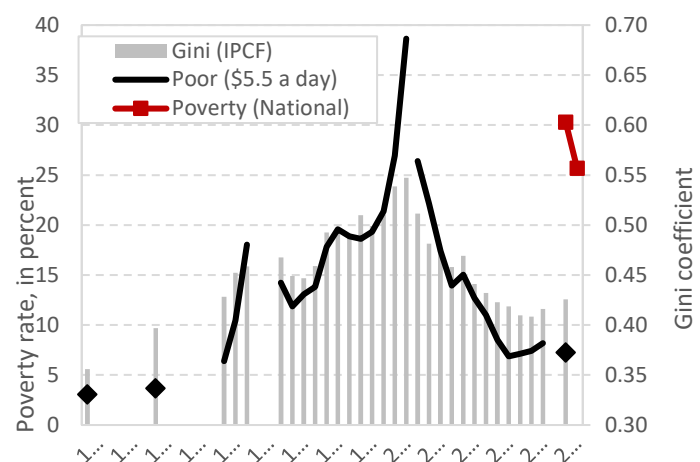
- *Weak institutional capacity for service delivery negatively impacts the poor and less well off.* While Argentina has recently made a strong effort to reduce corruption and improve fiduciary and accountability standards, they are still an important cause for lacking access to quality services for the poor in many parts of the country. This causes citizens to question the legitimacy of state institutions. The poorer in society have no choice but to rely on basic public services and infrastructure. According to Transparency International (2017), 16 percent of the population reported having paid a bribe to a public official to get access to basic services. Small firms are three times more likely to experience bribes than medium and large firms (Enterprise Survey 2017). Institutional capacity constraints translate into high geographic and socio-economic inequities in service delivery. Two million people still live in informal settlements lacking property rights and basic services. Children living in poor households are three times more likely to be out of school and live in households with no safely managed water or sanitation; and poor elderly people are two and a half times more likely to live in a precarious dwelling and without safely managed water and sanitation. Children under five in the poorest provinces in the north, such as Formosa, are almost twice as likely to die, while maternal mortality rates in La Rioja and Formosa are six to seven times higher than in the City of Buenos Aires.

Figure 9. Income poverty rate, circa 2016



Source: INDEC for official estimates, and the World Bank's *World Development Indicators* and SEDLAC for internationally comparable estimates. Note: For groups of countries, simple averages are presented.

Figure 10. Poverty and inequality, Greater Buenos Aires, 1974-2016



Source: INDEC, World Bank's *World Development Indicators* and SEDLAC for internationally comparable estimates.

2.4. Drivers of Shared Prosperity and Development Challenges

30. **Argentina faces a complex reform agenda with the Government embarking on a transformation of the economy toward private sector led growth at a time when it faces the need to reduce macroeconomic imbalances.** This occurs in a context in which productivity growth has been very low for decades, in an economic setting marked by macroeconomic and policy volatility. Given the large and continued fiscal consolidation efforts planned over 2018-2022, growth will rely on the expansion of private sector activities. Thus, the Government's agenda to address institutional constraints that act as barriers to private sector-led growth will be a critical complement to the economic stabilization program being pursued under the support of the IMF's SBA.

Transition to private-sector led growth

31. **The Systematic Country Diagnostic (SCD) for Argentina makes the case for the country to move to a development model that centers on private sector-led growth and the creation of good quality jobs.** The transition to new sources of growth for development in Argentina involves a wide-ranging set of policy reforms, many of which are focused on addressing institutional constraints. In the past three years, the country has already made progress along several of the areas identified.

32. **The SCD groups policy reform recommendations along four pathways.** *Pathway 1* recommends putting in place the fundamentals for growth: sound macroeconomic management that delivers price stability and a fiscally sustainable path is a pre-condition for sustainable and inclusive development. *Pathway 2* looks at supporting policies needed to move to an open, outward-oriented development model with the aim of increasing investment, developing capital markets and meeting large physical investment needs. Realizing the benefits from trade, as well as from trade diversification, would not only lead to static efficiency gains, but also entail learning and innovation externalities. Fostering competition and reducing the market power of firms in several domestic markets would lead to sizeable productivity and efficiency benefits with lower prices for consumers. For success, a larger group of firms would have to build the capacity to export and compete in a more competitive domestic market.

33. **For the change to a new economic model to endure, growth will have to translate into better quality jobs, and the progress made on reducing poverty will have to be sustained.** *Pathway 3* outlines what needs to be done to ensure that people enjoy the dividends from a private-sector oriented economic model. Success will entail bringing in more people to the labor market and increasing their productivity. An urgent agenda will be to reverse the situation of the population falling behind in relative terms of educational outcomes given that this is a key driver of future economic prosperity of the nation, as well as of an expanded middle class. Additionally, sustained and inclusive growth will require that everyone—irrespective of socioeconomic background or location—has access to quality services needed to have economic opportunity and accumulate assets. Furthermore, integrating all of Argentina (and not just the richer areas) into the world economy will be important to expand the gains from opening and making the economy more productive. Finally, *pathway 4* outlines how protecting the environment and harnessing the value of nature for development will be essential to ensure the sustainability of economic growth.

Policy priorities

34. **Through in-depth consultations and analyses, the SCD identified several policy priorities across the different pathways.** A first group includes *sound macroeconomic management to restore and maintain economic stability* as the most critical economic policy for achieving shared prosperity in Argentina. A key element will be rebalancing fiscal policy to reduce economic distortions and undertake

expenditure and tax policy reforms to better support growth and equity. *Increasing the investment in infrastructure* is also an objective of first-order importance to support growth. *Improving the quality and relevance of education is another first-tier priority*: School readiness and early literacy skills are low, despite relatively high schooling coverage. A focus on quality will require institutional reforms, including the strengthening of teacher careers in terms of the training curriculum, consolidating the network of training institutes and creating the conditions to attract and motivate teachers to perform. In addition, it will be essential to foster the development of critical basic cognitive and (21st century) soft-skills in secondary school, in line with the *Secundaria 2030* program that Argentina has started to implement.

35. **A second reform group is led by closing the gap in the provision of basic infrastructure services.** Broad disparities in basic services, informal settlements and connective infrastructure across regions and within large agglomerations persist. Closing basic infrastructure service gaps will demand new institutional delivery models, investing in connective infrastructure and strengthening local capacity will be key for the convergence of living standards and for linking populations to economic opportunities. A closely related priority refers to the *development and deepening of financial and capital markets* and household access to credit. Argentina's shallow financial markets reflect historical macroeconomic volatility and deficiencies in the legal and institutional framework, resulting in scarce resources to support private sector growth, including for infrastructure investment, housing financing, and corporate investment. The current macroeconomic conditions have stifled demand and supply of credit across all sectors, however the shallowness of the financial markets and high cost of credit disproportionately hurt investments in Research & Development and innovation, especially by SMEs, as these are considered high-risk by the financial sector. This, combined with deficiencies in infrastructure and education, and limited competition in the markets, holds back productivity growth at a time when it is most needed.

36. **Two reforms directly linked to the open-economy development strategy stand-out for their impact on the twin goals and complementarities.** These are *increasing integration into the global economy* and *reducing barriers to competition*. Key trade policy actions include lowering tariffs and non-tariff measures (NTMs) in priority sectors, unilaterally reducing NTMs in input products and boosting regional integration agreements to increase market access. To improve investment policy, Argentina can introduce policies to promote linkages with local suppliers and set up comprehensive regulatory improvement and simplification mechanisms. The Government can open-up key sectors to investment. On the competition and logistics side, Argentina can continue to strengthen its anticartel enforcement, implement the recently overhauled merger control framework, strengthen pro-competition sector regulation in key sectors such as telecommunications and transport, and implement competitive neutrality principles to ensure that public and private operators compete on a level playing field.

37. **Making the most of natural capital and managing the environment sustainability is critical for sustained growth.** On the one hand, *fostering climate smart growth for the short and the long term* relates to managing the impact of climatic events that visibly affect livelihoods and economic activities. While appropriate adaptation policies in key sectors including agriculture, water, energy, and health can help deal with impact in the present, a more systemic approach can offer more robust outcomes. On the other hand, natural capital endowments entail many opportunities if policies and investments leverage natural resources for growth in a sustainable way. Natural capital in Argentina includes agricultural soils and pastures, water, forests, fisheries, strong winds and solar potential, and subsoil assets (oil, gas, coal, and minerals). Some assets, particularly forest ecosystems and fisheries, are under significant pressure. Unleashing the potential of natural capital requires moving to a policy framework that attracts private sector investments. Policies, incentives and enforcement are also required to ensure that the open access that characterizes many natural assets, such as forests, land and fisheries, does not give way to illegality

and degradation. Finally, a more sophisticated demand for greener attributes in global value chains is emerging and Argentina has much to gain from developing information mechanisms to support the thriving green businesses throughout the country.

38. **Finally, with population aging, ensuring the pension system sustainability will be critical.** Pensions are fundamental for protecting the income of older adults. Poverty rates would be substantially higher in the absence of the recent moratorium that provided almost universal access to a basic pension for those with an insufficient work history. Two-thirds of the moratorium went to the three poorest deciles. However, with already 11 percent of GDP accounted for by pensions and the aging of the population, medium-term sustainability will not be achieved without a reform. There is a need to consider options that ensure future sustainability while maintaining the high level of coverage.

39. **A necessary and cross-cutting reform area for economic development is to strengthen the independence and efficiency of accountability institutions to ensure law enforcement and reduce corruption.** The experience of many countries shows that the design and successful implementation of policies—in any sector or at any level of government—is, to a large extent, determined by the strength of institutions. Transitioning toward a sustainable and inclusive development model requires addressing some of the pressing and fundamental institutional challenges and governance constraints, including the need to ensure an impersonal application of rules through a more effective public administration and a strengthened judicial sector (Table 2 outlines the specific institutional constraints linked to the SCD priority areas as spelled out above). The current administration is putting in place important changes in the institutional framework to promote transparency, fight corruption and strengthen public integrity, including the creation of a single regulatory agency to procure goods, services and civil works to overcome current fragmentation among procurement entities. Key to this will be the implementation of a system that sets clear planning priorities and develops a more transparent and evidence-based multi-sectoral methodology to prioritize and select public infrastructure investments, going hand in hand with building local implementation capacities and promoting a more cooperative behavior in which federal, provincial, and municipal authorities interact to solve common problems.

Table 2. Relation between the institutional constraints identified and SCD priority areas

SCD Priorities Institutional Constraints	Overall institutional setting for macroeconomic policy		Market institutions			Institutional capacity for service delivery		
	Institutional capacity and commitment for countercyclical fiscal and monetary policy	Cooperation across different levels of government on macroeconomic policy formulation and implementation	Capacity to enforce and monitor competition	Processes and regulations for doing business and capital market development	Judicial administration's performance and independence	Procurement regulatory framework and fiduciary controls to curb corruption	Transparent and evidence-based public policy making process	Inter-governmental cooperation on service delivery
Ensure sound macroeconomic management								
Improve fiscal policy for growth and equity								
Develop and deepen financial and capital markets and household access to credit								
Increase integration into the global economy								
Reduce barriers to competition and lower logistic costs								
Ensure pensions are sustainable								
Improving infrastructure								
Improve the quality and relevance of education								
Increase the efficiency of spending in health and education while ensuring equal quality for all								
Close the gaps in the provision of basic infrastructure services								
Harness natural capital endowments through policies and investments								
Foster climate smart growth for the short and the long-term								

III. WORLD BANK GROUP COUNTRY PARTNERSHIP FRAMEWORK

3.1 Government Program and Medium-term Strategy

40. **The administration of President Macri initiated a process of transforming the economy to confront macroeconomic and structural imbalances.** The Government's master plan, with eight objectives and over one hundred priority initiatives, is aimed at reintegrating Argentina into the global economy and reinvigorating economic growth, strengthening consumer and investor confidence, greening the energy matrix, creating quality jobs and developing effective policies for poverty reduction. Within a year after taking office, Argentina had unified the exchange rate, normalized debt and financial relationships, reestablished confidence in its statistics system, removed barriers (quotas, taxes) to agriculture commodities exports, markedly reduced discretionary decision making and substantially reduced subsidies for transport, energy and water subsidies. Argentina has initiated major structural and institutional reforms in areas such as taxes, fiscal federalism, competition and firm entry, trade and financial markets which remain on the Government's agenda for the remainder of its mandate. With the aim of avoiding a strong negative impact on economic activity, Argentina chose a gradual reform path, including a stepwise reduction of the high fiscal deficit and expected decline in the inflation rate.

41. **Argentina re-emerged as a positive and constructive contributor on the global policy stage.** Argentina normalized its own bilateral relations with several countries as well as international organizations such as the World Trade Organization (the import license system was brought in line with WTO regulations) and the IMF (2013 censure due to poor quality of Argentina's public statistics lifted in 2016). The country ratified the Paris Agreement under the United Nations Framework Convention on Climate Change in September 2016, presenting ambitious targets for its Nationally Determined Contributions during the CoP22 held in Marrakech in November 2016 and voiced its aspiration to be an OECD member. Argentina became the host of global policy coordination events, presiding over the December 2017 Ministerial Conference of the World Trade Organization and successfully presiding over the G20 during 2018.

42. **The current macroeconomic stabilization program will be accompanied by continued efforts to implement structural reforms, aimed at strengthening the foundations of private sector-led growth, while protecting the vulnerable.** The financial turmoil which started in April 2018, combined with increasing external and fiscal pressures, have led the Government to adopt a different pace and content of macroeconomic reforms. In parallel, though, the Government has continued working toward improving conditions for the private sector to make Argentina more attractive for both foreign and domestic investors through removing bottlenecks and market distortions. Also, a central tenet of Argentina's program has been to protect the poor and vulnerable from adverse impacts of the needed reforms. Well-targeted cash-transfer programs are adequately resourced. Also, Argentina is continuing to improve the safety net administration.

3.2 Proposed WBG Country Partnership Framework

Lessons from the CPS FY15-FY18 Completion and Learning Report, IEG Evaluations

43. **The Completion and Learning Report (CLR) rates the development outcome of the CPS as moderately satisfactory.** The CLR, attached as Annex 2 to this document, assesses the development outcome of the program as moderately satisfactory, with the program particularly valuable in stimulating a critical dialogue on Argentina's structural reform agenda, fostering private investment, and supporting

low-income areas and vulnerable communities by bringing better social infrastructure and services to the poor. Overall, during the CPS period the Board approved 22 IBRD operations for a total of \$4.9 billion in new commitments, IFC has more than tripled the size of its portfolio, growing from approximately \$780 million to close to \$3 billion (including mobilization), and MIGA re-engaged with Argentina for the first time in 15 years, with \$1.62 billion in political risk insurance. Overall, the CPS leaves in place a strong program of ongoing activities and a robust pipeline to support this CPF engagement.

44. **Several lessons emerge from the implementation of the CPS FY15-FY18:**

- *Together with introducing major shifts in the strategy through the Performance and Learning Review, the timing of the CPS spanning across two administrations proved helpful for a swift program development.* Given the recurring high urgency of program development in Argentina, as outlined above, having a strategy in place at the time of change in administrations allowed for concentrating on urgent new demands in line with the original CPS;
- *Similarly, maintaining strong relationships with long-standing private sector clients through difficult times helped IFC resume operations very quickly* when the operating environment improved, which in turn helped build trust and credibility vis-a-vis government officials;
- *Deep analytical assessments in a UMIC environment opened engagement opportunities in which the WBG had not been present for the previous 15 years.* When the new administration assumed office at end of 2015, the WBG had several deep analytical studies ready, ranging from policy notes to full reviews of the financial and agricultural sectors, as well as on the role of cities. Such analytical work became fundamental for engaging with the new administration and led to further demand for analytical support;
- *In a fiscally constrained environment, leveraging private sector financing through combined WBG instruments assumes a high strategic value.* The integrated, coordinated, and leveraged WBG government support to attract private investment in renewable energy had significant returns. IFC technical advice, as well as downstream investment combined with a large IBRD guarantee allowed to achieve a 1:6 ratio of private investment commitments into this new sector. MIGA and the IFC are supporting several private renewable energy projects directly. Similarly, the IFC and the IBRD teams provided informal joint advice on the broader PPP program of Government at various stages, while IFC began to engage in sub-national lending for infrastructure, crowding in private financing;
- *Implementation arrangements for IBRD-financed projects requiring sub-lending at the provincial level contain significant risks for successful implementation.* Sub-national on-lending arrangement can lead to significant delays in project implementation, mainly due to the administrative and legal processes required for the approval and signing of subsidiary loan agreements within the uncertainties of intergovernmental fiscal relations, and strong variations of implementation capacity across provinces. At a moment when the limited fiscal space at the federal level provides incentives for sub-national on-lending arrangements, these should be few, carefully examined and potentially supplemented with a continued strong role of the Federal Government in providing implementation support to provinces. Closely connected, direct sub-national financing engagement needs to meet either direct scale or replicability/ expansion criteria;
- *Implementation of infrastructure projects in Argentina has shown that the Government tended to prioritize the execution of civil works rather than institutional strengthening activities.* Given the importance of supporting innovative activities with a focus on strengthening policies and institutions, the Government and the Bank are including design features (such as specific action plans and legal covenants) that ensure parallel implementation of structural and non-structural activities in projects that support infrastructure development.

45. **The joint WBG team carried out extensive consultations on both the SCD and the CPF.** Consultations were held with academics, experts, civil society, the private sector, and politicians. These discussions were critical to validate the diagnosis and receive feedback on emerging priorities for both the SCD and the CPF. Given the SCD/CPF's emphasis on institutional constraints to development, the team organized closed-door workshops on the political economy of institutional reforms, targeting high-level politicians (including former presidential candidates, congressional representatives and provincial ministers), the private sector and national academics. The top priorities emerging from the consultations were: (i) achieving macro-economic stability; (ii) addressing educational challenges; (iii) clarifying functions and responsibilities across levels of government; and (iv) improving efficiency and transparency of national and sub-national expenditures. A list of the entities contacted during the consultations is included in the SCD document (see footnote 1).

46. **As an important input to the CPF, the IFC regional team went through an internal exercise to identify the country's key development challenges that IFC could help address during the CPF period.** Undertaken with support from staff across the World Bank Group and based on several factors including the macroeconomic context, the exercise allowed IFC to prioritize its possible interventions. In the short term, IFC will continue to focus its efforts on helping Argentina broaden its export base while playing a key counter-cyclical financing role for other leading domestic companies. In the medium to long term, as economic sustainability consolidates, IFC will also engage on market-creating activities in sectors that hold considerable development impact potential such as the financial sector (including capital markets), telecom, and tourism.

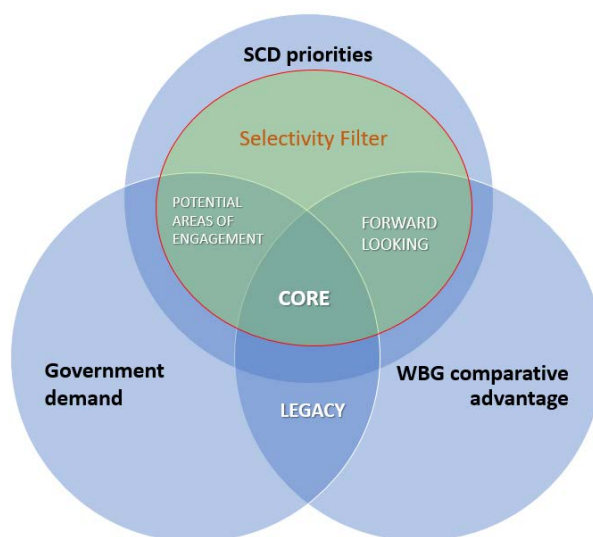
Overview of the World Bank Group Partnership Framework

47. **The WBG program will support Argentina's development goals aligned with the institutional constraints identified in the SCD and for which the WBG has the capacity and knowledge to engage.** Because Argentina GNI per capita is above the Graduation Discussion Income (GDI), new IBRD lending will focus primarily on interventions to strengthen policies and institutions required for sustainable IBRD graduation, while IFC commits to continue applying rigorous additionality assessment for its investments. For this reason, the CPF engagement is informed by a *Selectivity Filter* for WBG financing, to ensure that proposed IBRD lending and IFC investments are targeted to interventions that: (i) catalyze private sector investment and leverage resources; (ii) address key institutional challenges to shared prosperity and inequality; and/or (iii) deliver global public goods. At the same time, the Government has expressed a preference to retain, in principle, access to the entire range of WBG instruments.

48. **The articulation of these criteria for prioritizing WBG engagement defines four categories of activities** (see Figure 11). *Within the Selectivity filter:* (i) areas that match the three criteria (country's demand, SCD priorities, and WBG comparative advantage) will comprise the *core* activities of engagement. This will include, for instance, support to addressing institutional constraints in fiscal policy design and service delivery or developing the renewable energy sector, or supporting micro-economic structural reforms (trade, competition, business environment) to strengthen the country competitiveness, as well as operations which help mitigate the effect of the strong fiscal consolidation on the vulnerable ; (ii) areas of WBG comparative advantage that currently lack a specific country demand for WBG services are *forward-looking* activities. These areas would be addressed through policy notes and ASA, to inform the public debate and help build consensus about critical reforms. This would include, for instance, an analysis of the economic impact of climate change; (iii) areas supported by country demand

but for which the WBG currently lacks a comparative advantage could be *potential* activities for future interventions and could also be initially addressed through ASA, to support WBG due diligence and knowledge. This would be the case, for instance, for work in crime and violence in which the WBG would need to build its own expertise at country level. Finally, (iv) areas for which there is both country demand and a strong WBG track record but that lie outside the Selectivity Filter are considered *legacy* activities, i.e. interventions that are already ongoing and are not expected to be renewed, or that will be restructured to fit within the Selectivity Filter. This would include, for instance, phasing out traditional infrastructure investments that do not have a strong focus on effectively tackling institutional constraints or managing climate change risks.

Figure 11: Prioritizing the WBG Engagement



49. **This approach generates several content shifts in the new CPF program compared to the previous strategy.** First, a new focus area to support fiscal institutions at the federal and provincial level—through both analytical work and Development Policy Financing (DPF)—becomes a centerpiece of the CPF. As the SCD pointed out, the volatility and capacity of the macro-economic institutional setting in Argentina is a major factor explaining the frequency of economic crises. Changing that track-record will be of primary importance for creating a more favorable risk assessment for long-term private investors. Second, for that same reason, the CPF would shift resources to building market institutions for sustainable private sector growth—ranging from the business environment to institutions that foster competition, exports, an open trading regime, and innovation. Third, the CPF adds more explicitly the fight against corruption to the ongoing accountability and transparency agenda. For Argentina to be able to attract substantial and long-term private financing for infrastructure, the ongoing “notebooks investigation” (see Box 1) shall provide an opportunity to reform public institutions and to promote a much higher level of integrity from the private sector. Fourth, IBRD will phase out traditional infrastructure hardware finance. Finally, the WBG engagement will change its focus in education to identify and support closing the most important institutional gaps to improve service delivery, rather than supporting access to services only.

50. **The instrument mix of the WBG will also shift, with a focus on addressing recognized institutional constraints.** For IBRD, given the country’s overall fiscal situation, new financing support in the first two years of the CPF at the federal and possibly provincial level will be largely through DPFs or

Results-Based programmatic financing (either through PforR or IPF with disbursement-linked indicators) that supports meeting Argentina’s overall financing needs. This would include a focus on DPF support for the structural reform program, complementary to the IMF SBA, focused on institutional gaps for private sector development, better public service delivery and social protection during the economic stabilization program and beyond. The demand for traditional (not results-based) stand-alone IPF operations is expected to be low. IFC will bring strong additionality in the short-term by continuing to focus its efforts on supporting export sectors such as agribusiness, leading domestic companies, and long-standing clients, and will aim to support Argentina becoming a world-class energy and mineral supplier. These engagements could help the country close its twin deficits through growth in exports and fiscal revenues, while creating jobs in frontier provinces. In parallel, IFC will continue to work closely with IBRD on addressing institutional constraints by supporting ongoing business reforms and the anti-corruption agenda. As the economy stabilizes, IFC will also consider engaging in further IFC 3.0 market-creating activities in the financial sector (with special focus on the development of a local capital market), telecom and tourism.

51. The proposed WBG engagement, as shaped by the Selectivity Filters, will be organized across three Focus Areas: (i) supporting the country in securing access to long-term private financing on a sustainable basis; (ii) contributing to closing existing institutional gaps in the areas of governance and public service delivery; and (iii) supporting Argentina achieve its NDC, reducing Argentina’s vulnerability to climate change and mitigating the country’s global environmental footprint. The three focus areas comprise a total of ten objectives and a number of result indicators closely linked to the proposed WBG program, as described in the following pages and summarized in the CPF Results Matrix in Annex 1.

3.3 Description of the CPF Program

52. Given the primary focus on interventions that strengthen policies and institutions required for Argentina’s sustainable graduation from IBRD, the description of each focus area starts with a table summarizing the institutional constraints addressed through each CPF objective, presenting the relevant intervention logic. To the extent possible an indicator to monitor progress in addressing specific institutional constraints has been included for each one of the CPF objectives, as a supplementary progress indicator in the CPF Results Matrix.

Focus Area 1: Supporting Argentina’s access to long-term private financing

53. Stabilizing macroeconomic conditions is necessary to restore investor confidence, while increasing trend growth will require important micro-economic structural reforms and improving market institutions. Achieving macroeconomic stability—a core goal in the short run—is critical for setting the basis for growth and enabling the role of capital and financial markets in sustaining private sector activity. The Government’s agenda also includes achieving more market competition by building stronger institutions to create and enforce competition rules, as current market concentration levels prevent the reallocation of resources efficiently across sectors. Another key goal for Argentina is to increase private financing in infrastructure investment: currently the country strongly relies on public investment (more than 80 percent of overall infrastructure investment). Reforms have also started to support the deepening of financial and capital markets—important given how shallow these remain, thus constraining firm activity and private investment in key sectors such as infrastructure.

Focus Area 1: Supporting Argentina's access to long-term private financing				
Institutional constraints area	Institutional constraints category	Specific institutional constraints to address	Expected Results	Intervention Logic
Objective 1. Achieving fiscal consolidation while protecting the poor				
Overall institutional setting for macro-economic policy	<p>Institutional capacity and commitment for countercyclical fiscal and monetary policy</p> <p>Cooperation across different levels of government on macroeconomy policy</p>	<ul style="list-style-type: none"> Need for continued strengthening of the evidence-base for fiscal policy reforms at the federal and provincial level Limited capacity of the provinces to generate progressive revenues and reduce distortionary taxes Need to enhance the cooperation between ANSES, MDS and the provincial Ministries of Health and Education to improve transparency of social protection programs implemented by ANSES 	<ul style="list-style-type: none"> Decrease in the share of sales tax in total provincial own revenues Zero real growth of Federal Government primary current expenditures Increased number of children covered by the family allowance program 	<ul style="list-style-type: none"> The fiscal consolidation plan includes reductions of subsidies and other inefficient government programs, reducing the weight of distortionary taxes and broadening the tax base, and keeping current expenditure under control. Reducing the share of sale tax in total provincial own revenues would signal that the Government is on the path to meet the fiscal consolidation pact. Increasing the number of children registered in family allowance programs signals that currently undocumented and vulnerable children have been effectively integrated into the safety net system, strengthening the protection of the poor at a time of fiscal consolidation.
Objective 2. Fostering stronger market institutions, productivity-led growth and increased exports				
Market institutions	<p>Capacity to enforce and monitor competition</p> <p>Processes and regulations for doing business and capital market development</p>	<ul style="list-style-type: none"> The lack of pro-competition regulations, and of a Competition Authority to enforce them, holds back the competitiveness of firms Excessive bureaucratic steps and arbitrariness create barriers to firms and increase opportunities for corrupt practices 	<ul style="list-style-type: none"> Reduced anti-competitive practices Reduced cost of doing business Reduced concentration of exports 	<ul style="list-style-type: none"> The establishment of integrated system for business registration is an important step toward the reduction of the costs of doing business. Such reduction of costs, the diversification of exports and the number of anti-competitive practices abolished will signal the strengthening of market institutions and their capacity to monitor competition, creating the foundations for private sector-led growth.
Objective 3. Leveraging private financing for development				
Market institutions	Processes and regulations for doing business and capital market development	<ul style="list-style-type: none"> Shallow capital market does not allow for sufficient capital flow into the entrepreneurial sector About 73 percent of firms are financially constrained and have limited access to credit 	<ul style="list-style-type: none"> Increased share of firms issuing securities using streamlined multiple issuance pre-authorization More SMEs reached by IFC/IBRD/MIGA supported financial institutions Private financing leveraged under RENOVAR 	<ul style="list-style-type: none"> Firms issuing (pre-authorized) securities signals capital market development more broadly. Expanding private credit to SMEs (supported by WBG) addresses a key constraint to firm growth. MFD principles have been applied to help rebuild the country's track record with investors, facilitating Argentina's ability to raise long-term financing from international capital markets for much needed investment from infrastructure renewable energy.

