

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
SALADO INTEGRATED RIVER BASIN MANAGEMENT SUPPORT PROJECT
APPROVED ON APRIL 6, 2017
TO THE
PROVINCE OF BUENOS AIRES

WITH A GUARANTEE FROM THE ARGENTINE REPUBLIC

GLOBAL WATER PRACTICE
LATIN AMERICA AND THE CARIBBEAN REGION

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**ABBREVIATIONS AND ACRONYMS**

ADA	Provincial Water Authority (<i>Autoridad del Agua</i>)
CPF	Country Partnership Framework
DCyC	Procurement Department of the Ministry of Infrastructure and Public Services (<i>Departamento de Compras y Contrataciones</i>)
DPH	Provincial Department of Hydraulic Works (<i>Dirección Provincial de Hidráulica</i>)
ERR	Economic Rate of Return
FONAVI	National Housing Fund (<i>Fondo Nacional de la Vivienda</i>)
GoA	Government of Argentina
IDB	Inter-American Development Bank
IPV	Provincial Housing Institutes (<i>Institutos Provinciales de Viviendas</i>)
IVBA	Housing Institute of the Province of Buenos Aires (<i>Instituto de la Vivienda de Buenos Aires</i>)
M&E	Monitoring and Evaluation
MoTF	Ministry of Treasury and Finance (<i>Ministerio de Hacienda y Finanzas</i>)
Mol	Ministry of Infrastructure and Public Services (<i>Ministerio de Infraestructura y Servicios Públicos</i>)
OPDS	Provincial Agency for Sustainable Development (<i>Organismo Provincial para el Desarrollo Sostenible</i>)
PAD	Project Appraisal Document
PBA	Province of Buenos Aires
PDO	Project Development Objective
PIU	Project Implementation Unit
PMI	Integrated Salado River Basin Management Plan (<i>Plan Maestro Integral de la Cuenca del Río Salado</i>)
POM	Project Operations Manual
RENABAP	National Registry of Informal Settlements (<i>Registro Nacional de Barrios Populares</i>)
SRB	Salado River Basin
UCEPO	Project and Works Coordination and Execution Unit within the Ministry of Infrastructure and Public Services (<i>Unidad de Coordinación y Ejecución de Proyectos de Obra</i>)
WHO	World Health Organization
WRM	Water Resources Management



BASIC DATA

Product Information

Project ID P161798	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 06-Apr-2017	Current Closing Date 30-Dec-2022

Organizations

Borrower Province of Buenos Aires	Responsible Agency Ministry of Infrastructure and Public Services, Province of Buenos Aires, Ministry of Economy
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Form Type Full Restructuring Paper	Based on the proposed changes this Restructuring type is Level 2
Decision Authority Board/AOB Decision	
Explanation of Exception to Decision Authority The restructuring includes a change in PDO and project design that is changing substantially from what the Board previously approved.	

Project Development Objective (PDO)

Original PDO

To enhance flood protection and strengthen the capacity of the responsible institutions for integrated water resources monitoring and management in the Salado River Basin.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Commitment	Net Disbursed	Undisbursed
IBRD-87360	06-Apr-2017	21-Dec-2017	12-Apr-2018	30-Dec-2022	300.00	56.75	243.25



Policy Waiver(s)

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

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

PROPOSED RESTRUCTURING

1. The Government of the Province of Buenos Aires (PBA) has requested a restructuring of the Salado Integrated River Basin Management Support Project to: (i) include a new component to respond to the COVID-19 emergency with activities that stimulate job creation in the construction sector and increase the supply of housing for vulnerable populations; (ii) reduce the scope of activities related to the non-structural measures for water resources management in the context of the economic crisis; (iii) revise the Project Development Objective (PDO) and Results Frameworks to reflect proposed changes to the activities supported by the Project; (iv) make changes to the implementation arrangements; and (v) extend the Loan closing date by 12 months to compensate for the COVID-19 related delays and ensure completion of new component. The revised proposed Project Development Objectives (PDOs) are to (a) enhance flood protection and strengthen the capacity of the institutions responsible for integrated water resources monitoring and management in the Salado River Basin; and (b) support improved living conditions for selected beneficiaries in the Province of Buenos Aires as part of the COVID-19 pandemic recovery.

PROJECT DESCRIPTION AND STATUS

2. An IBRD loan of US\$300 million to the PBA to finance the Salado Integrated River Basin Management Support Project was approved by the Bank's Board of Executive Directors on April 6, 2017 and declared effective on April 12, 2018. The Project has a closing date of December 30, 2022. The current PDO is to enhance flood protection and strengthen the capacity of the responsible institutions for integrated water resources management and monitoring in the Salado River Basin (SRB). The Project consists of three components:

3. **Component 1:** Integrated Water Resources Management (*US\$27.8 million, of which US\$22.2 million IBRD financing*) aims to strengthen institutional capacity for water resources management through the implementation of non-structural measures of the Integrated Salado River Basin Management Plan (*Plan Maestro Integral de la Cuenca del Rio Salado, PMI*). This component finances: (i) the preparation of a Water Resources Management Plan¹ and an Environmental and Wetlands Management Plan for the Salado Basin; (ii) technical assistance activities aiming at the strengthening of capacities of the Provincial Water Authority (*Autoridad de Agua, ADA*), river basin committees and the Department of Hydraulic Works (*Dirección Provincial de Hidráulica, DPH*); and (iii) the development of a hydrometeorological monitoring network for better water resources management and risk mitigation. This component suffered from initial delays in implementation due to delays in procurement processes, a complex macro-fiscal situation in the country and the impact of the global COVID-19 pandemic. To date, several of the activities under this component have been launched and the remaining consultancies are estimated to be launched by March 2021.

¹ This is not only an update of the PMI, designed in 1999, but the approach and focus of both plans are also different: while the PMI is a strategic instrument to set the long term interventions needed in the basin, the proposed Water Resources Management plan is conceived as a more operational tool to prioritize specific interventions to improve water management in the Salado river basin.



4. **Component 2: River Training Works and Upgrading Associated Infrastructure** (US\$337.7 million, of which US\$270.2 million IBRD financing) aims to provide incremental flood protection for higher return period flood events. This component finances river training works on the Salado River along 34 kilometers (km) of the middle course, modification of existing bridges to the new river cross-section to enhance their hydraulic capacity and increase their resilience to extreme floods. The implementation of the river training works contract accumulated a six-month delay due to insufficient equipment deployed by the contractor and low dredging yields during the first months of contract execution, among other causes. In addition, although works have not stopped during the COVID-19 pandemic, the pace of construction pace has slowed down due to social distancing measures. While two bridges will be dropped from the Project as they will be financed by the National Road Administration, the bidding processes of three of the five bridges to be financed under the project are scheduled to be launched in February 2021.

5. **Component 3: Project Implementation, Supervision and Communication** (US\$8.8 million, of which US\$6.9 million IBRD financing) seeks to support the Project Works Coordination and Execution Unit (*Unidad de Coordinación y Ejecución de Proyectos de Obra*, UCEPO) in project management and communication activities.

6. **Project Performance.** Overall project disbursements to date amount to US\$47.75 million, or around 16 percent. Overall Implementation Progress is rated at **Moderately Unsatisfactory**, as is Progress towards Achievement of the PDO. Upon completion of the action plan agreed in December 2020, and with the extension of the closing date proposed under this restructuring, both ratings are expected to be upgraded to Moderately Satisfactory. The Project has a **Moderately Satisfactory** track record on environmental safeguards implementation and is in compliance with the legal covenants. The change in scope of the consultancy for the Environmental and Wetlands Management Plan will not affect the safeguards compliance regarding the monitoring of the dredging works' direct impacts. Due to the strict lockdown measures in response to the COVID-19 pandemic, it is proposed to carry out this activity through primarily remote-type work. Social safeguards implementation is rated **Moderately Satisfactory** considering the progress with the implementation of the Voluntary Agreements Protocols, including the progress made in signing agreements with landowners to allow project works to take place on public land adjacent to their plots. The Bank will continue to monitor progress of finalizing the agreements with landowners that remain pending. There are no grievances related to the plots. No audits are currently overdue.

RATIONALE FOR RESTRUCTURING

7. **The Government of the PBA has formally requested a project restructuring to include a component to respond to the COVID-19 emergency.** Proposed activities include stimulating jobs in the construction sector and increase the supply of housing for vulnerable populations, thereby taking advantage of the existing project savings derived from the award of the dredging contract. At the same time the request includes a downscaling of the scope of activities in Component 1 of the Project as a result of strategic revisions made by the new administration after the elections in the context of the economic crisis.

8. **Impact of COVID-19.** On March 11, 2020, the World Health Organization (WHO) declared the coronavirus outbreak a global pandemic due to its rapid spread of across the world. On March 12, 2020 the Government of Argentina (GoA) declared a State of Emergency, followed by the implementation of strict lockdown measures. As of February 1, 2021, the country has recorded 1.93 million infections and 47,974 deaths, of which 42 percent of cases and 51 percent of deaths are concentrated in the PBA. The COVID-19 outbreak hit Argentina at a time when the country's economy was already in recession and facing significant macroeconomic imbalances. In December 2019, the GoA declared a public emergency in eleven areas ranging from fiscal to sanitary, introduced within a



framework of a persistent decline in economic activity and rising poverty rates.² The PBA, which houses 37 percent of the country's population, also declared an economic emergency in December 2019, as poverty levels in the suburbs of Buenos Aires reached 40.5 percent and unemployment 10.8 percent.³ The COVID-19 crisis has aggravated the country's already vulnerable economic and social situation, as GDP contracted 11.8 percent in 2020.⁴ Furthermore, unemployment in Argentina has reached 11 percent, the highest since 2005.⁵

9. **COVID-19 is hitting the most vulnerable groups the hardest, threatening to push approximately 49 million people globally into extreme poverty in 2020.**⁶ The poor are at greater risk of being affected by the virus due to where they work, where they live, and their dependence on public transport services. In Greater Buenos Aires, although residents of informal settlements account for 18 percent of the population,⁷ they represent nearly 50 percent of the total confirmed cases of COVID-19 and the mortality rate in these areas is twice that of formal neighborhoods.⁸ The PBA has the largest housing deficit in the country, as it concentrates approximately half of the households nationwide, who are living in inadequate housing. The PBA is taking a comprehensive approach to addressing the short- and medium-term impacts of COVID-19, focusing on programs and investments that generate economic stimulus and short-term job creation. These include, among others, labor intensive public works programs focused on housing construction and improved infrastructure services in informal neighborhoods. Given the Bank's long engagement in the urban sector in Argentina, ongoing projects, and global housing sector expertise, the PBA has requested support from the Bank on the housing portion of its comprehensive response to the COVID-19 recovery.

II. DESCRIPTION OF PROPOSED CHANGES

10. **The Government of the PBA has requested a restructuring of the Project to change the PDO to account for (i) a reduced scope and costs for activities in Component 1 related to the non-structural measures for water resources management; (ii) the addition of a fourth component to support the development of social housing.** Adjustments would be made to the implementation arrangements, results framework, and disbursement estimates to reflect the changes to the activities supported by the loan. A 12-month extension in the Loan's closing date from December 30, 2022 to December 30, 2023 is also proposed to allow for completion of all proposed activities. The proposed component supporting social housing development (Component 4) would have retroactive effects as of November 1, 2020, after the amendment letter is signed, enabling the use of loan proceeds for expenses related to activities under that Component incurred after the date of retro-activity.

A. Changes to Component 1: Integrated Water Resources Management

11. **The restructuring plan presented by the Province for Component 1 implies a reduction in scope of three out of four key subcomponents, while maintaining their contribution towards the PDO.** Contrary to the original plan to utilize international market approaches, the PBA now prefers a national market approach due to the macroeconomic constraints leading to the decision to make payments in local currency. With the proposed extension of 12 months, all activities can be completed in the project timeframe.

² <http://observatorioconurbano.ungs.edu.ar/wp-content/uploads/299-Pobreza-por-regiones-II2016-II2019.pdf>

³ <http://observatorioconurbano.ungs.edu.ar/wp-content/uploads/329-Tasa-de-Desempleo-segun-variables-sociodemograficas-2003-2019IV.pdf>

⁴ <http://www.oecd.org/economy/argentina-economic-snapshot/>

⁵ <https://www.imf.org/en/Countries/ARG#countrydata>

⁶ <https://blogs.worldbank.org/voices/covid-19-will-hit-poor-hardest-heres-what-we-can-do-about-it>

⁷ <https://blogs.worldbank.org/latinamerica/transforming-heart-argentina-s-economic-and-social-prosperity-its-cities>

⁸ <https://revista.drclas.harvard.edu/book/pandemic-and-informal-settlements>



12. **The revised activities, therefore, aim at strengthening the capacity of the responsible institutions for integrated water resources monitoring and management in the Salado River Basin, but implementing them in a phased approach.** The main changes are the following:

- a) Instead of developing a full Water Resources Management Plan for the Salado Basin, the Project will support the development of the key analytical tools to prepare that plan, such as hydrological modeling, water balances and flood risk maps.
- b) Instead of working with the river basin committees to ensure they are reestablished and operational, the Project will propose a new organizational model with new governing regulations, structure and functions of these committees at the basin, for the Province to implement after the Project completion date.
- c) The scope of water quality monitoring and control has been adjusted to a phased implementation approach beginning with an environmental management plan around the wetlands in the Project area associated with the river works. The Province is going to implement the full strategy of water quality monitoring and control after the Project completion date.
- d) Finally, the implementation of the Hydrometeorological Services and Risk Management System SIMPARH has been divided into three phases: phase 1 encompasses the main Salado River Basin and consists itself of 6 stages; phases 2 and 3 include the installation of hydrometeorological stations in the rest of the PBA, which is outside the scope of the project. Only stage 1-3 of phase 1 will be financed by the project: stage 1 is expected to be launched in March 2021, stages 2-3 are planned to be launched together in July 2021.

13. **Reduced cost of Component 1:** As a consequence of this reduction in scope, but also the devaluation of the Argentine peso against the dollar and the fact that all the main activities will be developed and implemented by local consultants instead of international ones, the cost of Component 1 was reduced from US\$27.2 million to US\$12.7 million. The specific changes in scope of the different subcomponents of Component 1 are detailed in Annex 1.

