



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 04-Jul-2024 | Report No: PIDDC00832

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies) Argentina	Operation ID P505675	Operation Name Support for Integrated Early Childhood Development Project	
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 26-Sept-2024	Estimated Approval Date 02-Dec-2024	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Argentine Republic	Implementing Agency Subsecretary of Administrative Management, Ministry of Human Capital	

Proposed Development Objective(s)

To improve the effectiveness of cash transfer programs and increase access to select early childhood development services for vulnerable pregnant women and children under four years old in Argentina.

PROJECT FINANCING DATA (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

SUMMARY

Total Operation Cost	500.00
Total Financing	500.00
of which IBRD/IDA	500.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	500.00
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Environmental and Social Risk Classification

Moderate

Concept Review Decision

The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **With a gross domestic product (GDP) of US\$641 billion in 2023, Argentina is the third-largest economy in Latin America but faces multiple macroeconomic and social challenges.** The country covers 2.8 million square kilometers and has a population of 46.6 million inhabitants, with 92 percent living in cities. Persistent social inequalities, economic volatility, and underinvestment have limited the country's development. The rate of urban poverty, measured under the official thresholds, reached 41.7 percent in the second semester of 2023, and 11.9 percent of Argentines live in extreme poverty. About half of the working population is self-employed or works in the informal sector. The high frequency of economic crises—the economy has been in recession during 24 of the past 50 years—has resulted in an average annual growth rate of 2.5 percent, well below the regional average of 3.6 percent. Decades of underinvestment have led to sizeable gaps in capital stock relative to comparable countries. Such a volatile macroeconomic environment has hindered the country's ability to increase incomes, reduce poverty rates, and address the infrastructure deficit. The historic drought from late 2022 to early 2023 severely impacted Argentina's already fragile economy, which was burdened by accumulated macroeconomic imbalances. The primary macroeconomic challenges included the monetization of substantial and recurring fiscal deficits, stringent capital controls, and escalating inflation.

4. **A new administration assumed office on December 10, 2023, and immediately began implementing a stabilization program.** The core of the program was the elimination of the overall fiscal deficit in 2024 (5 percentage points of GDP), along with measures to correct relative price misalignments, fortify the Central Bank's balance sheet, and deregulate the economy. Key initiatives included a one-time devaluation of the official exchange rate by 55 percent, the introduction of a monthly crawling peg rate of 2 percent, the removal of import controls, and strategies to address the significant importer debt overhang. Inflation surged in December 2023, fueled by the devaluation's pass-through and the lifting of key price controls, but it has been on a gradual decline. Month-over-month inflation peaked at 25.5 percent in December, decreasing to 8.8 percent by April. Although social assistance is well-targeted, the real value of social benefits, including pensions and social transfers, fell by 17 percent year-over-year by April 2024. Stringent public spending policies along with increasing emergency taxes, enabled a 0.7 percent of GDP primary fiscal surplus during the first 4 months of 2024.

Sectoral and Institutional Context



6. **Argentina has a robust social protection system comprised of various cash transfer programs that help to reduce poverty rates, but poverty remains high.** Almost 60 percent of children live in poverty and face multiple deprivations that have long lasting impact on their development, especially when disadvantages occur between conception and the first 1000 days. Around 1.2 percent of the GDP is spent on family allowance programs. The family allowance system encompasses a series of contributory and non-contributory programs for pregnant women and children. For informal workers, the main two programs are the Universal Child Allowance (AUH) Program which covers under 18 years old children or children without age limit in the case of disabilities, and the Universal Pregnancy Allowance (AUE) for pregnant women. Similarly, the Unique System for Family Allowances (SUAF) covers children and pregnant women of formal workers (See annex 1 for a detail of contributory and non-contributory family allowance programs for pregnant women and children). In addition, the *Plan 1000 días* provides a top up to families with children under three years old through two cash transfers. Overall, around 71 percent of children up to 18 years old have access to family allowance programs.

6. **Family allowance programs face multiple challenges in their design and delivery, which reduce their effectiveness and access to early childhood services is limited.** These challenges include a coverage gap during pregnancy, inefficient processes for enrolling beneficiaries and verifying of co-responsibilities related to health and education, low incentives to comply with conditionalities, and unequal treatment of low-income households based on their participation in the labor market. Access to early childhood development services is limited and characterized by inequalities across regions and income groups, hindering children from building strong foundations to developing human capital. Disparities in access to prenatal and early childhood health services are particularly pronounced across different regions. For example, in 2022, according to the Perinatal Information System for Management (SIP-G), in 2022, 10.8 percent of women that deliver in the public health sector had their first prenatal control in week 28 or higher. Moreover, there is a shortage of early childhood care and education (ECCE) services in many vulnerable areas, especially for younger children. In 2019–2020, only 8 percent of children under three years old and 64 percent of children aged 3 and 4 years old had access to ECCE services, with significant regional and socioeconomic disparities. These gaps in ECCE access are attributed to a heterogeneous supply of services and their unequal territorial distribution, alongside challenges in financing and service quality.

Relationship to CPF

7. **The proposed Project is aligned with World Bank’s FY19-22 Country Partnership Framework (CPF) for the Argentine Republic discussed by the Executive Directors on April 25th, 2019, and updated by the Performance and Learning Review (PLR) noted on May 31st, 2022.**¹ The proposed project objective is specifically aligned with Focus Area 2, on strengthening service delivery through increasing the effectiveness of services and cash transfer programs implemented by the MOC and focused on improving human capital of vulnerable children (Objective 5 “Improving the human capital of vulnerable population”).

C. Proposed Development Objective(s)

The project development objective is to improve the effectiveness of cash transfer programs and increase access to select early childhood development services for vulnerable pregnant women and children under four years old in Argentina.