Objective 1: Achieve fiscal consolidation while protecting the poor

- Decrease in the share of sales tax in revenues collected by provinces
- Zero real growth of the federal Government's primary current spending
- Increased number of children covered by the family allowance programs

54. **Argentina plans to move to a sustainable level of expenditures in relation to economic output, while improving the quality of spending and protecting the poor.** The Government's fiscal consolidation plan is essential to stabilize public debt and restore macro-economic stability. This includes cuts to

subsidies and other inefficient government programs and shifting, in the medium-run, the composition of expenditures to growth-enhancing categories, such as priority public investment projects. The Government also plans to reduce the weight of distortionary taxes and broaden the tax base. Any rebalancing of fiscal policy will need to include a clear definition of expenditure responsibilities across different levels of government, backed up by a sound intergovernmental fiscal transfer system to ensure the efficient and equitable provision of public services, and improved subnational revenue-collection incentives. To protect the most vulnerable from the impact of the fiscal consolidation and the economic downturn, provincial Governments will provide social tariffs while strengthening key social safety net programs.

55. **The CPF program will support the Government's fiscal consolidation, while focusing on measures taken to protect the most vulnerable and increase fiscal equity.** During the initial years of the CPF, the *Inclusive Growth Programmatic Development Policy Financing* series as well as a planned operation with the Province of Buenos Aires focused on social tariffs to support the protection of the vulnerable as subsidies are reduced, and technical assistance through a *Programmatic Public Expenditure Review* at both the federal and provincial level will support the Government in structural reforms aimed at conducting the fiscal consolidation in a manner which increases equity and efficiency and protects the poor and low-income population from the adverse impacts of policy measures. The CPF, through the *Children and Youth Protection Project*, will focus on the latter aspect through improving targeting and administration of the main social safety net program.

Objective 2: Foster stronger market institutions, productivity-led growth and increased exports

- Reduced anti-competitive practices
- Reduced cost of doing business
- Reduced concentration of exports

56. **Strengthening the foundations for private sector-led growth implies strengthening market institutions.** Needed reforms which are high priorities of the current Government focus on reducing the barriers firms face (due to the lack of competition in the economy, costly and restricted access to intermediate and capital imports, costly bureaucracy, limited access to credit, and limited transparency and accountability) with the goal of strengthening the country's competitiveness. Competition has become disproportionately restricted in Argentina and the lack of pro-competition regulation, particularly in enabling sectors such as telecommunications and transport, holds back firm competitiveness. Improving logistics performance is essential to fully realize the potential for commodities export (i.e. grain, extractives). Increasing access to broadband at affordable prices, accelerating deployment of the 4G network, and increasing the datacenter space capacity are key priorities to bolster the country's connectivity. In addition, the Government focuses on reforms which decrease business costs by reducing the barriers to trade in capital and intermediate inputs, and the burden for firms of bureaucratic processes (such as the costs of opening a business). Reducing bureaucratic steps and complexities and eliminating arbitrariness likewise help reduce the opportunities for corruption, bribes and other forms of government failure. Strengthening private sector-led growth and expanding exports will also require improving firm productivity, as well as capabilities for innovation, including improving mechanisms and incentives for technology transfer and adoption. Finally, the recent passage of the Corporate Criminal Liability Law⁷,

⁷Ley de Responsabilidad Penal Empresarial, March 2018 (Ley 27.041)

which aligns Argentina with the OECD Anti-Bribery Convention, will allow the authorities to focus on implementing the new framework, working with the private sector to make it effective.

57. **The CPF program is focused on supporting Argentina in building the framework and institutions for renewed private sector development, while continuing to support the private sector through IFC's active engagement in the country.** Within the IBRD program, the *Inclusive Growth Programmatic Development Policy Financing (DPF) Series* will assist the Government in the implementation of key structural reforms aimed at reducing the barriers faced by firms and supporting pro-competition measures, including secondary legislation and the implementation of new legal frameworks in telecommunications and transport sectors. The latter is also covered by the ASA focused on *Promoting a Sustainable Reform Agenda on Markets, Competition and Trade Policy*. IFC will continue to play a countercyclical role by providing long-term financing when not available in the market to long-standing clients and other resilient companies with strong balance sheets, particularly in export sectors. IFC will continue to maximize its mobilization efforts to include commercial banks or other development finance institutions, contributing a strong signaling effect to the market and further boosting IFC additionality. IFC will also support regional broadband operators to develop quality services in underserved regions, fostering additional competition in this key enabling sector. The joint IBRD-IFC *Improve Investment Climate in Argentina* involves working closely with the Federal Government and the Autonomous City of Buenos Aires (CABA) to facilitate key reforms to lower the cost of doing business for firms.

58. **The Bank will also continue a large firm-level ASA program to fill knowledge gaps.** The *Promoting Firm-level Productivity and Growth in Argentina* undertaken in close collaboration with the Government, is a planned flagship report that will examine in detail the factors constraining firm-level productivity and look at the macro and micro level policy priorities to support the growth of a vibrant export-oriented enterprise sector. In the past, firm-level productivity work has been limited due to the lack of sufficient data in Argentina, and this work will make use of new datasets being developed by government counterparts using linked administrative data. Gathering evidence on which government interventions work to support new exporters is the focus of the activity on *Export Pilot: Firm Level Export Promotion Pilot in LAC - Colombia and Argentina*. This will be important to roll-out more general support programs and gauge progress for exporters over time. The *Innovation ASA: Support for Policy Dialogue and Capacity Building on Innovation* will take stock of the past decade of innovation policy in Argentina, including using data generated by the Bank-financed Innovation Project, and come up with a roadmap for the direction of innovation policy going forward. This includes an expenditure review of public instruments for innovation, which will include new evidence on their impact.

Objective 3: Leverage private financing for development

- Increased share of firms issuing securities using streamlined multiple issuance pre-authorization
- More SMEs reached by IFC/IBRD/MIGA supported financial institutions
- Private financing leveraged under RENOVAR

59. **Argentina's shallow capital and financial markets do not allow for sufficient capital to flow into the enterprise sector or to tackle the important infrastructure gap.** Increased capital investment by firms and SMEs facilitated by deeper capital markets is needed to increase firm productivity, growth and employment. Private bank credit, domestic equity market capitalization, and private bond market issuances are much lower than in comparator countries, even at the regional level. About 73 percent of SMEs are either fully or partially financially constrained. Infrastructure investment in Argentina is historically low, with a very low participation of private sector financing. Public investment is unlikely to

grow much in the next few years owing to limited fiscal space, which makes the need for private financing even stronger. While highly successful in leveraging long-term private investment for renewable energy generation, the wider and ambitious PPP program launched by the Macri administration has been paused, given Argentina's current external financing conditions.

60. The CPF will support Argentina in the implementation of new legal and regulatory enhancements that will sustain capital market development as well as with operations that catalyze private financing. Implementing the recently approved new legal framework for capital markets will help create the conditions for the public and private sectors to collaborate in developing innovative financing instruments, including for infrastructure, housing and other productive purposes. IFC will provide short, medium and long-term financing support through financial institutions in the form of investment products such as SME loans, trade finance, green loans and green bonds—the latter being a new asset class in Argentina that IFC helped develop. Further, IFC will offer those institutions Advisory Services on Sustainable Energy Financing, Climate Smart Agriculture and SME Finance, particularly focused on building the business case for Banking on Women. IFC will also continue to foster financial inclusion by providing equity support in early stage fintech companies. IBRD is leveraging private financing through supporting the banking sector with access to longer-term funding through the country's state-owned bank for investment and foreign trade, BICE, and thus enabling the provision of longer-term financing to SMEs for investments. This project will favor access to finance to those enterprises demonstrating an active gender-equality policy, including care activities for children, and levelling the playing field in the workplace. For investor markets in infrastructure, a key challenge will be attracting foreign investors given the large sums needed in sectors typically seen as risky. Incentives will be needed both from a regulatory point of view to facilitate entry into capital markets, as well as in terms of credit enhancement instruments to increase the perceived credit quality of such investments to attract private finance. MIGA, through its political risk insurance, is currently providing cover to Argentina's largest private sector bank; this support has the potential to facilitate additional local lending during the CPF period, including credit to small and medium-sized enterprises. The WBG will continue supporting the PPP agenda with a focus on transport (road, railway) through technical assistance, albeit realization of significant inflows of private financing will necessitate a continued macro-economic stabilization and reduction of the country's risk premia.

61. Under the CPF, the WBG will also continue to support the Government of Argentina in leveraging private financing to implement its ambitious renewable energy program and to close the infrastructure gap. The Government's RenovAR Program, launched in 2016 with technical advice from the World Bank and the IFC, aims to encourage private developers to make substantial investments in renewable energy. With the support of a large IBRD guarantee, IFC co-financing and mobilization, and MIGA political risk insurance coverage, the program is expected to effectively leverage about \$5.5 billion of financing⁸ during the CPF period. The RenovAR program is also helping rebuild the country's track record with investors, facilitating Argentina's ability to raise long-term financing and renewing the interest of international capital markets for much needed investment in sustainable energy.

Focus Area 2: Addressing key institutional Constraints for Better Governance and Service Delivery

62. Addressing some of the more pressing institutional constraints will be critical to support a more inclusive and dynamic growth model. The design and successful implementation of public policies—in any sector or at any level of government—is, to a large extent, determined by the strength of the country's institutions and their ability to foster credible commitment among policy makers and promote

⁸ Under the RenovAR program (Rounds 1, 1.5 and 2), total financing mobilization amounts to \$5.5 billion, of which \$4.3 billion from private sources and \$1.2 billion of publicly supported financing (Development Financing Institutions and Export Credit Agencies)

coordination across levels of government. Argentina still faces structural institutional challenges that limit its ability to respond to economic shocks and ultimately catch up with advanced OECD economies over the medium to long term.

Focus Area 2: Addressing key institutional Constraints for Better Governance and Service Delivery				
Institutional constraints area	Institutional constraints category	Specific institutional constraints to address	Expected Results	Intervention Logic
Objective 4. Strengthening transparency and reducing corruption				
Institutional capacity for service delivery	Procurement regulatory framework and fiduciary controls to curb corruption	<ul style="list-style-type: none"> ▪ Lack of centralized portal for public procurement allows for a variety of practices and limits the capacity to detect and investigate unethical practices ▪ Limited tools to prevent and detect illicit enrichment in the public sector ▪ Weak Public FM capacity at subnational level 	<ul style="list-style-type: none"> ▪ Increased use of e-procurement ▪ Implemented anti-corruption risk-based warning system ▪ Effective and accountable asset declaration of public officials 	<ul style="list-style-type: none"> ▪ Increased use of the e-procurement system and implementing anti-corruption risk based-warning systems in transport (with large public works contracts) will reduce the risk of corruption. Public employees effectively fulfilling their asset declaration and analyzing them is a core measure of accountability of public servants
Objective 5. Improving service delivery through enhanced inter-jurisdictional coordination				
Institutional capacity for service delivery	Inter-governmental cooperation on service delivery	<ul style="list-style-type: none"> ▪ Poor inter-jurisdictional coordination (Nation/Province) results in weak planning and inefficient use of public funds in W&S sector ▪ In the Greater Buenos Aires areas, the lack of coordination results in under-served areas that constitute pockets of poverty. 	<ul style="list-style-type: none"> ▪ Improved water services in northern regions ▪ Improved living conditions in Greater Buenos Aires (AMBA) ▪ Reduced pollution load and flood risk in the Matanza-Riachuelo River Basin 	<ul style="list-style-type: none"> ▪ The Management and Results Plans (MRP) in W&S strengthen the accountability of utilities to use more efficiently public funds and deliver better services. ▪ Quality data supports multi-sectoral/-jurisdictional cooperation, planning and decision-making processes. Both improved living conditions and reduced pollution signal effective cooperation.
Objective 6. Building Skills for the future				
Institutional capacity for service delivery	Transparent and evidence-based public policy making process Inter-governmental cooperation on service delivery	<ul style="list-style-type: none"> ▪ Low completion rates and learning outcome in secondary schools ▪ Limited offer of youth training and employment services at subnational level limit employability of youth from vulnerable backgrounds 	<ul style="list-style-type: none"> ▪ Implementation of the national program to reduce dropouts in secondary schools in the provinces ▪ Increased training and retraining labor market programs 	<ul style="list-style-type: none"> ▪ Improving learning outcomes and employability of youth (especially from vulnerable backgrounds) by improving the institutional setting for service delivery, will contribute to building skills for future.
Objective 7. Improving the service delivery model for effective health services				
Institutional capacity for service delivery	Procurement framework and fiduciary controls to curb corruption Transparent and evidence-based public policy making Inter-gov. cooperation on service delivery	<ul style="list-style-type: none"> ▪ Lack of provincial interoperability plan for information systems 	<ul style="list-style-type: none"> ▪ Active implementation of the Universal Health Care system in provinces ▪ Increased effective health coverage 	<ul style="list-style-type: none"> ▪ Implementing the Universal Health Coverage program implies an increased institutional integration between different health subsystems, especially for those that are benefiting from the non-contributory health insurance programs. If successful, effective health coverage will increase

Objective 4: Strengthening transparency and reducing corruption

- Increased use of e-procurement
- Implemented anti-corruption risk-based warning system
- Effective and accountable asset declaration of public officials

63. **The historically low levels of transparency and accountability across the public administration have affected Argentina’s development path and undermined its growth potential.** Argentina still lags behind its regional and international comparators in several dimensions of governance, making it difficult to sustain the convergence process with high-income economies. Despite the introduction of legislation in transparency and integrity in the public sector since the late 1990s, results to date have been limited. Procurement practices vary across entities within the national government, information on procurement is poor and opaque, while the lack of analytical capabilities and the tools required has limited the identification of efficiency gains in public procurement. A Public Financial Management (PFM) assessment following the PEFA methodology is planned for FY19-FY20 to close the knowledge gap on Argentina PFM institutions and processes. Similarly, the government’s ability to enforce anti-corruption legislation and public integrity policies has been constrained, in part, by the lack of credible entities, in the administrative jurisdiction, with the mandate, independence and capacity to monitor, detect, investigate and sanction unethical behaviors or corruption practices within the public administration. Until 2017, Argentina was one of the few countries not to comply with several provisions of the United Nations Anti-Bribery Convention, including those related to corporate liabilities.

64. **Over the past years, Argentina has made important strides in strengthening accountability and anti-corruption efforts.** New or overhauled laws have been passed or are being discussed in the areas of corporate criminal liability, access to information, ethics and integrity, plea bargain and asset recovery; and accountability mechanisms have been strengthened significantly, such as those of the Anti-Corruption Office. As part of these efforts, the Government is also supporting the expansion of framework agreements through the design and implementation of a centralized e-procurement system. In addition, a single regulatory agency to procure goods, services, and civil works has been created in December 2018 to replace the current system defined by several procurement entities operating in fragmented manner.

65. **The CPF program will selectively focus on strategic interventions aiming to strengthen law enforcement mechanisms, processes and institutions at central and sub-national level.** The *Modernization and Innovation for Better Public Services Project* will support the Government in the implementation of the e-procurement system and the roll-out of procurement framework agreements for selected goods and services. Through its lending portfolio, the World Bank will continue to support strengthening of the procurement processes in infrastructure, particularly in the roads sector. Technical assistance will also be provided to introduce a structured methodology of procurement data analysis to identify red flags and support the development of fit-for-purpose procurement solutions to promote efficiency and value for money; and facilitate the creation of a single Civil Works Regulatory Agency and the modernization of the Construction Industry Registry. Ongoing efforts to prevent and detect conflicts of interest and illicit enrichment in the public sector will be supported through the adoption of business intelligence tools, the digitalization of asset declarations of public employees, and the provision of training to the Anti-Corruption Agency personnel on data analysis and risk assessment techniques. The Bank, with input from IFC sectoral experts, will also support anti-corruption initiatives in key sectors (including transport, health, education and water) to design and implement integrity plans for public and private sector entities. Targeted technical assistance is planned to strengthen the national audit system through supporting the National Internal Audit Agency (*Sindicatura General de la Nación*, SIGEN) in enhancing their

risk-based audit methodology and tools. Finally, selective engagement will be developed with a sample of sub-national governments to strengthen core public financial management functions.

Objective 5: Improving service delivery through enhanced inter-jurisdictional coordination

- Improved water services in northern regions
- Improved living conditions in Greater Buenos Aires (AMBA)
- Reduced pollution load and flood risk in the Matanza-Riachuelo River Basin

66. **The CPF program aims to support strengthening the inter-jurisdictional coordination to improve services in selected sectors.** In a federal country like Argentina, the decision-making processes on service delivery depend on various jurisdictional levels (national, provincial and municipal). The current modalities of coordination between those levels have proven insufficient to achieve long-term development objectives, in particular in terms of the quality of services delivered. The CPF program would concentrate on the operationalization of coordination mechanisms between the federal and provincial governments to enhance effectiveness of interventions and quality of service delivery.

67. **In the water and sanitation sector, the CPF program will support the operationalization of Management and Results Plan (MRPs) in 10 provinces.**⁹ The MRPs were established under the 2017 National Water and Sanitation Plan to improve the provision of Water and Sanitation Services (WSS) in terms of both quantity and quality. They consist of a medium-term plan for WSS, jointly adopted by the Federal Government, the relevant provincial government, regulator authority, and WSS utility. Conceived as the planning and performance monitoring instrument to drive a “utility turnaround” process, each MRP defines an improvement path for the utility and it is used to prioritize investments.

68. **With 13.6 million people (one third of the country’s population), the Metropolitan Buenos Aires (AMBA by its acronym in Spanish) is one of Latin America’s urban giants,** accounting for 37 percent of urban population and nearly half of Argentina’s GDP.¹⁰ While the urbanization process has contributed to economic growth and improved living standards for millions of people, it has not always been accompanied by adequate planning and investment in infrastructure and services, leading to “pockets of poverty” in the middle of the urban fabric and pollution (water, air and soil).

69. **The CPF Program will support inter-jurisdictional coordination in the AMBA, to enhance well-being of urban dwellers and reduce pollution.** This involves the National Government, the Government of the Province of Buenos Aires, the Government of CABA, and the surrounding municipalities¹¹ within the Province. Under the ongoing AMBA Urban Transformation Project, the World Bank will support the Government to transform some of the most emblematic informal settlements in the metropolitan area. Supporting both CABA and the Province of Buenos Aires, the operation, by nature, seeks to reinforce the coordination between the different jurisdictions. One core coordination tool that will be developed under the operation is the AMBA-DATA metropolitan information system to collect, compile, share, and publish data at the metropolitan level. This tool will guide decision-making on urban planning and provision of basic services (such as electricity, water and sanitation, transportation) in the AMBA.

70. **The CPF will also continue to support the large-scale environmental remediation plan of the Matanza-Riachuelo River Basin (MRRB) that crosses the Metropolitan Area of Buenos Aires.** Decades of

⁹ Catamarca, Chaco, Corrientes, Formosa, Jujuy, La Rioja, Misiones, Salta, Santiago del Estero, and Tucumán

¹⁰ Source: INDEC, 2010 census (that is the last official data)

¹¹ The Metropolitan Areas of Buenos Aires includes the city of Buenos Aires and departments (*partidos*) from 32 municipalities that belong to the Buenos Aires Province. In this study, these localities are referred to as peri-urban metropolitan Buenos Aires. They compose the total area of 14 municipalities.

urban and industrial contamination, along with the lack of public infrastructure, have resulted in environmental degradation that created objectionable living conditions for millions of residents in the basin. In addition to large-scale and complex transformative infrastructure, the World Bank supports the institutional strengthening of the MRRB Authority (ACUMAR in its Spanish acronym) and the coordination with the various entities in charge of the remediation program, including with the water utility. This one-of-its-kind operation will directly benefit 3.5 million people, of which approximately 1.2 million are poor.

Objective 6: Building Skills for the future

- Implementation of the national program to reduce dropouts in secondary schools in the provinces
- Increased training and retraining labor market programs

71. **Argentina's human capital stock needs to be expanded to make the country attractive to long-term private financing.** The human capital index shows that almost 40 percent of potential productivity of future workers is lost due to insufficient health conditions and weak educational outcomes. The country needs to have an educated labor force that can competitively work with new technologies in high productivity sectors. Argentina's education system is effective in bringing young children into schools, but completion rates and learning outcomes in secondary school are low. Only 66 percent of youth aged 19-20 graduate from high school. The quality of education outcomes remains poor and standardized test results are low when compared with other countries of similar income level. As a result, many Argentines enter the labor force without adequate skills, which affects their employability and exposes them to higher unemployment and informality. The unemployment rate among men younger than 30 years is 80 percent higher than for the total population, and the gap grows to 124 percent for young women. Informality rates are equally high, and effective policies are necessary to increase their productivity and employability.

72. **Education is the main source of human capital for workers entering the labor force.** As its population continues to age and technological changes advance, Argentina needs to increase the productivity of its labor force to both compensate and take advantages of the changes produced by these two trends. Learning outcomes measured by the World Bank's Human Capital Index show that children entering the formal education system may expect to complete 13.1 (out of 14) years of education by the time they are 18 years. However, this value corresponds to 8.9 years when adjusted based on actual learnings achievements (using standardized test results).

73. **The CPF aims to improve both learning outcomes for, and employability of, youths from vulnerable backgrounds by improving the institutional setting for service delivery.** The WBG will support the Government efforts to reduce dropout rates among teenagers, facilitating their transition from secondary to tertiary education. Although access to secondary education is almost universal, the enrollment rate starts to fall significantly after 15 years of age—as the opportunity cost of staying in school grows— especially for boys and low-income students. A proposed results-based financing operation would support quality improvements in existing governmental programs as well as the *Asistiré* pilot which provides an early warning and intervention model to reach out for youth at risk of dropping out of secondary schools. The CPF program will also continue to support government programs that focus on evaluation of learning results. In addition, providing effective training services to many young Argentines that have already left the formal system without the necessary skills to find quality and productive jobs in the labor market is critical for their effective social integration, but also to effectively attract new investments that require a high productivity labor force. The World Bank, through the ongoing *Youth*

Employment Support Project, will continue to support the Government in strengthening and expanding its youth training and employment services, in collaboration with municipal authorities across the country. The IFC will seek opportunities to help scale up quality education services by the private sector and contribute to the development of skills for employability by investing in new delivery models at the tertiary level that increase affordability, quality and relevance.

Objective 7: Improving the service delivery model for effective health services

- Active implementation of the Universal Health Care system in provinces
- Increased effective health coverage

74. **Health services in Argentina are provided through a fragmented and inefficient system relying on too many actors with not always well-aligned incentives.** While the national sectoral ministry has an overall coordination role, many public health policies are defined and implemented at the provincial level, while health insurance and services for formal workers and their families are managed by multiple union-led social insurance institutions. Since 2003, Argentina has moved towards a universal health coverage (UHC) model, respecting the role of the different actors but aligning their incentives and performance. A noncontributory health insurance system provides insurance to those not covered by traditional contributory programs, thereby catering to effective demand. What started, with World Bank's support, as a program providing basic coverage to pregnant women and their infants in some of the poorest provinces, now covers all individuals younger than 65 with a strong governance system in collaboration between the National Government and provinces. Now authorities are focusing on how UHC can close the coverage gaps of specific health risks and improve the coordination between the contributory and noncontributory health insurance schemes. One of the main goals of UHC is to reduce health outcomes gaps across the country.

75. **The CPF program will support the implementation of the UHC by provinces.** Some of the main challenges to successfully implement the UHC model are institutional, as it requires that all provinces align themselves with the national strategy. The CPF will provide technical assistance and, through the *Effective Universal Health Coverage Project* (P163345), contribute to reducing gender gaps in health coverage, health outcomes and access to sanitary services. The Bank is working with authorities in the implementation of an impact evaluation program, where specific interventions in the health provision model are piloted and evaluated, to provide lessons for improving the overall performance of the system. IFC will seek to play a complementary role by supporting projects that address the existing shortage of quality hospital beds in the country and, if market conditions allow, by providing capital to a selective number of companies active in the health sector with the goal of increasing access to and affordability of health products and services across the country.

Focus Area 3: Supporting Argentina to implement its NDC

76. **Argentina ranks amongst the ten emerging economies most vulnerable to climate change.**¹² In 2016, Argentina became one of the first countries to ratify the Paris Agreement under the UNFCCC, recognizing the impacts of climate change on its economy (particularly for the agriculture sector and urban areas) through droughts and floods and the urgent need to move towards a more resilient and low-

¹² Swiss Re Insurance Company, 2017

carbon development model. One key step was the launch of the RenovAR program to increase the contribution of the renewable energy to the country energy matrix.

Focus Area 3: Supporting Argentina to implement its NDC				
Institutional constraints area	Institutional constraints category	Specific institutional constraints to address	Expected Results	Intervention Logic
Objective 8. Transitioning to a Cleaner Energy Matrix				
Market Institutions Institutional capacity for service delivery	<ul style="list-style-type: none"> Processes and regulations for doing business and capital marked dev. Transparent and evidence-based public policy making process 	<ul style="list-style-type: none"> The high level of risk perceived by investors has so far limited the leveraging of private financing to harness the country's abundant clean energy resources 	<ul style="list-style-type: none"> Increased generation capacity of renewable energy Reduced GHG emission through transition to cleaner energy 	<ul style="list-style-type: none"> The RenovAR program sets up a more conducive environment for private sector to invest in renewable energy and increase the generation capacity of renewable energy. This in turn will facilitate the transition to a cleaner energy matrix and contribute to achieve Argentina's NDC target. The reduction of GHG emissions will contribute to achieving Argentina's NDC target and contribute several environmental co-benefits.
Objective 9. Making the rural economy more climate smart				
Institutional capacity for service delivery Market institutions	<ul style="list-style-type: none"> Inter-governmental cooperation on service delivery Processes and regulations for doing business 	<ul style="list-style-type: none"> Absence of integrated river basin management plans limit the capacity to cope with climate shocks. The national agricultural emergency system copes with the aftermath of catastrophic events rather than managing their risks 	<ul style="list-style-type: none"> Reduced flood risk in the Salado River Basin Increased adoption of climate risk management approaches 	<ul style="list-style-type: none"> The NDC highlight the importance of shielding agriculture from climate variability. Promoting the adoption of climate-smart practices by farmers as well as protecting major agriculture production areas against floods are cornerstones to reducing the impacts of climate shocks on the rural and the overall economy of the country.
Objective 10. Building Resilient and Low-Carbon Cities				
Institutional capacity for service delivery	<ul style="list-style-type: none"> Inter-governmental cooperation on service delivery 	<ul style="list-style-type: none"> The lack of an integrated hydro-meteorological system limits the capacity to forecast and manage extreme meteorological events 	<ul style="list-style-type: none"> Reduced flood risk in the City of Buenos Aires Increased use of electric buses in Barrio 31 	<ul style="list-style-type: none"> Argentina's path to economic prosperity relies on the capacity of its urban centers to adapt to climate change; a hydromet system reducing flood risk, and increased use of low-carbon solutions for urban transportation in the largest city are key steps in that direction

Objective 8: Transition to a Cleaner Energy Matrix

- Increased generation capacity of renewable energy
- Reduced GHG emissions avoided through transition to cleaner energy

77. **Argentina has not yet taken full advantage of its abundant clean energy resources to transition to a low-carbon economy.** These include hydro, wind, solar and biofuels.¹³ In 2012, less than 10 percent of total energy matrix originated from non-conventional renewable sources, lower than most countries in the region. In addition, despite high rate of electrification (98 percent), about 145,000 mostly rural households still lack access to electricity, as Argentina's geographic barriers (country size, topography, remoteness) represent a constraint to ensure a universal supply of conventional on-grid electricity at a reasonable price.

¹³ Although hydroelectricity accounts for more than one-third of the energy mix, Argentina only uses 20 percent of its hydro generation potential, estimated at 45 GW. Wind resources are world-class, especially in the Patagonia Region, with at least 6 GW that could be developed in the medium-term. Solar resources are abundant, particularly in the northwestern region.

78. **The CPF program will support the Government's efforts to increase the electricity generation from renewable sources.** The RenovAR Program has the ambitious goal to increase the renewable energy contribution to electricity generation to 20 percent by 2025 (from 1.8 percent in 2016). The RenovAr Program is expected to reduce GHG emissions by a total of about 138 million tCO₂e over 20 years,¹⁴ or about 7 million tCO₂e per year. This corresponds to more than six percent of Argentina's NDC target by 2030.¹⁵ The CPF program supports the RenovAR program as a one World Bank Group through a coordinated approach and complementary World Bank, IFC and MIGA instruments: the World Bank provides a guarantee to the Fund for the Development of the Renewable Energy (FODER); MIGA provides political risk guarantees to a wind farm project; and IFC is expected to provide project financing to at least one more RenovAr project and will look at supporting renewable energy opportunities for agribusiness or forestry companies in biogas and biomass as part of the RenovAr program.

79. **Greening the energy mix is a core part of Argentina's mitigation as presented in its NDC under the Paris Agreement.** Beyond supporting the RenovAr Program, the WBG will continue supporting the Government's efforts to expand the universal access to modern energy through off-grid solutions, through the on-going PERMER operation, and contribute to the diversification of renewable energy production. Through the Inclusive Growth Programmatic DPF, the World Bank plans to accompany the efforts of the Government to incentivize individual low-scale electricity consumers (SMEs, residential households) to produce renewable energy and sell back excess production to the electricity grid. The World Bank and the IFC will seek to support the development of Argentina's vast natural gas and mining resources by, as a first step, engaging in the governance set-up of the sector.