B. Changes to Component 2: River Training Works and Upgrading Associated Infrastructure

14. **Sub-component 2.2.** “Upgrading Associated Infrastructure” will finance the modification of five bridges instead of seven, as the remaining 2 bridges would be financed by the National Road Administration outside the scope of the Project. The savings in the award of the river dredging contract compared with the original estimated price, the significant devaluation of the local currency, and the removal these two bridges, have brought down the cost of this component from US\$337 million to US\$164.9 million.

C. Description of New Component 4: Social Housing with Impact on Employment (US\$ 120 million)

15. **The new Component 4 would support the PBA’s immediate objective of economic recovery and job creation through the construction of social housing.** Further it would support initial steps towards strengthening the institutional capacity of the Housing Institute of the Province of Buenos Aires (*Instituto de la Vivienda de Buenos Aires*, IVBA) as the primary engine for the delivery of housing for low-income households in the Province. It would finance the construction of approximately 2,000 units of social housing across multiple municipalities, benefitting 9,000 people (of which 50 percent female), and support the strengthening of the IVBA in regard to program evaluation, improvement of housing designs, expansion of its portfolio of social housing, and refinement



of its financial model. Finally, it would finance the scaling-up of personnel to enable rapid implementation and compliance with Bank policies.

16. **Sub-components.** The new Component 4 is comprised of two subcomponents:

17. **Subcomponent 4.1. Development of Social Housing (US\$ 118 million).** The subcomponent would finance a series of social housing projects, that are expected to provide 2,000 new housing units benefiting 9,000 people. There are 12 pre-identified housing developments that may receive financing, ranging in size from 50 units to 700 units. There is variability in the typology of units, as the developments are designed based on the availability of urban land in each of the locations. This subcomponent would finance the following investments:

- a) The construction of housing and complementary infrastructure, including, inter alia, (i) the design, implementation and supervision of investments, including housing units, potable water, storm drainage and sewerage investments, gas distribution networks, and electricity connections; and (ii) the provision of infrastructure and equipment to connect houses to the existing main water, sewerage, and drainage, gas, and/or electricity networks, as the case may be; and
- b) The provision of infrastructure for public spaces and community infrastructure, including, inter alia, (i) street lighting; (ii) road and pedestrian paths; (iii) construction of public spaces and green areas; (iv) environmental and mitigation works to reduce environmental risks; and (v) community recreational and social service facilities.

18. **The eligibility criteria for subprojects are described in Table 1.** The baseline criteria are intended to ensure that all housing developments supported under the Project offer a high quality, well-located housing solution to the beneficiary families. The criteria requiring that all subprojects are located on vacant, publicly owned land will facilitate the rapid implementation of the Component. Additional criteria aiming to improve the architectural and urban design characteristics of the housing are included in the Operational Manual and will be an ongoing focus of technical support from the Bank. It is anticipated that the first subprojects will use the traditional, low-density designs common to IVBA housing projects, which are of a high standard compared to other developing countries, and that subsequent subprojects will integrate more innovative medium-density designs. Improvement to social housing designs supported under the Project may be adopted by the IVBA for use in future developments outside the scope of Bank financing.

19. **All housing subprojects would be completed by the proposed, revised Project closing date of December 30, 2023.** Of the 12 proposed by IVBA for evaluation by the Bank, documentation related to five have been shared with the Bank for an initial review of eligibility. It is anticipated that the bidding process for the first phase of subprojects would commence in March 2021 and works will start in June 2021 (see Annex 2 for additional details on subproject readiness and the technical review process).

20. **Subcomponent 4.2. Institutional Strengthening (US\$2 million).** This subcomponent seeks to strengthen the institutional capacity of the IVBA through, inter alia, (i) an evaluation of neighborhoods developed by IVBA and identification of opportunities for strengthening; (ii) identification of opportunities to expand the supply of social housing through the establishment of a land inventory system; (iii) strengthening of the Unified Beneficiary Registration System, which mandates a transparent and fair process for the selection of beneficiaries; and (iv) an evaluation of IVBA's financial model and identification of opportunities for strengthening. This subcomponent would also finance support for Project management activities carried out by IVBA, including, inter alia: (i) carrying out of monitoring and evaluation activities; (ii) the carrying out of activities to strengthen IVBA's technical staff



capacity; (iii) the financing of operating costs; and (iv) coordination with municipalities at specific stages of Project implementation.

Table 1: Baseline Eligibility Criteria for Housing Subprojects

Criteria	Definition
Vacant, publicly owned land	Land parcel is publicly owned and without any <i>formal or informal</i> residential or commercial occupant
Located in urban area	Land parcel is within a 45-minute trip in public transport to a local commercial center
Compliant with local regulations	Development complies with local regulations on land use, zoning, building codes, environmental licensing, and any other requirements for the issuance of building permits
Access to existing basic services	Land parcel has the feasibility to connect to water, sanitation, and electricity services from respective utilities
Located in environmentally hazard-free area or where risk can be mitigated at reasonable cost	Land parcel is located in an environmentally hazard-free area as identified by the competent national, provincial or local agency

21. **Medium-term Improvements to Efficiency and Quality.** As a complement to the activities under Component 4, which is primarily focused on public works to support job creation as a short-term response to COVID-19, the Bank would provide technical support aimed at sustainable improvements to efficiency of public investment in social housing and the quality of housing developments. The technical support provided by the Bank would focus on, among others, improving the subsidy and loan programs used by IVBA, identifying opportunities for private sector engagement in the low-income market segment, and improving the transparency and targeting of the beneficiary selection process. The specific activities and targeted outcomes of the technical assistance are currently being defined and would complement the efficiency enhancements already included in the proposed institutional strengthening subcomponent as well as ongoing technical support from the Bank related to site selection, housing design, and costs containment.

22. **Institutional Arrangements.** The institutional arrangements will continue to be largely the same as originally described for the Project, with the Ministry of Infrastructure and Public Services (Mol) as the Implementing Agency through the Project Implementation Unit (UCEPO). UCEPO is responsible for securing and coordinating safeguards implementation, monitoring and evaluation (M&E), and coordination with the World Bank. The Ministry of Treasury and Finance (MoTF) continues to be responsible for the financial management arrangements. For the new Component 4, the IVBA will be a sub-executor, working in collaboration with UCEPO. The IVBA will be responsible for all technical issues related to the housing developments, securing and coordinating safeguards implementation, procurement of works and consultancies, supervision, and M&E.

23. **Implementation Capacity of the IVBA.** The IVBA has a five-year plan to deliver 20,000 housing solutions; 10 percent of the goal will be achieved under the proposed financing. Although the IVBA has a long track-record in social housing development, the proposed component represents a significant increase in recent housing production speed and management of financial resources. Additionally, they have no previous experience working with World Bank financing. As such, additional capacity and training on World Bank processes will be required in the short-term to speed up the housing design and construction process to support the COVID-19 recovery. The current staff of 130 professionals is in the process of being augmented by approximately 40 specialized consultants with expertise in architectural design, engineering, energy efficiency, cost estimation, geographic information system, works supervision, procurement, land and title regularization, and environmental and social risk management. Although in-house design and works supervision is not considered a best practice, this approach



would be used under the Project due to the short-term, emergency response nature of the investments and the current quarantine restrictions in place in the Province. It is anticipated that the scaling-up of staff capacity would be completed by March 2021. A detailed implementation plan is being prepared to define specific milestones to ensure that all results targets are met by the proposed new closing date and are included in the Operational Manual. The Bank would provide additional support to the IVBA by supplementing technical capacity with international and national expertise, hands-on assistance with site selection and incorporation of best practices in the design of social housing, and close monitoring and problem-solving related to financing management, procurement, and safeguards as described below.

24. **Financial Management.** The PBA has well-established Budget, Accounting, and Treasury Offices. The Financial Management (FM) aspects of previous Bank-financed operations implemented by PBA have been consistently assessed as satisfactory and acceptable audits were received in a timely manner by the Bank. There would be no significant changes in the FM or disbursement arrangements as a result of the new component, with the MoTF Provincial Directorate of Multilateral and Bilateral Financing (*Dirección Provincial de Organismos Multilaterales y Financiamiento Bilateral*, DPOMyB) continuing to be responsible for the overall FM and disbursement arrangements, but now with the support of IVBA, in so far as it relates to advances made to IVBA.

25. **The IVBA as the sub-executing agency for the component, would receive advances from the MoTF, in order to make payments for eligible expenditures.** The FM arrangements operating at the IVBA were previously assessed in 2017 as part of the preparation of the Metropolitan Buenos Aires Urban Transformation Project (P159843), the performance of which continues to be satisfactory (the most recent supervision mission was conducted in December 2020), reflecting that IVBA is capable of managing advances from the MoTF, making payments for eligible expenditures and reporting on the use of funds. In addition, unmodified (i.e., the opinion expressed by the auditor when the auditor concludes, that the Financial Statements are prepared, in all material respects, in accordance with the applicable financial reporting framework) audit opinions were expressed by the auditors on the Project Financial Statements, the Statement of Expenditures Statement and the Designated Account Statement of the Metropolitan Buenos Aires Urban Transformation Project, and improvements in the internal control framework were recommended, which are being followed up.

26. **The same flow of funds and flow of information being used in the Metropolitan Buenos Aires Urban Transformation Project would also be used for the new component, which can be briefly summarized as follows:** (i) IVBA requests an advance of funds in Pesos, based on actual expenditures incurred and supported by specific invoices to be paid (in other words, a general advance is not made, but rather an advance for specific expenditures to be paid). This request for funding would be submitted first to UCEPO, who would then forward it to the MoTF for further processing; (ii) Transfer of funds from the MoTF to IVBA; (iii) Payment is made by the IVBA to the supplier/contractor; (iv) IVBA submits the proof of payment to the supplier to the MoTF (thereby documenting the use of the advance); and (v) MoTF documents the eligible expenditures to the World Bank. The advances to IVBA are monitored by the MoTF and normally clear (i.e. are documented) within a period of 2-4 weeks. The invoices requested to be paid by IVBA, are subject to its own internal control processes, reviews and approvals (for example signed/attested works certificate) before being submitted to the Ministry of Economy (MoE), where they are reviewed again.

27. **Payments for activities under the new component, representing works (subcomponent 4.1), consultants' services, good and non-consulting services, and operating costs (subcomponent 4.2) would also be subject to the existing arrangements covering budgeting, accounting, internal controls and audit, financial reporting and external audit.** No changes are required to the Category Schedule in the Legal Agreement. No



changes are required to the Fixed Ceiling of the Designated Account of US\$50 million, which is considered adequate to ensure the Project has the required cash resources to implement the new component. There is no overdue Project Financial Statement Audit and the Interim Unaudited Financial Reports (IFRs) are up to date as well. The Financial Statement Auditors expressed an unmodified opinion on the 2017-2019 Financial Statements. Adjustments would be made to the IFRs and the External Auditor's Terms of Reference (TOR) to include the new component going forward. The overall FM performance continues to be Satisfactory and FM Risk continues to be assessed as **Moderate**.

28. **Procurement.** A capacity assessment of IVBA was conducted in May 2020 and found that it has adequate procurement capacity to implement the new component, in terms of staffing and knowledge on works procedures, but with some weaknesses in World Bank procedures. To this end, the following actions are recommended to reduce risk and facilitate project implementation: (i) IVBA will include a procurement specialist experienced in World Bank procedures, who will specifically be assigned to this Project, (ii) standard procurement documents for national open competitive processes will be agreed between the Borrower and the Bank, and (iii) the functions and responsibilities of the IVBA are clearly established in the Operational Manual. Based on the assessment and the fact that the expected activities are not complex in terms of procurement, and do not imply major risks, it was determined that the procurement risk related to Component 4 is rated as **Moderate**.

29. **Project Procurement Strategy for Development (PPSD).** For the restructuring, the Borrower prepared a PPSD that analyzes and proposes a *fit for purpose* procurement strategy to address the new activities in the current implementation environment of the COVID-19 emergency and its economic and social consequences. The new activities include the construction of social houses across multiple municipalities within the PBA, under the particular social and economic challenges that the project restructuring addresses. In line with the PDO of this component, the procurement objectives for the implementation of the activities consider: (i) the promotion of local employment, (ii) the reactivation of the local construction market, and (iii) the implementation of the social housing construction works by the closing date. To fulfill these procurement objectives, and after assessing the local market and inherent risks associated with the implementation of these types of activities, the selected procurement arrangement for the housing construction is to bid each subproject independently as soon as the bidding documents are ready. The approach is based on the objective of implementing in a limited timeframe and considers the readiness of the different project designs and feasibility studies.

30. **In addition, considering the inherent risks of accessibility and implementation of these types of works, the proposed procurement methodology promotes local ownership and a focus on job creation within the municipalities where new housing communities will be built.** As such, specific bidding documents for each housing development will be prepared. The procurement strategy also proposes, in line with the objective of reactivating the local construction industry, and after an assessment of the local capacity, that the market approach will be national. It is important to note that while this approach will address the jobs creation and economic recovery objectives of the Province, there is a risk that it could reduce efficiency in the pricing of the contracts and their implementation. The procurement objective of promoting local employment will be addressed by including a provision to hire workers from the municipality, where the works are being executed. This measure will also reduce the use of public transport by construction laborers, thereby minimizing risks related to the transmission of COVID-19. Finally, regarding the design and supervision of the works, the IVBA has experience and technical capacity to carry out the tasks and will be strengthened with additional consultants financed by the Project.



31. **Social and Environmental risk remains substantial.** No change in safeguards approach or exceptions are necessary for the original project components. The Project was prepared under requirements of OP 4.01 and was categorized as Category A due to river works, disposal of dredged materials, and potential water flow changes among other impacts. OP 4.04 was also triggered given the sensitivity of the Salado Basin due to the presence of natural and critical habitat including wetlands and riparian buffers and OP 4.11 given potential for chance finds of physical cultural resources. A specific Environmental Impact Assessment was prepared for the dredging works and its associated Environmental Management Plan is being implemented currently.