¹ CPF Report No. 131971-AR and PLR Report No. 170668-AR.



Key Results (From PCN)

7. The key results and performance indicators to measure the achievement of the project development objective (PDO) are:
- i. Number of pregnant women that receive a benefit from the AUE, to measure its effectiveness in increasing access to social protection services for the informal workers.
 - ii. Percentage of beneficiaries of AUE and AUH that fulfill program conditionalities through cross-sector information exchange, to measure its effectiveness to reduce beneficiaries' transaction costs.
 - iii. The benefit purchasing power of conditional part of the benefit of AUE and AUH, to maintain its effectiveness in improving incentives for human capital accumulation.
 - iv. Number of children under four years old attending to *Cuidar Espacios* program in the targeted geographic areas, to measure the access to sub-national early childhood services.
 - v. Number of families with children under four years old participating in *Cuidar Acompañamiento* program in targeted geographic areas, to measure the access to sub-national family support services.

D. Concept Description

6. The project will be co-financed with the IDB. It will support the following four components:

Component 1: Improvement of cash transfer programs for households with pregnant women and children up to 3 years old (US\$1000 million; US\$400million of WB financing).

7. **This component will finance the provision of AUE, AUH, and *Plan 1000 días* grants to beneficiaries.** The grants will be paid under the non-contributory pregnancy allowance program AUE, family allowance program AUH, and top-up family allowance program *Plan 1000 días*. This component is expected to reimburse AUE, AUH and *Plan 1000 días* expenditures against results linked to performance-based conditions (PBCs). The PBCs will be designed as critical milestones of the following programs improvements: (i) improve the effectiveness of the AUE, (ii) improve the effectiveness of the economic benefits associated with the *Plan 1000 días*, (iii) streamline the verification of health and education responsibilities for the AUE, AUH, and *Plan 1000 Días* programs, (iv) increase the family allowance for the lowest income brackets of households with formal employment to reduce the gap with AUH beneficiaries.

Component 2: Improvement of access for the most vulnerable population to prioritized early childhood services. (Amount to be confirmed)

8. This component will finance the implementation of two intervention models that will reform the existing interventions of the PNPI: *Cuidar Espacios* and *Cuidar Acompañamiento*. The *Cuidar Espacios* program will support the strengthening of early childhood spaces for children under four years old in the most vulnerable areas of each province and CABA. The *Cuidar Acompañamiento* will support the creation of provincial programs for family support for pregnant women and households with children under four years old in the most vulnerable areas of all the provinces and Buenos Aires City (CABA). The project will partially finance the operation of early childhood centers and family support services through a capitation payment to the provinces linked to results.

Component 3: Strengthening information systems for social programs (Amount to be confirmed).



9. This component will finance the creation of an integrated social information system (SIIS), which will initially be managed by the CNCPS. SIIS will serve as a framework for national institutions to exchange data to identify supply gaps, streamline the enrollment processes for new beneficiaries, and enhance the monitoring of programs and social services, particularly those targeted to early childhood. Among the products associated with the SIIS are: (i) registry of users of national social programs, which could be household-based; (ii) consolidated registry of programs and social services; (iii) management dashboard of the Ministry of Human Capital; and (iv) individual tracking of children under four years old. All the IT equipment will be energy efficient to reduce carbon footprint.

Component 4: Support for the Ministry of Human Capital (MCH) in project management, monitoring, and evaluation (Amount to be confirmed).

10. This component will finance the support to the MCH for project management, including monitoring and evaluation capabilities. Project funding will cover key positions within the project executing agency, among others.

Legal Operational Policies	Triggered?	
	Last approved	Current
Projects on International Waterways OP 7.50	No	
Projects in Disputed Area OP 7.60	No	

Summary of Screening of Environmental and Social Risks and Impacts

6. **The proposed environmental and social risk classification for the project is Moderate under the Environmental and Social Framework (ESF), based on the information available. The environmental risk classification for the project is Low.** No significant adverse environmental impacts are expected since the project avoids physical interventions that could harm the biophysical environment, human health, or valued environmental aspects. Component 2 will only fund the operation of existing Early Childhood Centers, and agreements will be in place to prevent the use of funds for activities that could increase environmental risk, as will be detailed in the Project's ESCP and POM. Component 3 involves the procurement of energy-efficient electronic equipment for a data center and CNCPS personnel, with the main environmental risk being related to the management of e-waste. This risk can be readily mitigated through e-waste management procedures, as will be reflected in the Project's ESCP. The social risk classification is Moderate, primarily due to the possibility of excluding disadvantaged and vulnerable groups, such as indigenous peoples and people with disabilities, from the project's benefits. Additional social risks include potential issues with communication and information dissemination, the handling of personal data, and the impact of institutional changes on the implementing



agency's social management capacity. To address these risks, the project will identify barriers to access for vulnerable groups during the preparation phase and develop mitigation actions to ensure their participation and consideration in a culturally appropriate manner. The project will also assess the capacities of agencies regarding social communication and stakeholder engagement to inform an inclusive engagement strategy, which will be reflected in the project's design, ESCP, and the requirements for participating provinces under Component 2.

7. Sexual exploitation and Abuse and Sexual Harassment Risk is Low. The country has a strong legal framework focused on Gender Based Violence (GBV) prevention and has a national referral pathway protocol for GBV service provision. Due to current institutional changes in this Argentine Government, this will be reassessed during preparation. The Project is not expected to finance infrastructure works that could require labor influx. Beyond project generated risks, the Project will also explore opportunities under Component 2 to strengthen mechanisms to prevent, identify and address prevalent Violence against Children and GBV. These will be reflected in the PAD, ESCP, and in the Project Operational Manual.

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APPROVAL

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