Objective 9: Making the rural economy more climate smart

- Reduced flood risk in the Salado River Basin
- Increased adoption of climate risk management approaches

80. **Argentina's position as world leader in many food exports is threatened by increasing frequency and intensity in climate events.** A large segment of farmers in Argentina, especially family farmers, remains highly vulnerable to these risks, because they lack access to improved farm technologies, basic infrastructure, adequate technical assistance and financial instruments that would allow them to manage risk better. The severe drought in 2018 alone is estimated to have largely contributed to the major macroeconomic turmoil in 2018. Projections of potential impacts of climate change on agriculture in Argentina include moderate increase in droughts and water stress for the northeast region, while other parts of the country are likely to experience extreme rainfall and rain-induced floods.

81. **The CPF program aims at strengthening Argentina's capacity to cope with climate shocks and maintain its leading position as a world food exporter.** The CPF will support the implementation of the *Integrated Salado River Basin Management Plan* that aims to reduce the adverse impacts of floods in one of the most productive agriculture area in Argentina.¹⁶ Drawing on extensive analytical work conducted on agriculture risks in 2016-17, the World Bank will also improve the operation of the national agricultural emergency system to help gradually change it from an *ex-post* system of coping with agricultural emergencies to an *ex-ante* integrated risk management system covering a large numbers of family farmers. Under the Northwestern Road Development Corridor operation, the World Bank incorporates innovative approaches to road infrastructure resilience and climate change adaptation; it also supports

¹⁴ Calculations conducted as per the World Bank "GHG Accounting for Energy Investment Operations Guidance Manual", version 2.0, January 2015.

¹⁵ The Government has set a target of 109 million reduction in tCO₂e per year by 2030 in the latest submission of its NDC (in December 2016),

¹⁶ The Salado River basin accounts for 25 percent of grain & meat production, contributing significantly to export revenue.

the Ministry of Transport's efforts in mapping the main vulnerabilities of the national road network to help prioritize investment and maintenance operations. The World Bank Treasury also supports the Government of Argentina in exploring options to access capital markets for agriculture risk insurance. IFC will explore providing Advisory Services on Climate Smart Agriculture to financial institutions and will continue pioneering the green financing space by helping develop a Green Bonds market in Argentina and by providing sustainable energy financing through its client financial institutions.

82. **The CPF will promote the adoption of climate-smart activities in rural areas.** Through the *Integrated Risk Management in the Rural Agro-industrial System* and by way of IFC's agribusiness projects, the CPF will promote the adoption of climate-smart practices and technologies at the landscape and at the farm-level with a focus on vulnerable family farmers and disadvantaged groups (particularly poor indigenous communities from the northern regions).

Objective 10: Building Resilient and Low-Carbon Cities

- Reduced flood risk in the City of Buenos Aires
- Increased use of electric buses in Barrio 31

84. **Floods have become a major challenge for many cities around the country.** With 90 percent of its population living in urban areas, Argentina is one of the most urbanized countries in the world. While floods have historically affected the AMBA, there are emerging signs that they are also becoming a growing threat for cities around the country. Recurrent floods in CABA have a negative impact on the livelihoods of the 3 million inhabitants and its more than 2 million daily commuters (which come to the city to work, study and access to health institutions). This, in turn, affects the overall national economy. As for many countries, Argentina's path to economic prosperity depends on its capacity to cope with climate risks.

85. **The World Bank and the IFC will jointly promote low-carbon solutions in urban areas.** For urban transportation systems, the CPF will support technical assistance to deploy electric mobility solutions in urban areas and will also carry out pilots with the creation of electric bus lines under the AMBA operation in the Barrio 31 settlement. It will also promote energy efficient solutions in new and rehabilitated housing in informal settlements, including through the application of the EDGE (*Excellence in Design for Greater Efficiencies*) standard in the same settlements.

3.4 Implementing the CPF

86. **The CPF will cover a period of four years, from FY19 to FY22.** As part of the CPF preparation process and given that Argentina GNI per capita is above the threshold to initiate discussions on IBRD Graduation, the Government expressed its intention to retain access to the full range of the WBG financing and advisory instruments during the CPF period. Given the CPF's strong short-term focus on supporting the economic stabilization program which runs until 2021—and considering changes that could be brought about by the presidential and provincial elections scheduled for end-2019—the Performance and Learning Review to be held at the beginning of FY21 will play a crucial role in updating the CPF program and revising the Results Framework as needed to provide continuity to the WBG support to Argentina. Updates at the PLR stage are expected to comprise adjustments to objectives that currently are new areas of engagement for the WBG. Depending on progress on those areas, changes can affect the indicative lending scenarios for the outer years of the CPF period. During the electoral year, the Bank will meet with presidential candidates and relevant stakeholders across the political spectrum to identify their development priorities and share the Bank's program to support inclusive private sector-led growth.

87. **New IBRD lending will build upon the current portfolio of about \$7.0 billion¹⁷ in IBRD commitments.** The IBRD-financed portion of the CPF is based on maintaining an indicative annual lending scenario of \$1.0-\$1.2 billion for the first two years of the CPF, with possible frontloading in FY19, and a \$0.6-\$1.2 billion range for the last two years of the CPF. IBRD lending amounts depend on, inter alia, the type of financing instruments used, country performance and reform momentum, demand from other borrowers, and the Bank's financial capacity. The World Bank will proactively manage the financial envelope for Argentina, in line with its commitment to improve portfolio performance. This will include, in agreement with the Government, proactivity in canceling all or part of nonperforming loans to provide modest additional IBRD headroom and improve efficiency in the use of its capital. The number of operations is expected to remain stable around the current level of 25 operations as of end-2018.

88. **The near-term financing program is as follows.** For IBRD, the FY19-FY20 lending program includes: (i) about \$1.0 billion of programmatic DPF to support fiscal consolidation while protecting the poor, of which the first tranche was approved by the Board on November 2, 2018; (ii) \$0.45 billion to support the national family allowance program through the Youth and Children Protection Program, also approved by the Board on November 2, 2018; (iii) \$0.4 billion to support a new operation in the education sector which focuses on school completion and learning for children from vulnerable backgrounds; (iv) \$0.1 billion to strengthen the integration of informal settlement into the urban fabric; and (v) \$0.15 billion of programmatic support to the Province of Buenos Aires for the design of a social tariff system while electricity and transport subsidies are being removed. Beyond FY20, IBRD financing will depend on the continuation of a stable macroeconomic framework and of key micro-structural reforms supported by the programmatic DPF in the first part of the CPF. The range of yearly IBRD lending in FY21-FY22 would vary between a high-case scenario of up to \$1.2 billion using a mix of different instruments and a low-case scenario of about \$0.6 billion based exclusively on investment lending. Likewise, assuming a continued commitment of the Administration towards strengthening the foundations for private sector-led growth, IFC expects to invest about US\$0.5 billion a year on average during the CPF period. If, in addition, there is a return to economic growth and an improvement of other macroeconomic indicators combined with further reforms to unlock the potential for private investments, in particular in the natural resources, financial, and services sectors, IFC could invest up to US\$1 billion a year, on average, during the CPF period. MIGA will continue to support its existing portfolio of guarantees in the financial sector during the CPF period. Going forward, MIGA will explore opportunities to deploy its political risk insurance instruments to de-risk potential private sector foreign investments in Argentina.

Promoting Country Systems

89. **Argentina has made significant progress in the last two years to modernize its procurement system.** This included the roll-out of an e-procurement system (Compr.ar) to process goods and non-consulting services transactions throughout the national public administration and the implementation of an electronic platform oriented to public works (Contrat.ar) along with a contract management system. Both systems cover the full range of procurement transactions, enhancing the government's efforts to improve transparency and efficiency in the execution of public expenditures. Once fully adopted, these platforms will provide the Government with a strong tool to analyze procurement data to support decision-making in procurement management, including using artificial intelligence technologies.

90. **A comprehensive legal framework for Public Financial Management (PFM) is anchored in Argentina's Constitution and its Financial Management law.¹⁸** The foundations of PFM systems are solid,

¹⁷ Comprised of \$6.3 billion in lending and \$0.7 billion in guarantees at the end of FY18.

¹⁸ Law No. 21456 *Ley de Administración Financiera y del Sistema de Control*

supported by an adequate legal framework, human resources and technical skills. The most recent comprehensive assessment of Argentina's PFM systems, the Country Financial Accountability Assessment from 2006/2007¹⁹, is outdated and had found that the PFM performance was mixed, and the country's PFM system and processes continued to operate below expectations. A new Public Expenditure and Financial Accountability Assessment (PEFA) has started and will be completed in FY20. The operations financed by the Bank in Argentina rely on country PFM systems for budgeting, internal controls as well as external audits that are conducted by the Supreme Audit Institution (AGN, for its acronym in Spanish). For projects implemented by provinces, financial management arrangements are suitably designed to mitigate financial management risks.

91. Financial management arrangements maintained by project implementing agencies for IBRD-financed projects have generally been adequate to ensure that funds have been used for their intended purposes. Most Bank-financed projects' financial statements at the federal level have been audited by Argentina Supreme Audit Institution (AGN). The Bank will continue monitoring timely submission of audited financial statements throughout the CPF period. The Bank will stay engaged in policy dialogue and advocacy to support the expansion in the use of country PFM system for project implementation; i.e.: use of the financial management information system (E-SIDIF) for projects accounting and financial reporting; use of the Treasury procedures for transfers to provinces; and, strengthening of the Internal Audit Agency (*Sindicatura General de la Nación*, SIGEN) reporting to the Presidency. SIGEN, through the Federal Network of Control (RFC for its acronym in Spanish) integrated by the Supreme Audit Institution of all provinces, is responsible for auditing fiscal transfers to provinces, including transfers made under Bank-funded projects.

Portfolio Implementation

92. At the end of FY18, IBRD active portfolio in Argentina consisted of 26 operations, including one guarantee, for a total commitment of \$7.0 billion of which \$3.1 billion are undisbursed. Total IBRD approvals under the Country Partnership Strategy FY15-FY18 amounted to \$4.9 billion. The significant number of operations approved under the CPS FY15-FY18 explains a rejuvenation of the portfolio and a considerable undisbursed balance. For these reasons, the active portfolio will constitute the backbone of the CPF Results Framework, particularly for the first part of the engagement period. While IBRD portfolio performance has been overall satisfactory over most of the previous CPS period, its quality started to decrease in 2018, with the number of problem projects increasing from 20 percent in January to 32 percent in December, while the share of commitment at risk remained at a relatively healthy 18 percent. Implementation of the program in 2018 was mainly affected by the reduced availability of budget space, due to the fiscal tightening. Maintaining the overall quality of the portfolio during the CPF will require enhanced supervision and portfolio management in coordination with the Government. Portfolio development will in turn require a careful selection of the financing instruments to be used, considering the limited fiscal space available today. The World Bank will continue to carry out, jointly with the Government, regular Country Portfolio Performance Reviews (CPPRs) to monitor progress towards the CPF objectives and to learn ongoing lessons to adapt more responsively to achieve results. Country management will track progress on achieving the CPF results and capitalize on the monitoring system of operations to adjust new operations and the overall portfolio to the implementation context.

¹⁹ Argentina Country Financial Accountability Assessment. Report No. 39238-AR March 2008

93. **IFC's active portfolio at the end of FY18 consisted of 56 projects for a total of close to \$3 billion, including \$1.4 billion mobilized from third parties.** The portfolio remained very healthy during the first half of FY19 despite the deteriorating macroeconomic conditions in Argentina.

Promoting Gender equity through the CPF

94. **The CPF will continue to support gender equality by focusing on enhancing women's economic opportunities and protecting their human capital.** The previous CPS (2015-2018) and the SCD highlighted both progress and caveats in the gender agenda. While Argentina is among the top regional performers for some gender indicators, the SCD has stressed disappointing outcomes for women related to labor force participation, and a persisting earnings and access-to-finance gap, particularly conditional on education. Women's labor force participation is the third lowest among all peer countries and this gap widens among less educated workers. Women's participation in decision-making also exhibits wider inequities. The few figures known for gender-based violence (GBV) show an alarming situation, mainly for women who lack economic autonomy. Based on information collected in the relevant national database, 260,156 complaints took place in 2013-2017, 97 percent of which related to domestic violence. In this context, the "*Ni Una Menos*" (not one less) movement emerged in Argentina in 2015 as a collective against GBV grounded in the need to stop femicides. Their first massive protest took place in May of that year and was progressively replicated in many countries in the region.

95. **In addition to ensuring a sensitive gender approach for all projects' preparation and implementation, the CPF will support the preparation of a gender assessment with a particular focus on gender-based violence.** The assessment will be implemented in the early part of the CPF so that its recommendation can be included at the PLR stage. The IFC will continue promoting female employment through its investment projects and will work to expand access to finance for women-owned businesses. In FY18, IFC launched the Banking on Women program in Argentina and has, since then, been actively participating in meetings with main local players and decision-makers in this segment. IFC designed and funded a local market analysis on the financing gaps and needs of women-owned SMEs with the objective of providing a basis to understand the business opportunity of women as a differentiated market segment. Based on this analysis, IFC will seek to provide Advisory Services and/or financing to local banks looking to expand financing opportunities for women.

96. **To facilitate citizen engagement, the country has in place a regulatory framework for access to public information.** At the same time, efforts are being sustained to incrementally introduce complaint mechanisms into programs and projects to maintain communication channels available to the general population. The WBG is collaborating with the Government in strengthening those mechanisms, and through the application of safeguard instruments for each project, also considering the incorporation of cross-cutting gender approaches. During the CPF period, the Bank will support strengthening institutional counterparts so that they both have a more robust formal grievance mechanism in place and have increased capacity to handle the inputs they receive.

Partnerships and Development Partner Coordination

97. **The WBG will continue to closely coordinate with other multilateral development organizations to support Argentina's economic reform program.** In particular, the Bank will continue its close collaboration with the International Monetary Fund (IMF) to support the Government's economic program, with a focus on protecting the most vulnerable from the effects of a deterioration of economic activity and a further strengthening of the social safety net system. The IBRD-financed Inclusive *Growth*

Programmatic DPF (FY19-FY20) series is complemented by other international partners efforts, including the Inter-American Development Bank (IADB), and the Development Bank of Latin America (CAF) to accompany the IMF Stand-by Arrangement. Close articulation will also continue with IADB and CAF in sectors such as education, transport and urban development. In education, both the World Bank and the IADB are supporting a scholarship program for vulnerable students that will require dialogue and continued interaction between the two institutions. In the transport sector, CAF and the Bank work complementarily in the improvement of a sustainable transport system in metropolitan areas. In the urban sector, the Bank works together with the IADB on the transformation of Buenos Aires City's most emblematic slum, the Barrio 31. The IADB's private sector arm, IADB Invest, has co-invested with IFC in various projects, including Achiras (No. 39358), La Castellana (No. 40739), Renova (No. 38744) and San Miguel (41438). Benefitting from IFC's sectoral and global expertise, IADB's participation increases financing available for private sector companies with the long tenors that only DFIs can offer in Argentina in the current context. During the new CPF period IFC will look for further opportunities to work jointly with IADB Invest. The WBG will continue to share approaches on technical issues with IADB, CAF and with United Nations agencies, on diverse issues such as gender, health, citizen engagement and governance, and will actively participate in public presentation on these topics. Also, the WBG will continue close collaboration with the Organization for Economic Cooperation and Development (OECD) to discuss critical policy areas to support Argentina's accession path to the OECD.

IV. MANAGING RISKS TO THE CPF PROGRAM

98. **The overall risk rating for implementing the CPF is assessed as substantial.** Five key risks may impact the achievement of the CPF objectives: political uncertainty, macroeconomic risks, sectoral and policy risks, institutional capacity for implementation and sustainability, and stakeholders' risks.

Table 3: Systematic Operations Risk-Rating Tool

Risk Category	Risk Rating
Political and governance	Substantial
Macroeconomic	High
Sector strategies and policies	Substantial
Technical design	Moderate
Institutional capacity for implementation and sustainability	Substantial
Fiduciary	Moderate
Environment	Moderate
Stakeholders	Substantial
Overall	Substantial

99. **The political and governance risk is assessed as substantial.** Political risks are linked to the presidential and legislative elections to be held in October 2019, which could lead to both a pause in the implementation of the program and to changes in government priorities. While most of the operations in the CPF program focus on development priorities with wide support across the political spectrum, an important political shift may jeopardize the implementation of Focus Area 1 in particular. The Bank will make a proactive effort to engage across the political spectrum with presidential candidates to understand their priorities if elected, as well as to present the guiding principles of the CPF program. The PLR, due at the beginning of FY21 at the latest, would provide an opportunity to revisit priorities and reflect changes to the CPF program as needed to continue providing WBG support to Argentina.

100. **The risk for Sector Strategies and Policies is also assessed as substantial.** Most of the objectives supported under focus areas 1 and 2 require a significant reform momentum which, at least in part, could be at risk of being slowed down due to the focus on short-term macro-economic stabilization. Strengthening market institutions (competition, trade, firm environment) as well as closing governance institutional gaps (for example, for detecting and pursuing corruption) will surely not only result in some groups benefitting but also affect other groups, which could be seen as losing from the reforms. These groups are expected to be more vocal in a stronger recessionary environment. The macroeconomic stabilization plan of the Government, supported by the IMF SBA, mitigates this risk. Also, Bank support will provide evidence on the potential positive impact of reforms, which can support the proposed reform plans.

101. **The macroeconomic risk is assessed as high.** The downside risks to economic recovery remain high, particularly if there is a delay in the restoration in market confidence due to a new round of global financial turmoil or domestic factors. Worse than expected external conditions, a larger than anticipated impact of the reforms on economic activity and/or policy slippages in the Government's program may erode market confidence, leading to renewed pressure on Argentine assets and restricting the access to capital markets necessary to meet balance of payments and fiscal financing needs. If fiscal consolidation has a higher-than-anticipated short-term impact on economic activity, broad support for the economic stabilization program may be at risk not only because of the impact on the population, including an increase in poverty and reduction of incomes for the middle class, but also because of the loss of revenues from a shrinking base. Moreover, reducing inflation in the context of strong inflationary inertia may require maintaining high real interest rates for a substantial period, contributing to a delay in the rebound in investment and consumption, hampering the recovery process. Finally, maintaining political support to implement the necessary fiscal reform is likely to be challenging in the run up to the presidential elections of October 2019. Macroeconomic risks will be closely monitored, including in collaboration with the IMF, and mitigated by the financial and technical support from international partners, including from the World Bank and the IMF.

102. **The institutional capacity for implementation and sustainability poses a substantial risk.** This CPF is built around the WBG supporting Argentina in addressing its most important institutional constraints, which have been highlighted in the SCD. Several of these, most importantly the *institutional capacity and commitment for countercyclical fiscal and monetary policy* but also the *cooperation across levels of government to ensure a sustainable macroeconomic policy environment*, have been at the very core of Argentina's long-term economic volatility, closely linked to the very functioning of the political and federalist system. IBRD will continue to link its DPF support to incremental reform anchors that will contribute to strengthening the macroeconomic framework and intergovernmental coordination.

103. **The stakeholder risk is assessed as substantial.** Stakeholder risks are linked to the political and macroeconomic risks, as a further deterioration of the economic climate and political shifts could lead to an increase in poverty and further reduction of incomes for the middle class. This in turn could lead to social protests and bring criticism to the World Bank Group and the Bretton Woods institutions more broadly. The mitigation strategy for this risk would include enhanced external communications, both to key opinion leaders and to the general public, to highlight the value proposition of the WBG, including the WBG's focus on the twin goals of eradicating poverty and promoting shared prosperity.

Annex 1. CPF Results Matrix²⁰

Focus Area 1: Supporting Argentina's access to long-term private financing on a sustainable basis		
<p>Stabilizing macroeconomic conditions is necessary to restore investor confidence but increasing trend growth will require a reduction in the barriers to competition, better infrastructure and much improved and less costly enabling services for enterprises. Achieving macroeconomic stability is a necessary condition to increase investment and restore access to long-term financing at a cost that is sustainable. Argentina's investment rate is lower than its regional neighbors, comparable peers, and even its own historical records. Infrastructure investment strongly relies on public investment (more than 80 percent) and is much lower in Argentina (at 2.7 percent of GDP) than the highest infrastructure investors in Latin America. Argentina's financial and capital markets are shallow versus comparator countries, thus limiting firm activity and private financial investment in key sectors such as infrastructure. Promoting competition and increasing integration in global markets will be critical for private-sector led growth.</p>		
Objective 1: Achieving fiscal consolidation while protecting the poor		
<p>Fiscal consolidation is essential to stabilize public debt and restore macro-economic stability. This includes cuts to subsidies and other inefficient government programs and shifting, in the medium-run, the composition of expenditures to growth-enhancing categories, such as priority public investment projects. It also requires reducing the weight of distortionary taxes and broaden the tax base. To protect the most vulnerable from the impact of the fiscal consolidation and the economic downturn, at the provincial level the Government will provide social tariffs, while strengthening key social safety net programs</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 1.1. Share of Sales Tax (<i>Ingresos Brutos</i>) in total provincial own revenues.</p> <p>Baseline (2018): 72 percent Target (2022): 68 percent</p>	<p>Progress Indicators 1.a Publication of real estate valuations at the national level by the Federal Real Estate Valuation Bureau (<i>Organismo Federal de Valuaciones de Inmuebles</i>) by year 2020 Baseline (2018): valuations not published Target (2020): valuations published</p>	<p>Inclusive Growth Programmatic DPF Series (P167889) PER II (P168968)</p>
<p>Indicator 1.2. Real growth of General Government (Federal+Provinces) primary current spending</p> <p>Baseline (2018): below zero Target (2022): below zero</p>		
<p>Indicator 1.3. Number of children covered by the Family Allowances programs run by ANSES</p> <p>Baseline (Dec 2018): 8,443,563 Target (2022): 9,000,000</p>	<p>Progress Indicators 1.b An early warning system to alert Family Allowances beneficiaries and provinces about the suspension of benefits Baseline (2018): planned</p>	<p>Inclusive Growth Programmatic DPF Series (P167889) Children and Youth Protection Project (P158791)</p>

²⁰ See Annex 7 for Methodological annex of Results Matrix

	Target (2020): operational	
Objective 2: Fostering stronger market institutions, productivity-led growth and increased exports		
Restricted access to finance, high expense of capital inputs and the high costs of doing business currently affect market competition and prevent the reallocation of resources efficiently and effectively across sectors. The reduction of the costs of doing business, the concentration index of export products, and of the number of anti-competitive practices will foster market institutions, strengthening the foundations for private sector-led growth.		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Indicator 2.1. Time needed to register a new firm Baseline (2018): 11 days Target (2022): 8 days	Progress Indicators 2.a Single window interface to integrate business registration and post-registration procedures. Baseline (2018): no single window interface Target (2020): single window interface	Inclusive Growth Programmatic DPF Series (P167889) Improve Investment Climate in Argentina (P169152)
Indicator 2.2. Hirschman Herfindahl Index for concentration of exports products (reduction of concentration) Baseline (2017): 0.043 Target (2022): 0.038	Progress Indicators 2.b Number of selected intermediate and capital goods with reduced import duties to increase export competitiveness. Baseline (2017): 71 tariff lines of IT goods of the Mercosur's common external tariff. Target (2020): 200 tariff lines of IT goods of the Mercosur's common external tariff.	Inclusive Growth Programmatic DPF Series (P167889) Promoting a sustainable reform agenda on markets, competition and trade policy in Argentina (P167474) Export Pilot: Firm Level Export Promotion Pilot in LAC - Colombia and Argentina (P166051) IFC investments in support of productivity enhancements within firms and for export-oriented projects Understanding and Promoting Firm-level productivity and growth in Argentina (P168072) Support for policy dialogue and capacity building on innovation (P166964)
Indicator 2.3. Number of anti-competitive practices resolved through sanctions or corrective measures by the new competition authority (cumulative) Baseline (2018): 0 Target (2022): 10	Progress Indicators 2.c Set-up of new competition authority according to Law 27,442. Baseline (2018): Board not appointed Target (2020): Board of new competition authority appointed	Inclusive Growth Programmatic DPF Series (P167889) Promoting a sustainable reform agenda on markets, competition and trade policy in Argentina (P167474) IFC investments in the Telecoms sector
Objective 3: Leveraging private financing for development		
Argentina's shallow capital markets restrict investment and do not allow sufficient capital to flow into the enterprise sector or to be available for being crowded into infrastructure financing. Firms issuing (pre-authorized) securities signals capital market development more broadly; expanding private credit to SMEs (by IFC/IBRD/MIGA) addresses a key constraint to firm growth. Increased private financing mobilized under RENOVAR is a direct application of the MFD principle. The RENOVAR program is helping rebuild the country's track record with investors, facilitating Argentina's ability to raise long-term financing and renewing the interest of international capital markets for much needed investment in renewable energy.		