32. **The works proposed under the new component consist of low-scale housing construction using traditional construction methods and installation of intra-parcel utility networks and secondary roads.** All new planned investments under the new component are considered low risk activities from an environmental perspective requiring attention to building standards, community health and safety, worker health and safety, and flood risks among other urban infrastructure risk and impact considerations. Social risk associated to the new component is considered moderate given the need to consider social dimensions of housing programs, including citizen security, accessibility, equitable access to housing among other issues. To comply with World Bank safeguards policies, relevant provisions of OP/BP 4.01 will be considered, and project investments will undergo environmental assessment commensurate with the scale and nature of the restructuring component investments. The Project prepared and consulted an Environmental and Social Management Framework (ESMF) to manage potential risks associated with these kinds of works. Due to COVID-19 related restrictions, consultations were held virtually. Following disclosure of the draft documents on September 19, 2020, stakeholders were invited to share comments by e-mail and a virtual consultation meeting was also held on October 7, 2020. The revised ESMF, dated October 23, 2020, was disclosed on the Borrower's website on October 23, 2020, and on the Bank's website on January 19, 2021. In addition, specific Environmental Management Plans will be prepared for each of the investments as the designs are finalized and to inform their preparation.

33. **The new component triggers OP 4.12 (Involuntary Resettlement).** Although the proposed housing developments are expected to be built on vacant, publicly owned land, it is possible that some of the housing developments that could be financed under the Project require small scale taking of land resulting in relocation or loss of shelter for some Project beneficiaries. The Project prepared a Resettlement Policy Framework (RPF) to manage any resettlement processes that may be associated to the housing developments under evaluation and address any other unexpected potential impact associated to OP 4.12. The RPF dated October 23, 2020, was disclosed on the Borrower's website on October 23, 2020, and on the Bank's website on January 19, 2021.

34. **Beneficiaries.** Component 4 would finance the development of 2,000 housing units, improving the living conditions for approximately 9,000 residents of the Province of Buenos Aires. The IVBA works with the municipalities for the selection of beneficiaries following Decree No. 134/17: *Selection procedure for beneficiaries through the Single and Permanent Register for Housing Demand*, which has the objective of unifying and making the process for the selection of beneficiaries more transparent. The Decree applies to all projects financed by the government. Among other basic requirements, beneficiaries must not be owners of other real estate or previously received housing assistance from the government. Municipalities may require applicants to prove their residency in the district or other conditions that they deem appropriate for the specific project or the housing needs of the municipality. The municipality provides a list of pre-selected beneficiaries to the IVBA, at which point additional selection criteria may be applied. In response to the COVID-19 pandemic, priority will be given to pre-selected beneficiaries whose income is in the bottom 40 percent of the income distribution, and those who have heightened vulnerability to the virus due to overcrowding and/or restricted access to basic sanitation services in



their current residence. See Annex 2 for detailed description of the beneficiary selection process and housing finance terms.

35. **Climate co-benefits.** The original project design estimated 98 percent climate co-benefits, based on the generation of hydrological knowledge to incorporate climate variability into the models used, and by the capacity built to use that information for decision-making in a context of increasing hydrometeorological risk. The climate co-benefits have not been recalculated at this stage. It is anticipated that a portion of the new housing designs prepared under Component 4 will include climate smart features such as bioclimatic architecture, high performing building envelopes, and high performance and controlled ventilation. Where possible, renewable energy technologies, such as solar electric, or photovoltaic (PV) systems will be integrated. In addition, an eligibility criterion related to the natural hazard risk of the site has been included.

D. Economic Analysis

36. **Investment in affordable housing offers a dual development impact for countries and their residents.** Not only can it improve the conditions of low-income households and their opportunity for better livelihoods, but it can also reactivate the economy and generate jobs. In Argentina, the provision of low-income housing has been a central government policy, both at the national and provincial levels, as significant funds have been mobilized and allocated to housing investment. From 2007 to 2018 the average spending was 1.6 percent of the national budget, one of the highest in the Latin America and the Caribbean region.⁹ The high economic multiplier effect, job creation potential, and capacity to employ high numbers of unskilled labor makes housing construction an important economic recovery measure for Argentina.

37. **The social and health benefits of homeownership and access to formal housing are well documented.** Social housing programs similar to that proposed for financing under the Project can: (i) improve overall living conditions; (ii) improve access to basic services and health outcomes; (iii) lead to wealth creation through home ownership and incentives for investments in home improvements; and (iv) stimulate feelings of self-worth and self-confidence among beneficiaries. Given that it is not possible to accurately estimate these welfare gains with available information, the economic analysis focuses on the economic impacts of the investment in housing construction and the cost-effectiveness of using public resources for housing construction vis-a-vis other construction sectors for the purpose of job creation.

38. **In terms of economic impact, housing construction has high economic and employment multipliers.** It is estimated that each peso invested in housing generates AR\$2.37 in total economic effects.¹⁰ Although the IVBA's subsidy model is not a particularly efficient model for delivering publicly assisted housing solutions when compared with best practice examples due, among other reasons, to the absence of private financial leverage, social housing construction remains an efficient use of public funds for the purpose of job creation. Recent analysis shows that the construction of social housing generates a higher amount of direct employment compared to other construction sectors.¹¹ This finding is consistent with a 2006 World Bank study which found that housing investment has the potential to create jobs at twice the rate of average infrastructure spending, and that the multiplier effect of the construction sector in terms of job creation is among the highest in the economy.

⁹ Presidencia de la Nación (2018). El Gasto Público Social y el Presupuesto 2018.

¹⁰ Cámara Argentina de la Construcción (2015). "Inversión Necesaria y su Impacto en la Economía Argentina ¿Cuánto Necesitamos Para Crecer?"

¹¹ World Bank (2020, forthcoming). Jobs and Distributive Effects of Investment in Infrastructure in Argentina (P169427).



39. **Rationale for government intervention.** The primary justification for using public resources to provide housing assistance is that private markets fail to provide adequate housing for people in the lower income segments, and therefore direct public support is needed to fill the gap. Without direct support and given the lack of adequate and affordable housing in the PBA, many households would be unable to afford acceptable housing solutions. In addition, improving housing provides additional social and economic benefits such as improved health, well-being, and education, some of which imply welfare savings for the government. (See Annex 2 for additional details related to the economic analysis of Component 4.)

E. Project Costs

40. The adjusted project costs by component are presented in Table 2 below.

Table 2: Revised Project Costs (US\$ million)

Revised Components	IBRD Loan	Total Cost
1. Integrated Water Resources Management	12.70	12.70
1.1. Development of Water Resources Management planning tools for the SRB	1.00	1.00
1.2. Strengthening Environmental Management in the SRB	1.10	1.10
1.3 Improving Water Governance	1.00	1.00
1.4 Hydrometeorological System for Risk Management	9.60	9.60
2. River Training Works and Upgrading Associated Infrastructure	164.90	164.90
3. Project Implementation, Supervision and Communication	1.65	1.65
4. Social Housing with Impact on Employment	120.00	120.00
4.1 Housing Construction	118.00	118.00
4.2 Institutional Strengthening	2.00	2.00
Front-end-Fee	0.75	0.75
TOTAL	300.00	300.00

F. Project Development Objective, Results Framework, and Theory of Change

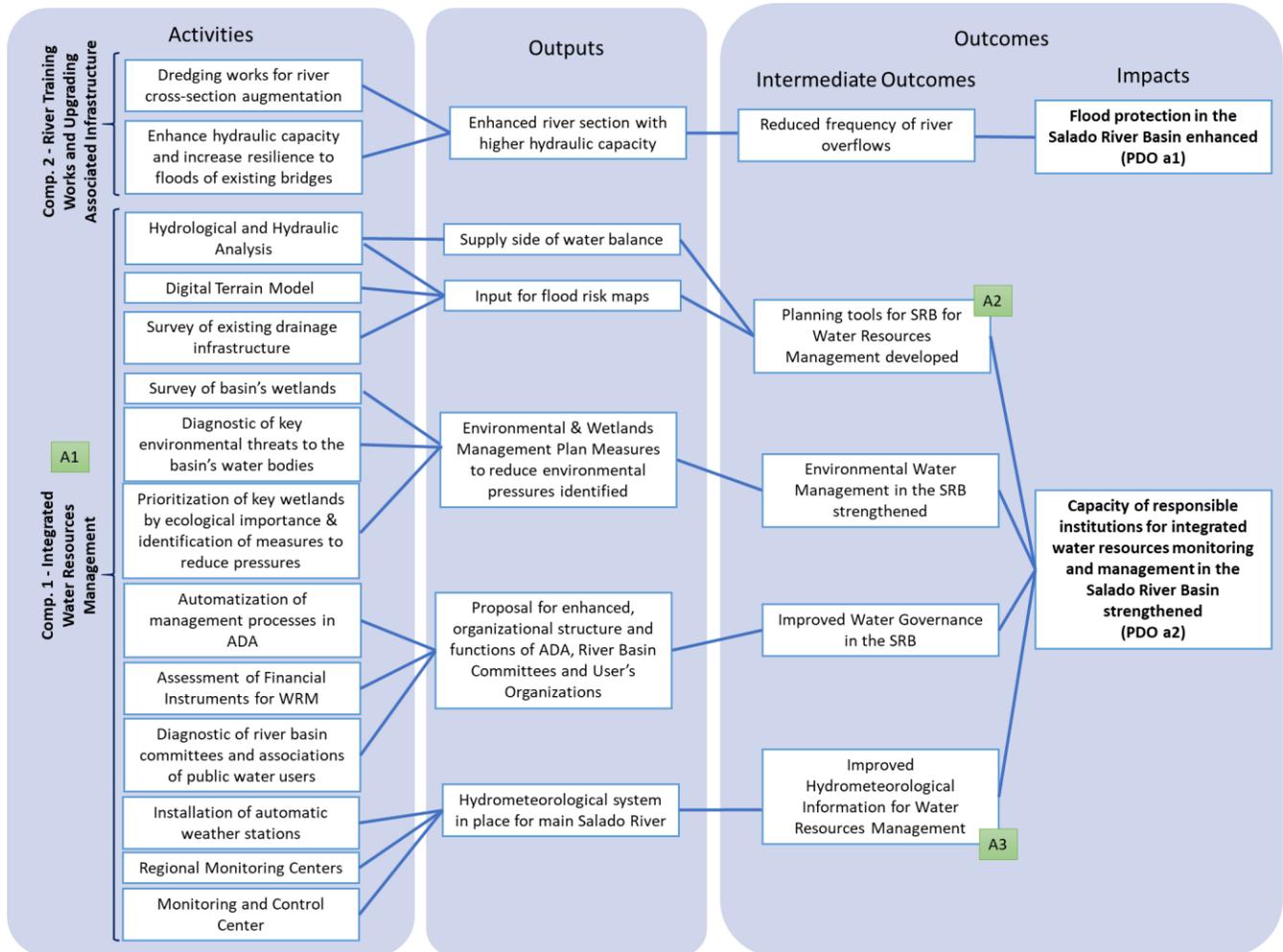
41. The revised two-part Project Development Objective is to: (a) enhance flood protection and strengthen the capacity of the institutions responsible for integrated water resources monitoring and management in the Salado River Basin; and (b) support improved living conditions for Selected Beneficiaries in the Province of Buenos Aires as part of the COVID-19 pandemic recovery.

42. The results framework has been modified to reflect the reduced scope of Component 1 and the addition of Component 4. Under Component 1, four indicators were removed, six indicators were added, and two indicators changed their targets. Under Component 4, three new indicators were added. The proposed changes are detailed in the Results Framework.

43. Although an explicit theory of change was not prepared for the Project at appraisal stage, a theory of change was prepared for this restructuring and is presented below for the first part of the PDO in Figure 1 and for the second part of the PDO in Figure 2.



Figure 1: Theory of Change for Part (a) of the Project Development Objective

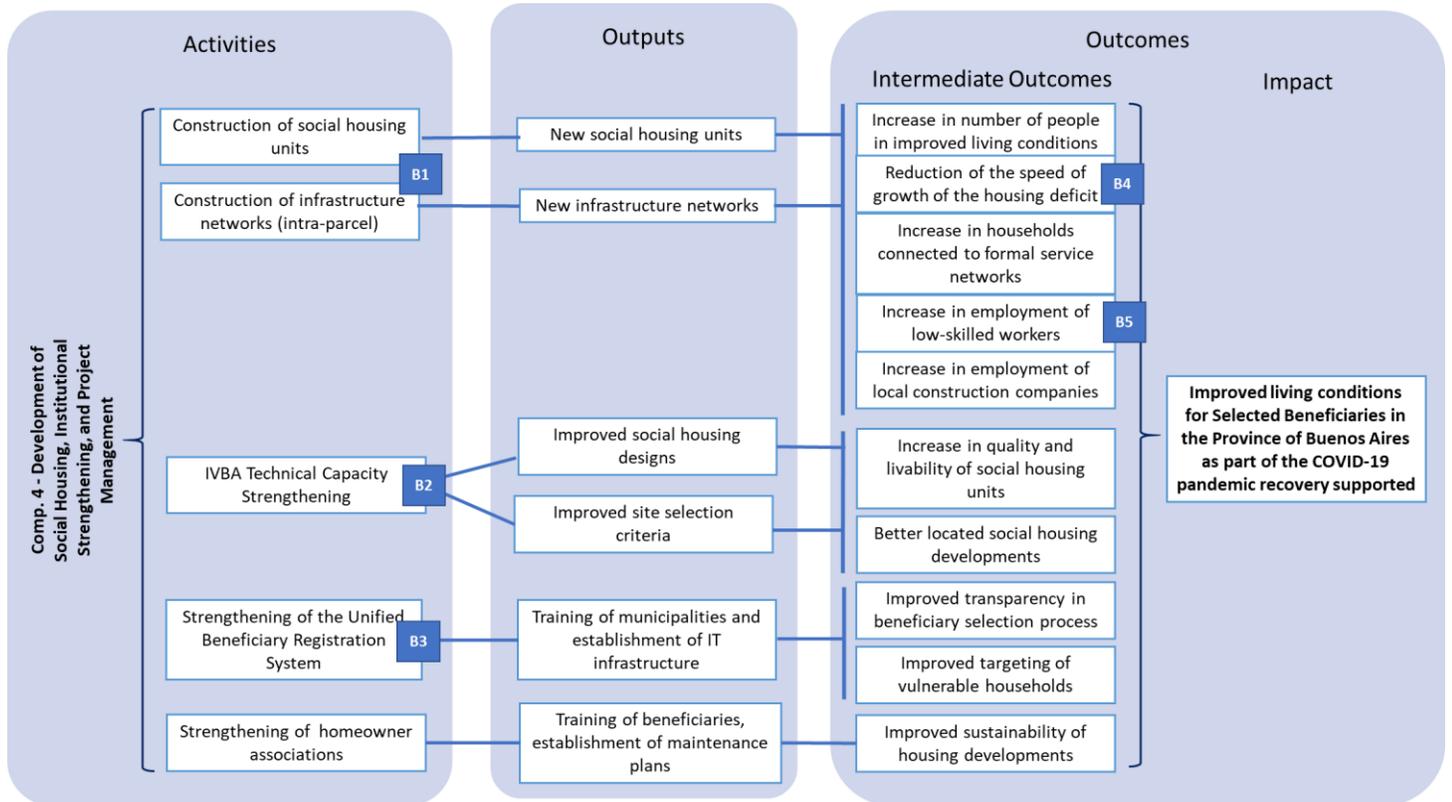


Main Assumptions for the Theory of Change Part (a):

- A1: There is sufficient capacity to develop and implement the main activities under Component 1 by local consultants through National Competitive Bidding (NCB) processes.
- A2: The PIU has the capacity and resources to utilize the project outputs to fully develop the Water Resources Management Plan for the Salado River Basin.
- A6: The PBA has the capacity to analyze and translate hydrometeorological data into concrete decision-making options for enhancing water resources management.



Figure 2: Theory of Change for Part (b) of the Project Development Objective



Main Assumptions for the Theory of Change Part (b):

- B1: Issuance of required permits and licenses by municipal and provincial agencies does not delay construction starts; timing of housing construction and associated infrastructure connections is aligned.
- B2: IVBA is able to onboard new technical staff quickly in order to scale up design and project management capacity; IVBA is able to identify well-located public land in collaboration with municipal governments.
- B3: Participating municipalities establish necessary IT infrastructure and designate officials for training.
- B4: Household formation and immigration to the Province remains constant.
- B5: Use of low-technology construction techniques that typically employ low-skilled labor.

G. Alignment with the World Bank’s Twin Goals and COVID-19 Response Strategy

44. **The proposed new component to support social housing development is aligned with World Bank Group (WBG) strategic priorities, particularly the World Bank Group’s mission to end extreme poverty and boost shared prosperity.** With a focus on delivering housing solutions to the bottom 40 percent of the income distribution, the component is consistent with Sustainable Development Goal (SDG) No. 11 - “Make cities inclusive, safe, resilient and sustainable” and target 11.1 - “By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.” The proposed new component is also fully aligned with the World Bank Group’s Argentina Country Partnership Framework (CPF) FY19-22 (Report number 131971) discussed by the Executive Director on April 25, 2019. The activities would contribute to the CPF’s Focus Area 2 - Addressing Key Institutional Constraints for Better Governance and Service Delivery. It would specifically contribute to Objective 5 - Improving service delivery through enhanced inter-jurisdictional coordination, by strengthening institutional capacity in the PBA to improve living conditions and increase the efficiency of resources transferred from the national government to the Province.



45. **The proposed component is also aligned with Pillars 2 and 4 of the World Bank Group COVID-19 Crisis Response Approach Paper – WBG social response for protecting poor and vulnerable people from the impact of the economic and social crisis triggered by the pandemic (Pillar 2).** It focuses on cross-sectoral WBG support for strengthening policies, institutions and investments to achieve a resilient, inclusive and sustainable recovery by Rebuilding Better (Pillar 4). In support of Pillar 2, the component would finance the construction of social housing for poor and vulnerable households, specifically the bottom 40 percent of the income distribution. The proposed restructured Project is expected to improve the livelihoods and assets of these households, as it would finance their proper access to housing infrastructure and services. Furthermore, through the construction of social housing, the component is expected to have an impact on job creation and income generation for the poor, as the housing subprojects will be built by small- and medium-size enterprises employing mostly un-skilled or low-skilled labor. In support of Pillar 4, the new component aims to: (i) take initial steps towards strengthening the capacity and efficiency of the IVBA, as the main entity in charge of developing and implementing the housing policy of the PBA; and (ii) increase affordable housing supply as a means of addressing the growing housing deficit in the Province. These activities will support the PBA and Argentina’s path towards achieving a more resilient, inclusive, and sustainable recovery from the COVID-19 pandemic, as they focus on strengthening institutions and long-term development priorities.

H. Key Risks

46. **The overall Project risk is considered Substantial.** While the overall risk remains unchanged as Substantial, several of the individual key risks and associated mitigation measures have changed as described below. In addition, an explanation of risks related to the new Component 4 is provided:

47. **Macroeconomic risk remains High,** as Argentina’s economic outlook remains uncertain. While the Argentinean government just finalized an agreement with bondholders to restructure its outstanding external bonds (reaching more than 90 percent acceptance rate) and filed a formal request for a new IMF-support program, the GDP is projected to contract by around 12 percent in CY20. Potential budgetary constraints and exchange rate volatility could impact implementation of planned works. To mitigate these risks, the Government issued regulations to avoid international bidding processes and instead focus on hiring local contractors and consultancies. However, there could be potential risks related to the partial payments in US-Dollars of the current existing drainage contract. The Bank team is working closely with the UCEPO on the Project’s budget planning processes to monitoring the situation to avoid potential delays.

48. **Sector Strategies and Policies risk is raised to Substantial** due to risk associated with Component 4. The framework for housing policy and programs at the national level, in which the IVBA operates, supports the direct supply of social housing by the public sector. The system is considered inefficient as it uses scarce public resources in a sector that has high potential to leverage private capital, which in turn would generate more jobs and finance more units. However, in the wake of the economic crisis, the current national-level administration, which took office at the end of 2019, is reinforcing the emphasis on the highly subsidized supply-side programs that were the *modus operandi* prior to 2016. This framework limits the extent to which the IVBA can modify its current programs and operating model, especially in the short-term. As part of the institutional strengthening activities under Component 4 and technical assistance provided by the Bank, areas for improved efficiency that are within the remit of the PBA, including targeting of beneficiaries, development of housing sector information metrics, and program design will be identified.



49. **Technical Design risk is downgraded from Substantial to Moderate.** Technical Design risk for Component 4 is Moderate. Although 15 potential subproject sites have been proposed by the IVBA, the formal selection and evaluation of these investment areas will take place during project implementation through the application of the eligibility criteria defined in detail in the Operations Manual and summarized in Table 1, as well as the technical review and no objection process outlined in Annex 2. As such, there is a risk that candidate sites are determined to be ineligible, in part due to unforeseen social or environmental impacts. Further, there have been a series of land occupations in PBA in recent months, posing a social impact risk which would be mitigated through a robust application of the ESMF.

50. **Institutional Capacity for Implementation and Sustainability risk is rated Substantial.** Implementation of Component 4, in addition to other pipeline housing projects, represents a significant increase in housing production and resources and will require additional capacity within IVBA related to design, procurement, and works supervision. There is a substantial risk that IVBA does not have the requisite capacity to implement the planned works in compliance with Bank technical and safeguards requirements by the loan's closing date. To mitigate this risk, contracting of 40 specialists is in process (augmenting the current number of staff by 30 percent). However, given the short implementation timeframe, there is a risk that the increase in staffing will not happen quickly enough to meet anticipated milestones and/or that the onboarding and integration of new specialists will take longer than planned. As such, the IVBA has already started to identify and hire professionals.

51. **Social and Environmental Risk remains Substantial.** The main social and environmental risks are associated with environmental aspects of the original project, mainly related to river works, disposal of dredged materials, and potential water flow changes of the river, among other impacts. There is also sensitivity of the Salado Basin due to the presence of natural and critical habitat including wetlands and riparian buffers and a potential for chance finds of physical cultural resources. A specific Economic Impact Assessment (EIA) was prepared for the dredging works and its associated Environmental Management Plan (EMP) is under implementation. The works proposed under Component 4 are considered low risk activities from an environmental perspective requiring attention to building standards, sand flood risks among other urban infrastructure risk and impact considerations. Social risks associated with the new component are considered Moderate given the need for social dimensions of housing programs, including, inter alia, citizen security, community and worker health and safety, accessibility or equitable access to housing. Although the proposed housing developments are expected to be built on vacant, publicly owned land, it is possible that some of these developments could require small scale taking of land resulting in relocation or loss of shelter for some Project beneficiaries. These risks will be mitigated through a robust application of the ESMF and the RPF.

52. **Other risks, related to the emergency situation posed by the COVID-19 pandemic, remain Substantial.** With many provincial and municipal staff working from home, delays in the design, authorization, and contracting processes may occur. In addition, virus containment measures, including restrictions on the movement of people and materials as well as job site social distancing protocol, could delay the implementation of planned works. It is also possible that the need for construction companies to provide private transportation for workers and additional safety measures¹² could result in higher costs.

¹² As per Provincial Resolution 165/2020 issued by the Ministry of Labor and endorsed by the Argentinian Construction Association (CAMARCO), which specifies the agreed protocols that must be followed by the construction industry.



Annex 1. Changes in Component 1 and Corresponding Project Indicators

Original Scope (PAD)	Revised Scope at Restructuring
<p data-bbox="212 390 764 447">Subcomponent 1.1 <i>Water Resources Management Plan for the SRB</i></p> <p data-bbox="212 453 808 575"><i>Operationalize the PMI through the preparation of a complementary, participatory, updated, short-term WRM Plan*. The development of this planning tool will tackle the lack of information in the basin.</i></p> <p data-bbox="212 747 331 772"><u>Indicators:</u></p> <ul data-bbox="261 779 800 932" style="list-style-type: none"> - Water Resources Management Plan for the Salado River Basin developed and under implementation, (intermediate) - Flood and Drought risk maps, analysis of land use change impacts (intermediate) 	<p data-bbox="833 390 1450 447">Subcomponent 1.1 <i>Development of WRM planning tools for the SRB</i></p> <p data-bbox="833 453 1450 705"><i>Operationalize the PMI through the design and implementation of WRM planning tools, such as hydrological and hydraulic modeling, for the development of the water balance and flood risk maps in the main SRB¹³. The development of these planning tools will tackle the lack of information in the basin. This subcomponent will also provide technical assistance to the DPH to elaborate the full WRM plan in the future.</i></p> <p data-bbox="833 747 951 772"><u>Indicators:</u></p> <ul data-bbox="881 779 1450 932" style="list-style-type: none"> - Water supply balance for the main Salado River Basin (intermediate) - Digital Terrain Model for the main Salado River Basin developed using LIDAR technology (intermediate) <p data-bbox="833 974 1450 1157"><u>Scope reduction:</u> elimination of the WRM plan preparation with all its characteristics as initially planned at appraisal*. Also, water quality control measures are not included. Floods and drought risk maps were also eliminated. The client has committed to implement these activities in a second stage.</p>
<p data-bbox="212 1167 1235 1192">Subcomponent 1.2 <i>Strengthening Environmental Management in the SRB (no change in name)</i></p> <p data-bbox="212 1199 800 1451"><i>Strengthen environmental management in the SRB, by supporting the three principal provincial authorities¹⁴ with environmental management responsibilities. Activities include water quality control related to the basin’s wetlands and environmental services for water resources management; and the development of an Environmental and Wetlands Management Plan for the SRB</i></p> <p data-bbox="212 1493 331 1518"><u>Indicators:</u></p> <ul data-bbox="261 1524 776 1743" style="list-style-type: none"> - Environmental and Wetlands Management Plan developed and under implementation (intermediate) - Wetlands identified in the river basin and objectives and measures for protection defined and agreed by DPH, ADA and the Provincial Agency for Sustainable 	<p data-bbox="833 1199 1450 1356"><i>Strengthen environmental management in the SRB, by supporting the three principal provincial authorities¹⁵ with environmental management responsibilities. Activities include the development of an Environmental and Wetlands Management Plan for the SRB.</i></p> <p data-bbox="833 1493 951 1518"><u>Indicators:</u></p> <ul data-bbox="881 1524 1450 1713" style="list-style-type: none"> - Environmental and Wetlands Management Plan or the Salado River Basin developed (PDO) - Wetlands identified in the river basin and objectives and measures for protection defined and agreed by DPH, ADA and OPDS (intermediate)

¹³ The development of these planning tools covers 37,233 km² which is defined as the *main Salado River Basin*.

¹⁴ ADA; DPH; and OPDS.



<p>Development (<i>Organismo Provincial para el Desarrollo Sostenible, OPDS</i>) (intermediate)</p>	<p><u>Scope reduction:</u> the water quality control campaign related to the basin’s wetlands will be simplified to essential parameters only, and the plan will not fully develop an environmental services approach, but just identify opportunities on this regard.</p>
<p>Subcomponent 1.3 <i>Improving Water Governance (no change in name)</i></p>	
<p><i>Strengthen ADA and river basin committees on one side, and DPH on the other. Activities aim at building institutions that are capable of providing responses to basin challenges, including a review of cost recovery mechanisms for ADA and corresponding promotion of such mechanisms among users; improving regulations governing water basin committees and drainage associations in order to empower them; decentralization of ADA offices; and strengthening management and technical capacities of DPH</i></p> <p><u>Indicators:</u></p> <ul style="list-style-type: none"> - 9 Participative River Basin Committees re-established and operational (PDO) - 2 ADA’s decentralized offices fully functioning (intermediate) 	<p><i>Strengthen ADA and river basin committees. Activities aim at building institutions that are capable of providing responses to basin challenges, including a review of cost recovery mechanisms for ADA and corresponding promotion of such mechanisms among users; improving regulations governing water basin committees and drainage associations in order to empower them.</i></p> <p><u>Indicators:</u></p> <ul style="list-style-type: none"> - Automatization of electronic administration processes¹⁶ for WRM (intermediate) - Proposal for restructuring the river basin committees¹⁷ (intermediate) <p><u>Scope reduction:</u> the decentralization of ADA’s offices (with office refurbishment activities) was eliminated. The technical assistance to DPH was eliminated from this component but included in subcomponent 1.1 instead. The original PDO indicator of “9 Participative River Basin Committees re-established and operational” implied sufficient project implementation time to accompany the river basin committees in the adoption of the new regulations and functions proposed by the project. Yet, the reduced project implementation time until project closure caused the need to scale down the indicator to the proposal of a plan with the new governing regulations, structure and functions of these committees. With the remaining project activities it is expected that ADA will then have tools and capacity to support the operation of these committees afterwards.</p>
<p>Subcomponent 1.4 <i>Hydrometeorological Services and Risk Management</i></p>	
<p><i>Generate specific knowledge to understand and manage the risk of floods and droughts. Activities include the development of a hydrometeorological monitoring network for the basin that builds on existing national and regional ones; and the strengthening of institutional capacity to manage it, as</i></p>	<p><i>Generate specific hydrometeorological knowledge to understand and manage the risk of floods and droughts. Activities include the development of a hydrometeorological monitoring network that builds on existing national and regional ones for the basin and the strengthening of institutional capacity to manage it.</i></p>

¹⁶ Development of web applications for registration of users and works, river basin committee management, establishment and management of consortia.