Indicator 3.1. Share of firms issuing securities that are using the streamlined multiple issuance pre-authorization Baseline (2018): 0 percent Target (2022): 70 percent	Progress Indicators 3.a The CNV exercises the new powers granted by the Capital Markets Law (Law 26.831) Baseline (2018): no regulations Target (2020): regulations directed to increase transparency and financial soundness of CNV agents issued	Inclusive Growth Programmatic DPF Series (P167889) Improve Investment Climate in Argentina (P19152)
Indicator 3.2. SMEs with financing by financial institutions supported by the WBG Baseline (2016): 60,000 Target (2022): 75,000		IFC financing to commercial banks to support expansion of SME financing IBRD Access to longer term finance for micro, small and medium enterprises (P159515) MIGA guarantees to a commercial bank (Proj. 13242)
Indicator 3.3. Private financing leveraged under the RENOVAR Program: Baseline (2018): 191 million Target (2022): \$4,300 million	Progress Indicators 3.b Capitalization of the FODER Electricity Payment Account Baseline (2018): \$600m Target (2020): \$ 750m	Renewable Fund Guarantee (P159901) - FY22 IFC investments in RenovAr renewable energy projects MIGA guarantee to a RenovAr renewable energy project (Project 14058)
Focus Area 2: Addressing Key Institutional Constraints for Better Governance and Service Delivery		
Addressing some of the more pressing institutional constraints will be critical to support a more inclusive and dynamic growth model. The design and successful implementation of public policies—in any sector or at any level of government—is, to a large extent, determined by the strength of the country’s institutions and their ability to foster credible commitment among policy makers and promote coordination across levels of government. Argentina still faces structural institutional challenges that limit its ability to respond to economic shocks and ultimately catch up with advanced OECD economies over the medium- to long-term.		
Objective 4: Strengthening transparency and reducing corruption		
Limited efforts to promote transparency and strengthen accountability across the public administration are affecting Argentina’s development path. Increasing the use of the e-procurement system and implementing anti-corruption risk-based warning systems in core infrastructure sectors with large public works contracts will reduce the risk of corruption. Public employees effectively fulfilling their asset declaration and analyzing them is a core measure of accountability of public servants.		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Indicator 4.1. Percentage of contracts that are processed through the new e-procurement system Baseline (2018): 0 Target (2022): 70 %	Progress Indicators 4.a New vendor’s registry under ONC jurisdiction in place and functioning as the only valid registry to participate in public procurement processes. Baseline (2018): no registry	Inclusive Growth Programmatic DPF Series (P167889) Modernization and Innovation for Better Public Services Project (P157136)

	<p>Target (2020): registry in place and functioning</p> <p>Progress Indicators 4.b Centralized portal for public procurement processes in use as the only valid venue for goods, services and public works (Compr.AR and Contrat.AR). Baseline (2018): no portal in place Target (2020): centralized portal</p>	
<p>Indicator 4.2. Implement anti-corruption risk-based warning system in the transport sector</p> <p>Baseline (2018): 0 Target (2020): 1</p>		<p>Norte Grande Road Infrastructure (P120198) Northwestern Road Development Corridor Project (P163115)</p>
<p>Indicator 4.3. Percentage of national public administration officials (managerial and political appointees) who have their asset declarations captured electronically, processed and analyzed</p> <p>Baseline (2018): 0 Target (2022): 70</p>	<p>Progress Indicators 4.c Enactment of Public Ethic Law in line with international standards.</p> <p>Baseline (2018): no such Law Target (2020) Law enacted</p>	<p>Modernization and Innovation for Better Public Services in Project (P157136) Supporting anti-corruption & transparency reforms (P169233) Governance sub-national ASA – FY20</p>
<p>Objective 5: Improving service delivery through enhanced inter-jurisdictional coordination</p>		
<p>In a federal country like Argentina, decision-making processes on service delivery depend on various jurisdictional levels (national, provincial, and municipal). The current modalities of coordination between these levels have proven insufficient to achieve long-term development objectives, particularly in terms of quality of services delivered. A key reform for inter-jurisdictional coordination consist in holding provinces accountable for results they are achieving with resources transferred to them. In the water and sanitation sector this would be done through the use of The Management and Results Plan (MRP), is a newly established instrument supported by the CPF.</p> <p>In Greater Buenos Aires areas, the lack of coordination between the Government of the Province of Buenos Aires (PBA), the Government of Autonomous City of Buenos Aires (CABA), and the surrounding municipalities in the Province results in under-served areas (“pocket of poverty”) where population disproportionally suffer from overlapping deprivations (economic inactivity, educational deficit, environmental degradation, lack of access to public spaces and services, etc.). Transforming slums and integrating them in the urban fabric requires multi-sectorial and multi-jurisdictional cooperation and planning; improved living conditions is one measure that such transformation is successfully being implemented.</p>		

Indicator 5.1. People benefitting from improved water services in the Northern region Baseline (2018): 0 Target (2022): 50,000	Progress Indicators 5.a Number of MRP adopted for water and sanitation services. Baseline (2018): 2 Target (2020): 10	Plan Belgrano Water and Sanitation (P125151) Norte Grande Water (P120211) Regional Water Security ASA () <i>Argentina Water PER</i> (P168968)
Indicator 5.2. People benefitting from improved living conditions in AMBA Baseline (2018): 0 Target (2022): 69,000	Progress Indicators 5.b AMBA-DATA metropolitan information system functional. Baseline (2018): no Target (2020): yes	Metropolitan Buenos Aires Urban Transformation Project (P159843) Integrated Habitat and Housing Project (P159929)
Indicator 5.3. Reduction of pollution load in the Matanza-Riachuelo basin (COD/mass) Baseline (2018): 0 Target (2022): 12.437Tons/year	Progress Indicators 5.c Flood Contingency and Emergency Response Plan for the Basin adopted Baseline (2018): No Target (2020): Yes	Matanza-Riachuelo River Basin (P105680)
Objective 6: Building Skills for the future		
Skills will be a key determinant of future growth potential in Argentina and, as such, a co-determinant of whether and at what condition private capital flows to the country. Today, Argentina's education system is effective in bringing young children into schools but completion rates and learning outcomes in secondary school are low, impacting the productivity of the future labor force. Improving learning outcomes for, and employability of youth (especially from vulnerable backgrounds) by improving the institutional setting for service delivery, will contribute to building skills for the future.		
Indicator 6.1. Number of provinces that implement the national program to reduce dropouts in secondary schools Baseline (2018): 1 Target (2022): 12	Progress Indicators 6.a Number of provinces that have formally agreed with the National Government to implement the New Secondary School model. Baseline (2018): 2 Target (2020): 12	Improving Inclusion in Secondary and higher Education (P168911) Children and Youth Protection Project (P158791) Second Rural Education Improvement (P133195)
Indicator 6.2. Beneficiaries of Labor Market Programs- Training and re-training Baseline (2018): 512.687 Target (2020): 780.000	Progress Indicators 6.b Municipalities receiving technical assistance to strengthen their performance on youth employment (percentage) Baseline (2018): 26% Target (2020): 50%	Youth Employment Support Project (P133129) Social Protection and Jobs Strategy (P168579) IFC investments in higher education

Objective 7: Improving the service delivery model for effective health services		
Implementing the Universal Health Coverage program will imply an increased institutional integration between different health subsystems, especially for those that are benefiting from the non-contributory health insurance programs. If successful, effective health coverage will increase.		
Indicator 7.1. Number of provinces actively implementing the UHC system Baseline (2018): 0 Target (2022): 12 Indicator 7.2. Increase in Effective Health Coverage Baseline (2018): 26.7 percent Target (2022): 40 percent	Progress Indicators 7.a Agreed Provincial Interoperability Plans for Information Systems implemented Basile (2018): 0 Target (2020): 25 percent	Chronic Conditions and Injuries (P133193) Supporting EUHC in Argentina (P163345) Provincial Public Health Insurance Development Project (P106735) Evaluation of the <i>Sumar</i> Program (P156790) IFC investments that increase access and affordability of health services and products
Focus Area 3: Supporting Argentina to implement its NDC		
Argentina ranks amongst the 10 emerging economies most vulnerable to climate change (Swiss Re, 2017). In 2016, Argentina became one of the first countries to ratify the Paris Agreement under the UNFCCC, recognizing the impacts of climate change on its economy (particularly for the agriculture sector and urban areas) through droughts and floods and the urgent need to move towards a more resilient and low-carbon development model. Argentina has also set some ambitious targets both in terms of mitigation (target of an annual reduction of 109 million TCO _{2e} by 2030) and adaptation.		
Objective 8: Transitioning to a cleaner Energy Matrix		
Argentina has not yet taken full advantage of its abundant clean energy resources to transition to a low-carbon economy. The launch of the program on renewable energy (RenovAR) was a key step towards the objective of increasing to 20 percent (from 1.8 percent in 2016) the renewable energy contribution to the country energy matrix by 2025. The RenovAR Program is expected to contribute to more than six percent of the GHG emission reduction target set in the NDC for 2030.		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Indicator 8.1. Generation capacity of renewable energy Baseline (2018): 0 Target (2022): 4,466 MW Indicator 8.2. Average annual avoided GHG emissions through transition to cleaner energy Baseline (2018): 0 Target (2022): 2.02 million tCO ₂ /y	Progress Indicators 8.a Set-up of the Automatic Generation Control (AGC) system for the wholesale electricity market (CAMESA) Baseline (2018): no AGC in place Target (2020): AGC set up and operational Progress Indicators 8.b Regulation to allow individual low-scale electricity consumers to produce renewable energy and sell back excess production to the electricity grid, approved	Argentina Renewable Fund Guarantee (P159901) Renewable Energy for Rural Areas Project (P133288) Inclusive Growth Programmatic DPF Series (P167889) IFC investments in RenovAr renewable energy projects IFC support to energy efficiency and to the Natural Gas and Mining Sectors

	Baseline (2018): no Target (2020): yes	
Objective 9: Making the rural economy more climate smart		
<p>Argentina's position of world leader in food export is threatened by increasing frequency and intensity in climate events. The success of Argentina's strong export-oriented agriculture sector, historically a key engine of growth for the country, is showing increased vulnerabilities, particularly to extreme climate events, which in turn has huge impact on the economy as a whole. Shielding agriculture from climate variability has become a priority for the Government of Argentina, as shown in its NDC.</p> <p>Promoting the adoption of climate-smart practices by farmers as well as protecting major agriculture production areas against floods are cornerstones to reducing the impacts of climate shocks on the rural and the overall economy of the country.</p>		
Indicator 9.1. People benefiting from reduced flood risk in the Salado River Basin Baseline (2018): 0 Target (2022): 75,000	Progress Indicators 9.a Hydro-meteorological in place and operational Baseline (2018): no Target (2020): yes	Salado Integrated River Basin Management support project (P161798)
Indicator 9.2. Number of farmers adopting climate risk management approaches Baseline (2018): 0 Target 2022: 8,000 (20% female)	Progress Indicators 9.b Number of climate risk management plans adopted by the National Government, the Provincial Government, the Provincial Regulator and the Provincial Utility. Baseline (2018): 0 Target (2020): 10	Integrated Risk Management in the Rural Agro-industrial System (P162316) IFC agribusiness investments
Objective 10: Building Resilient and Low-Carbon Cities		
<p>Floods have become a major challenge for many of the cities around the country. While floods have historically affected the AMBA, there are emerging signs that there are also becoming a growing threat for cities around the country. As for many countries, Argentina's path to economic prosperity depends on the capacity of its urban centers to adapt to climate change</p>		
Indicator 10.1. People benefiting from reduced flood risk in the City of Buenos Aires. Baseline (2018): 200.000 Target (2022): 3.000.000	Progress Indicators 10.a Hydromet system for CABA in place and operational, with stations gathering data and used for analysis. Baseline (2018): 0 Target (2020): 33 stations	AR Flood Risk Management Support Project for CABA (P145686)
Indicator 10.2. Number of Electric buses in operation in Barrio 31 as pilot initiatives Baseline (2018): 0 Target (2022): 5		Metropolitan Buenos Aires Urban Transformation Project (P159843) IFC investments and advisory services delivered under the IFC Cities Platform

Annex 2 Completion and Learning Report

**Document of
The World Bank Group**

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

**COMPLETION AND LEARNING REVIEW OF
THE COUNTRY PARTNERSHIP STRATEGY FOR
THE ARGENTINE REPUBLIC FOR THE PERIOD FY15-FY18**

January 23, 2019

**Argentina, Paraguay and Uruguay Country Management
Unit Latin America and Caribbean Region, The World
Bank**

**Southern Cone Unit
Latin America and Caribbean Region, The International Finance Corporation**

The Multilateral Investment Guarantee Agency

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Completion and Learning Review of the Country Partnership Strategy for the Argentine Republic FY15-Y18

CURRENCY EQUIVALENTS

Exchange rate effective as of December 31, 2018

AR\$1 = \$0.0265

US\$1 = R\$37.68

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ANSES	National Social Security Administration
ASA	Advisory Services and Analytics
CAF	Latin America Development Bank (<i>Corporación Andina de</i>
CLR	Completion and Learning Review
CPF	Country Partnership Framework
CPI	Consumer Price Index
CPS	Country Partnership Strategy
FM	Financial Management
FY	Fiscal Year
GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion and Results Report
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	Investment Project Financing
LAC	Latin America and the Caribbean
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small and Medium Enterprises
MW	Megawatt
PLR	Performance and Learning Review
PPP	Public Private Partnership
OECD	Organization for Economic Co-operation and Development
SBA	Stand-by Arrangement
SME	Small and Medium Enterprises
WBG	World Bank Group
WSS	Water and Sanitation Services
WTO	World Trade Organization

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**Completion and Learning Review of the
Country Partnership Strategy for the Argentine Republic FY15-FY18**

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I. INTRODUCTION

1. **This Completion and Learning Review (CLR) assesses the implementation of the World Bank Group (WBG) Country Partnership Strategy (CPS) for the Argentine Republic for the FY15-FY18 period.** The CLR is a self-evaluation of (i) the achievement of the CPS development objectives; (ii) the WBG performance during the CPS period; and (iii) the alignment of the CPS with the WBG corporate twin goals. It also highlights lessons learned during the CPS period. The evaluation is based on the results framework of the CPS as revised by the Performance and Learning Review (PLR) of January 13, 2017.

2. **Over the CPS period, the WBG engagement in Argentina deepened, and relations with the Government strengthened.** After a three-year lending hiatus (FY12-FY14), the CPS defined a new framework for WBG's assistance initially focused on financing activities that directly supported the most vulnerable at the household level and met wide consensus across the political spectrum. The elections in late 2015 resulted in a major shift of the country's policy orientation and, for the WBG, in a substantial broadening of the dialogue and a gradual shift in program activities. Policy priorities were reoriented towards unlocking long-term productivity growth in tandem with a strong focus on poverty alleviation and improved governance. Engaging at the highest management level, the WBG demonstrated its full support to the new authorities, thus signaling confidence in their ambitious reform agenda.

3. **Since taking office in December 2015, the administration of President Mauricio Macri has introduced major reforms and repositioned Argentina in the global arena.** The Government unified the exchange rate, abandoned the system of discretionary import licenses, resumed the publication of credible official statistics, significantly lowered export taxes, and reduced energy and transport subsidies. The Government also expanded several social benefits such as child allowances and increased unemployment insurance significantly. A comprehensive plan to settle social security lawsuits and to adjust pensions upwards was introduced. Congress passed the first major reform of the income tax, reducing its fiscal pressure by increasing tax brackets and decreasing minimum rates. The mid-term legislative elections of October 2017 resulted in a ratification of the Government coalition, strengthening its mandate to further pursue essential reforms in the second half of its tenure. Over the last three years, Argentina has also made efforts to re-integrate itself in the global economy. Argentina was among the first countries to ratify the Paris Agreement on Climate Change, presenting ambitious targets for its Nationally Determined Contributions in November 2016. In December 2017, Argentina hosted the 11th World Trade Organization's Ministerial Conference and in 2018 held the Presidency of the G20. Argentina has also expressed its intention to become an OECD member.

4. **However, because of continued deficits and large external financing needs, Argentina remained vulnerable to changes in market sentiment and global financial conditions, which led to a Stand-By Arrangement with the IMF in 2018.** The plan to gradually adjust the fiscal deficit downwards to prevent a deterioration in economic activity and mitigate the adverse impacts on the vulnerable led to a slow decline in the primary fiscal deficit. Interest spending increased, and inflation did not come under control. This situation made Argentina vulnerable to a sharp deterioration in investor sentiment and led to a request to the International Monetary Fund (IMF) for financial support in May 2018 which culminated in a Stand-By Arrangement (SBA) of over US\$50 billion in June 2018, later increased to US\$6.3 billion approved in October 2018. The SBA should ease concerns over the country's ability to cover its financing needs in the short term.

5. **The overall rating of the CPS development outcome is *Moderately Satisfactory*.** This rating is based on an aggregate assessment of the achievement under the nine objectives, and a broader analysis of the systemic impact of the engagement during the period. Six out of nine objectives were either achieved or mostly achieved and three were partially achieved, with few areas showing development outcomes beyond the expected targets. The CPS program was particularly valuable in stimulating critical dialogue on structural economic issues, fostering private sector-led growth, as well as supporting low-income areas and vulnerable communities by bringing better social infrastructure and services to the poor. While it is difficult to assess the impact of the varied advisory services and analytics (ASA), they were provided in a timely fashion, effectively responding to demands from the Government, and were instrumental for deepening the dialogue with the government counterparts. The WBG played an important facilitator and convening role for numerous international events hosted in Argentina, helping bring expertise and world-renowned professionals.

6. **The overall WBG performance is rated *Good*.** Overall, the WBG's program in Argentina was relevant to the country's development goal and adjusted timely and adequately to the changes in economic and political context while supporting Argentina's increasing role as a global stakeholder. After three years of lending hiatus (FY12-FY14), the CPS defined a new framework for WBG engagement initially focused on financing to directly support the most vulnerable at the household level. The WBG strategically used the PLR to respond to the shift in policy orientations introduced by the new Administration, adjusting both its financial and analytical support. For the Bank, this allowed for a substantial expansion of the analytical and technical assistance in new areas and generated new financing opportunities. For IFC, it led to a proactive collaboration with the Government to catalyze private sector investments in priority areas such as infrastructure and energy, while substantially increasing investments into private sector-led projects, supporting job creation and access to finance by SMEs. For MIGA, the shift led to the first guarantee issuance since 2001. During the CPS period, the Board of Executive Directors approved 22 IBRD projects for a total of US\$4.9 billion in new commitments (including guarantees for US\$730 million). IFC more than tripled the size of its portfolio, from approximately US\$780 million to almost US\$3 billion, making new commitments of US\$4.0 billion over the period (including mobilization and short-term financing). MIGA re-engaged in Argentina providing US\$1.35 billion in political risk insurance. At the end of the CPS, a strong program of ongoing activities and a robust pipeline are in place for the next engagement period.

II. ASSESSMENT OF CPS DEVELOPMENT OUTCOME

7. **The CPS Development Outcome is rated *Moderately Satisfactory*, based on most of the objectives being Achieved or Mostly Achieved.** Of the nine objectives of the CPS, three are Achieved, three are Mostly Achieved and three are Partially Achieved. Table 1 below presents a summary of the main ratings by pillars and objectives. A summary of achievements that includes all indicators is presented in Annex 1, while Annex 2 presents the complete results matrix. Some areas show very good development outcomes, such as, fostering private investment and strengthening its enabling environment, reaching urban poor and addressing the problems of low-income areas. In addition, and while not captured in the CPS indicators, the government and the Bank held a fruitful dialogue on various topics (e.g. governance, financial markets, investment, PPPs, and urban development).

3.3.1 Table 1: Development Outcomes by Pillars and Objectives

Objectives	Rating
PILLAR I: Unlocking long-term productivity growth and job creation (Satisfactory)	
Objective #1: Fostering private investment and strengthening its enabling environment	Mostly Achieved
Objective #2: Supporting agglomeration economies' reach low-income areas	Achieved
Objective #3: Raising agricultural productivity of small- and medium-size farms in low income regions	Mostly Achieved
PILLAR II: Increase access and quality of social infrastructure and services for the poor (Moderately Satisfactory)	
Objective #4: Increasing access to electricity, safe drinking water, housing and sanitation services for the bottom 40 percent in low-income provinces and areas	Partially Achieved
Objective #5: Achieving Universal Health Coverage with focus on the poorest provinces	Achieved
Objective #6: Improving employability of Argentina's youth and increasing effective social protection for children and youth	Mostly Achieved
PILLAR III: Reducing Environmental Risks and Safeguarding Natural Resources (Moderately Satisfactory)	
Objective #7: Reducing exposure to extreme flooding in Chaco, Corrientes, and Buenos Aires	Partially Achieved
Objective #8: Reducing household exposure to environmental health hazards in Greater Buenos Aires	Partially Achieved
Objective #9: Improving natural forest cover in the Chaco Eco Region	Achieved

8. **Pillar 1, Unlocking long-term productivity growth and job creation, is rated *Satisfactory*.** The WBG sought to help foster private investment and strengthen its enabling environment, support agglomeration economies reach low income areas, and help raise agricultural productivity. Given the current Government's focus on private sector development as an engine of growth, this pillar was critical in substantively expanding the collaboration between the Government and the WBG both on the financial and advisory side. The WBG analytical program expanded significantly under this pillar, to cover topics such as: policies for growth; financial sector policy; capital markets, infrastructure and housing, PPPs; and how to strengthen Argentina's integration in the global economy by boosting investment, trade and competition policies. IFC's clients provided employment to 52,140 people, of which 15,200 were women.

9. **Objective 1, fostering private investment and strengthening its enabling environment is rated as *Mostly Achieved* based on three Achieved indicators and one Not Achieved.** This assessment is based on the significant achievements in the reduction of cost of freight transport in selected corridors, implementation of the new PPP framework and extensive financial support on energy efficiency from IFC.

10. **The cost of freight was reduced significantly in selected corridors.** Given the importance of transportation time and costs, one of the indicators for strengthening the enabling environment (CPS **Indicator #1**) was the reduction in cost of freight in selected corridors and it decreased by 21.2 percent, exceeding the initial expectations. It was supported by the Provincial Roads Project (P070628) and the Norte Grande Road Infrastructure Project (P120198).

11. **Significant progress was recorded through several interventions that demonstrated the value of mobilizing financing for development (MFD).** The joint IFC and Bank diagnostics and recommendations based on international best practices supported the preparation of the PPP Law approved by Congress in November 2016. The Bank has provided technical assistance over the last two years to the PPP unit to support the development of its pipeline in different sectors including energy, water, and transport. The Government launched the first phase of the PPP program in February 2018, and contracts to modernize the primary road network for a total of 3,300 kilometers in the provinces of Buenos Aires, Córdoba, La Pampa, Mendoza, and Santa Fe were awarded in July 2018, thus achieving CPS **Indicator #3**, added at PLR stage. Financial closure on these contracts is expected over the course of the first semester of 2019, while the launch of PPPs in other sectors has been delayed until the country's macroeconomic situation improves.

12. **The support to the renewable energy sector, added at PLR stage, showcases an example of WBG synergy and complementarity.** The Bank and the IFC jointly provided technical assistance to Argentina's RenovAr Program, based on international good practice and to ensure a fair and balanced allocation of project risks between the private and public sector, and supported the Government to expand its reach to the global private sector investor base. The Bank structured two guarantees to the Renewable Energy Fund in support of the RenovAr program for a total amount of US\$730 million (P159901). The IFC invested in two wind projects of the RenovAr program, La Castellana and Achiras (No. 40739 and No. 39358, respectively) with 148 MW of installed capacity and is working on financing a third wind project. In December 2018 MIGA issued a guarantee to "Vientos Los Hercules", a 97.2 MW wind power generation facility in the Province of Santa Cruz. The energy obtained under RenovAr is not only cleaner but also cheaper: the latest auction resulted in winning bids which are 41 percent below 2015 prices. The initiative has attracted almost US\$5.5 billion in commitments to invest in renewable energy in Argentina. The program was the first successful PPP program of the Government of Argentina which attracted significant new investment flows into the renewable energy sector and is a good example of the WBG Maximizing Financing for Development approach. The sector framework and structured concession contracts also proved firm and stable amidst the economic turmoil that started in Argentina in April 2018, indicating good sustainability prospects.

13. **The IFC, under its Sustainable Energy Finance program, largely surpassed the target set for CPS indicator #4, by disbursing a total of U\$130 million for sustainable energy activities** through its projects with Banco Galicia (No. 38134 and No. 41090). Additionally, the Bank's Energy Efficiency Project (P090119), a GEF-financed operation, contributed to the creation of a US\$10.7 million fund to support SMEs adoption of more energy-efficient technologies. The fund mobilized private sector financing whereas a local bank, Banco Nación, functioned as the financial intermediary and financed up to 70 percent of the costs of eligible investment sub-projects while the other 30 percent were financed by beneficiaries. Following the increasing demand for the credit-line, Banco Nación continues to serve as financial intermediary even after the project closing (May 2017), ensuring the long-term sustainability of the project.

14. **Support to SMEs is also an area of work added at the PLR stage.** The Access to Longer-term Finance for MSMEs Project (P159515), a pilot program to increase availability of long-term credit for small enterprises, is the Bank's first operation in the financial sector since 2001. The Project, added to the CPS program at PLR stage, experienced effectiveness delays because it needed to be adjusted from the onset to reflect changes in market conditions. Since then, the MSME longer-term credit line has been set up and the project has already disbursed more than 50 percent of the loan proceeds. For this reason, the CPS

Indicator #2 measuring the access to longer-term finance for MSMEs, also added at PLR stage, is rated partially achieved at this stage and is expected to be fully achieved already by the end of FY19. The CPS period was also characterized by strong support to SMEs by IFC and MIGA. IFC's support to expand access to finance by MSMEs resulted in 375,000 MSMEs reached by IFC client banks at the end of 2017, with a total volume of US\$1.8 billion of MSME loans outstanding leveraged through the following projects: (i) a US\$100 million loan to Banco Galicia with the objective of supporting SMEs (No. 38134); (ii) a US\$20 million loan to Banco Patagonia to support said bank's lending program to export-oriented SMEs (No. 38119); and (iii) a debt facility investment for US\$25 million with Banco CMF (No. 38918). MIGA, through its political risk insurance product, is supporting Argentina's largest private bank, in an effort to increase credit to SMEs.

15. **Objective 2, supporting agglomeration economies to reach low-income areas is rated *Achieved based on the results of one indicator*.** In 2015, the Bank launched a Programmatic study (P153198) that looked at the opportunities and challenges associated with urban agglomerations in Argentina. The study identified key policy and investment interventions to improve the performance of urban agglomerations at the national, provincial and local levels. This comprehensive work on leveraging the potential of Argentine cities, urbanization trends and spatial patterns, followed by an international conference on Urban Growth and Regional Development in Argentina, provided the underpinnings for the design of two projects and the Bank's re-engagement in the urban sector. At the PLR stage, the Bank delivered a package of tailored solutions to support the implementation of the national Housing and Habitat Plan at different government levels (national, provincial and city levels) which included the Integrated Habitat and Housing Project (P159929) and the Metropolitan Buenos Aires Urban Transformation Project (P159843) delivered under this CPS. The activities under these projects include completion and upgrading of basic infrastructure, construction of new housing, and the resettlement of about 1,000 families currently living in precarious conditions in one of the most emblematic informal settlements in Latin America, in the heart of Buenos Aires.

16. **The Bank has also contributed to improving transportation infrastructure and facilitating travel in low-income urban areas.** The work on several infrastructure operations helped improve the provincial roads through the Provincial Roads Project (P070628) and boost infrastructure development in Buenos Aires through the Urban Transport in Metropolitan Areas Project (P095485). The latter project was also crucial for strengthening the metropolitan governance through the creation of the Metropolitan Transport Agency, a model that may be extended to other sectors, and improved the quality and performance of urban transport infrastructure and services in medium-sized metropolitan areas. Through the same project, the Metrobus La Matanza and Metrobus Rosario achieved significant reductions in the average transit time, exceeding the target of CPS **Indicator #5**. The Argentina Road Safety Project (P116989) was instrumental in raising awareness on the critical public health issue of road traffic fatalities in Argentina, and in building capacity of national institutions through the establishment of the National Road Safety Observatory. This has placed Argentina in a leading position in Latin America and contributed to the tracking of road traffic fatalities, as well as reducing 23 percent of road traffic injuries and fatalities in three pilot corridors.

17. **Through the Latin America and Caribbean Cities Platform, IFC also began to develop long-term partnerships with municipal and provincial governments of Argentina to promote inclusive and climate-friendly urban development and to improve the competitiveness of regional economies.** This was done via a strategic combination of investment and advisory services across various areas, including transport, energy efficiency, solid waste, and water and sanitation. During the CPS period, IFC committed a US\$50 million loan to the City of Buenos Aires to improve urban transportation (IFC's first municipal investment

in Argentina, entirely disbursed in local currency), and a US\$300 million loan to the Province of Córdoba (US\$150 million from own account and US\$150 million mobilized from third parties) for the construction of roads. The technical assistance provided by IFC included transport, energy efficiency, water management, and Green Building standards. In Buenos Aires, IFC's advisory services guided an efficient and cost-effective expansion and renewal of the EcoBici system; provided an evaluation of policies and technologies to reduce transport associated emissions; supported Green Buildings in Buenos Aires' slums; and completed a detailed assessment of energy efficiency in public buildings. In Córdoba, IFC's advisory services have focused on conducting a pre-feasibility study for the Los Molinos Water Treatment Plant and on supporting Córdoba's provincial electrical utility (Empresa Provincial de Energía de Córdoba) in its energy efficient street lighting program.

18. **Objective 3, increasing agricultural productivity of small- and medium-size farms in low-income regions is rated *Mostly Achieved* based on the results of its only indicator.** Results from the Second Provincial Agricultural Development Project (P106684) could only be partially captured at project closure because of some shortcomings in the measurement methodology. Impact evaluations were carried out on a sub-set of subprojects selected based on their completion status (four on irrigation, one on seed improvement and one on electrification). The evaluations captured important results in the with/without comparisons, showing, on average, an increase of 9.4 percent in gross production for the irrigation sub-projects, an increase of 8 percent in labor productivity and of 9.5 percent in land productivity, mostly achieving the relevant target for the CPS Indicator #6 (according to data from ICR3942, September 2017).

19. **The substantive body of analytical work produced to support the objectives under Pillar 1 assessed areas that were previously understudied and provided critical underpinnings for new project development.** The Bank carried out a detailed analysis on sectoral policies that would support growth and presented to the current government as policy notes. In line with the Government's commitment to good governance and anti-corruption, the Bank engaged with local counterparts to study the state of transparency in Argentina focusing on providing support for the implementation of the reform agenda. This was complemented by events to trigger dialogue on the issue, such as an international procurement conference held in Buenos Aires in June 2017 and the launch of the World Development Report on Governance, with the participation of Prof. Francis Fukuyama, also in Buenos Aires. Given the interest of the current administration, the Bank, in many cases jointly with the IFC, provided analytics on capital markets, infrastructure and housing finance, agglomeration economies, and in select areas related to fiscal policy. The WBG delivered a flagship report to inform Argentina's design and sequencing of trade, investment and competition policy reforms to support Argentina's integration into global markets. It was launched in December 2017 in an event in Buenos Aires, in the context of the WTO Ministerial Conference.

20. **Pillar 2, Increasing access and quality of social infrastructure and services for the poor, is rated *Moderately Satisfactory* based on the assessment of three objectives: one Achieved, one Mostly Achieved, and one Partially Achieved.** Under Pillar 2, the WBG expanded further its support on poverty alleviation with a specific territorial focus in the Northern provinces. The engagement was particularly successful in supporting universal health coverage and increasing effective social protection for children and youth. There have been two major achievements under this pillar, linked to two different objectives and directly benefitting the poor: the introduction of the housing subsidy program through the Integrated Habitat and Housing Project (P159929) and the expansion of the Family Allowance Program through the Children and Youth Protection Project (P158791).

21. **Objective 4, increasing access to electricity, safe drinking water, housing and sanitation services for the bottom 40 percent in low-income provinces and areas, is rated *Partially Achieved*.** In the Greater

Buenos Aires area, the Bank supported the improvement in service provision of electricity, potable water and sanitation to the poor through the Metropolitan Buenos Aires Urban Transformation Project (P159843). In the northern provinces of Argentina, the Norte Grande Water Infrastructure Project (P120211) and the Second Norte Grande Water Infrastructure Project (P125151) are contributing to increased access to safe drinking water (CPS Indicator #8) and to sanitation services (CPS Indicator #9). The works of the Norte Grande Water Infrastructure Project are completed or close to completion, including : (i) one water supply system and one drainage system to enable access to safe drinking water for 50,500 people (the project's target) and (ii) about 27 km of sewerage network in Resistencia (Chaco) and the corresponding wastewater treatment plant, already in its testing phase, enabling access to improved sanitation for 210,000 people. These results, expected to be achieved by February 2019, are significant for the province of Chaco, but only partially achieve the CPS targets for the Norte Grande/Plan Belgrano Region¹, particularly because of important delays in implementation of the Second Norte Grande Water Project. The evaluation of the service delivery of water, sanitation and electricity for the most vulnerable provinces of Argentina (P156133) was delivered in FY17 and its recommendations for the water and sanitation sector were incorporated in the Second Norte Grande Water Infrastructure Project.