¹⁷ Including proposals for changes in norms and functions of such committees.



well as the development of decision-making tools for risk management, including operational manuals, risk prevention and contingency plans.

Indicators:

- Hydromet Information System is used for integrated water resource monitoring (PDO)
- Number of hydromet stations installed and operational (140) (intermediate)
- Operational manuals for Drought and Flood Emergency Management completed

Indicators:

- Hydromet Information System is used for integrated water resource monitoring (PDO)
- Number of hydromet stations installed and operational (162) (intermediate)
- 17 Regional monitoring centers operational (intermediate)

Scope reduction: No significant changes to the scope.

The original subcomponent has been divided into three phases. The first three stages from the first phase encompass installment and operationalization of 162 hydromet stations along the SRB, 17 Regional hydromet monitoring centers have been added.

*The WRM Plan included the design and implementation of planning tools such as hydrological and hydraulic modeling, water balances, flood risk maps, surveys on existing infrastructure and water quality monitoring campaigns; a diagnostic of key WRM challenges in the basin, the identification of measures to address them prioritized by order of importance and cost, and a roadmap for implementation.



Annex 2: Detailed Description of Component 4 (US\$ 120 million)

COVID-19 and Housing in the Province of Buenos Aires

- COVID-19 is hitting the most vulnerable groups the hardest, threatening to push approximately 49 million people globally into extreme poverty in 2020.**¹⁸ The poor are at greater risk of being affected by the virus due to where they work, where they live, and their dependence on public transport services. In many developing countries, COVID-19 has turned the spotlight on slums as they have become hotspots for the transmission of the virus. Argentina, with approximately 4.2 million people living in more than 4,400 informal settlements or “*villas*,” is no exception. In these areas, people live in overcrowded conditions, which makes practicing social distancing a challenge. Furthermore, these neighborhoods often lack access to basic services, including water and sanitation, which are essential for stopping the spread of the virus. According to the National Registry of Informal Settlements (*Registro Nacional de Barrios Populares*, RENABAP), 89 percent of informal neighborhoods do not have formal access to running water; 98 percent do not have formal access to the sewer network; and 64 percent do not have formal access to the electrical network. Therefore, although residents of informal settlements in the Greater Buenos Aires account for 18 percent of the population,¹⁹ they represent nearly 50 percent of the total confirmed cases of COVID-19 and the mortality rate in these areas is twice that of formal neighborhoods.²⁰
- Significant demand for housing in the Province of Buenos Aires.** The PBA has the largest housing deficit in the country, as it concentrates approximately half of the households nationwide, who are living in inadequate housing. Based on estimates from the 2010 Census, almost 3 million households live in precarious conditions in Argentina’s urban areas, corresponding to 23 percent of all the country’s households. In 2020, the Government estimated a housing deficit of 3.8 million units. In the PBA, 1.5 million households face some type of housing deficit. The quantitative deficit, which includes unrecoverable dwellings and households that are cohabitating, account for 33 percent of the total deficit. The qualitative deficit, which includes housing units that do not meet adequate housing conditions, represents the remaining 67 percent. These are mostly units without access to basic services, including water. Based on estimations done by the IVBA, the number of households in PBA with some type of housing deficit reached 1.7 million in 2020, of which about 900,000 are in a critical situation.
- Comprehensive response from the PBA and support from development partners.** The PBA is taking a comprehensive approach to addressing the short- and medium-term impacts of COVID-19, focusing on programs and investments that generate economic stimulus and short-term job creation. These include, among others, labor intensive public works programs focused on housing construction and improved infrastructure services in informal neighborhoods, strengthening of the health system, scaling up of food supply and production programs, deferment of property and automotive taxes as well as limitations on garnishments of debtors, a freeze on the cutoff of utility services due to non-payment, flexible emergency loans to business and individuals through the *Banco Provincia*, and provision of a subsidy of 50 percent of wages for maintaining employees. Development partners are supporting the PBA to finance and implement this array of response measures. For example, the Inter-American Development Bank (IDB) disbursed US\$58 million for emergency health system support in April 2020 and is providing support for infrastructure in select slum areas through an existing operation.²¹ The World Bank, through the Metropolitan Buenos Aires Transformation Project, is adapting planned investments in

¹⁸ <https://blogs.worldbank.org/voices/covid-19-will-hit-poor-hardest-heres-what-we-can-do-about-it>

¹⁹ <https://blogs.worldbank.org/latinamerica/transforming-heart-argentina-s-economic-and-social-prosperity-its-cities>

²⁰ <https://revista.drclas.harvard.edu/book/pandemic-and-informal-settlements>

²¹ Urban and Social Integration Program (IDB, US\$100 million); Program for Strengthening and Integrating the Province of Buenos Aires's Health Networks (US\$150 million).



infrastructure in informal neighborhoods in PBA to the crisis by focusing on critical sanitation works, expanding the geographic scope to additional vulnerable neighborhoods, and prioritizing labor-intensive works that will promote job creation.²² The request from the PBA to utilize loan resources for social housing construction as part of the Project restructuring aligns within its objectives of investing in labor-intensive construction that can generate economic stimulus and short-term job creation, while simultaneously keeping the Province from increasing its housing deficit in a time of fiscal constraints. Furthermore, the new component aims to initiate a critical sector reform program to ensure that government support to the housing sector is better targeted and puts provincial sector institutions on a more sustainable and efficient path.

4. **Rationale for Bank involvement in housing and urban development.** The World Bank has a long and in-depth engagement with Argentina in the housing and urban development sectors, including on-going operations with the PBA. Specifically, the World Bank is working with the GoA on the housing sector through two interventions: (i) the National Habitat and Housing Project (P159929), which focuses on improving living conditions in informal settlements across the country and supports a national housing subsidy program; and (ii) the Metropolitan Buenos Aires Urban Transformation Project (P159843), which focuses on interventions to improve access to basic services for populations living in disadvantaged neighborhoods within the Metropolitan Area of Buenos Aires. The latter project includes two loans to the PBA supporting upgrading works in multiple informal settlements and includes the IVBA as a sub-executor for the construction of resettlement housing. Also, under the same project, the Bank is supporting the City of Buenos Aires with the construction of 1,200 resettlement houses in Barrio 31; they are the first resettlement housing financed by the Bank to receive EDGE certification for energy efficiency measures.²³ The Bank's urban program in Argentina has been informed by a major analytical piece on urban development delivered in 2016, titled *Leveraging the Potential of Argentine Cities*. The study provided a strong analytical foundation for the Bank's urban dialogue with the government and was instrumental in defining the strategic focus of the urban operations. Finally, the proposed US\$300 million Buenos Aires Water Supply and Sanitation with a Focus on Vulnerable Areas Program to be considered for approval by the Board on February 25, would finance access to water and sanitation services in Greater Buenos Aires and directly complement this project.

5. Given the Bank's long engagement in the urban sector in Argentina, ongoing projects, and global housing sector expertise, the PBA has requested support from the Bank on the housing portion of the comprehensive response to the COVID-19 recovery described above. The Bank is uniquely positioned to provide financial and technical assistance to the PBA to implement their two-pronged approach to the housing sector, which aims to utilize the instruments at their disposal (e.g., the existing IVBA housing delivery system) to jumpstart the construction sector at a time when there is a significant housing deficit and when countercyclical investments in the sector will have the most impact on the broader economy, while also initiating a gradual process for reforming sectoral institutions to align them with modern practice in the provision of low income housing. This will mean, among other things, a medium-term agenda to seek efficiencies in housing delivery such as construction cost optimization, engagement of the private sector, and efforts to improve the financial sustainability of IVBA. Working across Global Practices, the Bank will bring expertise and international experience related to housing and infrastructure design, housing finance, and policy reform. Finally, with ongoing engagements on the housing sector at all levels of government, the Bank can support intra-jurisdictional dialogue on policy and program reforms.

²² Metropolitan Buenos Aires Urban Transformation Project (P159843, US\$30 million) and Additional Financing (P166935, US\$100 million).

²³ EDGE is a green building certification system created by the IFC that is focused on making buildings more resource efficient. The resettlement housing in Barrio 31 have been certified at the design stage.



Sectoral and Institutional Context

6. **Argentina's housing deficit increased during the last decade and the sector has been dominated by limited provision of housing for low-income families.** Around 230,000 households are formed every year, yet the formal market is only able to produce an estimated 190,000 housing units annually. As a result, every year, the deficit (which currently affects 36 percent of total households), continues to increase.²⁴ It is estimated that almost 60 percent of this deficit is qualitative (units built with precarious materials, without access to basic services and/or without tenure security), yet the quantitative deficit (households living in overcrowding conditions, or in unrecoverable dwellings) has been increasing at a higher rate. High nominal interest rates and turbulent macroeconomic conditions have inhibited the provision of long term housing finance from the private sector (even for middle-income households). Mortgage loans as a share of GDP in Argentina reached an all time high of 5.65 percent in 1999 and an all time low of 0.364 percent in 2016. This indicator increased by 141 percent in 2017 following measures taken by the Macri administration, but sharply declined once again in the wake of the 2018 macroeconomic crisis.²⁵ The result has been a stagnant housing sector, especially for those in the bottom of the income pyramid, dominated by a limited provision of public housing (directly or through the provision of subsidized housing finance from public banks) which has limited access and affordability.

7. **The direct provision of social housing has been government policy in Argentina for decades, and the government, at both the national and provincial levels, continue to play an active role in the financing and construction of housing units for low- and middle-income households.** PROCREAR (*Programa Crédito Argentino del Bicentenario*), the most important government housing program at the national level, was launched by the Kirchner administration in 2012 with the dual objective of constructing housing projects and providing access to subsidized mortgages for households to build their own unit. PROCREAR intended to provide households with subsidies allocated through the National Social Security Administration (*Administración Nacional de la Seguridad Social*, ANSES) and a mortgage provided through Banco Hipotecario (BH) with funding of ANSES's pension fund (FGS), in order to finance new housing. Formal workers affiliated with ANSES, with a certain amount of savings and with access to buildable land were eligible for the program. The mortgage issued had subsidized fixed interest rates varying based on income. In all cases, the interest rates (between 2 and 14 percent) were substantially below what would have been market rates (a limited market existed, but was estimated to be above 25 percent). The program's goal when announced in 2012 was to finance 400,000 units between 2012 and 2016. The subsidies were to be allocated by lottery since demand was substantially above the yearly funding available (the number of participants tended to be 2 to 3 times the number of subsidies offered). Quickly, however, constraints on the supply side appeared: land prices increased in periphery of urban agglomerations and households faced difficulties in securing access to buildable land and titling lots. This forced a more active role of ANSES and BH in managing the pipeline in order to ensure that households were able to use the subsidy. BH, in an effort to limit construction costs, developed a number of standard plans for units varying between 52 and 75 square meters with the option to be expanded, and adapted to regional characteristics. Most importantly, ANSES and BH worked with the Administration Agency for Public Goods (AABE) that manages public land, and local governments to obtain serviced land that could be used for construction and was included as an asset of PROCREAR. As such, within the framework of PROCREAR, beneficiaries received a direct subsidy and a subsidized loan through a public bank to purchase a unit built by the government on public land.

8. **In 2016, the newly appointed Macri administration presented the National Housing and Habitat Plan (Plan Nacional de Vivienda y Hábitat) with a two-pronged strategy to increase access to housing and reduce the**

²⁴ INDEC, 2019.

²⁵ Central Bank of Argentina.



proliferation of informal settlements. The Plan included a new program to increase access to affordable formal housing (the flow); and specific programs to improve the living conditions of those currently living in precarious settlements (the stock). Under the Integrated Housing and Habitat Project (P159929), the World Bank supported the Housing Solution Program (the Línea “Solución Casa Propia” Program, SCPP), which represented a policy shift from deep public subsidies to a system that leveraged private sector financing and household savings. The new program followed the standard design of up-front subsidy programs introduced in Chile and prevalent throughout Latin America, which had a strong track-record of implementation. The subsidy would be linked to household savings and to a market-interest rate loan from a financial sector institution (private or public), taking advantage of the recent legislation that allowed for indexation (UVA). The SCPP enabled 28,890 households to purchase a home, leveraging AR\$8,550 million in subsidy with AR\$30,000 million in debt and savings until the macroeconomic crisis of 2018 froze the mortgage market in Argentina.

9. **In response to macroeconomic conditions, as well as the impacts of the COVID-19 pandemic, the Fernandez administration “relaunched” PROCREAR in 2020 with the goal of revitalizing local economies and the construction industry, creating jobs, and allowing families to access their first home through an accessible mortgage loan.** The programs and financing mechanisms included in the relaunch are largely a return to the paradigm of the Kirchner administration (2012 – 2016). Programs include, among others, subsidized interest rate loans through BH (the trustee of PROCREAR) to (i) purchase units built by PROCREAR, (ii) purchase a serviced lot, (iii) construct a house up to 60 m² on public land, or (iv) expand an existing unit up to 30 m². In addition, microcredit programs for housing improvements and utility connections established under the previous administration continue to be offered. Through this national program, the goal is to provide 300,000 housing solutions.