22. **The Renewable Energy for Rural Areas Project (P133288) intends to provide and enhance access to modern energy services in selected rural areas of Argentina.** Contracts for the installation of solar panels are underway in remote rural areas, and an implementation mechanism is in place for solar home systems, aimed at ensuring nationwide universal access to basic electricity by 2020 (CPS Indicator #7). The Integrated Habitat and Housing Project (P159929), added at the PLR stage, supports the implementation of a pilot housing subsidy program (*Solución Casa Propia*) that is making home-buying more affordable for low-income families. At the end of the CPS period, the pilot was operational, thus achieving the corresponding target for CPS Indicator #10, and housing subsidies had been provided to 2,375 beneficiary families.

23. **Objective 5, supporting universal health coverage, is rated *Achieved*, based on the results of one indicator.** During the CPS period, the Bank has continued its longstanding engagement in the sector with three projects: (i) one focused on protecting the most vulnerable people against noncommunicable diseases (P133193), (ii) one on improving provincial public health insurance (P106735), targeting the uninsured and seeking to improve institutional management through results-based incentives to participating provinces, and (iii) through the second phase of the Essential Public Health Functions Program II (P110599), strengthening the public health system and increasing the coverage of the priority health program. Through the Provincial Public Health Insurance Development Project and its AF (P106735 and P154431), the WB has contributed to increased utilization and quality of key health services for the uninsured population from 28 percent to 50.4 percent, surpassing the target of CPS Indicator #11, with a focus on the poorest provinces. In the provinces in Northeast and Northwest, the effective coverage has reached 61.3 percent on average, with most provinces surpassing the target (Misiones: 83.2 percent; Tucuman: 76.2 percent; Santiago del Estero: 69.2 percent; Formosa: 62.3 percent; Jujuy: 59.2 percent; Chaco: 56.2 percent; Corrientes: 55.1 percent; Catamarca: 47.9 percent; and Salta 42.9 percent). Also, during the CPS period the Bank analyzed the sustainability of the health system and defined the future engagement, including the support for effective universal health under an operation approved at the end of the CPS period (P163345).

24. **Objective 6, improving employability of Argentina's youth and increasing effective social protection for children and youth, is rated *Mostly Achieved* based on one indicator *Achieved* and one *Partially Achieved*.** During the CPS, the Bank has supported the coverage expansion of social protection

programs to include the most vulnerable families and, at the same time, to improve the transparency of the systems through the Children and Youth Protection Program (P158791) and its AF. Since the approval of the project, 300,000 additional children and youth have been covered by the child allowance program managed by ANSES, in line with the target for the project for 2018 (CPS Indicator #13). Also, the number of children with complete information in the administrative records and at the same time allowed to participate in the eligibility process of child allowances, has sharply increased from 11.6 million children in April 2016 to 12.9 million in May 2018, exceeding the most optimistic estimations. Through the Youth Employment Support Project (P133129) the Bank contributes to improving the employability of youth in Argentina. The percentage of participants who graduated from the youth employment program which are employed in the formal market is on track to reach the target. Achievement of the CPS Indicator #12 is partial because the deterioration of the country macroeconomic situation directly affects the availability of employment. Nevertheless, other project level indicators show substantial progress. For example, the number of participants that joined an on-the-job training activity in the private sector since the project's effectiveness has already reached 90 percent of the end target of the project.

25. **Under Pillar 2, the Bank has been able to share knowledge by studying the service delivery patterns and efficiency, demographic trends and social policies, the sustainability of the health strategy and carrying out an impact evaluation of different initiatives within the Provincial Public Health Insurance and Development Project (P106735) and its Additional Financing of FY15.** The Bank also undertook an analysis of the optimization of providing health coverage, requested as a RAS by the National Institute of Social Service for Retirees and Pensioners (PAMI). In the education sector, the Bank helped design and carry out an impact evaluation of the system in the provinces of Salta and La Rioja under RAS arrangements, and supported the implementation of the national learning and teachers' program.

26. **Pillar 3 on reducing environmental risks and safeguarding natural resources, is rated *Moderately Satisfactory* based on one objective rated Achieved and two objectives Partially Achieved.** Given the country's abundant natural resources and their importance for long-term growth, activities under this pillar aimed to support Argentina in addressing challenges deriving from climate change, environmental degradation and deforestation, which have the most negative impact on the poor. The Bank carried out a Country Environmental Analysis (P154591) which received very good press coverage, including articles in the main national outlets, and triggered animated discussions during its formal launch, with an audience of over 130 diverse stakeholders. The WBG also provided support through GEF and Montreal Protocol grants. A significant achievement under this pillar is the decrease of the deforestation rate in critical areas of the northern provinces of Chaco, Salta, and Santiago del Estero.

27. **Objective 7, reducing exposure to flooding in Chaco, Corrientes, and Buenos Aires is rated *Partially Achieved*, based on the rating of the related indicator.** The Bank has helped provide a comprehensive understanding of the current disaster risk management framework and supported the prioritization of national and provincial actions to increase the country's resilience to natural hazards. Specific emphasis was given to building capacity for decision making at subnational level in the poor northeast provinces and in the Province of Buenos Aires. The Urban Flood Prevention and Drainage APL2 Project (P093491) successfully reduced the vulnerability to flooding in the provinces of Chaco, Corrientes, Entre Rios and Santa Fe. The project contributed to protecting 445,000 people and 4,570 ha of land against flooding through the construction of pluvial drainage, pumping stations and defense works. Also, it supported 8 municipalities (3.6 million people) to develop land use tools and risk management knowledge to strengthen their flood emergency and risk reduction capacity. The ongoing Flood Risk Management Support Project (P145686) is supporting the Autonomous City of Buenos Aires to efficiently manage flood risk and improve the drainage systems in several basins. The implementation of the project has been

satisfactory. The engagement has resulted in a new Urban Development Plan, an important breakthrough, and the establishment of an inter-ministerial council for flood risk management to help the coordination of flood risk management. In addition, the project is supporting the construction of a flood retention pond and several secondary pluvial drainages in the Cildañez basin and the construction of a 2- km tunnel in the Vega basin. The ongoing Salado Integrated River Basin Management Support Project (P161798) is helping to enhance flood protection and capacity of the responsible institutions for integrated water resources monitoring and management in the river basin.

28. **Objective 8, reducing household exposure to environmental health hazards in Greater Buenos Aires, is rated *Partially Achieved*.** The single indicator for this objective (CPS Indicator # 15) relies on the Matanza-Riachuelo Basis Sustainable Development Project (P105680), one the most complex operations currently financed by the Bank and the second oldest in the Argentina portfolio. The Project has had a very slow start of implementation due to the complexity of the infrastructure design and its associated procurement process. The alignment of political stakeholders at national, provincial and municipal process and the completion of the procurement phase in late 2015 allowed for a new commitment on this emblematic project: after some significant progress, an exceptional restructuring granted a five-year extension of the closing date. All major civil works contracts are under execution. The implementation pace and disbursement rate have increased steadily, and the project has been out of the problem status since 2017. Works continue progressing steadily for all components, and the project is expected to achieve its Project Development Objective by its new closing date (March 2022). Because of the revised closing date, at the PLR the indicator for the project was changed to reflect an intermediate outcome of the project.

29. **Objective 9, improving natural forest cover in the Chaco Eco Region, is rated *Achieved* based on the achievement of its sole indicator.** The annual deforestation rate of natural forest in critical areas of the norther provinces of Chaco, Salta, and Santiago del Estero (CPS Indicator #16) has been reduced to 0.04 percent, even though this achievement cannot be exclusively attributed to the Native Forest and Community Project (P132846), which experienced significant delays to start implementation. However, an important factor in the reduced deforestation was the increased presence of national environmental staff in the field, which can be directly linked to the Bank-financed Forest and Community project. The Government also strengthened the environmental administration (by elevating it from a Secretariat to a Ministry level in early 2016) and enhanced its capacity to enforce provisions under the Forest Law.

30. **A set of analytical work and technical assistance supported the objectives under Pillar 3.** The Bank prepared a Country Environmental Analysis (CEA) that identified -and to some extent quantified- the major environmental challenges faced by the natural resource in Argentina, not only those relating to new challenges in the rural economy, but also related to urbanization and industrial development. Based on the results of the CEA, the Ministry of Environment initiated discussions with the OECD on the environmental dimensions related to Argentina's accession to the OECD. Analytical services were provided on agricultural risk management which materialized into a new operation approved by the Board in May 2018. In addition, and as part of the preparation and supervision of operations related to flood management, the Bank delivered substantial technical assistance and analytical work, sharing international best practices and organizing exchanges with the Netherlands and South Korea. Finally, during the CPF period, increased attention was provided to mainstreaming climate change considerations (both in terms of mitigation and adaptation) which raised climate change co-benefits of the Bank pipeline to 60 percent in FY17 and 42 percent in FY18.

III. WBG PERFORMANCE.

31. **The overall WBG performance is rated Good, based on the design and the implementation of the CPS program.** Beyond contributing to reaching the CPS objectives, the design of the CPS shows adequacy of the selected focus areas and responsiveness to changing circumstances through the strategic use of the PLR, good synergy across the WBG, robust growth of the IFC portfolio, MIGA reengagement and strong delivery of the lending and analytical and advisory services portfolio which resulted in a solid program of ongoing activities and analytical underpinnings for the next engagement period. The implementation of the CPS also evidenced adequate attention to risk management, good alignment with country systems, and continuous attention to fiduciary and safeguard issues.

DESIGN OF THE CPS PROGRAM

32. **The overall CPS strategic framework was relevant to Argentina's development needs and the CPS design leveraged the comparative advantages and experience of the WBG.** Between FY12 and FY14, there was no CPS in place and no new lending to Argentina, due to several international disputes. At the end of FY14, the agreement between Argentina and the Paris Club to clear debt in arrears that Argentina owed to Paris Club creditors over a five-year period, as well as Argentina's progress in implementing an initial set of specific actions sought by the IMF to address the quality of the official data for the CPI and GDP, set the conditions for the Board to discuss a new CPS for Argentina.

33. **The CPS was prepared and discussed with the Government and presented to the Board in September 2014.** It was designed with an initial focus on providing direct household support for the poorest in Argentina. This focus, in line with the WBG corporate goals, met wide consensus across the political spectrum in Argentina, a crucial consideration on the eve of an electoral year largely expected to bring about changes in the country. The CPS also acknowledged the macroeconomic imbalances and challenges faced by the country, noting the need for continued and consolidated efforts to address them. The significant and positive engagement with the Government in select sectors allowed for a strong renewal of the portfolio in education, health, employment, and rural development in the early stages of the CPS period, resulting in the approval of eight operations for \$1.5 billion of new IBRD lending in the first year of the CPS. At the same time, the WBG invested in core analytical work, which provided much needed knowledge and the underpinnings for the engagement that followed.

34. **The elections in late 2015 resulted in a major shift of the country's policy orientation and, for the WBG, in a substantial broadening of the dialogue and a gradual shift in program activities.** The policy notes delivered to the new Administration were a major engagement tool and served as background to support the design and implementation of reforms. Policy priorities were reoriented towards unlocking long-term productivity growth in tandem with a strong focus on poverty alleviation and improved governance. The CPS was adjusted accordingly through a PLR finalized in January 2017 which particularly strengthened CPS Pillar 1. While engaging at the highest management level, including the first visit of a WBG President in 25 years in August 2017, the WBG demonstrated its full support to the authorities, thus signaling confidence and trust in the Government's ambitious reform agenda.

35. **On average, the timeliness and quality at entry of the main IBRD-financed operations introduced during the CPS were good, with considerable variations in implementation readiness:** while works under some older projects took years to actually start (e.g. the Matanza-Riachuelo Project,

P105680), others were ready to begin immediately after the Board's approval (e.g. the Metropolitan Buenos Aires Urban Transformation Project, P159843). The original CPS proposed gradual shifts in the

geographical location of WBG interventions, prioritizing both the northern provinces and poorest districts in the metropolitan area of Buenos Aires. During the CPS, the Board approved six new IBRD projects supporting those areas, for a total of US\$1,070 million. In terms of content, and as specified in the CPS, the engagement in road maintenance management programs was wound down. The CPS also aimed at shifting the Bank's program out of direct income support for the poor unless an urgent need were to arise. Such need arose with the slowdown of the Argentine economy and the increase in poverty and extreme poverty in 2016. This justified the preparation of the FY16 Children and Youth Support Project (P158791) which turned out to be critical to protect poor and vulnerable children by increasing, through the Universal Child Allowance, the income support of vulnerable households and individuals. At the end of the CPS period, the Stand-By Arrangement with the IMF explicitly established an agreed social safety net spending floor and allowed some well-targeted social assistance transfer programs, including the Universal Child Allowance, to expand if needed.

36. The Bank made use of an integrated mix of instruments in its engagement in Argentina, including analytical work, RAS, traditional IPF, and guarantees. Beyond IPF, during this strategy period two guarantees were designed in close coordination between the Bank, IFC, and MIGA to support Argentina's transition to a cleaner energy matrix and to help it meet its climate mitigation goals. This was a core and strategic element of the integrated WBG support to leverage IBRD's capital to support the new administration in strengthening private investor confidence in Argentina at a pivotal time. IFC, in addition to increasing exponentially its lending operations to new and existing private sector clients, began to develop long-term partnerships with municipal and provincial governments to promote inclusive and climate friendly urban development and to improve competitiveness of regional economies via a strategic combination of investment and advisory services across various areas, including transport, energy efficiency, solid waste, and water and sanitation.

37. The interest of the Government in WBG knowledge and expertise offered the opportunity to cooperate on key areas of the structural reform agenda, provide inputs to assist with its implementation, and hold important public events to share information and raise awareness. The Government and the Bank established criteria for selection of topics and sectors where analytics would be prioritized and conducted regular reviews of the ASA pipeline with the Ministry of Treasury in the last two years. The PLR specified the core advisory activities until the end of CPS period, identifying five major knowledge areas: competitiveness and trade; financial sector; public expenditures; poverty and social statistics; and transparency and anticorruption. The Bank contributed with important analytical pieces that served as background for the Government in the reform design and implementation. These included a Public Expenditure Review (PER) at the National Government level (P161695) and another PER for the Province of Buenos Aires (P161695); advisory work on capital markets development; a trade, competition and investment report that estimates the cost of the lack of insertion in the global economy (P161698); an analysis of the distributional and poverty implications of reforms across a number of areas and an analysis on the policy response to maximize opportunities/minimize exclusion from the impact of the Government's reform agenda; transparency and anticorruption work. In the early stage of the CPS, and as already mentioned, a study on agglomeration economies and resilience (P153198) was followed by the preparation of two new projects in the urban development sector, while an agricultural competitiveness and agriculture risk management study resulted in the design of the Integrated Management of Agricultural Risk Project (P162316).

38. The CPS envisaged closely integrated, coordinated, and leveraged support from WBG institutions. The approach proved successful particularly in the areas of energy, infrastructure, support to

SMEs and PPPs. In the renewable energy sector, the Bank, IFC, and MIGA worked together to support the mobilization of private financing for the sector through the RenovAr program. The World Bank and IFC worked together to provide advice on a new PPP Law enacted in 2016. Joint WBG workshops with regional experts also helped build a strong collaboration between the Bank and IFC. This included the Future of Work event and the Joint Capital Market Development Initiative, a comprehensive capital market diagnostic delivered in October 2016 that identified products, instruments, sectors, institutions and regulations needing reform, many of which were included in a new capital markets law passed by the Congress in February 2018.

39. **A range of recommendations from the previous CPS period were integrated into the design of the CPS FY15-18.** For example: (a) focusing on results while having flexibility to adapt to changing circumstances and Government priorities; (b) integrating governance as a cross-cutting theme into the overall engagement; (c) strengthening dialogue with Government counterparts by focusing on areas where there is a mutual commitment to catalyze innovation and strong results; (d) maintaining regular dialogue with Government counterparts; and (e) providing direct support to provincial governments focusing on building capacity for public service.

IMPLEMENTATION OF THE CPS PROGRAM

40. **The WBG was able to timely adapt its engagement to respond to changes in the country context.** The CPS allowed for a substantial volume of analytical and financial activities under both administrations. After a first part of the current CPS, in which new projects to support the access of the most excluded population groups to quality basic services were approved for about US\$1.5 billion, the WBG used the PLR to adapt to the new political priorities. For the Bank, this allowed for a substantial expansion of the analytical and technical assistance in areas such as macroeconomics, transparency and governance, and public expenditures and it generated new financing opportunities. For IFC, it led to a proactive collaboration with the Government to catalyze private sector investments in priority areas such as infrastructure and energy, while substantially increasing investments into private sector-led projects, supporting job creation and access to finance by SMEs. For MIGA, the shift led to the first guarantee issuance since 2001.

41. **During the CPS period, the WBG delivered a dynamic and solid program, leaving a strong program of ongoing activities for the next engagement period.** The Bank delivered 22 operations for a total of US\$4.9 billion, IFC more than tripled the size of its portfolio, growing from approximately US\$780 million to almost US\$3 billion, and MIGA re-engaged in Argentina, providing US\$1.35 billion in political risk insurance. The Bank financing targets were fully met, reaching the upper limit of the US\$1.0 billion to US\$1.2 billion of the indicative range of IBRD financing per fiscal year. Active IBRD commitments increased from US\$4.8 billion in FY14 to US\$7 billion in FY18 (including guarantees for US\$730 million), with an undisbursed amount of around US\$3.1 billion at the end of FY18. While the number of active operations remained unchanged, the active portfolio is younger and the average size of IBRD lending operations has increased over the CPS period from US\$197 million per project in FY14 to US\$265 million in FY18. IFC's commitments during the CPS period reached over US\$4.0 billion, including US\$1.1 billion in short-term finance and \$2.1 billion mobilized from third parties. Throughout the period, thirty-five IFC long-term projects were committed (compared to eighteen during the previous CPS period). Finally, MIGA signed two guarantee contracts with Banco Santander Rio for US\$1.350 million, which aimed to stimulate economic growth and support job preservation and creation.

42. **The quality of the portfolio improved steadily with respect to FY14 and was overall satisfactory throughout the CPS period (see Table 2).** The number of IBRD-financed projects at risk decreased from 36 percent (9 projects) before the CPS period (FY14) to no more than 28 percent (7 projects), passing from performing worse to better than the regional average (26.3 percent in FY14 and 31.3 in FY18). The share of commitment at risk decreased both in absolute and relative terms between FY14 and FY18, passing from US\$1.9 billion (40 percent, 9 projects) to US\$1.1 billion (28 percent, 7 projects). It must be noted that in the last year of the CPS, the share of projects at risk was higher than in FY17 (16 percent, 4 projects), signaling a deterioration of the quality of the portfolio. In terms of disbursements, the Argentina program compares well with the LCR Region, with an IPF disbursement ratio of 26.6 percent in FY18 vs. 22.1 percent for the Region, and a strong reduction of slow-disbursing operations throughout the CPS (from 32 percent in FY14 to 4 percent in FY18). The net flows between the IBRD and Argentina were positive in 2016, 2017, and 2018, which -after two consecutive years of negative flows- has been an important step to improve the WBG relationship with Argentina.

Table 2: Argentina IBRD Portfolio Data – FY 14-FY18

IBRD PORTFOLIO DATA	FY14	FY15	FY16	FY17	FY18
PORTFOLIO AND DISBURSEMENTS					
Active Projects #	25	24	24	25	25
Average Age (months)	68	50	54	40	46
Average size US\$m/project	197	239	215	245	265
Net Commitments Amt US\$m	4,927	5,751	5,154	6,129	6,358
Total Disbursements US\$m	2,721	2,891	2,512	2,871	3,245
Total Undisbursed Balance US\$m	2,212	2,853	3,242	3,257	3,113
Disbursements in FY US\$m	658	648	571	878	857
Disbursement Ratio for IPF only %	22.9	29.9	20.3	28.4	26.6
Slow Disbursements %	32.0	16.7	13.0	12.0	4.0
PORTFOLIO RISKINESS					
Actual Problem Project #	6	3	2	3	7
Problem Project %	24.0	12.5	8.7	12.0	28
Potential Problem Project #	3	1	4	1	0
Projects at Risk #	9	4	6	4	7
Projects at Risk %	36.0	16.7	25.0	16.0	28
Commitments at Risk US\$m	1,984	885	1,560	870	1,086
Commitments at Risk %	40.3	15.4	27.1	14.2	17.1
Proactivity %	25.0	83.3	100.0	100.0	

Table 3: Argentina IFC Portfolio Data – FY 15-FY18

IFC Program	FY15	FY16	FY17	FY18
# of Long-Term Projects	3	9	15	8
IFC own-account LTF US\$m	38	306	492	374
Mobilization US\$m	26	869	853	369
Own account + Mob US\$m	64	1,175	1,345	743
Short term finance US\$m	225	466	107	282
Portfolio (net commitments US\$m – IFC+Mob)	624	1,719	2,460	2,999
Outstanding Portfolio (exposure US\$m – IFC + Mob)	558	1,176	1,712	2,769

Table 4: MIGA's exposure in Argentina – as of June 30, 2018

Effective Date	Expiration Date	Investor Name (Guarantee Holder)	Investor Country	Business Sector	Project Name	Maximum (\$US)
07/01/2017	01/10/2020	Banco Santander S.A.	Spain	Financial	Banco Santander Río S.A.	1,350,000,000
						1,350,000,000

43. The above-mentioned recent decrease in the quality of the portfolio, concentrated particularly in smaller projects, appears to have several causes: (i) a major reorganization of the Government, which impacted and slowed down the implementation of several projects, particularly those approved at the beginning of the CPS period; (ii) Government budget restrictions that reduced implementation plans in 2018; (iii) constraints to hiring staff in implementations units² and (iv) increased scrutiny on the procurement of large contracts, as a consequence of a major corruption scandal involving infrastructure works in Argentina (see the *Cuadernos* Scandal Box in the main text of the CPF). Remedial actions have included cross-participation of the Bank and the Inter-American Development Bank in their respective country performance portfolio review with the Government and the organization, for the Bank, of an internal ad-hoc review of at-risk projects. The Bank is working with the Government to implement remedial actions to improve the quality of the portfolio, which are expected to include partial cancellations of nonperforming projects.

44. **The strategic relevance of the analytical work carried out over the CPS period and its link with the lending delivered over the same period have been good.** The expanded engagement using WBG regional and global products has supported debates in areas key to Argentina's development. The development of capital markets and the opening of Argentina to the world has become a large area of focus for the WBG. Four assessments in this area were produced in collaboration with the Government: (i) Capital Markets Assessment and Development Prospects; (ii) Developing Deep and Sustainable Housing Finance Markets; (iii) Capital Market Financing for Infrastructure; and (iv) Assessment of Capital Market Mechanisms for Financing of SMEs. Under the JCap (Joint Capital Market Development) initiative, the Bank and IFC have provided workshops with regional experts. In addition, IFC is evaluating potential investments in Debt funds and Credit enhancement products for SMEs. A yearlong engagement with the Government on opening the economy culminated in a report— Strengthening Argentina's integration in the global economy: the role of investment, trade and competition policies— which identifies the challenges for firms as they attempt to integrate into the global economy. A large international workshop brought together participants from across the world to debate the 2025 Vision for the Insertion of Argentina in the World in the context of the World Trade Organization's (WTO) 11th Ministerial Conference, and in preparation for Argentina's G20 presidency in 2018 (events held in December 2017). In support of Argentina's aim of joining the Organization for Economic Cooperation and Development (OECD), the World Bank held a high-level conference jointly with the Ministry of the Treasury and the OECD to discuss critical policy areas for OECD accession (focusing on growth and poverty reduction, education and skills, state modernization and transparency). The Bank is currently working on a TA to support Argentina's accession to the OECD.

45. **The CPS saw an expansion in advisory services and analytics.** The Bank and IFC jointly advised the Government on the preparation of the PPP Law approved by Congress in November 2016 and supported the PPP unit and line ministries to develop a pipeline of projects in several sectors - especially transport and water projects. In addition, the Bank shared knowledge on service delivery patterns and efficiency, carrying out a study on demographic trends and social policies, an analysis of the health strategy sustainability and an impact evaluation of different initiatives within the SUMAR program (Provincial Public Health Insurance and Development Project, P106735 and its Additional Financing, P154431). The CEA allowed to launch discussions with the OECD on the environmental dimensions related to the accession. Analytical services were provided on agricultural risk management. The Bank also delivered considerable analytical work and technical assistance, and shared international best practices on themes related to flood management.

46. **Fiduciary. During the CPS period, the overall Financial Management (FM) performance of the portfolio ranged between Satisfactory and Moderately Satisfactory.** The main FM challenges related to the Government IT module for accounting and financial reporting of donor-funded projects (UEPEX), the timing of submission of audited financial statements, and the expansion of Argentina's public FM system to IBRD-financed projects. UEPEX is not fully integrated into the Government Financial Management Information System (eSIDIF), which poses some elements of FM risk as WB-projects budget transactions are reported off-line and entered manually in the system. To address this challenge, the Bank closely monitored the budget allocation and execution for Bank-financed projects. Argentina's compliance with the timely submission of audited financial statements to the Bank continued to be a challenge during the CPS period, with an average compliance of 50 percent, slightly better than under the previous CPS. The Bank continues to engage in dialogue and provide support to both Argentina's Supreme Audit Institution and the Ministry of Treasury to improve this performance. During the CPS period, results-based financing was successfully expanded to social protection (Child and Youth Protection P167851) and governance (Modernization and Innovation for Better Public Services-P157136) projects. The introduction of IPFs with Disbursement Linked Indicators provided the opportunity to strengthen FM knowledge on the implementation of budget programs of line departments.

47. **Procurement. The implementation of the CPS was positively impacted by the approval of the WBG Procurement Regulations in 2016.** The development of procurement strategies for large infrastructure projects helped finding fit-for-purpose solutions that improved efficiency in procurement processes and contract management. Since FY16, the Bank has been supporting the Government in implementing its national procurement policy, including transparency policies and modernized procurement tools which are being applied for all processes of the national public administration. These tools include an electronic filing system and two electronic procurement systems, one for goods and services and one for civil works, both approved for use in Bank's financed portfolio up to the national threshold. These initiatives have significantly contributed to the transparency and efficiency of the national procurement policy.

48. **Safeguards. The management and performance of the environmental and social safeguards of the Bank portfolio was overall satisfactory throughout the CPS period.** Minor

issues related to the difficulties met by some implementation units to properly staff their safeguards teams, due to staffing restrictions in the public sector. There were also occasional issues related to different interpretations, legislation, and technical capacities between the federal and the sub-national levels of government.

49. **Coordination and harmonization among development partners supported several areas of the WBG strategy.** During the CPS, the Bank worked jointly with other partners to maximize efforts in the urban and transport sectors, among others. The Bank has worked closely with the Inter-American Development Bank (IDB) in the urbanization of Barrio 31 and with the Government of Korea, through the Korean Green Growth Trust Fund, on integrated urban mobility, engaging in a South-South exchange. In the transport sector, the Development Bank of South America (CAF) and the Bank have worked complementarily in the improvement of a sustainable transport system in the metropolitan area of Buenos Aires.

50. In the environmental sector, the Bank has worked in a coordinated manner with UNREDD, UNDP and FAO with regards to the REDD+ program, the Forest Carbon Partnership Facility (directly managed by the Bank), and the Forests and Community Project. The Bank and the United Nations Industrial Development Organization (UNIDO) worked together to support Argentina in phasing out controlled ozone-depleting substances in accordance with the country's obligations under the Montreal Protocol.

51. In the final part of the CPS period, the Bank has also been working closely with the IMF, the IDB and the CAF in response to the financial markets turmoil that began in April 2018.

52. **Risks assessment and mitigation measures.** The PLR identified the main risks as economic (difficulty to manage the macroeconomic imbalances along a narrow path between a difficult external environment and the need to protect the most vulnerable) as well as institutional capacity and implementation (particularly for the legacy projects, which had known considerable delays). Enhanced implementation and strong management support have been able to turn around chronic problem projects (such as the Matanza Riachuelo project). In terms of the economic risks, the undertaking of several analytical activities, including public expenditures reviews, allowed the Bank to quickly put in place measures to support the government efforts and to safeguards results under the first pillar. Overall, under the CPS period risk management was adequate.

IV. ALIGNMENT WITH THE WBG CORPORATE GOALS

53. **The WBG Program was fully aligned with the Corporate Goals of eradicating extreme poverty and increasing shared prosperity.** The CPS supported Argentina's efforts to improve access of the poorest and most excluded population groups to quality basic services at the national level in health, education, water, sanitation and renewable energy. In addition, the CPS supported the enhancement of agricultural practices in small and medium farms and forests, promoted youth insertion into labor markets, and expanded the coverage of the Family Allowances programs to protect early childhood development in most vulnerable families.

54. **After the change in Government, policy priorities were reoriented towards unlocking long-term productivity growth in tandem with a strong focus on poverty alleviation and improved governance.** A second set of operations supported location or household targeted operations – fully aligned with the Twin Goals – were approved, such as interventions in the Buenos Aires Metropolitan Area, where half of Argentina’s bottom 40 percent of income earners live. These latter projects focused on improving infrastructure and housing in poor urban neighborhoods and strengthening local governments’ capacity on flood risk management.

55. **Many interventions under the CPS Program promoted citizen engagement, gender mainstreaming, and inclusion of ethnic minorities.** Regarding citizen engagement, the program included beneficiary feedback mechanisms. Specific gender mainstreaming initiatives included addressing gender disparities in employment by generating evidence on gender interventions in the provision of employment services, paying special attention to discriminated groups, including: support to LGBTI through the Youth Employment Support Project (P133129); promote economic development of indigenous women and enhance their agency by supporting their income generation capacity through the Northwestern Corridor Development Project (P163115); and reducing the gender gap in access to finance by incentivizing private banks to provide long-term finance to MSMEs that have active gender equality policies, as well as to those that benefit indigenous peoples, through the Access to Longer-term Finance for MSME Project (P159515). The program also included actions focused on strengthening capacity among indigenous peoples to make a sustainable productive use of native forests and protected areas to promote their economic development, through the Forests and Communities Project (P132846). Most of these forests and protected areas are in the Northern provinces and are an important source of livelihood for the indigenous communities that live near those areas. Through its Performance Standards, IFC helped its clients improve their environmental and social practices, thus contributing to the sustainability agenda.

56. **During the CPS period, the approval of new projects signaled a strong stand on climate change.** Climate change co-benefits of IBRD-financed projects increased strongly, from an average of 18 percent of the total amount delivered during FY14-16, to 60 percent in FY17 and 42 percent in FY18. This spike was the result of systematic efforts to mainstream climate change dimensions-covering both adaptation and mitigation-into project design. On the mitigation side, the support to the RenovAr program through IBRD guarantees represents a key contribution to the national target of greenhouse gases emission reduction presented by Argentina in its Nationally Determined Contributions. On the adaptation side, various operations are contributing to enhance resilience to climate shocks in different sectors: prevention of floods in urban areas through the Flood Risk Management Support Project for the City of Buenos Aires (P145686), in the Province of Buenos Aires through the Salado Integrated River Basin Management Project (P161798), in the agriculture sector through an operation on risks management for the most vulnerable family farmers, and in the transport sector through enhanced design to reduce vulnerability to climate shocks. IFC helped introduce a new asset class that addresses climate change by subscribing to the first private sector green bond in Argentina, issued by Banco Galicia for US\$100 million. The green bond provides a source of medium to longer-term financing that is not readily available in the Argentine market to support climate smart sub-projects. IFC is also helping Banco Galicia become a green bank through Advisory

Services by helping it (i) identify the green portfolio and pipeline in different segments and sectors; (ii) deliver climate finance workshops for sales force and clients; and (iii) define a green bond framework in line with the green bond principles.

V. KEY LESSONS LEARNED

57. **The overlap of the CPS period across two political cycles combined with the strategic use of the PLR to reorient the program proved instrumental to engage in dialogue with the new Administration immediately after the elections.** The CPS provided the authorizing environment to initiate the dialogue with the new Government since its early days, allowing the WBG to show timely support to areas of importance for the new Administration, both through advisory and financial activities. In the case of the Bank, for instance, the Children and Youth Protection Project (P158791) was approved by the Board less than seven months from the inauguration of the new Administration, providing timely support to a specific client request. Likewise, IFC provided US\$690 million in long-term and short-term financing in the first six months of the Administration, thus helping alleviate severe financing constraints faced by the private sector. At the same time, the WBG used the PLR to adapt to the new political priorities and reflect the discussions held with the new Administration, resulting in a substantial expansion of the analytical and/or financial support in new areas for the World Bank, IFC, and MIGA.

58. **In-depth analytical assessments in an UMIC and a flexible CPS design have been crucial to open opportunities in new areas and sectors.** The CPS design was both flexible and directly focused on addressing poverty, shared prosperity and global public goods. At the time of the political transition at the end of 2015, the Bank had several deep analytical studies ranging from Policy Notes to full reviews of the financial and agricultural sectors, to the role of cities, which were fundamental to rapidly build a fruitful relationship and facilitated the approval of new projects and further requests for analytical and technical assistance. The practice reveals that in Argentina analytics and dialogue are key to expand the reach of the program (as it was the case, for example, in the areas of urban development, infrastructure financing and capital markets). In addition, a flexible CPS design proved to be a good transition vehicle between two administrations with different approaches to development.

59. **After very important political changes in Government, senior management support has been key for creating trust and credibility.** Bank support at all levels - including senior management – has been crucial during the transition period after December 2015. The WBG President and Senior Management’s participation in policy dialogue focused also on new topics such as transparency, macroeconomic development and Argentina’s integration in the global economy. Since IFC had maintained strong relationships with long-standing clients through difficult times, it could resume operations very quickly when the operating environment improved, which in turn helped build trust and credibility vis-a-vis the Government officials.

60. **In a fiscally constrained environment, leveraging private sector financing through combined WBG instruments assumes a high strategic value.** Argentina has historically a low level of public infrastructure investments, so the integrated, coordinated, and leveraged support

carried out by the WBG to attract private investment in renewable energy had significant returns. The WBG's advice as well as IFC downstream investments combined with a large IBRD guarantee achieved a 1:6 ratio of attracting private investment in renewable energy (P159901, IFC projects No. 39358 and 40739). MIGA and the IFC are supporting several private renewable energy producers directly. Similarly, IFC and the Bank provided joint advice on the broader PPP program of the Government at various stages. Using various modalities of investment (including project lending, corporate loans, and subnational borrowers), IFC effectively mobilized private financing in the infrastructure space without adding to national public-sector indebtedness. Joint Bank and IFC workshops and events with regional and global experts also helped build strong collaboration between both teams.

61. Joint regular meetings between main Government counterparts and the Bank helped improve the program implementation and obtain Government's validation and ownership, and impact - especially on analytical work. This included the prioritization of both lending and non-lending activities, two joint portfolio reviews per year, and regular problem project meetings between implementing agencies, the Ministry of Treasury and Bank's teams. In addition, following recent government budget restrictions and some government constraints in the hiring of implementation unit staff, the Bank is working with the Government to identify and adopt solutions for some projects that are facing implementation issues.

62. Project implementation arrangements requiring sub-lending at the provincial level entail significant risks for successful implementation which need to be assessed carefully. Sub-national on-lending arrangement can lead to significant delays in project effectiveness and implementation, mainly due to the administrative and legal processes required for the approval and signing of subsidiary loan agreements within the uncertainties of intergovernmental fiscal relations. Further, implementation capacities vary significantly across provinces. This is important in the current context of limited fiscal space at the federal level which provides incentives for sub-national on-lending arrangements to be introduced. These should be few, carefully examined and potentially supplemented with a continued strong role of the Federal Government in providing implementation support to provinces.

63. Direct sub-national IBRD financing engagement needs to meet either direct scale or replicability/expansion criteria. While demand for direct sub-national financial engagement is high, the Bank would need to move carefully in expanding its sub-national portfolio as costs are significant and sub-national implementation capacity varies widely.

64. The CPS Results Framework should have objectives, indicators and targets realistically defined to avoid jeopardizing the achievements of the CPS objectives and the whole CPS rating. The effective use of the PLR not only allowed for a substantial renewal of the portfolio, but also implied that some new operations would have little time to generate results that could affect the CPS objectives, particularly in the case of implementation delays. In this context, having CPS objectives defined by a single indicator is risky, particularly if such indicators are linked to a single operation. At any time during the second part of the CPS (e.g. after the PLR has been issued), project restructurings can change project indicators, and project-based CPS indicators should be adequately reassessed.

65. **In upper middle-income countries like Argentina, it is important to propose innovative designs with a strong emphasis on institutional strengthening.** In upper middle-income countries, the WBG will progressively phase out the traditional, publicly financed, hardware infrastructure. However, the implementation experience has shown that the Government tended to prioritize the execution of works rather than institutional strengthening activities. To avoid such a bias in implementation, in new operations (e.g. the Salado Integrated River Basin Management Support Project, P161798) the Government and the Bank committed to ensure parallel implementation of structural and non-structural activities through an Action Plan with specific milestones included in the operational manual and in the loan agreements.

ANNEXES

Annex 1: Status of Argentina FY15-18 CPS Results Matrix (Summary Table)

Annex 2: Argentina FY15-18 CPS CLR Results Matrix Evaluation

Annex 3: IBRD Portfolio as of June 30, 2018

Annex 4: Argentina ASA Activity Details FY15-FY18

Annex 5: Argentina IFC Program

Annex 6: Argentina MIGA Program

Annex 7: Sources of data

ANNEX 1: STATUS OF ARGENTINA FY15-18 CPS RESULTS MATRIX (SUMMARY TABLE)

Pillars/Objectives/Indicators <i>(shorthand descriptions)</i>	Status at CLR	Overall Rating
PILLAR I: Unlocking long-term productivity growth and job creation		Satisfactory
Objective #1: Fostering private investment and strengthening its enabling environment		
Indicator #1. Reduction in cost of freight transport in selected corridors	Achieved	Mostly Achieved
Indicator #2. Ratio of the average portfolio maturity of MSME sub-loans	Partially Achieved	
Indicator #3: At least one new public-private partnership transaction by 2018	Achieved	
Indicator #4. Volume of energy efficiency loans supported by IFC	Achieved	
Objective #2: Supporting agglomeration economies' reach low-income areas		Achieved
Indicator #5. Reduction in average transit time in the Metrobus	Achieved	
Objective #3: Raising agricultural productivity of small- and medium-size farmers		Mostly
Indicator #6. Increase the gross value of agricultural production	Mostly Achieved	
PILLAR II: Increase access and quality of social infrastructure and services for the poor		Moderately Satisfactory
Objective #4: Increasing access to electricity, safe drinking water, housing and sanitation		
Indicator #7. Rural People that receive electricity services	Partially Achieved	Partially Achieved
Indicator #8. Increased access to safe drinking water in Norte Grande provinces.	Partially Achieved	
Indicator #9. Increased access to sanitation services in Norte Grande provinces	Partially Achieved	
Indicator #10. Implementation of pilot intervention for a housing subsidy program	Achieved	
Objective #5: Achieving Universal Health Coverage with focus on the poorest provinces		Achieved
Indicator #11. Proportion of eligible people benefiting from effective healthcare	Achieved	
Objective #6: Improving employability of Argentina's youth and social protection		Mostly Achieved
Indicator #12. Percentage of JMyMT participants employed in the formal market.	Partially Achieved	Mostly Achieved
Indicator #13. Increase by 500.000 the number of children and youth covered	Achieved	
PILLAR III: Reducing Environmental Risks and Safeguarding Natural Resources		Moderately Satisfactory
Objective #7: Reducing exposure to extreme flooding in Chaco, Corrientes, Buenos Aires		Partially
Indicator #14. Flood risk protection reaches 2.3 million people	Partially Achieved	
Objective #8: Reducing household exposure to environmental health hazards in AMBA		Partially
Indicator #15. Km of sewerage collectors built under the Riachuelo System	Partially Achieved	
Objective #9: Improving natural forest cover in the Chaco Eco Region		Achieved
Indicator #16. Reduction of annual deforestation rate of natural forest	Achieved	

ANNEX 2: ARGENTINA FY15-18 CPS CLR RESULTS MATRIX EVALUATION

Objectives	Outcome Indicators	CLR Rating	Comments	Bank Program Instruments						
PILLAR I: Unlocking long-term productivity growth and job creation (Satisfactory)										
Objective #1: Fostering Private Investment and Strengthening its Enabling Environment (Mostly Achieved)	Indicator #1. Reduction in cost of freight transport in selected corridors of Northern Argentina by 20 percent (expressed in cost per ton per km). <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>US\$0.233</td><td>US\$0.185</td><td>US\$0.149</td></tr></table> Source: WB calculation based on data, not publicly available, provided by the National Road Agency.	Baseline (2014)	Target (2018)	Actual	US\$0.233	US\$0.185	US\$0.149	Achieved	This indicator shows high sensitivity to the exchange rate as it is expressed in foreign currency. For this reason, the baseline and target have been adjusted to reflect the depreciation of the exchange rate from AR\$8/US\$ to AR\$36.7/US\$. New baseline would be US\$/tn.km 0.185 and as of October 2018, cost is US\$/tn.km 0.149. reaching a reduction of 21.2 percent. The indicator has been achieved.	— Provincial Roads Infrastructure Project & AF (P070628) – FY06 & FY10 — Norte Grande Road Infrastructure (P120198) – FY11 — IFC and Bank analytical work
	Baseline (2014)	Target (2018)	Actual							
	US\$0.233	US\$0.185	US\$0.149							
Indicator #2. Ratio of the average portfolio maturity of MSME sub-loans under the credit line over the average portfolio maturity of PFI’s MSME lending portfolio not financed by the credit line (Indicator added at PLR stage) <table><tr><th>Baseline (2016)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>0</td><td>>1</td><td>0</td></tr></table>	Baseline (2016)	Target (2018)	Actual	0	>1	0	Partially Achieved	The Project experienced some effectiveness delays and has been restructured to reflect changed market conditions. Since then, the credit line has been set up and has received the first disbursement (50 percent of loan proceeds). Once the first longer-term loans are disbursed in early 2019, the indicator will be achieved. Given this important progress, the indicator is considered partially achieved	— Access to Finance for MSMEs (P159515) FY16 — P159901 — IFC investments — MIGA guarantee	
Baseline (2016)	Target (2018)	Actual								
0	>1	0								
Indicator #3: At least one new public-private partnership transaction under the new PPP framework by 2018 (Indicator added at the PLR stage) <table><tr><th>Baseline (2016)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>0</td><td>1</td><td>1</td></tr></table>	Baseline (2016)	Target (2018)	Actual	0	1	1	Achieved	A PPP unit has been created in October 2017 under the control of the then Ministry of Finance. PPP projects "Red de Autopistas y Rutas Seguras" jointly elaborated by the Ministry of Transport and the Ministry of Finance (contracts for a total of 3.300 km of routes in 5 provinces) were awarded in July 2018. The indicator has been achieved.	— Strengthening the PPP agendas (P161168) Delivered — IFC Projects under PPP framework	
Baseline (2016)	Target (2018)	Actual								
0	1	1								

			IFC financed 2 projects under RenovAr, the 100 MW La Castellana and 48 MW Achiras wind farms, for a total of US\$84M.							
	<p>Indicator #4. Volume of energy efficiency loans of financial institutions supported by IFC (<i>Indicator added at PLR stage</i>)</p> <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>0</td><td>US\$15m</td><td>US\$130m</td></tr></table> <p>Source: IFC Annual Reports</p>	Baseline (2014)	Target (2018)	Actual	0	US\$15m	US\$130m	Achieved	IFC disbursed a total of U\$130m through two projects with Banco Galicia (IFC Project No. 38134 and 41090) for SEF projects	— Disbursements by IFC to Financial Institution clients under the SEF (sustainable energy finance) program.
Baseline (2014)	Target (2018)	Actual								
0	US\$15m	US\$130m								
<p>Objective #2: Supporting agglomeration economies’ reach low-income areas (Achieved)</p>	<p>Indicator #5. Reduction in average transit time in the Metrobus of La Matanza and Rosario</p> <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>La Matanza: average of 45min per trip. Rosario: 8 min per trip</td><td>8% reduction from baseline (average of the two trips)</td><td>34.5% <i>Average reduction</i> for the two trips La Matanza: 29min per Trip Rosario 5.7 min per trip</td></tr></table> <p>Source: ISR</p>	Baseline (2014)	Target (2018)	Actual	La Matanza: average of 45min per trip. Rosario: 8 min per trip	8% reduction from baseline (average of the two trips)	34.5% <i>Average reduction</i> for the two trips La Matanza: 29min per Trip Rosario 5.7 min per trip	Achieved	<p>Metrobus La Matanza achieved a 36 percent reduction of the average transit time in the corridor (from 45 to 29 minutes). The Metrobus Rosario achieved a 29 percent reduction of the average transit time (from 8 to 5.7 minutes). The weighted average reduction is 34.5 percent.</p> <p>A lesson learned is to reflect indicators used in the projects’ documents rather than elaborating ad-hoc indicators for the CPS, to avoid methodological errors and extra collection of data.</p>	<p>— Urban Transport in Metropolitan Areas - PTUMA (P095485) – FY10 = AF FY17</p> <p>— Infrastructure financing (Global Infrastructure Facility) (GIF MU ID.0015)</p> <p>— Transport Engagement Strategy (P161716) – Delivered</p> <p>— Provincial Roads Infrastructure Project and AF(P070628)</p> <p>— Programmatic study P153198; P159843</p> <p>— P159929; P070628</p> <p>— Road Safety P116989</p> <p>— IFC investments and advisory services</p>
Baseline (2014)	Target (2018)	Actual								
La Matanza: average of 45min per trip. Rosario: 8 min per trip	8% reduction from baseline (average of the two trips)	34.5% <i>Average reduction</i> for the two trips La Matanza: 29min per Trip Rosario 5.7 min per trip								

Objective #3: Raising agricultural productivity of small- and medium-size farms in low income regions (Mostly Achieved)	Indicator #6. Increase the gross value of agricultural production (US\$/ha) of 30,000 small- and medium-size farms by 2018.	Mostly Achieved	Methodological obstacles (time, lack of baselines) prevented the measurement of the volume of sales. Since the consumption of the farm production was small among the beneficiaries of the sub-project, and normally sold all its production (considering the waste / normal wear), it was agreed that "volume production" was a methodologically acceptable substitute for "volume of sales", i.e. what the farmers produced is what was sold. ICR data from March 2017 shows that aggregated increase in gross production is 9.4 percent; and the average change in 15 crops associated with 5 sub-projects of irrigation in 3 provinces is 23 percent. Also, the economic analysis of public infrastructure works shows a net present value of US\$340/hectare with an internal rate of return of 15 percent (under projections of cash flow to 20 years at 12 percent). The net present value is US\$3,684 per farm. Direct beneficiaries of all sub-projects of rural infrastructure adds about 6,200 people; covering approximately 67,000 hectares.	<ul style="list-style-type: none">— PROSAP2 –Provincial Agricultural Development (P106684)-— ICR IBRD-75970— Socio Economic Inclusion in Rural Areas (P106685)— Programmatic Farm to Markets Study (AR, PY, and UY) (P145360) FY16 - Delivered— Prospects for Agricultural Competitiveness (P155040) – FY16 – Delivered						
	<table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>0</td><td>12%</td><td>9.4%</td></tr></table>				Baseline (2014)	Target (2018)	Actual	0	12%	9.4%
	Baseline (2014)				Target (2018)	Actual				
0	12%	9.4%								
Source: ICR of P106684										

PILLAR II: Increase access and quality of social infrastructure and services for the poor (Moderately Satisfactory)

Objective #4: Increasing access to electricity, safe drinking water, housing and sanitation services for the bottom 40 percent in low-income provinces and areas. (Partially Achieved)	Indicator #7. People from rural areas of all provinces of Argentina that receive electricity services (out of 725,000 without in 2010). <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>0</td><td>365,000</td><td>15,000</td></tr></table> Source: project documents (ISR)	Baseline (2014)	Target (2018)	Actual	0	365,000	15,000	Partially Achieved	The project has awarded tenders for the installation of nearly 400 solar systems in rural schools, and for the purchase of “third generation” solar home systems for 120,000 rural households. These systems will be rolled out using a new implementation mechanism, aimed at ensuring universal basic electricity access by 2020 to the whole country. The target is based on the results of the first two tenders of the project.	<ul style="list-style-type: none">— Developing Renewable Energy and Energy Efficiency Markets - PERMER (P133288)— Improving Service Delivery for the most vulnerable (P156133) - Delivered
	Baseline (2014)	Target (2018)	Actual							
	0	365,000	15,000							
Indicator #8. Access to safe drinking water increases in Norte Grande provinces. <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>84%</td><td>92%</td><td>84.62%</td></tr></table> Source: National W&S Plan 2016 https://www.argentina.gob.ar/interior-plandelagua	Baseline (2014)	Target (2018)	Actual	84%	92%	84.62%	Partially Achieved	The indicator is calculated as percentage of people with access to safe drinking water out of the total Norte Grande population. Results of the Norte Grande Water Project (P120211) contributed substantially to the achievement of the objective in the province of Chaco. The project covered more than 20 percent of the Chaco population without previous access to safe drinking water, increasing access to water in Chaco from 76.5 percent to 81.3 percent. This represents increased access for 0.62 percent of the Norte Grande population, or 8 percent of the target. Source: Bank calculation using Census data	<ul style="list-style-type: none">— Norte Grande Water Infrastructure (P120211) – FY11— Second Norte Grande Water Infrastructure (P125151) – FY10— Improving Service Delivery for the most vulnerable (P156133) - Delivered	
Baseline (2014)	Target (2018)	Actual								
84%	92%	84.62%								
Indicator #9. Increased access to sanitation services in Norte Grande provinces. <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>41%</td><td>55%</td><td>43.56%</td></tr></table> Source: National W&S Plan 2016 https://www.argentina.gob.ar/interior-plandelagua	Baseline (2014)	Target (2018)	Actual	41%	55%	43.56%	Partially Achieved	The indicator is calculated as percentage of people with access to sanitation out of the total Norte Grande population. Results of the Norte Grande Water Project (P120211) contributed significantly to increase access to sanitation in the Chaco Province by reaching 210,000 beneficiaries, corresponding to 20 percent of the Chaco population and more than 27 percent of the same population without access to sanitation services, thereby increasing the		
Baseline (2014)	Target (2018)	Actual								
41%	55%	43.56%								

			coverage for such services from 27 percent to 46.5 percent, in Chaco. This represents an increased access for 2.56 percent of the Norte Grande population or 16 percent of the target.							
	<p>Indicator #10. Implementation of pilot intervention for a nation-wide demand-driven housing subsidy program. (Indicator added at PLR stage)</p> <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>Pilot not implemented</td><td>Pilot implemented</td><td>Pilot implemented</td></tr></table> <p>Source: ISR, Procrear Program https://www.argentina.gob.ar/interior/procrear</p>	Baseline (2014)	Target (2018)	Actual	Pilot not implemented	Pilot implemented	Pilot implemented	Achieved	A nation-wide demand-driven subsidy program (Procrear - <i>Solución Casa Propia</i>) has already been implemented and the project has financed subsidies for 2,375 beneficiaries.	<ul style="list-style-type: none">— Integrated Habitat and Housing Project (P159929) FY17— Metropolitan Buenos Aires Urban Transformation Project (P159843) FY17— Agglomeration economies and resilience (P153198) - Delivered
Baseline (2014)	Target (2018)	Actual								
Pilot not implemented	Pilot implemented	Pilot implemented								
<p>Objective #5: Achieving Universal Health Coverage with focus on the poorest provinces (Achieved)</p>	<p>Indicator #11. Proportion of eligible people benefiting from effective healthcare.</p> <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>28</td><td>50%</td><td>50.4%</td></tr></table> <p>Source: ISR</p>	Baseline (2014)	Target (2018)	Actual	28	50%	50.4%	Achieved	By October 2018, the proportion of eligible children, youth and women with effective coverage has reached 50.4 percent. “Effective coverage” means that a beneficiary has received in the previous 12 months at least one priority health intervention financed by the Provincial Public Health Insurance and Development Project (P106735) and its Additional Financing, based on a pre-defined list of priority interventions as defined in the Operations Manual of the Project.	<ul style="list-style-type: none">— Provincial Public Health Insurance Development Project, SUMAR and AF (P106735) – FY11, FY14— Protecting Vulnerable People Against non-communicable Diseases Project (P133193) FY15— Impact Evaluation of --- Maternal and Child Health Interventions (P095515) - FY15 – Delivered— Health Strategy Sustainability TA (P147424) FY16 - Delivered— Analysis of Fiscal and Health Expenditure
Baseline (2014)	Target (2018)	Actual								
28	50%	50.4%								

				Trends and Opportunities in the Province of Buenos Aires FY16 – Delivered — Essential Public Health Functions Project (P110599) FY11 — Supporting Universal Health Coverage Project (P163345) FY18						
Objective #6: Improving employability of Argentina’s youth and increasing effective social protection for children and youth (Mostly Achieved)	Indicator #12. Percentage of JMyMT program participants who have left the program and are employed in the formal market. <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>25.2</td><td>27%</td><td>25,9%</td></tr></table> Source: ISR https://www.argentina.gob.ar/trabajo/empleojuven/jovenesconmasymejortrabajo	Baseline (2014)	Target (2018)	Actual	25.2	27%	25,9%	Partially Achieved	The indicator has been partially achieved. While this indicator is directly affected by the economic situation of the country, other project level indicators show substantial progress. For example, the number of participants that joined an on-the-job training activity in the private sector since project effectiveness has already reached 90 percent of the end target of the project.	— Youth Employment Support (P133129) FY14
	Baseline (2014)	Target (2018)	Actual							
25.2	27%	25,9%								
Indicator #13. Increase by 500.000 in the number of children and youth covered by child allowances managed by ANSES <i>(Indicator added at PLR stage)</i> <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual</th></tr><tr><td>7.897.000</td><td>8.397.000</td><td>8.197.000</td></tr></table> Source: ISR, Anses Bulletins The final target of 8.397.000 (and the target to increase by 500.000 in the number of children) was incorrectly included as CPS target for 2018 as it corresponds to the end-project target for 2020. The achievement of 300.000 children is	Baseline (2014)	Target (2018)	Actual	7.897.000	8.397.000	8.197.000	Achieved	Since the approval of the project, 300,000 children and youth have been covered by child allowances managed by ANSES, in line with the annual target for the Project. Also, the number of children with complete information in administrative records and hence allowed to participate in the eligibility process of child allowances, has sharply increased from 11.6 million children in April 2016 to 12.9 million in May 2018, exceeding the most optimistic estimations.	— Children and Youth Protection Project (P158791) FY16	
Baseline (2014)	Target (2018)	Actual								
7.897.000	8.397.000	8.197.000								

	completely aligned with the project target for 2018 and should have been the CPS target.									
PILLAR III: Reducing Environmental Risks and Safeguarding Natural Resources (Moderately Satisfactory)										
Objective #7: Reducing exposure to extreme flooding in Chaco, Corrientes, and Buenos Aires (Partially Achieved)	Indicator #14. Flood risk protection reaches 2.3 million people in the provinces of Buenos Aires, Chaco and Corrientes. <table><tr><th>Baseline (2014)</th><th>Target (2018)</th><th>Actual (June2018)</th></tr><tr><td>200,000</td><td>2,300,000</td><td>779,000 *</td></tr></table> *200.000 baseline in Maldonado + 445,000 under P093491 + 100.000 in Cildañez under P145686 + 34.000 under NG Water Source: ISRs of P161798, P120211, P125151 and P145686. ICR of P093491	Baseline (2014)	Target (2018)	Actual (June2018)	200,000	2,300,000	779,000 *	Partially Achieved	Delays in starting the project implementation derived in partial progress towards target. The indicator for this Project is based on data for different projects.	<ul style="list-style-type: none">— Urban Flood Prevention and Drainage APL2 Project (P093491). Delivered— Norte Grande Water Infrastructure (P120211) – FY11— Second Norte Grande Water Infrastructure/Plan Belgrano Water Supply and Sanitation Service Development Project (P125151) – FY11— Flood Risk Management Support Project for the Autonomous City of Buenos Aires (P145686) – FY16— Salado Integrated River Basin Management Project (P161798) - FY17
Baseline (2014)	Target (2018)	Actual (June2018)								
200,000	2,300,000	779,000 *								

				— Strengthening Disaster Risk Management (P156197) - Delivered						
Objective #8: Reducing household exposure to environmental health hazards in Greater Buenos Aires (Partially Achieved)	Indicator #15. Linear kilometers of sewerage collectors built under the Riachuelo System (Indicator added at PLR stage) <table><tr><th>Baseline (2016)</th><th>Target (2018)</th><th>Actual (End 2018)</th></tr><tr><td>0 km</td><td>29 km</td><td>13 km</td></tr></table> Source: ISR #21	Baseline (2016)	Target (2018)	Actual (End 2018)	0 km	29 km	13 km	Partially achieved	About 13.5 km of sewerage collectors (including 10.5 of Left Bank collectors and 2.4 of the Subaquatic have been built. The project has been extended for five years and it is on track to achieve the indicator (the 2018 target should have been less than what included at PLR stage).	— Matanza-Riachuelo Basin (MRB) Sustainable Development Adaptable Lending Program (P105680) – FY09
Baseline (2016)	Target (2018)	Actual (End 2018)								
0 km	29 km	13 km								
Objective #9: Improving natural forest cover in the Chaco Eco Region (Achieved)	Indicator #16. Reduction of annual deforestation rate of natural forest in critical areas of Chaco, Salta and Santiago de Estero (Category I or red according to the National Forest Law 26331). Declared Forest Area Under Category I (RED) in hectares (2013) for Chaco, Salta and Santiago del Estero: 2,628,988 ha Deforested Area Under Category I (RED) (2013) for Chaco, Salta and Santiago del Estero: 14,752 ha (0.056 percent of the area) Deforested Area Under Category I (RED) (2016) for Chaco, Salta and Santiago del Estero: 2,053 ha (0.08 percent of the area) <table><tr><th>Baseline (2013)</th><th>Target (2018)</th><th>Actual (June 2018)</th></tr><tr><td>0.56 percent</td><td>0.28 percent</td><td>0.04 percent</td></tr></table>	Baseline (2013)	Target (2018)	Actual (June 2018)	0.56 percent	0.28 percent	0.04 percent	Achieved	Category I or red according to the National Forest Law 26331) is 0.04 percent, as per the data recently published by GoA https://www.argentina.gob.ar/sites/default/files/1.informe_monitoreo_2017_tomo_i.pdf While it is difficult to attribute the evolution of the indicator exclusively to the Project, increased presence of the National Ministry of Environment’s staff in the field is a strong determinant of this results and can be directly linked to the Project. Since 2015 the Ministry has been dispatching field staff to work with the forest communities in the three provinces, which has supported the reduction in deforestation rate. The Project has also supported the development of a deforestation early warning system, not fully operational yet,	— Forests and Communities FY15 (P132846) — Biodiversity Conservation in Productive Forestry Landscapes (P094425) FY09
Baseline (2013)	Target (2018)	Actual (June 2018)								
0.56 percent	0.28 percent	0.04 percent								