10. **Although the national government controls the majority of financial resources for housing, Provinces are the drivers of social housing production in Argentina.** This policy took off with the creation of the National Housing Fund (*Fondo Nacional de la Vivienda*, FONAVI) in 1972, founded with the objective of reducing the housing deficit and satisfying the housing and social infrastructure needs of the country. FONAVI was initially funded through a tax on salaries, but has been funded solely through an earmarked tax on fuels since 1995. Further, in 1995 the Federal Housing System was created to strengthen the delivery of social housing by decentralizing its provision. The system established that a large bulk of the funding for housing was going to be transferred to the Provincial Housing Institutes (*Institutos Provinciales de Viviendas*, IPV), entities that are financially autonomous from their respective provincial administration, and which must use the funds according to the provisions of the FONAVI law (article 6 of Law 24.464). In practice, however, there is considerable discretion in how the IPV uses the federal funds.

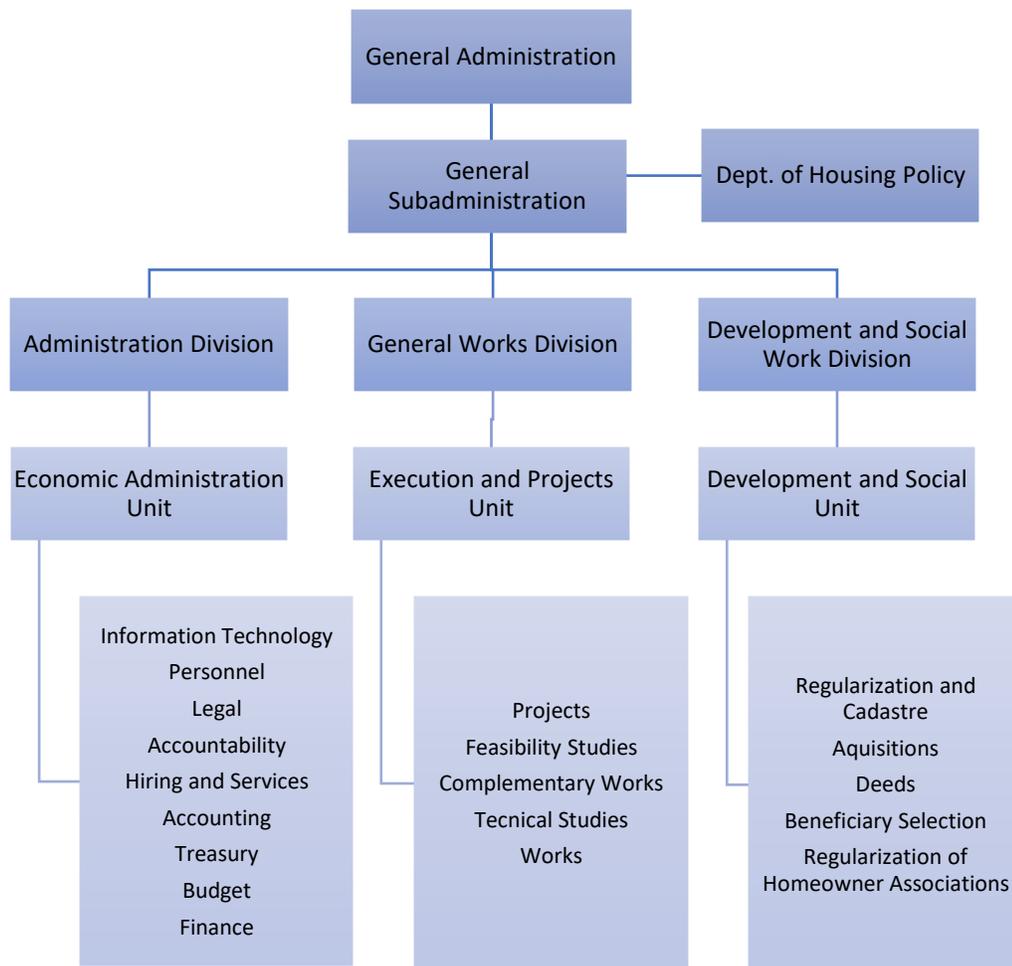
11. **Provincial Housing Institutes.** Each province and the City of Buenos Aires have an IPV. With the creation of the Federal Housing System and the enactment of Law 24.464 in 1995, the design and implementation of the housing policy became the prerogative of provincial governments. With this, the IPV became executors of the province’s housing policies. FONAVI mostly funds the operations and investments of the IPV, and the distribution of funds among them is according to a coefficient based on population, wealth, housing deficit, and performance of past transfers/loans. As established by law, IPV uses transfers as a revolving loan fund, which means that they extend credits to beneficiary households, who then reimburse the IPV. In short, the law establishes that the provinces that avail themselves of FONAVI’s benefits must, inter alia, seek cost recovery as a means of funding the construction of additional housing. In practice, however, this objective of financial sustainability has never been achieved.



12. **Housing Institute of the Province of Buenos Aires (IVBA).** Within this context, the IVBA was created by Decree No. 469 of 1956, which was replaced by Decree No. 9573 of 1980 (current organic law). It is an autonomous entity within the Mol responsible of implementing the housing policy in the PBA. Its mission is to promote an active housing policy through the execution of programs that satisfy the demand of sectors that do not have access to the formal housing market, with the objective of developing dignified housing, equipped with services and without environmental risks, that contributes to the development of the Province. Thus, for more than 64 years the IVBA has been building and financing social housing for the most vulnerable groups in the PBA. While the IVBA is not considered a financial institution according to the Financial Institutions Law (No. 21.526) because it does not accept deposits from third parties and it is not regulated by the Central Bank, the IBVA accepts partial reimbursement for housing provided to end beneficiaries through a highly subsidized mortgage contribution system linked to the housing asset.

13. **IVBA Organisational Structure.** The IVBA is led by a General Administrator and has approximately 130 employees across different areas of technical expertise. The organizational structure of the IVBA is shown in Figure 2.1 and it is based on Decree N° 167 of 2018.

Figure 2.1 Organigram of the IVBA





14. **IVBA Funding.** The IVBA is primarily funded through transfers from FONAVI, the Provincial budget, and mortgage repayments. IVBA has an average annual budget of approximately AR\$ 4.6 billion (US\$64.8 million²⁶) and an average annual housing production of over 5,000 units (See Table 2.1). Their mortgage portfolio has more than 102,000 beneficiaries. Approximately 80 percent of its beneficiaries are households in the low- and middle-income deciles, comprised primarily of informal workers and low-to-middle income formal employees.

Table 2.1: IVBA Sources and Uses of Funds (in AR\$ millions)²⁷

	2016	2017	2018	2019	2020
Sources of Funds					
FONAVI	1,546	2,213	2,384	3,176	2,274
National	1,126	802	713	792	41
Cost Recovery	148	235	184	188	76
Carry Over	1,298	2,073	536	40	241
Other	350	309	376	-	-
TOTAL	4,468	5,632	4,192	4,196	4,669
Use of Funds					
Personnel and equipment	192	235	276	338	145
Goods	140	223	55	46	16
Consultant Services	94	8	5	1	0
Revolving Fund Transfers ²⁸	814	1,167	1,219	1,613	593
Works	1,080	2,888	2,613	1,980	86
Debt Service	75	298	-	-	-
TOTAL	2,395	4,818	4,168	3,979	839

15. **Beneficiary selection process.** Under the proposed project, the IVBA will work with participating municipalities to select beneficiaries following Decree No. 134/17: *Selection procedure for beneficiaries through the Single and Permanent Register for Housing Demand*. The Decree was signed in 2017 by the Governor of the PBA with the objective of unifying and making the process for the selection of beneficiaries more transparent. The Decree applies to all projects financed by the government. Article 4 of the Decree outlines the minimum requirements for beneficiaries, which include:

- a) Be registered in the Single and Permanent Registry of Housing Demand;
- b) Constitute a family group (Article 3 defines the scope of what constitutes a family group);
- c) Possess an Argentine identity document in accordance with the provisions of current regulations;
- d) Not being the owner (the applicant or the family group) of real estate, or other assets whose value allows them to acquire a home;
- e) Not having previously received (the applicant or the family group) housing assistance from the State; and
- f) Have the ability to pay the monthly housing repayment fees.

²⁶ Using the average 2020 exchange rate (US\$1 = AR\$71.5).

²⁷ Presented in AR\$ due to fluctuations in the exchange rate. The February 9, 2021 exchange rate is US\$1 = AR\$88.27.

²⁸ A portion of FONAVI funds received by the IVBA for housing development are transferred to other entities in PBA government for other investment purposes.



16. In addition, municipalities may require applicants to prove their residency in the district or other conditions that they deem appropriate for the specific project or the housing needs of the municipality. The IVBA and the municipalities share the responsibility of selecting the beneficiaries. The municipalities are responsible of the preselection of beneficiaries and the IVBA of the final approval. While the process may vary depending on the project, it usually entails the following:

- a) Call for registration of beneficiaries through the existing mass media in the municipality where the project will be developed;
- b) The family groups that register are then ranked based on their needs, which are identified through the Single and Permanent Registry of Housing Demand. The family groups that obtain the highest scores are preselected as beneficiaries;
- c) A social worker visits the preselected beneficiaries to verify their housing needs and ensure compliance with the basic requirements. In this step, the preselected beneficiary and the social worker sign an affidavit;
- d) The municipality publishes a list of the preselected beneficiaries for at least 30 days. During this period citizens can present their oppositions;
- e) The municipality creates a final list of preselected beneficiaries and alternates;
- f) The municipality sends the final list of preselected beneficiaries and all the documentation of the preselection process to the IVBA with a period of no less than three months before the delivery of the homes;
- g) The IVBA verifies the beneficiary's compliance with the minimum requirements, as well as the established procedure for the preselection;
- h) IVBA can apply additional selection criteria to the preselected beneficiaries;
- i) If the IVBA validates with the preselection process, the list of beneficiaries gets approved;
- j) Once the houses are finished, the IVBA's General Administrator issues a resolution to award and deliver the houses to the selected beneficiaries.

17. In response to the COVID-19 pandemic, IVBA will give priority to pre-selected beneficiaries whose income is in the bottom 40 percent of the income distribution, and those who have heightened vulnerability to the virus due to overcrowding and/or restricted access to basic sanitation services in their current residence. A list of supplemental requirements will be included in the Operational Manual.

18. **Housing affordability.** The IVBA finances social housing in accordance with Resolution No. 501 of 2019. They develop and finance the projects and recover the investments through the issuance of purchase-money mortgages with highly subsidized terms (no down-payment, up to 40 year term, and a 1-4 percent annual interest rate).²⁹ The repayment plan starts as soon as the development is completed and the house title is transferred to the beneficiary. At that point, a property contract is signed between the IVBA and the beneficiary which details the repayment plan and the obligations of the beneficiary. Repayment plans are typically 360 monthly installments, which are updated based on the coefficient of salary variation. The repayment plan can be extended

²⁹ For all projects finished before resolution No. 501 of 2019 was approved, the repayment plans were based on 180 consecutive quotas (15 years) and a 1 percent annual interest rate.



up to 480 installments if the family's income is very low. The monthly installments depend on the value of the house and cannot exceed 20 percent of the family group's monthly income per national law. The purchase price of the house is the total construction cost per unit. It does not include any administrative cost incurred by the IVBA or any profit margin. Typically, for any specific housing development, all beneficiaries have the same purchase price unless there are different types of units within the same project. Due to the significantly subsidized terms of these loans, which have a net present value of less than 1 percent of the loan amount, they effectively serve as grants. However, IVBA financing is not considered distortive of normal market mechanisms because the target beneficiaries for this operation, households earning less than 40 percent of the income distribution, are a segment of the market that is completely unserved by housing developers and financial institutions providing housing finance in Argentina.

19. The payment of monthly installments is usually made through automatic debit. In the case of unbanked people, payment slips are issued, and beneficiaries can pay by bank deposit or in cash at the offices of the IVBA. If a beneficiary misses more than six installments it is considered in arrears. In such cases, the IVBA can apply a punitive interest rate of up to ten percent of the value of the installment. At a portfolio level, the average repayment rate is 70 percent and reaches 80 percent in cases of expansive cycles. Due to the economic instability of the country and the current COVID-19 crisis, the current repayment rate is 60 percent. The IVBA has given beneficiaries a payment freeze period from May to July 2020 as many households' incomes have been affected.

20. Based on preliminary cost estimates for the housing developments to be financed under the Project, the housing units would be affordable to households earning 2 to 4 minimum wages with initial monthly payments ranging from AR\$7,300 (480 payments) to AR\$9,700 (360 payments).

Description of housing developments

21. Component 4 would finance the construction of social housing subprojects in selected municipalities of the Province of Buenos Aires that meet basic eligibility criteria. The housing developments are mainly characterized as low-scale detached houses in moderate density residential neighborhoods that are provided with basic infrastructure services and proximate to social and community facilities.

22. The financed works would consist of the construction of housing units and the of intra-parcel utility networks for potable water, storm drainage, sewerage, gas, and electricity. Also, the component would finance the construction of infrastructure required to connect the new development to the existing infrastructure networks. The housing developments are conceived as integrated projects and include the construction of paved roads and pedestrian paths with street lighting, and the provision of public parks and green areas depending on the size of the development. In addition, the developments may include the construction of community recreational and social service facilities adjusted to the needs of beneficiaries and the surrounding neighborhood.

23. The PBA has provided a list of 12 potential housing developments, located in 9 different municipalities, to be evaluated for possible financing under the Project (see Table 2.2). The developments range in size from 50 units to 700 units. The land in which the projects will be developed is publicly owned and located in urban and peri-urban areas with access to infrastructure and basic services. The selected parcels are in low- and moderate-income areas where community and social services provision is available, but limited, as well as connectivity to main urban centers.



24. Based on a review of preliminary designs for potential subprojects, the typical urban design focuses on the rational consumption of land, creating a basic urban layout that seeks to integrate with the surrounding context. The size of the individual plots is regulated by the standards set by the Law 14.449 of 2012 (Fair Access to Habitat), which allows for small plots of 150 square meters.³⁰ All subprojects have provision for public space, parks and community or social service facilities. There is some variability in the typology of units, as the projects are designed based on the particularities of urban land in each of the locations. However, most of the projects consist of detached single-family homes of one- to two-story structures. The average floor area of the homes is about 60 square meters per unit. IVBA housing designs use a progressive approach, assuming that the families and structures will growth over time. As such, their designs provide space for self-built expansions from 1 bedroom to 3 and 4 rooms, including the option to construct a small commercial space in the front of the plots. There is a special provision of homes with universal access standards for people with disabilities. The housing designs utilize traditional construction methods, employing a larger amount of non-skilled and low-skilled workers, and requiring less sophisticated equipment. All building designs will comply with the energy efficiency guidelines provided in Law 13.059, and some homes could include solar water heating devices.