	Deforested Area Under Category I (RED) (2017) for Chaco, Salta and Santiago del Estero: 1,111 ha (0.04 percent of the area)		which will contribute to the measurement of deforestation rate	
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ANNEX 3: IBRD PORTFOLIO AS OF JUNE 30, 2018

Project ID	Project Name	Lead OP/Global Themes	Appr. FY	EA Cat.	Prod. Line	Len. Inst. Type	Closing Date	Net Comm. Amt. - Total (\$M)	Undisb. Bal. (\$M)	Age (Months)	Project Ratings - DO	Project Rating - IP	Overall Risk	At Risk?	Prob. Proj. ?	Months in Prob. Status
P106752	Unleashing Productive Innovation Project	Finance, Competitiveness and Innovation	2009	B	PE	IPF	26-Sep-2018	195.00	22.38	117.1	S	MS	M			0.0
P120211	Norte Grande Water Infrastructure	Water	2011	B	PE	IPF	30-Sep-2018	200.00	25.00	80.3	S	S	M			0.0
P106735	Provincial Public Health Insurance Development Project	Health, Nutrition & Population	2011	C	PE	IPF	31-Dec-2018	800.00	35.98	98.1	S	MS	M			0.0
P005486	Urban Transport in Metropolitan Areas	Transport & Digital Development	2010	B	PE	IPF	30-Jun-2010	194.68	15.87	104.3	S	S	M			0.0
P120108	Norte Grande Road Infrastructure	Transport & Digital Development	2011	B	PE	IPF	30-Jun-2010	400.00	67.75	90.3	MS	MS	M			0.0
P133195	Argentina Second Rural Education Improvement Project - PROMER-II	Education	2015	B	PE	IPF	31-Dec-2019	250.50	141.67	42.9	MS	MS	M			0.0
P133120	Argentina Youth Employment Support Project	Social Protection & Labor	2015		PE	IPF	31-Mar-2020	425.00	158.78	41.5	MU	MS	S	Y	Y	8.1
P125151	Plan Belgrano Water Supply and Sanitation Services Development Project	Water	2011	A	PE	IPF	30-Apr-2020	325.00	160.40	98.8	MS	MS	S			0.0
P133288	Argentina Renewable Energy for Rural Areas Project	Energy & Extractives	2015	B	PE	IPF	31-Oct-2020	200.00	170.50	38.8	MS	MU	M	Y	Y	10.0
P114294	Rural Corridors and Biodiversity	Environment & Natural Resources	2015	B	GE	IPF	30-Nov-2020	8.29	5.01	38.8	MU	MU	S	Y	Y	12.0
P132846	Forests and Community	Environment & Natural Resources	2015	B	PE	IPF	30-Nov-2020	58.76	50.67	38.8	MU	MS	S			0.0
P133103	Protecting Vulnerable People Against Noncommunicable Diseases Project	Health, Nutrition & Population	2015	B	PE	IPF	31-Dec-2020	350.00	242.03	38.8	MU	MU	S	Y	Y	3.1
P153791	Children and Youth Protection Project	Social Protection & Labor	2015	C	PE	IPF	31-Dec-2020	800.00	107.60	24.0	S	S	M			0.0
P108686	AR Socio-Economic Inclusion in Rural Areas	Agriculture	2015	B	PE	IPF	28-Feb-2021	62.50	48.23	38.8	MS	MU	S	Y	Y	12.4
P120307	Montreal Protocol Hydrochlorofluorocarbons (HCFC) Phase-out Project	Environment & Natural Resources	2014	B	MT	IPF	30-Apr-2021	1.91	0.81	59.0	S	MU	M	Y	Y	4.0
P157136	Modernization and Innovation for Better Public Services in Argentina	Governance	2017	C	PE	IPF	30-Jun-2021	80.00	60.44	16.2	S	S	S			0.0
P159615	Access to Longer Term Finance for Micro, Small and Medium Enterprises Project	Finance, Competitiveness and Innovation	2017	F	PE	IPF	30-Nov-2021	50.00	50.00	19.4	MU	MU	S	Y	Y	5.3
P140680	AR Flood Risk Management Support Project for the City of Buenos Aires	Water	2015	A	PE	IPF	1-Mar-2022	200.00	73.69	24.2	S	S	S			0.0
P105680	Matanza-Riochuelo Basin (MRB) Sustainable Development/Adaptable Lending Program	Environment & Natural Resources	2000	A	PE	IPF	21-Mar-2022	719.02	225.00	169.7	MS	MS	M			0.0

P150020	Integrated Habitat and Housing Project	Social, Urban, Rural and Resilience Global Practice	2017	B	PE	IPF	31-Aug-2022	200.00	198.50	18.0	S	MS	S			0.0
P161706	Calleo Integrated River Basin Management Support Project	Water	2017	A	PE	IPF	30-Dec-2022	300.00	299.25	14.8	MS	MS	S			0.0
P163345	Supporting Effective Universal Health Coverage in Argentina	Health, Nutrition & Population	2018	B	PE	IPF	31-Dec-2022	300.00	300.00	1.4			S			0.0
P159643	Metropolitan Buenos Aires Urban Transformation Project	Social, Urban, Rural and Resilience Global Practice	2017	A	PE	IPF	30-Jun-2023	200.00	184.30	16.0	S	S	S			0.0
P163115	Northwestern Road Development Corridor Project	Transport & Digital Development	2018	B	PE	IPF	30-Jun-2023	300.00	300.00	6.5	S	S	M			0.0
P102310	Integrated Risk Management in the Rural Agroindustrial System	Agriculture	2018	B	PE	IPF	31-Dec-2024	150.00	150.00	1.2			S			0.0

* The table does not include FODER Guarantee – approved in FY17 for US\$480m and FODER AF for US\$250m approved in FY18.

Project closing in next 6 months (in red)

Project closing in next 12 months (in yellow)

ANNEX 4: ARGENTINA ASA ACTIVITY DETAILS FY 15-18

Task ID	Task Name	ACS - FY	ACS - Actual Date
FY15			
P115126	Argentina -HRITF Impact Evaluation	2015	11-Jun-2015
P133190	Argentina Aging Country Study	2015	29-Mar-2015
P143762	Argentina: Insurance Risk Based Supervision Along with Risk Based Capital (Solvency Modernization) #10274	2015	27-Oct-2014
P147562	Provincial Edu IE	2015	17-Jun-2015
P154634	LC7 - FM Operational Workshops	2015	27-Jun-2015
FY16			
P147285	Argentina Public Sector & Governance PA to Improve SNGs Service Delivery	2016	30-Jun-2016
P147371	Argentina Micro Monitoring	2016	4-Dec-2015
P147424	AR HEALTH STRATEGY SUSTAINABILITY	2016	29-Jun-2016
P149759	Methodology for Improvement of Delivery	2016	10-Oct-2015
P153175	RAAP Province of Chaco	2016	6-Nov-2015
P154589	Argentina CEA: Case Studies on Environmental Sustainable Development	2016	22-Jun-2016
P154591	Argentina Country Environmental Analysis	2016	29-Jun-2016
P154617	Policy Options for Environmental Sustainable Development: Technical Note	2016	17-Jun-2016
P154924	Urbanization Trends and Spatial Patterns	2016	31-Mar-2016
P155040	Prospects for Agricultural Competitiveness in Argentina	2016	29-Jun-2016
P155167	Argentina Poverty Measurement & Analysis	2016	8-Jun-2016
P155988	Strengthening Systematic Citizen Engagement in LC7	2016	28-Jun-2016
P156046	Argentina Development Discussion Notes (POLICY NOTES)	2016	19-Jun-2016
P156048	Financial Sector Policy Notes	2016	23-Jun-2016
P156147	Assessing City-Cluster Competitiveness	2016	22-Jun-2016
P156940	Trends in Agricultural Productivity	2016	28-Jun-2016
P156941	Agriculture Market Information System (AMIS) Development	2016	28-Mar-2016
P157235	Effects of Student Assessments on Learning Outcomes in La Rioja	2016	28-Jun-2016
P157237	Effects of Student Assessments on Learning Outcomes in Salta	2016	29-Jun-2016
P158653	Social Protection Reforms in Argentina: Building the process	2016	26-Jun-2016
P159536	Argentina JIT Competitiveness	2016	31-May-2016
FY17			
P152710	Argentina Sub-National Export Promotion	2017	16-Jun-2017
P153169	Programmatic Approach Environmental Analysis	2017	20-Jun-2017
P153198	AR PA Agglomeration Economies	2017	19-Jun-2017
P154380	Development Policies for Growth	2017	26-May-2017
P154802	Development Policies for Growth PA	2017	17-Jun-2017
P155042	Short-term policy priorities	2017	25-May-2017
P155817	Generating evidence to improve youth's education and labor market outcomes	2017	26-Jun-2017
P156197	Strengthening DRM in Argentina	2017	9-Jun-2017
P157061	Technical Assistance for Urban Policies	2017	11-Jun-2017
P158940	Supervision of IEs and new engagement	2017	23-Jun-2017
P159035	Policy Dialogue and Engagement	2017	26-Jun-2017
P159720	Agriculture Risk Management and El Niño (ENSO) Preparedness	2017	29-May-2017
P159802	Cabinet Strengthening in Buenos Aires and Cities Peer Learning Network- Metrolab Argentina	2017	13-Jun-2017
P160477	Argentina JIT Competitiveness II	2017	24-Aug-2016
P161487	Capital Markets, Infrastructure and Housing Finance Advisory	2017	28-Jun-2017
P161536	Towards Universal Health Care Coverage in Argentina	2017	22-Jun-2017
P161716	Argentina Transport Engagement Strategy	2017	30-Jun-2017
FY18			
P156133	AR Improving service delivery for the most vulnerable 10 poor argentinean provinces	2018	6-Jul-2017
P160063	Collaborative Leadership Support to Governors of Chaco, Jujuy, Mendoza Provinces: Argentina	2018	8-May-2018
P160247	Argentina Poverty and Equity	2018	28-May-2018
P161043	Optimizing PAMI's Health Care Model of Attention for Patients with Chronic Diseases	2018	4-Apr-2018
P161306	Gender-smart interventions in employment programs for NEET youth	2018	26-Jun-2018
P161695	Argentina Public Expenditure Review	2018	29-Jun-2018
P161697	State of Transparency in Argentina	2018	28-Jun-2018
P161698	Flagship Report: Strengthening Argentina's integration in the global economy. The role of investment, trade and competition policy	2018	22-Jun-2018

ANNEX 5: ARGENTINA IFC PROGRAM
Committed and Disbursed Outstanding Disbursement Portfolio

As of 06/30/2018

(In USD millions)

Commitment Fiscal Year	Institution Short Name	LN Cmt - IFC	LN Repayment - IFC	ET Cmt - IFC	QL + QE Cmt - IFC	GT Cmt - IFC	RM Cmt - IFC	ALL Cmt - IFC	ALL Cmt - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
1993/1994/1992	Huantraico	0	6.25	27.00	0	0	0	27.00	0	0	2.98	0	0	0	2.98	0
1993/2006/1996/2016/2008	PAE - Argentine	173.27	344.02	0	0	0	1.98	175.25	534.00	173.27	0	0	0	0	173.27	534.00
1996/1994	Yacylec	0	12.40	2.52	0	0	0	2.52	0	0	2.52	0	0	0	2.52	0
1996/1995	Aguas	0	69.08	6.83	0	0	0	6.83	0	0	6.83	0	0	0	6.83	0
1997/1999	Neuquen Basin	0	0	31.36	0	0	0	31.36	0	0	1.44	0	0	0	1.44	0
1997/2005/2018/2007/2003/2016	Vicentin	35.00	78.56	0	0	0	0	35.00	259.54	35.00	0	0	0	0	35.00	259.54
1997/2010/2006/2017	CAPSA	42.00	31.51	0	0	0	0	42.00	13.60	42.00	0	0	0	0	42.00	13.60
1997/2018/2009/2005/2010/2013/1999/2017/2014/2000/2011/2004/2015/2016/2008/2012	Banco Galicia	225.71	134.29	0	0	118.60	0	344.31	0	225.71	0	0	118.60	0	344.31	0
1999	Hospital Privado	0	0	0	3.96	0	0	3.96	0	0	0	3.96	0	0	3.96	0
1999/1994	BGN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	CCI	0	0	20.00	0	0	0	20.00	0	0	20.00	0	0	0	20.00	0
2001/2002	ASF	0	15.78	0	0	0	0	0	0	0	0	0	0	0	0	0
2001/2016	USAL	10.00	4.43	0	0	0	0	10.00	0	10.00	0	0	0	0	10.00	0
2005/1999/2012	S.A. San Miguel	2.22	35.47	0	0	0	0.45	2.67	2.86	2.22	0	0	0	0.34	2.56	2.86
2009/2010/2013/2018/2014/2017/2011/2015/2016/2012	Banco CMF	15.00	10.00	0	0	7.26	0	22.26	0	15.00	0	0	7.26	0	22.26	0
2009/2010/2013/2018/2014/2017/2011/2015/2016/2012	Itau Argentina	0	0	0	0	5.12	0	5.12	0	0	0	0	5.12	0	5.12	0
2009/2010/2015	Grupo ASSA	0	0	5.00	0	0	0	5.00	0	0	5.00	0	0	0	5.00	0
2009/2010/2018/2014/2017/2015/2016	ICBC Argentina	0	0	0	0	9.06	0	9.06	0	0	0	0	9.06	0	9.06	0
2009/2013/2018/2010/2014/2017/2011/2015/2016/2008/2012	Banco Superviell	0	0	0	0	19.15	0	19.15	0	0	0	0	19.15	0	19.15	0
2009/2018/1999/2011	F.V. S.A.	32.06	30.44	0	3.00	0	0	35.06	0	32.06	0	3.00	0	0	35.06	0
2010	ALUAR	0	0	16.79	0	0	0	16.79	0	0	16.79	0	0	0	16.79	0
2013/2009/2010/2018/2014/2017/2007/2011/2015/2016/2008/2012	Banco Patagonia	20.00	28.15	0	0	17.99	0	37.99	0	20.00	0	0	17.99	0	37.99	0
2015	AFISA	1.37	0.59	0	0	0	0	1.37	4.82	1.37	0	0	0	0	1.37	4.82
2015	InvoiNet	0	0	3.53	0.51	0	0	4.04	0	0	3.00	0.51	0	0	3.51	0
2015	Pampa FOF II	0	0	4.00	0	0	0	4.00	0	0	3.99	0	0	0	3.99	0
2015/2008	PAMPA FUND	0	0	18.39	0	0	0	18.39	0	0	18.00	0	0	0	18.00	0

Commitment Fiscal Year	Institution Short Name	LN Cmtd - IFC	LN Repayment - IFC	ET Cmtd - IFC	QL + QE Cmtd - IFC	GT Cmtd - IFC	RM Cmtd - IFC	ALL Cmtd - IFC	ALL Cmtd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2016	Afluenta	0	0	3.00	0	0	0	3.00	0	0	3.00	0	0	0	3.00	0
2016/2012	Medanito	0	0	34.00	0	0	0	34.00	0	0	34.00	0	0	0	34.00	0
2017	Adeco Agrop SA	25.00	0	0	0	0	0	25.00	25.00	25.00	0	0	0	0	25.00	25.00
2017	City of BA	30.68	0	0	0	0	0	30.68	0	30.68	0	0	0	0	30.68	0
2017	Los Grobo LLC	0	0	50.00	0	0	0	50.00	0	0	43.64	0	0	0	43.64	0
2017	Moni	0	0	3.00	0	0	0	3.00	0	0	2.92	0	0	0	2.92	0
2017	Renova SA -	75.00	0	0	0	0	0	75.00	130.00	75.00	0	0	0	0	75.00	130.00
2017	Telecom Argentina SA	100.00	0	0	0	0	7.50	107.50	400.00	100.00	0	0	0	5.10	105.10	400.00
2017/2016	Molino Canuelas	57.69	2.31	0	0	0	0	57.69	76.88	57.69	0	0	0	0	57.69	76.88
2018	BIND	0	0	0	0	2.78	0	2.78	0	0	0	0	2.78	0	2.78	0
2018	CP Achiras SPV	20.70	0	0	0	0	0	20.70	0	20.70	0	0	0	0	20.70	0
2018	CP La Castellana SPV	36.60	0	0	0	0	1.05	37.65	27.00	36.60	0	0	0	0.96	37.56	27.00
2018	Provincia de Cordoba	150.00	0	0	0	0	0	150.00	150.00	100.00	0	0	0	0	100.00	50.00
2018/2017/2016	Santander Rio	0	0	0	0	7.61	0	7.61	0	0	0	0	7.61	0	7.61	0
2017	ISC-NXT P Labs	0	0	3.00	0	0	0	3.00	0	0	3.00	0	0	0	3.00	0
2017	Kaszek VC III	0	0	10.00	0	0	0	10.00	0	0	1.50	0	0	0	1.50	0
2018	NXTP Opportunity	0	0	5.00	0	0	0	5.00	0	0	0	0	0	0	0	0
Total		1,052.3	803.3	243.4	7.5	187.6	11.0	1,501.7	1,623.7	1,002.3	168.6	7.5	187.6	6.4	1,372.4	1,523.7

ANNEX 6: ARGENTINA MIGA PROGRAM

Contract	Project ID	Effective Date	Expiry Date	Investor Name	Contract Enterprise	Host Country	Investor Country	Business Sector	Expropriation (\$USD)	Maximum (\$USD)
14432-01	13242	07/01/2017	01/10/2020	Banco Santander S.A.	Banco Santander Río S.A.	Argentina	Spain	Financial	1,350,000,000	1,350,000,000
1 Contract									1,350,000,000	1,350,000,000

**Completion and Learning Review of
the
Country Partnership Strategy for the Argentine Republic FY15-**

FY18 ANNEX 7. SOURCES OF DATA - CPS FY15-18

Indicators	Description	Data source
PILLAR I: Unlocking long-term productivity growth and job creation		
Objective #1: Fostering Private Investment and Strengthening its Enabling Environment		
INDICATOR #1 Reduction in cost of freight transport in selected corridors of Northern Argentina by 20 percent. <ul style="list-style-type: none"> • Baseline 2014: average cost in selected corridors: \$/tn.km 0.233 • Target 2018: average cost in selected corridors: \$/tn.km 0.185 - 	Cost of freight transport is defined per DNV methodology to calculate the overall cost of transported ton per km, in heavy vehicles, at a given circulation speed in selected corridors of the Northern Argentina.	Baseline data source: <i>Unidad de Redeterminación de Precios</i> of the National Road Agency (<i>Dirección Nacional de Vialidad</i> , DNV). WB calculation based on data, not publicly available, provided by the National Road Agency. Information filed in WBDOCS, under the P120198
INDICATOR #2 Ratio of the average portfolio maturity of MSME sub-loans under the credit line over the average portfolio maturity of PFI's MSME lending portfolio not financed by the credit line Baseline 2016: 0 (no credit line established, no sub-loans) Target 2018: greater than 1	Ratio of the average portfolio maturity of MSME sub-loans under the project, over the average portfolio maturity of eligible PFI's MSME lending portfolio not financed under the project is higher than 1.	Source: ISR Argentina Access to Finance for MSMEs (P159515) Reports of each eligible PFI are collected by the Project Implementing Unit at <i>Banco de Inversión y Comercio Exterior</i> - BICE.
INDICATOR #3 At least one public-private partnership transaction by 2018 (2014 baseline: 0). Baseline 2014: 0 Target 2018: 1	Number of public-private partnership transactions with participation of IBRD or IFC completed by 2018	Data comes from regular portfolio monitoring. https://www.argentina.gob.ar/jefatura/pp
INDICATOR #4 Volume of energy efficiency loans of financial institutions supported by IFC (\$15 million target) Target 2018: US\$15m	Number and volume of energy efficiency loans in the portfolio of a financial intermediary at the end of its fiscal year	Source: IFC Annual Reports IFC standard indicators: Annual reports, other documents from the company agreed to in legal agreements with IFC

Indicators	Description	Data source
Objective #2: Supporting agglomeration economies' reach to low-income areas	Objective #2: Promoting urban development with focus on low income areas	
INDICATOR #5 Reduction in average transit time in the Metrobus of La Matanza and Rosario Baseline 2014: La Matanza: 59.35 average minutes per transit trip; Rosario: 38.4 average minutes per transit trip) Target 2018: 8% reduction from baseline	Average transit time for the bottom 40 percent of the population in the metropolitan areas of Matanza and Rosario is defined as the average travel times for public transport plus the average travel time for multimodal trips.	Source: WB calculation based on data provided by the PIU Baseline data sources are O/D Surveys in Metropolitan Areas of Argentina financed through PTUMA operation, processed and published by the Ministry of Interior and Transport.
Objective #3 Raising agricultural productivity of small- and medium-size farms in low income regions		
INDICATOR #6 Increase the gross value of agricultural production (\$/ha) of 30,000 small- and medium-size farms by 12 percent on average by 2018. Baseline 2014: 0 Target 2018: 12 percent	Gross Value of Agricultural Production (GVAP) is compiled by multiplying gross production in physical terms by output prices at farm gate. Thus, value of production measures production in monetary terms at the farm-gate level. Since intermediate uses within the agricultural sector (seed and feed) have not been subtracted from production data, this value of production aggregate refers to the notion of "gross production."	Source of data: ICR3942 of P106684 Baseline values: GVAP baseline is calculated on the actual without-project data for PROSAP1 and PROSAP2 projects. The expected GVAP increase (12 percent) of future beneficiaries is based on the average difference between the actual with-project results from 94 PROSAP1 and estimated with-project results for PROSAP2. The evaluation of GVAP will exceed constant prices (i.e., same price for with and without project). Sources: PROSAP1, PROSAP2, FAO/PROSAP: Potential of irrigation in Argentina (2015) http://www.fao.org/3/a-i5183s.pdf Numbers of Producers: Scheinkerman de Obschatko, Family Farms in Argentina, IICA/PROINDER, 2009. http://www.ucar.gob.ar/images/publicaciones/Las%20Explotaciones%20Agropecuarias%20Familiars%20en%20la%20Rep%C3%BAblica%20Argentina.pdf

Indicators	Description	Data source
PILLAR II: Increase access and quality of social infrastructure & services for the poor		
Objective #4 Increasing access to electricity, safe drinking water, and sanitation services for the bottom 40 percent in low-income provinces and areas		
INDICATOR #7 People from rural areas of Argentina receiving electricity services (out of 725,000 without in 2010) (40% of which female beneficiaries) Baseline 2014: 0 Target 2018: 365,000	People receiving electricity is defined as off-grid population, in households, that can access electricity via individual renewable systems or mini grids financed by the Project, not connected to the Interconnected National System.	Source of data: ISR Baseline data comes from the National Census 2010
INDICATOR #8 Access in the Norte Grande provinces to safe drinking water increases from 83 to 92 percent Baseline 2014: 84 percent Target 2018: 92 percent	Safe drinking water access is defined as: access to drinking water means that the source is less than 1 kilometer away from its place of use and that it is possible to reliably obtain at least 20 liters per member of a household per day; safe drinking water is water with microbial, chemical, and physical characteristics that meet WHO guidelines or national standards on drinking water quality. Access to safe drinking water is the proportion of people using improved drinking water sources: household connection; public standpipe; borehole; protected dug well; protected spring; or rainwater. In Argentina piped water should be available at least 18 hours a day.	Source: National W&S Plan 2016 https://www.argentina.gob.ar/interior-plandelagua Baseline data for water and sanitation comes from 2010 National Census. Current data value is calculated based on information provided by the Ministry of Interior using Census data and Project results. Information has been filed in WBDOCS under P120211
INDICATOR #9 Access in the Norte Grande provinces to sanitation increases from 41 to 55 percent. Baseline 2014: 41 percent Target 2018: 55 percent	Definition of access to improved sanitation services: basic sanitation is the lowest-cost technology ensuring hygienic excreta and sewage disposal and a clean and healthy living environment both at home and in the neighborhood of users. Access to basic sanitation includes safety and privacy in the use of these services. Coverage is the proportion of people using improved sanitation facilities: public sewer connection; septic system connection; pour-flush latrine; simple pit latrine; or ventilated improved pit latrine.	Source: National W&S Plan 2016 https://www.argentina.gob.ar/interior-plandelagua Baseline data for water and sanitation comes from 2010 National Census. Current data value is calculated based on information provided by the Ministry of Interior using Census data and Project results. Information has been filed in WBDOCS, under the P120211

Indicators	Description	Data source
INDICATOR #10 Implementation of pilot intervention to support a nation-wide demand-driven housing subsidy program in Argentina. Baseline 2014: not implemented Target 2018: implemented	Implementation of the pilot intervention is defined as the implementation of the first nation-wide demand-driven housing subsidy program in Argentina, the <i>Solución Casa Propia</i> , which finances up-front subsidies for eligible households earning between two and four Minimum Wages 1, to improve affordability for the purchase of a new or existing house.	Source: ISR National Habitat and Housing Project (P159929)
Result Area #5: Achieving Universal Health Coverage with focus on the nine poorest provinces		
INDICATOR #11 Proportion of eligible people benefiting from effective healthcare rises. Baseline 2014: 28 percent Target 2018: 50 percent	The indicator is defined as “Eligible people enrolled in Programa Sumar that received a health service in a given period of time according to each defined age group”/ “Eligible people: uninsured children under 10, youth 10-19, and women 20-64 years of age.” The period considered to receive health services varies by age group, as defined in the Operational Manual of the project. The numerator is measured by administrative data of Programa Sumar. The denominator is based on an estimation of eligible population (Massa, 2013) that draws on census data as well as administrative data on uninsured population.	Source: ISR of Provincial Public Health Insurance Development Project (P106735), based on Bimonthly Statistical Bulletin of SUMAR Program- Ministry of Health and Social Development The data included in the CLR corresponds to the last period measured (Nov-Dec 2018) and sent by the PIU to the Bank. The last published bulletin corresponds to July-August 2018. Both files are filed in WBDOCS.
Objective #6 Improving employability of Argentina’s youth and increasing effective social protection for children and youth		
INDICATOR #12 Percentage of JMyMT program participants who have left the program and are employed in the formal market. Baseline Dec 2014: 25.2 percent. Target 2018: 27 percent.	This indicator measures the percentage of participants that have left the program at least one year before and joined the formal labor market since then. The gender indicator measures the percentage of female participants that have left the program at least one year before and joined the formal labor market since then.	Source of data: ISR #9 P133129 This indicator is based on the information provided by the Ministry of Labor, Employment, and Social Security (MTESS) in its report for the project. Latest reports are filed in WBDOCS under P133129

Indicators	Description	Data source
INDICATOR #13 Increase by 500.000 in the number of children and youth covered by child allowances managed by ANSES Baseline 2016: 7.897.000 Target 2018: 8.397.000 (or which 50 percent female)	This indicator measures the number of individual beneficiaries covered by safety nets programs supported by the Bank. Safety nets programs intend to provide social assistance (in kind or cash) to poor and vulnerable individuals or families, including to help cope with consequences of economic or other shocks. Unit of measure: Number of children under 18 years of age.	Source of data: ISR of P158791 This indicator is based on the information provided by the Social Security Administration (ANSES) and published in ANSES' Statistical Report. https://www.anses.gob.ar/informacion/datos-abiertos-asignaciones-universales Latest reports, verification of indicators and disbursements are filed in WBDOCS under P133129.
PILLAR III: Reducing Environmental Risks and Safeguarding Natural Resources		
Objective #7 Reducing exposure to extreme flooding in Chaco, Corrientes, and Buenos Aires		
INDICATOR #14 Flood risk protection reaches 2.3 million people in the three provinces of Chaco, Corrientes and Buenos Aires. Baseline 2014: 200,000 people. Target 2018: 2.300,000 people.	Flood risk protection is defined as the reduction of flood impacts from structural measures controlling the flood of water and nonstructural measures intended to keep people safe from flooding through planning and management. The estimation of the beneficiaries was derived by combining two groups of direct beneficiaries: residents and commuters. Resident beneficiaries: flood maps were used to compare with and without works scenarios (the area affected by floods is considered to have more than 20 cm of water height above street, and using the design storm (e.g., in the case of the Autonomous City of Buenos Aires this is 10 years). Thus, resident beneficiaries = (area affected by floods without works - Area affected by floods with works) * population density. Commuter beneficiaries: this group includes 1.7 million people that commute daily through the target basins; the number derives from two studies: According to the ENMODO <i>Encuesta de Movilidad Domiciliaria</i> , 2010 (financed by the World Bank under the PTUBA project study), 1.1 million people commute daily between the Autonomous City of	Source: ISRs of P161798, P120211, P125151 and P145686. ICR of P093491 Baseline information comes from flood hazards maps and 2010 national census data. Residential Mobility Survey 2010: http://datar.noip.me/dataset/encuesta-de-movilidad-domiciliaria-2009-2010-amba INTRUPUBA: http://datar.noip.me/dataset/intrupuba

Indicators	Description	Data source
	Buenos Aires (CABA) and the greater metropolitan area of Buenos Aires, and two million people commute within CABA limits. According to the INTRUPUBA <i>Investigación de Transporte Urbano Público de Buenos Aires</i> , 2009 (financed by the World Bank), 47 percent of the trips within the CABA start, end, and/or traverse the Maldonado, Vega, and Cildáñez watersheds, and 69 percent of the trips starting or ending in the provinces traverse the same watersheds.	
#8 Reducing household exposure to environmental health hazards in Greater Buenos Aires		
INDICATOR #15 Linear kilometers of sewerage collectors (Lot 1): Baseline 2016 = 0 km Target 2018 = 29 km (87.3 percent of the total)	Number of km of sewerage collectors built under Lot 1 of Matanza- Riachuelo Project	Source: ISR #21 Matanza-Riachuelo Basin (MRB) Sustainable Development Adaptable Lending Program (P105680) Information on target population provided by AySA and ABSA.
Linear kilometers of subaquatic outfall built Baseline 2016 = 0 km Target 2018 = 7.5 km (62.5 percent of the total)	Number of km of subaquatic outfall built in the framework of the Matanza- Riachuelo Project	Source: ISR #21 Matanza-Riachuelo Basin (MRB) Sustainable Development Adaptable Lending Program (P105680) Information on target population provided by AySA and ABSA.
#9 Improving natural forest cover in the Chaco Eco Region		
INDICATOR #16 Annual deforestation rate of natural forest in critical areas of Chaco, Salta and Santiago de Estero (Category I or red according to the National Forest Law 26331) falls from 0.56 percent (Baseline 2011:) to 0.28. (50 percent decline in deforestation in critical areas in targeted provinces)	Deforestation rate in critical areas is defined as: Category I forest area lost / total Category I Forest area in the targeted provinces. The baseline and target values for deforestation of natural forests in critical areas were calculated focusing on the three provinces with the largest area of natural forest cover (Santiago del Estero, Salta, and Chaco). Approximately 85 percent of the total country deforestation in natural forest takes place in these provinces. These three provinces also accounted for more than 90 percent of total national critical area forest losses in 2011. The baseline rate was calculated as the sum of deforestation in critical areas for	Source of data: Governmental monitoring of Natural Forest Area: https://www.argentina.gob.ar/sites/default/files/1.informe_monitoreo_2017_tomo_i.pdf

Indicators	Description	Data source
	conservation across the three provinces and divided by the total deforested area in these three provinces (RED, YELLOW, and GREEN as indicated in the National Forest Law).	