Table 2.2: Portfolio of Potential Housing Subprojects

Municipality	Name of Development	Housing Units	Land Ownership
La Matanza	Balestrini	301	Municipal
Quilmes	Santo Domingo	48	Municipal
Quilmes	Fratassi	61	Municipal
San Martin	Costa Esperanza	150	Municipal
Berazategui	Barrio Kennedy	150	Municipal
Berazategui	Berazategui	120	Municipal
Almirante Brown	Don Orione	153	Province
La Matanza	Villa Celina	700	Municipal
Hurlingham	Barrio Inta	280	Municipal
Berisso	Barrio Sj Obrero	77	Municipal
Ensenada	San Martin	332	Municipal
Moron	Castelar	70	Province
	TOTAL	2,442	

25. **Technical Review of Subprojects.** All potential subprojects will require a technical no objection from the Bank prior to initiating bidding processes. A list of required designs, feasibility studies, licensing, and approvals has been agreed and included in the Operations Manual. The process for subproject review and implementation is outlined in Figure 2.2 below. Of the 12 subprojects that have been proposed by the IVBA (Step 1), 5 are currently in Step 3.

³⁰ In cases where the parcels are smaller, it will be regulated under the horizontal property regime regulated by the Argentine Civil and Commercial Code.



Figure 2.2: Housing Subproject Review and Approval Process



Institutional Strengthening

26. Subcomponent 4.2 seeks to strengthen the institutional capacity of the IVBA through the preparation of a strategic plan that will be based on the outcomes and recommendations of the following activities:

- Evaluation of neighborhood developed by IVBA*: The objective is to evaluate the effectiveness of the investment in social housing that has been made to date, analyze the IVBA's housing policy, and identify opportunities for strengthening. Activities include: (i) carrying out a retrospective evaluation of housing communities developed by the IVBA; and (ii) developing a methodology to comprehensively evaluate future projects.
- Identify opportunities to expand the supply of social housing*: this activity consists of establishing a land inventory system that will: (i) identify and register public lands; (ii) evaluate the lands that are suitable for housing developments; and (iii) manage the procedures for the development of urban land.
- Strengthen the Unified Beneficiary Registration System*: The objective is to implement the regulation that mandates a transparent and fair process for the selection of beneficiaries. Activities include: (i) carrying out a survey to detect the needs of the municipalities regarding the management of the single registry system; (ii) training municipalities in the use of the single registry system; and (iii) purchasing equipment.
- Evaluate IVBA's financial model*: the objective of this activity is to evaluate the IVBA's financial model to improve financial sustainability. Activities includes: (i) revaluation of the IVBA's financial model; (ii) review of the repayment system, including the existing repayment tools and the co-management



agreement with the municipalities; and (iii) recommendations and best practices for both the financial model and the repayment system.

- e) *Strengthening of homeowner associations*: this activity consists of capacity building for new beneficiaries on co-habitation, conflict managements, and community management.

27. Subcomponent 4.2 will also support improved and expanded project design, management, and supervision capacity within IVBA as well as additional expertise in procurement, social and environmental risk management, and legal issues related to land development. The hiring of 40 new staff to help carry-out these activities is in process (Table 3).

Table 3: Summary of Planned Additional Implementation Capacity

Area of Expertise	Staff/Consultants
Design	<ul style="list-style-type: none"> • 4 senior architects • 4 junior architects • 2 civil engineers • 2 water/sanitation engineers • 2 electrical engineers • 1 electromechanical engineer • 1 renewable energy specialist
Supervision	<ul style="list-style-type: none"> • 8 architects or senior engineers
Procurement	<ul style="list-style-type: none"> • 1 senior architect • 1 accountant
Hygiene and Security	<ul style="list-style-type: none"> • 4 professionals
Cost Estimation	<ul style="list-style-type: none"> • 1 architect or engineer
Environmental Safeguards	<ul style="list-style-type: none"> • 1 senior environmental specialist • 1 junior environmental specialist
Social Safeguards	<ul style="list-style-type: none"> • 1 senior social specialist
Information Technology	<ul style="list-style-type: none"> • 2 GIS specialists • 3 programmers
Land Management	<ul style="list-style-type: none"> • 1 lawyer • 2 architects • 1 admin assistant

Economic Impact and Job Creation

28. Investment in affordable housing offers a dual development impact for countries and their residents. Not only can it improve the conditions of low-income households and their opportunity for better livelihoods, but it can also reactivate the economy and generate jobs. In Argentina, the provision of low-income housing has been a central government policy, both at the national and provincial levels, as significant funds have been mobilized and allocated to housing investment. From 2007 to 2018 the average spending was 1.6 percent of the national budget,



one of the highest in the Latin America and the Caribbean region.³¹ The high economic multiplier effect, job creation potential, and capacity to employ high numbers of unskilled labor makes housing construction an important economic recovery measure for Argentina.

29. The social and health benefits of homeownership and access to formal housing are well documented.³² Social housing programs similar to that proposed for financing under the Project can: (i) improve overall living conditions; (ii) improve access to basic services and health outcomes; (iii) lead to wealth creation through home ownership and incentives for investments in home improvements; and (iv) stimulate feelings of self-worth and self-confidence among beneficiaries. Given that it is not possible to accurately estimate these welfare gains with available information, the economic analysis focuses on the economic impacts of the investment in housing construction and the cost-effectiveness of using public resources for housing construction vis-a-vis other construction sectors for the purpose of job creation.

30. In terms of economic impact, housing construction has a high economic multiplier. According to a study by the Construction Chamber of Argentina, for each peso invested in housing, AR\$2.37 pesos are generated; the total economic impact of resources spent on housing construction more than doubles the initial investment.³³ The direct effect of investment in housing construction represents 42 percent of the total impact, while the indirect effect represents 58 percent, with a large part being suppliers of materials (33 percent) followed by final consumption by households (15 percent) and the input suppliers associated with the production of household consumer goods (10 percent). The public investment of US\$118 million in the construction of social housing could have an estimated total economic impact (direct and indirect) of almost US\$280 million assuming a multiplier a 2.37 (Construction Chamber of Argentina). The Bank has undertaken an economic analysis which has demonstrated significantly positive economic rates of return under three scenarios of cash flows (timing of costs vs timing of benefits).³⁴

31. Although the IVBA's subsidy model is not a particularly efficient model for delivering publicly assisted housing solutions when compared with best practice examples due, among other reasons, to the absence of private financial leverage, social housing construction remains an efficient use of public funds for the purpose of

³¹ Presidencia de la Nación (2018). El Gasto Público Social y el Presupuesto 2018.

³² For social benefits: Among others, see Rohe, W.M. and M. Lindblad (2013) "Reexamining the Social Benefits of Homeownership after the Housing Crisis", Joint Center for Housing Studies, Harvard University, August 2013; Herbert, C. E. and Belsky, E. S. (2006) "The Homeownership Experience of Low-Income and Minority Families. A Review and Synthesis of the Literature", U.S. Department of Housing and Urban Development, Office of Policy Development and Research, February 2006 and; Rossi, P. and E. Weber (1996) "The Social Benefits of homeownership: Empirical Evidence from National Surveys", Housing Policy Debate, Vol. 7 (1). Fannie Mae Foundation. For homeownership externalities: See, for instance, Rohe W. and Han H. Y. (2012) "Housing and Health. Time for renewed collaboration", North Carolina Medicine Journal, 2012, 73(5):374-380, North Carolina Institute of Medicine and The Duke Endowment; Office of the Deputy Prime Minister (2004), "The Impact of Overcrowding on Health and Education: A review of the Evidence and Literature", May 2004; American Journal of Public Health, May 2002, Vol 92 (5); Rossi-Hansberg, E., P.D. Sarte and R. Owens III (2010) "Housing Externalities", Journal of Political Economy, 2010, vol. 118 (3), The University of Chicago; Rossi-Hansberg, E. and P.D. Sarte (2012), "Economics of Housing Externalities", International Encyclopedia of Housing and Home, 2012, Vol. 2, 47-50. For the relationship between housing and education attainment: See Sandra J. Newman and C. Scott Holupka, "Housing Affordability and Investment in Children," *Journal of Housing Economics*, vol. 24, June 2014; Raj Chetty and Nathaniel Hendren, "The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates" *Harvard University and NBER*, May 2015. For housing and job creation: see National Association of Home Builders, "The Local Impact of Home Building in Typical Metro Area: Income Jobs and Tax Generated," June 2009; Keith Wardrip, Laura Williams, and Suzanne Hague, "The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of the Literature," *Center for Housing Policy*, January 2011.

³³ Cámara Argentina de la Construcción (2015). "Inversión Necesaria y su Impacto en la Economía Argentina ¿Cuánto Necesitamos Para Crecer?"

³⁴ Available in Project files.



job creation. In terms of the efficiency in the use of public funds, the construction of social housing generates a higher amount of direct employment compared to other construction sectors. Based on employment data collected for an ongoing Bank study, *Jobs and Distributive Effects of Investment in Infrastructure in Argentina*, the construction of social housing generates the highest direct employment per peso invested in the construction sector— 28 percent more jobs than sanitation works and over 200 percent more jobs than in the construction of urban roads.³⁵ This finding is consistent with a 2006 study by the World Bank, which found that housing investment has the potential to create jobs at twice the rate of average infrastructure spending, and that the multiplier effect of the construction sector in terms of job creation is among the highest in the economy. Indeed, the study found that social housing construction in Argentina has an employment multiplier effect of 1.8.³⁶ Finally, based on an analysis of past housing projects developed by the IVBA, on average 4 direct and indirect jobs are generated per housing unit constructed. Thus, it is anticipated that this component will generate approximately 8,000 jobs.

32. High job multipliers from public investment as a countercyclical tool are meaningful in the long-term only if they support good investment with positive economic returns. With this in mind, Component 4 includes a range of instruments to add investment efficiency criteria and avoid subprojects with excessive costs or features, including the screening of potential subproject sites for social and environmental suitability (including ensuring appropriate locations), the use of standard designs which have been reviewed by the World Bank, and eligibility criteria to ensure that complementary investment for access to basic services accompanies housing investment.

33. Social housing construction intensively employs unskilled and low-skilled labor. This characteristic holds particular importance in times such as the ongoing economic crisis, exacerbated by the COVID-19 pandemic, in which job creation is a priority. It is estimated that 96 percent of direct jobs generated in the construction of social housing are filled by unskilled (45 percent) or low-skilled labor (49 percent).³⁷ This is higher than any other construction sub-sectors. Social housing developments in Argentina, including those developed by the IVBA, are typically one- to two-story structures of simple design that utilize traditional construction methods, and therefore do not require highly skilled labor. In addition, these social housing developments are usually built by small- and medium-size local firms.

34. The estimated cost per housing unit proposed by IVBA, is consistent with current market conditions and social housing built under other government programs. The cost per square meter for the construction of a basic housing unit in Buenos Aires is approximately AR\$55,000 (approximately US\$650), and the sector has experienced a 12 percent increase in costs in 2020 due to the weakening peso as well as COVID-related impacts.³⁸ According to a September 2020 report by the Government of the City of Buenos Aires, the average cost per square meter of residential construction is AR\$55,559.³⁹ In addition, an October 2020 report from Banco Hipotecario, estimates that the cost per square meter for a standard PROCREAR house is AR\$54,901. This means that the base module of 51 m² costs more than AR\$2.8 million (approximately US\$33,000⁴⁰), not including related infrastructure or land

³⁵ World Bank (2020, forthcoming). *Jobs and Distributive Effects of Investment in Infrastructure in Argentina* (P169427).

³⁶ World Bank (2006). *Review of Argentina's Housing Sector: Options for Affordable Housing Policy*.

³⁷ Ibid, World Bank (2020).

³⁸ The proposed construction system used for this calculation is traditional construction using local labor. <https://www.reporteinmobiliario.com/nuke/article3911-costos-construccion-vivienda-procrear-octubre-2020.html#:~:text=Construir%20un%20m%C3%B3dulo%20inicial%20b%C3%A1sico,los%20300%20d%C3%B3lares%20por%20m2>.

³⁹ https://www.estadisticaciudad.gob.ar/eyc/wp-content/uploads/2020/10/ir_2020_1498.pdf

⁴⁰ Exchange rate as of January 15, 2021.



costs. These costs are consistent with other industry reports.⁴¹ A common thread among estimates is the sharp increase in costs in 2020, mainly due to the increase in labor, materials and cost overruns caused by COVID-19.⁴² By comparison, the most recent World Bank financed social housing in Argentina, resettlement housing in the Barrio 31 neighborhood, cost more than US\$85,000 per unit, not including infrastructure or land.⁴³ Recent housing developments bid by the IVBA have unit costs ranging from US\$35,000 to US\$72,000.⁴⁴ Within this context, the proposed cost per unit under Component 4 of approximately US\$50,000 (including infrastructure) is reasonable.

35. Targeting of construction contracts to maximize local benefits and minimize health risks. Using sustainable procurement practices available under World Bank procurement rules, the government intends to give preference to firms based in the Province of Buenos Aires and stipulates that at least 35 percent of labor reside in the municipality where the work site is located. The motivation for these measures is to ensure that economic benefits and jobs remain within the local economy to the extent possible and to minimize the possible transmission of COVID-19 by reducing the flow of laborers across municipal or provincial boundaries.

36. Rationale for government intervention. The primary justification for using public resources to provide housing assistance is that private markets fail to provide adequate housing for people in the lower income segments, and therefore direct public support is needed to fill the gap. Without direct support and given the lack of adequate and affordable housing in the PBA, many households would be unable to afford acceptable housing solutions. In addition, improving housing provides additional social and economic benefits such as improved health, well-being, and education, some of which imply welfare savings for the government.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Project's Development Objectives	✓	
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	
Overall Risk Rating	✓	

⁴¹ The Association of Architects (CAPER) estimates the cost per square meter of a single-family house at AR\$ 51,856 as of April 2020 (<https://www.colegioarquitectos.org.ar/costo-m2/>). The industry magazine Costos&Obras estimates the cost per square meter of a single house at AR\$ 58,763 as of December 2020 (<https://costosyobras.com/indices/>).

⁴² The Construction Chamber of Argentina published a study that estimates the cost overruns due to COVID-19 at 12.8 percent. It does not include cost overruns corresponding to cleaning supplies, disinfection or personal protection equipment that are already included in the original series of the indicator, nor those originated by the loss of direct labor productivity.

<http://www.camarco.org.ar/wp-content/uploads/2020/12/Estimacion-de-la-Incidencia-sobrecostos-Covid-Nov-20.pdf>

⁴³ Under the Metropolitan Buenos Aires Urban Transformation Project (P158843), 1,038 multifamily units were constructed. Prices were established in August 2017 with an exchange rate of 17.31.

⁴⁴ Estimates based on housing developments planned in Barrio 3 de Junio in Berazategui, Barrio San Martin in Ensenada, and Barrio Villanueva in Moreno.



Safeguard Policies Triggered	✓	
Legal Covenants	✓	
Institutional Arrangements	✓	
Procurement	✓	
Implementation Schedule	✓	
Economic and Financial Analysis	✓	
Technical Analysis	✓	
Social Analysis	✓	
Environmental Analysis	✓	
Implementing Agency		✓
DDO Status		✓
PBCs		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
EA category		✓
Financial Management		✓
APA Reliance		✓
Other Change(s)		✓

IV. DETAILED CHANGE(S)**PROJECT DEVELOPMENT OBJECTIVE****Current PDO**

To enhance flood protection and strengthen the capacity of the responsible institutions for integrated water resources monitoring and management in the Salado River Basin.

Proposed New PDO

The Project Development Objective is to (a) enhance flood protection and strengthen the capacity of the institutions responsible for integrated water resources monitoring and management in the Salado River Basin; and (b) support improved living conditions for Selected Beneficiaries in the Province of Buenos Aires as part of the COVID-19 pandemic recovery

**COMPONENTS**

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Integrated Water Resources Management	27.75	Revised	Integrated Water Resources Management	12.70
River Training Works and Upgrading Associated Infrastructure	337.70	Revised	River Training Works and Upgrading Associated Infrastructure	164.90
Project Implementation, Supervision and Communication	8.80	Revised	Project Implementation, Supervision and Communication	1.65
	0.00	New	Social Housing with Impact on Employment	120.00
TOTAL	374.25			299.25

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-87360	Effective	30-Dec-2022		30-Dec-2023	30-Apr-2024

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2017	0.00	0.00
2018	27,800,000.00	7,750,000.00
2019	47,050,000.00	23,000,000.00
2020	88,977,500.00	17,000,000.00
2021	62,972,500.00	75,000,000.00
2022	50,650,000.00	100,000,000.00



2023	22,550,000.00	77,250,000.00
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SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating at Approval	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Moderate	● High
Sector Strategies and Policies	● Moderate	● Substantial
Technical Design of Project or Program	● Substantial	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial
Fiduciary	● Moderate	● Moderate
Environment and Social	● Substantial	● Substantial
Stakeholders	● Moderate	● Moderate
Other	● Substantial	● Substantial
Overall	● Substantial	● Substantial

COMPLIANCE

Safeguard Policies

Safeguard Policies Triggered	Current	Proposed
Environmental Assessment (OP) (BP 4.01)	Yes	Yes
Performance Standards for Private Sector Activities OP/BP 4.03	No	No
Natural Habitats (OP) (BP 4.04)	Yes	Yes
Forests (OP) (BP 4.36)	No	No
Pest Management (OP 4.09)	Yes	Yes
Physical Cultural Resources (OP) (BP 4.11)	Yes	Yes
Indigenous Peoples (OP) (BP 4.10)	Yes	Yes
Involuntary Resettlement (OP) (BP 4.12)	No	Yes
Safety of Dams (OP) (BP 4.37)	No	No
Projects on International Waterways (OP) (BP 7.50)	Yes	Yes



Projects in Disputed Areas (OP) (BP 7.60)

No

No

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IBRD-87360	<p>Project Implementation Unit. Section I.A.1 of Schedule 2 to the Loan Agreement. The Borrower, through MoI, shall operate and maintain, at all times during Project implementation, a Project implementation unit (“UCEPO”), with the structure, functions and responsibilities set forth in the Operational Manual.</p> <p>Collaboration Entities. Section I.A.3 of Schedule 2 to the Loan Agreement. 3. Prior to the carrying out of any given activity under Part 1 of the Project which requires the participation of any Collaboration Entity, the Borrower, through UCEPO, shall enter into an agreement (the Collaboration Agreement) with the corresponding Collaborating Entity, all under terms and conditions acceptable to the Bank, which shall include, inter alia, the responsibilities of the pertinent Collaboration Entity for assisting the Borrower in the implementation of Part 1 of the Project.</p> <p>Safeguards. Section I.D.1 of Schedule 2 to the Loan Agreement. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, shall carry out the Project in accordance with the Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP) and the Indigenous Peoples Planning Framework (IPPF).</p> <p>Indigenous Peoples Planning Framework (IPPF). Section I.D.2 of Schedule 2 to the Loan Agreement. With respect to the carrying out of any activities under Part 1 of the Project, and when so determined by the Bank as set forth in the IPPF, the Borrower, through MoI, MoE, ADA and DPOH, shall: (a) prior to the carrying out of any said activity, prepare and/or cause to be prepared and furnish to the Bank, an indigenous peoples’ plan, acceptable to the Bank (which plan shall be consistent with the pertinent provisions of the IPPF); and (b) thereafter, adopt and implement (and/or cause to be</p>	Partially complied with	Marked for Deletion



adopted and implemented) said indigenous peoples' plan in accordance with its terms and in a manner acceptable to the Bank.

Technical Assistance. Section I.D.3 of Schedule 2 to the Loan Agreement. The Borrower, through Mol, MoE, ADA and DPOH, shall ensure that the terms of reference for any consultancies related to the technical assistance provided under Part 1 of the Project, shall be acceptable to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirement of the Bank's Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

Voluntary Agreements. Section I.D.4 of Schedule 2 to the Loan Agreement. Without limitation to the provisions of Section I.D.1 above, and for purposes of carrying out the physical works under Part 2 of the Project as determined by the Bank, the Borrower shall, or shall cause the contractor of the works (as the case may be) to, prior to the initiation of any physical works within any given area of the Salado River, enter into an agreement (the Voluntary Agreement) with the relevant landowner of the property adjacent to said area, on terms and conditions acceptable to the Bank, and as detailed in the ESMP.

Resettlement. Section I.D.5 of Schedule 2 to the Loan Agreement. The Borrower shall ensure that any works under Part 2 of the Project do not involve any Resettlement.

Action Plan. Section I.E.1 of Schedule 2 to the Loan Agreement. The Borrower, through Mol (through UCEPO), shall comply with the provisions of the Action Plan, in a manner acceptable to the Bank.

IBRD-87360

Project Implementation Unit. Section I.A.1 of Schedule 2 to the LA. The Borrower, through Mol, shall operate and maintain, at all times during Project implementation, a Project implementation unit ("UCEPO"), with the structure, functions and responsibilities set forth in the Operational Manual.

Complied with

New



IBRD-87360	Collaboration Entities (CE). Section I.A.3 of Schedule 2 to the LA. Prior to carrying out any activity under Part 1 of the Project with participation of any CE, the Borrower shall enter into an agreement with the corresponding CE, all acceptable to the Bank, which shall include the responsibilities of said CE for assisting the Borrower in the implementation of Part 1 of the Project.	Complied with	New
IBRD-87360	Safeguards. Section I.D.1 of Schedule 2 to the LA. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, shall carry out the Project in accordance with the Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP) and the Indigenous Peoples Planning Framework (IPPF).	Complied with	New
IBRD-87360	Indigenous Peoples Planning Framework (IPPF). Section I.D.2 of the LA. With respect to activities under Part 1 of the Project, when determined by the Bank, the Borrower shall: (a) prior to carrying out any activity, prepare an indigenous peoples’ plan (IPP), acceptable to the Bank (consistent with the provisions of the IPPF); and (b)adopt and implement said IPP in a manner acceptable to the Bank.	Complied with	New
IBRD-87360	Technical Assistance (TA). Section I.D.3 of the LA. The Borrower shall ensure that the TOR for consultancies related to the TA provided under Part 1 of the Project, shall be acceptable to the Bank following its review thereof and that such TOR shall duly incorporate the requirement of the Bank’s Safeguard Policies then in force, as applied to the advice conveyed through such TA.	Partially complied with	New
IBRD-87360	Voluntary Agreements (VA). Section I.D.4 of the LA. Without limitation to Section I.D.1 above, when carrying out works under Part 2 of the Project the Borrower shall, or shall cause the contractor to, prior to the initiation of any works, enter into an agreement (the VA) with the landowner of the property adjacent to said	Partially complied with	New



	area, acceptable to the Bank, and as detailed in the ESMP.		
IBRD-87360	Resettlement. Section I.D.5 to the LA. The Borrower shall ensure that no works under Part 2 of the Project involve Resettlement.	Partially complied with	New
IBRD-87360	Resettlement. Section I.D.7 to the LA and without limitation to paragraph 5 of this Section: Under Part 4.1, if determined by the Bank that Resettlement will be involved, the Borrower shall prior to carrying out said works: (a) prepare a RP acceptable to the Bank and consistent with the RPF; and (b) implement the RP in a manner acceptable to the Bank.	Not yet due	New
IBRD-87360	Environmental/social (e/s): Section I.D.6 of the LA. For Part 4.1 of the Project, upon definition of detailed technical designs, and prior to carrying out said works, the Borrower shall: (a) carry out an e/s assessment of said works, approve an e/s management plan in accordance with the ESMF; and (b) immediately implement the corresponding ESMP plan in accordance with its terms.	Partially complied with	New
IBRD-87360	Action Plan. Section I.E.1 of Schedule 2 to the LA. The Borrower, through MoI (through UCEPO), shall comply with the provisions of the Action Plan, in a manner acceptable to the Bank.	Partially complied with	New
IBRD-87360	New Housing. Section I.E.2 of Schedule 2 to the LA. The Borrower shall ensure that the new houses constructed under Part 4.1 of the Project are only made available to Selected Beneficiaries.	Not yet due	New

Results framework

COUNTRY: Argentina

Salado Integrated River Basin Management Support Project

Project Development Objectives(s)

To enhance flood protection and strengthen the capacity of the responsible institutions for integrated water resources monitoring and management in the Salado River Basin.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	End Target
Incorporate participatory approach in river basin management (Action: This Objective has been Marked for Deletion)			
Participative River Basin Committees re-established and operational (Number)		0.00	9.00
<i>Action: This indicator has been Marked for Deletion</i>			
Improve hydro-meteorological information for water resources management			
Hydromet Information System is used for integrated water resource monitoring (Yes/No)		No	Yes
<i>Action: This indicator has been Revised</i>			
Strengthen environmental water management in the basin (Action: This Objective is New)			
Environmental and Wetlands Management Plan for the Salado River Basin developed (Yes/No)		No	Yes
<i>Action: This indicator is New</i>			
Enhanced flood protection in the Salado River Basin			
People benefiting from reduced flood risk. (Number)		0.00	75,000.00
<i>Action: This indicator has been Revised</i>			
Female beneficiaries (Percentage)		50.00	50.00
Area under enhanced flood protection (Square kilometer(km2))		0.00	435.00

Indicator Name	PBC	Baseline	End Target
<i>Action: This indicator has been Revised</i>			
Social Housing Development (Action: This Objective is New)			
Number of people benefiting from new social housing (Number)		0.00	9,000.00
<i>Action: This indicator is New</i>			
Female beneficiaries (Percentage)		0.00	50.00
<i>Action: This indicator is New</i>			

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Integrated Water Resources Management			
Water Resources Management Plan for the Salado River Basin developed and under implementation, including an Environmental and Wetlands Management Plan. (Yes/No)		No	Yes
<i>Action: This indicator has been Marked for Deletion</i>			
Flood and Drought risk maps, analysis of land use change impacts, and operational manuals for Drought and Flood Emergency Management completed (Yes/No)		No	Yes
<i>Action: This indicator has been Marked for Deletion</i>			
Development of the supply side of the water balance in the main Salado River Basin (Yes/No)		No	Yes
<i>Action: This indicator is New</i>			
Digital Terrain Model for the main Salado River Basin developed using LIDAR technology (Yes/No)		No	Yes
<i>Action: This indicator is New</i>			

Indicator Name	PBC	Baseline	End Target
Wetlands identified in the river basin and objectives and measures for protection defined and agreed by DPOH, ADA and OPDS. (Yes/No)		No	Yes
Action: This indicator has been Revised			
ADA's decentralized offices fully functioning (Number)		0.00	2.00
Action: This indicator has been Marked for Deletion			
Automatization of electronic administration processes to improve water governance (Yes/No)		No	Yes
Action: This indicator is New			
Number of regional monitoring centers established (Number)		0.00	17.00
Action: This indicator is New			
Number of hydromet stations installed and operational (Number)		59.00	162.00
Action: This indicator has been Revised			
Proposal for restructuring the river basin committees (Yes/No)		No	Yes
Action: This indicator is New			
River Training Works and Upgrading Associated Infrastructure			
Km of river hydraulically enhanced (Kilometers)		223.00	257.00
Action: This indicator has been Revised			
Percentage of volume of river sediments/soil safely disposed in recintos (Percentage)		0.00	100.00
Action: This indicator has been Revised			
Number of bridges with increased resilience to flood events. (Number)		0.00	5.00
Action: This indicator has been Revised			
Project Implementation, Supervision and Communication			

Indicator Name	PBC	Baseline	End Target
Project-related grievances registered and addressed under the Project Grievance Redress Mechanism. (Percentage)		0.00	100.00
Action: This indicator has been Revised			
Social Housing Development (Action: This Component is New)			
Number of social housing units constructed (Number)		0.00	2,000.00
Action: This indicator is New			
Number of direct jobs generated through the construction of social housing (Number)		0.00	4,000.00
Action: This indicator is New			