Annex 3 Selected Indicators of Bank Portfolio Performance and Management

As of Date 01/29/2019

Indicator	FY16	FY17	FY18	FY19
Portfolio Assessment				
Number of Projects Under Implementation ^a	24.0	25.0	25.0	25.0
Average Implementation Period (years) ^b	4.4	3.8	3.9	4.2
Percent of Problem Projects by Number ^{a,c}	8.3	12.0	28.0	32.0
Percent of Problem Projects by Amount ^{a,c}	18.1	6.7	17.1	18.4
Percent of Projects at Risk by Number ^{a,d}	25.0	16.0	28.0	32.0
Percent of Projects at Risk by Amount ^{a,d}	27.1	14.2	17.1	18.4
Disbursement Ratio (%) ^e	21.2	29.6	26.9	15.8
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				
Memorandum Item	Since FY80		Last Five FYs	
Proj Eval by IEG by Number	145		16	
Proj Eval by IEG by Amt (US\$ millions)	23,501.5		2,130.6	
% of IEG Projects Rated U or HU by Number	26.2		37.5	
% of IEG Projects Rated U or HU by Amt	32.0		41.5	

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 4: Operations Portfolio (IBRD/IDA and Grants)

As of 12/31/2018

Closed Projects 159

IBRD/IDA*

Total Disbursed (Active)	4,229.46
of which has been repaid(1)	153.47
Total Disbursed (Closed)	24,345.84
of which has been repaid	21,786.66
Total Disbursed (Active + Closed)	28,575.30
of which has been repaid	21,940.12
Total Undisbursed (Active)	3,066.35
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	3066.34637

Active Projects

Last PSR				Expected and Actual Disbursements ^{1/}							
Project ID	Project Name	Supervision Rating		Fiscal Year	Original Amount in US\$ Millions					Orig.	Frm Rev'd
		Development	Implementation Progress		IBRD	IDA	Grants	Cancel.	Undisb.		
P167889	AR 1st Inclusive Growth Programmatic DP	#	#	2019	500.0	0.0		0.0	0.0	0.0	0.0
P159843	AR: AMBA Urban Transformation	S	S	2017	200.0	0.0		0.0	147.2	94.6	10.8
P105680	AR(APL1) Matanza-Riachuelo Developmei	MS	MS	2009	840.0	0.0		122.0	154.5	276.5	-38.3
P145686	AR Buenos Aires Flood risk management	S	S	2016	200.0	0.0		0.0	61.2	-65.4	0.0
P133193	AR Chronic Conditions and Injuries	MU	MU	2015	350.0	0.0		0.0	230.3	175.4	0.0
P114294	AR GEF Rural Corridors and Biodiversity	MU	MU	2015	0.0	0.0	6.3	0.0	4.5	1.6	1.0
P159515	Argentina Access to Finance for MSMEs	U	U	2017	50.0	0.0		0.0	21.9	7.7	-27.0
P095485	AR Metropolitan Areas Urban Transport	S	S	2010	195.0	0.0		0.3	11.3	-33.4	9.0
P120198	AR Norte Grande Road Infrastructure	MS	MS	2011	400.0	0.0		0.0	47.6	47.6	47.6
P106735	AR Provincial Public Health Insurance	S	MS	2011	600.0	0.0		0.0	27.6	-172.4	0.0
P157136	AR - PS Modernization and Innovation	S	S	2017	80.0	0.0		0.0	54.8	26.6	0.0
P133288	AR Renewable Energy	MS	MU	2015	200.0	0.0		0.0	179.5	162.1	67.5
P106685	AR Rural Inclusion	MU	U	2015	52.5	0.0		0.0	44.7	43.9	16.3
P133195	AR Second Rural Education Improvement	MS	MS	2015	250.5	0.0		0.0	103.4	103.4	7.9
P106752	AR Unleashing Productive Innovation	S	MS	2009	195.0	0.0		0.0	15.0	-30.0	15.0
P133129	AR - Youth Employment Support Project	MS	MS	2015	425.0	0.0		0.0	97.0	97.0	54.8
P158791	Children and Youth Protection Project	S	S	2016	1,050.0	0.0		0.0	428.9	-478.8	39.6
P132846	Forests and Community	MU	MS	2015	58.8	0.0		0.0	48.4	32.0	24.3
P162316	GIRSAR	S	S	2018	150.0	0.0		0.0	150.0	4.4	0.0
P159929	Integrated Habitat and Housing Project	S	MS	2017	200.0	0.0		0.0	177.6	50.3	-15.5
P120211	Norte Grande Water Infrastructure	S	S	2011	200.0	0.0		0.0	12.8	10.7	12.8
P163115	Northwestern Road Development Corridor	S	S	2018	300.0	0.0		0.0	287.3	30.4	0.0
P125151	Plan Belgrano WSS Development Project	MU	MU	2011	325.0	0.0		0.0	169.5	44.5	122.8
P161798	Salado IRBM Support Project	MS	MU	2017	300.0	0.0		0.0	292.3	47.5	0.0
P163345	Supporting EUHC in Argentina	S	S	2018	300.0	0.0		0.0	299.3	40.9	0.0
Overall Result					7,421.8	0.0	6.3	122.3	3,066.3	517.0	348.8

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

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Annex 5 Statement of IFC's Held and Disbursed Portfolio

(as of 01/31/19)

Commitment Fiscal Year	Institution Short Name	LN Cmt'd - IFC	LN Repayment - IFC	ET Cmt'd - IFC	OL + OE Cmt'd - IFC	GT Cmt'd - IFC	RM Cmt'd - IFC	ALL Cmt'd - IFC	ALL Cmt'd - Part	LN Out - IFC	ET Out - IFC	OL + OE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
1993/1994/1992	Huantraico	0	6.25	27.00	0	0	0	27.00	0	0	7.28	0	0	0	7.28	0
1993/2006/1996/2016/2008	PAE - Argentine	155.19	362.09	0	0	0	1.98	157.17	436.67	155.19	0	0	0	0	155.19	436.67
1996/1994	Yacylec	0	12.40	2.52	0	0	0	2.52	0	0	2.52	0	0	0	2.52	0
1996/1995	Aguas	0	69.08	6.83	0	0	0	6.83	0	0	6.83	0	0	0	6.83	0
1997/1999	Neuquen Basin	0	0	31.36	0	0	0	31.36	0	0	1.34	0	0	0	1.34	0
1997/2005/2018/2019/2007/2003/2016	Vicentin	35.00	78.56	0	0	0	0	35.00	259.54	35.00	0	0	0	0	35.00	259.54
1997/2009/2010/2013/2018/2014/2017/2019/2007/1990/2011/2016/2008/2012	Banco Frances	0	13.82	0	0	9.00	0	9.00	0	0	0	0	9.00	0	9.00	0
1997/2010/2006/2017	CAPSA	42.00	31.51	0	0	0	0	42.00	13.60	42.00	0	0	0	0	42.00	13.60
1997/2018/2009/2005/2010/2013/1999/2017/2014/2019/2000/2011/2004/2015/2016/2008/2012	Banco Galicia	221.43	138.57	0	0	15.40	0	236.83	0	221.43	0	0	15.40	0	236.83	0
1999	Hospital Privado	0	0	0	3.96	0	0	3.96	0	0	0	3.96	0	0	3.96	0
1999/1994	BGN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	CCI	0	0	20.00	0	0	0	20.00	0	0	20.00	0	0	0	20.00	0
2000/1995	Tower Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001/2002	ASF	0	15.78	0	0	0	0	0	0	0	0	0	0	0	0	0
2001/2016	USAL	10.00	4.43	0	0	0	0	10.00	0	10.00	0	0	0	0	10.00	0
2005/1999/2019/2012	S.A. San Miguel	27.84	36.02	0	0	0	0	27.84	22.78	27.84	0	0	0	0	27.84	22.78
2009/2010/2013/2018/2014/2017/2019/2007/2011/2015/2016/2008/2012	Banco Patagonia	14.29	33.87	0	0	53.05	0	67.33	0	14.29	0	0	53.05	0	67.33	0
2009/2010/2015	Grupo ASSA	0	0	5.00	0	0	0	5.00	0	0	5.00	0	0	0	5.00	0
2009/2010/2018/2014/2017/2019/2015/2016	ICBC Argentina	0	0	0	0	5.28	0	5.28	0	0	0	0	5.28	0	5.28	0
2009/2013/2010/2018/2014/2017/2019/2011/2015/2016/2012	Banco CMF	15.00	10.00	0	0	0.69	0	15.69	0	15.00	0	0	0.69	0	15.69	0
2009/2013/2018/2010/2014/2017/2019/2011/2015/2016/2008/2012	Banco Supervielle	0	0	0	0	7.16	0	7.16	0	0	0	0	7.16	0	7.16	0
2009/2013/2018/2010/2014/2017/2019/2011/2015/2016/2012	Itau Argentina	50.00	0	0	0	1.86	0	51.86	0	20.50	0	0	1.86	0	22.36	0
2009/2018/1999/2011	F.V. S.A.	31.65	30.85	0	3.00	0	0	34.65	0	31.65	0	3.00	0	0	34.65	0
2010	ALUAR	0	0	16.79	0	0	0	16.79	0	0	16.79	0	0	0	16.79	0
2015	AFISA	1.18	0.78	0	0	0	0	1.18	4.47	1.18	0	0	0	0	1.18	4.47
2015	InvolNet	0	0	3.45	0.59	0	0	4.04	0	0	3.00	0.59	0	0	3.59	0
2015	Pampa FOF II	0	0	0.01	0	0	0	0.01	0	0	0	0	0	0	0	0
2015/2008	PAMPA FUND	0	0	16.55	0	0	0	16.55	0	0	16.15	0	0	0	16.15	0

Commitment Fiscal Year	Institution Short Name	LN Cmt'd - IFC	LN Repayment - IFC	ET Cmt'd - IFC	QL + QE Cmt'd - IFC	GT Cmt'd - IFC	RM Cmt'd - IFC	ALL Cmt'd - IFC	ALL Cmt'd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2016	Afluenta	0	0	3.00	0	0	0	3.00	0	0	3.00	0	0	0	3.00	0
2016/2012	Medanito	0	0	34.00	0	0	0	34.00	0	0	34.00	0	0	0	34.00	0
2017	Adeco Agrop SA	22.73	2.27	0	0	0	0	22.73	21.43	22.73	0	0	0	0	22.73	21.43
2017	City of BA	22.95	0	0	0	0	0	22.95	0	22.95	0	0	0	0	22.95	0
2017	Renova SA -	75.00	0	0	0	0	0	75.00	130.00	75.00	0	0	0	0	75.00	130.00
2017	Telecom Argentina SA	100.00	0	0	0	0	7.50	107.50	400.00	100.00	0	0	0	5.10	105.10	400.00
2017/2016	Molino Canuelas	57.69	2.31	0	0	0	0	57.69	76.88	57.69	0	0	0	0	57.69	76.88
2017/2019	Los Grobo LLC	0	0	54.30	0	0	0	54.30	0	0	54.22	0	0	0	54.22	0
2017/2019	Moni	0	0	2.92	1.50	0	0	4.42	0	0	2.92	1.50	0	0	4.42	0
2018	CP Achiras SPV	20.70	0	0	0	0	0	20.70	0	20.70	0	0	0	0	20.70	0
2018	CP La Castellana SPV	36.60	0	0	0	0	1.24	37.84	27.00	36.60	0	0	0	1.15	37.75	27.00
2018	Provincia de Cordoba	150.00	0	0	0	0	0	150.00	150.00	150.00	0	0	0	0	150.00	150.00
2018/2017/2016	Santander Rio	0	0	0	0	7.61	0	7.61	0	0	0	0	7.61	0	7.61	0
2018/2019	BIND	15.00	0	0	0	2.15	0	17.15	0	15.00	0	0	2.15	0	17.15	0
2019	Ferrum SA	16.00	0	0	0	0	0	16.00	0	0	0	0	0	0	0	0
	ISC-NXTP Labs	0	0	2.97	0	0	0	2.97	0	0	2.97	0	0	0	2.97	0
	Kaszek VC III	0	0	10.00	0	0	0	10.00	0	0	2.20	0	0	0	2.20	0
	NXTP Opportunity	0	0	5.00	0	0	0	5.00	0	0	0.81	0	0	0	0.81	0
Total		1,120.3	848.6	241.7	9.1	102.2	10.7	1,483.9	1,542.4	1,074.8	179.0	9.1	102.2	6.3	1,371.3	1,542.4

Annex 6: Statement of MIGA's Exposure in Argentina

As of January 31, 2019

Contract	Effective Date	Expiry Date	Investor Name	Project Name	Host Country	Investor Country	Business Sector	Gross Exposure (\$USD)
15348-01	12/05/2018	12/04/2025	MIT Argentina Generation Holding LTD	Los Hercules Wind Farm	Argentina	United Kingdom	Infrastructure	23,938,333
14432-01	07/01/2017	01/10/2020	Banco Santander S.A.	Banco Santander Río S.A.	Argentina	Spain	Financial	1,350,000,000
14432-02	11/29/2018	01/10/2020	Banco Santander S.A.	Banco Santander Río S.A.	Argentina	Spain	Financial	247,000,000
3 Contracts								1,620,938,333

Annex 7: Methodological annex of CPF Objective Indicators

Focus Area 1: Supporting Argentina's access to long-term private financing on a sustainable basis		
Objective 1: Achieving fiscal consolidation while protecting the poor		
Indicators	Definition	Data Source
<p>Indicator 1.1. Share of Sales Tax (<i>Ingresos Brutos</i>) in total provincial own revenues.</p> <p>Baseline (2018): 72 percent Target (2022): 68 percent</p>	<p>The ratio is calculated as the aggregate sum of (24 provinces) sales tax revenue in AR\$, divided by aggregate (24 provinces) own provincial tax collection in AR\$ for a given year.</p>	<p>Source of data: Direccion Nacional de Asuntos Provinciales, Ministerio de Hacienda. Tax Collection per province per tax: http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/recaudacion.php Baseline for 2018 derives from estimated Sales Tax collection at the provincial level (sum of aggregate 24 provinces) of AR\$557bn and an overall provincial tax revenue estimated at AR\$775bn. Official public data is up to September 2018 (http://www2.mecon.gov.ar/hacienda/dncfp/provincial/recursos/recaudacion.php) when the Sales Tax-Overall tax ratio was also 72 percent. (AR\$399bn / AR\$553bn)</p>
<p>Indicator 1.2. Real growth of General Government (Federal+Provinces) primary current spending</p> <p>Baseline (2018): below zero Target (2022): below zero</p>	<p>The growth of General Government (Federal + provinces) primary current spending in real terms on a two-year period. Using National CPI as deflator.</p>	<p>Source of data: Secretaria de Hacienda General Government Budget execution (spending): https://www.minhacienda.gob.ar/onp/estadisticas/ Inflation: https://www.indec.gob.ar/nivel3_default.asp?id_tema_1=3&id_tema_2=5 Baseline (2018): Below zero Baseline for 2018 derives from the following calculation: General government current primary spending in constant 2016 AR\$ are: 2016: \$2,853bn 2017: \$2,930bn 2018: \$2,533bn Thus, current primary spending in constant AR\$ decreased by 11 percent in this two-year period (2016-2018). Current primary spending is calculated as current spending minus interest payments net of interest payments to public sector agencies (i.e. FGS. Data can be accessed in https://www.minhacienda.gob.ar/onp/ejecucion/2018) Target (2022): Below zero</p>
<p>Indicator 1.3. Number of children covered by the Family Allowances programs run by ANSES</p> <p>Baseline (Dec 2018): 8,443,563 Target (Dec 2022): 9,000,000</p>	<p>This indicator measures the number of children under 18 years old covered by safety nets programs supported by the Bank and run by ANSES. Safety nets programs provide cash support to poor and vulnerable individuals or families.</p>	<p>Source of data:: ISR of Children and Youth Protection Project (P158791) This indicator is based on the information provided by the Social Security Administration (ANSES) and published monthly in ANSES' Statistical Report. http://observatorio.anses.gob.ar/ Reports and verification of indicators/disbursements filed in WBDOCS under P158791</p>

	Unit of measure: Number of children under 18 years of age or disabled.	
Objective 2: Fostering stronger market institutions, productivity-led growth and increased exports		
Indicator 2.1. Time needed to register a new firm Baseline (2018): 11 days Target (2022): 8 days	The indicator measures the number of days required to start a business.	Source of data: WB Doing business http://www.doingbusiness.org/
Indicator 2.2. Hirschman Herfindahl Index for concentration of exports products (reduction of concentration) Baseline (2017): 0.043 Target (2022): 0.038	The concentration index, the Herfindahl-Hirschmann Index, is a measure of the degree of product concentration of exports of goods. An index value of close to 1 indicates that a country's exports are highly concentrated on a few export products. Values closer to 0 reflect exports that are distributed across a varied series of export products.	Source of data: WITS using the underlying UN Comtrade data https://wits.worldbank.org
Indicator 2.3. Number of anti-competitive practices resolved through sanctions or corrective measures by the new competition authority (cumulative) Baseline (2018): 0 Target (2022): 10	Anticompetitive practices include practices like price fixing, exclusionary dealings, predatory pricing, entry deterrence, refusals to sale, others.	Source of data: Competition agency published report
Objective 3: Leveraging private financing for development		
Indicator 3.1. Share of firms issuing securities that are using the streamlined multiple issuance pre-authorization Baseline (2018): 0 percent Target (2022): 70 percent	The indicator measures the percentage of firms issuing securities that are using the streamlined multiple issuance pre-authorization over the total number of firms issuing securities	Source of data: Data will be provided by the National Securities Commission (CNV)
Indicator 3.2. SMEs with financing by financial institutions supported by the WBG Baseline (2016): 60,000 Target (2022): 75,000	Number of SMEs with financing institutions and supported by IBRD, IFC or MIGA	Source of data: Data comes from regular portfolio monitoring of IFC financing to commercial banks, from ISR (P159515) Access to longer term finance for micro, small and medium enterprises MIGA guarantees to a commercial bank (Project 13242)

Indicator 3.3. Private financing leveraged under the RENOVAR Program: Baseline (2018): \$191 million Target (2022): \$4,300 ²¹ million	Private financing leveraged under RENOVAR Program (Rounds 1, 1.5 and 2). Target includes total financing mobilization. This amounts to \$5.5 billion, of which \$4.3 billion from private sources and \$1.2 billion of publicly supported financing (Development Financing Institutions and Export Credit Agencies)	Source of data: Annual progress report produced by Subsecretaria de Energías Renovables produced under FODER Guarantee supervision Renewable Fund Guarantee Project (P159901)
Focus Area 2: Addressing Key Institutional Constraints for Better Governance and Service Delivery		
Objective 4: Strengthening transparency and reducing corruption		
Indicator 4.1. Percentage of contracts that are processed through the new e-procurement system Baseline (2018): 0 Target (2022): 70 %	The indicator measures the percentage of goods, works and services that are processed through the new e-procurement system.	Source of data: Information publicly available in the Contrat.ar and Compr.ar websites
Indicator 4.2. Implement anti-corruption risk-based warning system in the transport sector Baseline (2018): 0 Target (2020): 1	The indicator measures whether an anti-corruption risk-based warning system has been set up for the transport sector.	Source of data: Information provided by Ministry of Transport counterpart
Indicator 4.3. Percentage of national public administration officials (managerial and political appointees) that have their asset declarations captured electronically, processed and analyzed Baseline (2018): 0 Target (2022): 70	The indicator measures the percentage of national public administration officials that have their asset declarations captured electronically, processed and analyzed, for enhanced reporting and analytical capabilities of OAC.	Source of data: Reports from Anticorruption Office including administrative data. Official registries of National Public administration.

Objective 5: Improving service delivery through enhanced inter-jurisdictional coordination		
Indicator 5.1. People benefitting from improved water services in the Northern region Baseline (2018): 0 Target (2022): 50,000	Number of people in urban areas provided with access to Improved Water Sources under the project The target relates to the expansion of the system in Wichi (Province of Chaco) and some small sub-projects that are currently in the pipeline for financing under the Plan Belgrano Water operation.	Source of data: ISR of Norte Grande Project (P120211)
Indicator 5.2. People benefitting from improved living conditions in AMBA Baseline (2018): 0 Target (2022): 69,000	This indicator measures the number of people in disadvantaged neighborhoods that have been provided with access and/or improved access to at least one or more basic services under Components 1 and 2 of the P159843 Project, including water supply, sanitation, public lighting, paved roads, and electricity. The number of neighborhood residents provided with access to two or more basic services is only computed once. Beneficiaries include 48,190 people from AMBA Parent Project + 20,800 for the Amba Additional Financing on Villa Itati and Villa Azul.	Source of data: ISR of Metropolitan Buenos Aires Urban Transformation Project (P159843) Data will be provided by SECISYU/OPISU
Indicator 5.3. Reduction of pollution load in the Matanza-Riachuelo basin (COD/mass) Baseline (2018): 0 Target (2022): 12.437Tons/year	This indicator measures the volume (mass) of Chemical Oxygen Demand (COD) pollution load reduction achieved through process modification to reduce the load of pollutants requiring treatment, and / or through application of wastewater treatment techniques to reduce the load of contaminants prior to discharge. The baseline for this indicator is the actual COD load at the start of project.	Source of data: ISR of Matanza Riachuelo Basin Project (P105680) (PDO indicator) Information will be provided by the counterpart in ACUMAR
Objective 6: Building Skills for the future		
Indicator 6.1. Number of provinces that implement the national program to reduce dropouts in secondary schools Baseline (2018): 1	The indicator measures the number of provinces that implement the national program to reduce dropouts (Asistiré).	Source of data: ISR of Improving Inclusion in Secondary and higher Education (P168911)- Intermediate indicator. Data will be provided by the National Team of Asistire Program

Target (2022): 12		
Indicator 6.2. Beneficiaries of Labor Market Programs- Training and re-training Baseline (2018): 512.687 Target (2020): 780.000	The indicator measures the number of individuals that receive any of following services: vocational and life skills training, re-training for workers, internships, apprentices. If one individual receives more than one, he/she will be counted more than one time.	Source of data: ISR of Youth P133129 This indicator is based on the information provided by the Ministry of Production and Labor in the report prepared for the project.
Objective 7: Improving the service delivery model for effective health services		
Indicator 7.1. Number of provinces actively implementing the UHC system Baseline (2018): 0 Target (2022): 12	Numerator: Total number of participating provinces implementing UHC system. Denominator: Total number of participating provinces	Source: ISR of Supporting EUHC in Argentina (P163345).
Indicator 7.2. Increase in effective health coverage Baseline (2018): 26. 7 percent Target (2022): 40 percent	The indicator is defined as “eligible people enrolled in the PACES Program that received a health service in a given period of time according to each defined age group/ “eligible people: uninsured” The period considered to receive health services varies by age group, as defined in the Operational Manual of the project. The numerator is measured through a database called SIRGE. The denominator is based on an estimation of eligible population.	Source: ISR of Supporting EUHC in Argentina (P163345).
Focus Area 3: Supporting Argentina to implement its NDC		
Objective 8: Transitioning to a cleaner Energy Matrix		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Indicator 8.1. Generation capacity of renewable energy Baseline (2018): 0 Target (2022): 4,466 MW	Renewable power generation capacity is measured as the maximum net generating capacity of power plants and other installations that use renewable energy sources to produce electricity attributable to RENOVAR.	Source of data: Annual progress report produced by Subsecretaria de Energías Renovables produced under FODER Guarantee supervision Renewable Fund Guarantee Project (P159901)
Indicator 8.2. Average annual avoided GHG emissions through transition to cleaner energy Baseline (2018): 0	The indicator measures the tons of carbon dioxide equivalent that have been avoided as a result of the Project	Source of data: Annual progress report produced by Subsecretaria de Energías Renovables produced under FODER Guarantee supervision Renewable Fund Guarantee Project (P159901)

Target (2022): 2.02 million tCO2/y		
Objective 9: Making the rural economy more climate smart		
Indicator 9.1. People benefiting from reduced flood risk in the Salado River Basin Baseline (2018): 0 Target (2022): 75,000	Number of people benefiting from reduced flood risk due to the river works in the Sector IV-1-B. The target of 75,000 beneficiaries corresponds to the residents of the municipalities along the referred sector of the Salado River, San Miguel, Lobos and Roque Perez. These people will be considered “beneficiaries” once the works have been completed. Partial completion of the works will imply a re-assessment of the corresponding partial target.	Source: PDO indicator of Salado Integrated River Basin Management support project (P161798)
Indicator 9.2. Number of farmers adopting climate risk management approaches Baseline (2018): 0 Target 2022: 8,000 (20% female)	The indicator includes the target of PDO indicator 3 of Integrated Risk Management in the Rural Agro-industrial System (P162316): number of farmers with improved access to infrastructure for agriculture risk mitigation and natural resource management.	Source: PDO of Integrated Risk Management in the Rural Agro-industrial System (P162316)
Objective 10: Building Resilient and Low-Carbon Cities		
Indicator 10.1. People benefiting from reduced flood risk in the City of Buenos Aires. Baseline (2018): 200.000 Target (2022): 3.000.000	Direct beneficiaries are people or groups who directly derive benefits from reduced flood risk in the City of Buenos Aires	Source of data: PDO indicator of AR Flood Risk Management Support Project for CABA (P145686)
Indicator 10.2. Number of Electric buses in operation in Barrio 31 as pilot initiatives Baseline (2018): 0 Target (2022): 5	Number of electric buses in operation in Barrio 31	Source of data: Administrative data provided by the Metropolitan Buenos Aires Urban Transformation Project (P159843) counterparts.