

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC5661

Date ISDS Prepared/Updated: 11/10/2010

I. BASIC INFORMATION

A. Basic Project Data

Country: Argentina	Project ID: P121836
Project Name: La Rioja SWAP	
Task Team Leader: Alexandre Arrobbio	
Estimated Appraisal Date: December 2, 2010	Estimated Board Date: February 17, 2011
Managing Unit: LCSPS	Lending Instrument: Adaptable Program Loan
Sector: Public administration- Finance (50%);Sub-national government administration (30%);Agricultural extension and research (20%)	
Theme: Public expenditure, financial management and procurement (50%);Decentralization (30%);Rural services and infrastructure (20%)	
IBRD Amount (US\$m.):	30.00
IDA Amount (US\$m.):	0.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
<u>Borrower</u>	<u>0.00</u>
	0.00

B. Project Objectives [from section 2 of PCN]

The Development Objective for the Adaptable program Loan is twofold: increase fiscal space to better support Strategic Policy Priorities for an inclusive development agenda, and improve the efficiency and equity of public service delivery.

The specific objectives for the APL Phase 1 (APL1) are:

- 1) Strengthen planning and monitoring & evaluation functions through their integration into the budget process.
- 2) Strengthen the quality of public debt management.
- 3) Reform tax administration to increase tax base and revenue collection.
- 4) Reform the public procurement function of the provincial government.

5) Improve the quality and effectiveness of services offered by the public sector to the agricultural sector.

6) Improve Emergency Service and extend coverage to rural and remote areas.

C. Project Description [from section 3 of PCN]

Loan amount, lending instrument and project duration. The proposed loan will be for US\$30 million to the Province of La Rioja (the Borrower), and will be guaranteed by the Argentine Republic (the Guarantor). The loan is scheduled to be 100 percent IBRD funded. It is designed as the first of a series of two Adaptable Program Loans (APL), using a SWAP modality. It is modeled on similar sub-national SWAP operations implemented and under implementation in several states in Brazil, and in the Argentine Province of San Juan. The project implementation period for the will be five years (2011-2016). The second operation will tentatively be for US\$50 million, with a five year duration and IBRD fully funded. The tentative trigger for the second operation will be the completion of 75 percent of Disbursement Linked Indicators of the APL1. The definition of this trigger will be further analyzed during the preparation phase of APL1.

The proposed APL Program design combines three critical and interrelated elements: (i) specific eligible expenditure programs (EEPs) against which loan proceeds are disbursed; (ii) disbursement linked indicators (DLIs) that establish a performance-based framework to measure progress in the sector reform agendas and to identify the operation's contribution to the identified development objectives; and (iii) Technical Assistance (TA) to support capacity building and knowledge dissemination in the areas targeted by the APL program.

The APL Program is result-based and guarantees sustained funding for reform-critical provincial budget programs. For this purpose, loan proceeds are disbursed against the execution of specific EEPs and the fulfillment of DLIs which are related to the EEP's objectives. The benefit of this approach is that it not only ensures sustained funding to priority programs but also the achievement of identified policy objectives; it also contributes to developing a performance-based approach to public management in the province. The TA component complements the EEPs and DLIs part of the operation, by providing the necessary capacity and technology to achieve the identified development objectives.

Types of eligible expenditures related to the EEPs. For inclusion into EEPs, provincial budget expenditures have to belong to identified provincial budget programs and must be eligible according to Bank procurement rules. Non procurable expenditures such as salaries and some transfers are tentatively eligible. The procurement eligibility of expenditures will further be analyzed during the preparation phase.

Types of Disbursements and respective implementation period. The project consists of three types of disbursements. First type of disbursements is loan proceeds which are disbursed against EEPs and DLIs and which are expected to be disbursed over a three year period. Second type of disbursements is direct payments to suppliers for major TA and supply contracts. Third type of disbursements is disbursements against statement of expenditures (SOEs) for minor current expenditures. Direct payments and disbursement against SOEs correspond to Technical

Assistance and will be executed over the five year project life cycle. Out of the US\$30 million of the total loan amount, loan proceeds disbursed against EEPs represent US\$24 million. Table 1 presents a tentative disbursement schedule for the project. In addition to the above mentioned review of expenditure eligibility, the multi-annual projection of eligible expenditures will further be analyzed during the preparation phase.

Component 1: Increased Fiscal Space & Public Finance Reform (US\$12 million)

This component will support the reforms in the areas of budget and planning, debt management, and tax administration. Support to the Provincial Public Finance Reform will be articulated around the two below sub-components.

Subcomponent 1.1: Government Budget Program for Public Finance Reform (Disbursement vs EEPs: US\$9 million). The objectives of this budget program are: strengthen the budget planning and monitoring & evaluation functions of the provincial government; strengthen public debt management; increase fiscal space through improving tax administration. The budget program will finance human resources and services and other expenditures needed to undertake these reform actions. The loan specific objectives 1 to 3 are fully aligned with the Government Program objectives, and the provincial funding of the Government Program (EEP) up to CY13 is estimated at US\$12 million. As set out in the section #lending instrument#, loan proceeds will be disbursed to the treasury against EEPs and the fulfillment of DLIs related to the objectives of this budget program. Over the SWAP period extending up to CY13, the loan proceeds disbursed to the provincial treasury against the program EEPs and DLIs are tentatively estimated at US\$9 million.

Subcomponent 1.2: Institutional Strengthening related to the Government Program of Public Finance Reform (Disbursements for TA: US\$3 million). This sub-component will provide Technical Assistance and IT Equipment to the Government Program of Public Finance Reform. The sub-component will include Technical Assistance and IT Equipment to address specific objectives and support the completion of DLIs related to Budget & Planning, Tax Administration and Debt Management. Annexes III and VI provide details on the activities covered by the Technical Assistance in the areas of planning and budget, and Tax Administration.

Component 2: Improved Efficiency of Public Service Delivery (US\$18 million)

This component will support the reforms in the areas of procurement reform, public service for the agricultural sector, and emergency services. It will be articulated around the four below sub-components.

Subcomponent 2.1: Government Budget Program for Public Procurement Reform (Disbursement vs EEPs: US\$3 million). The objective of this budget program is to support the establishment of an efficient and unified public procurement system in the provincial public administration. The budget program will finance human resources and services and other expenditures needed to establish this legal and institutional procurement system. The objective of this program is strongly linked to the specific objective 4 of the loan, and the provincial funding of the program (EEP) up to CY13 is estimated at US\$6 million. As set out in the section

#lending instrument#, loan proceeds will be disbursed to the treasury against EEPs and the fulfillment of DLIs related to the objectives of this budget program. Over the SWAP period extending up to CY13, the loan proceeds disbursed to the provincial treasury against the program EEPs and DLIs are tentatively estimated at US\$3 million. Annexes IV provides more details on activities related to Public Procurement.

Subcomponent 2.2: Government Budget Programs for Service Delivery to the Agricultural Sector (Disbursement vs EEPs: US\$11 million). The objective of these budget programs is to improve the quality and effectiveness of financial and non-financial services offered to the agricultural sector. The budget program will finance human resources and services and other expenditures needed to improve rural services targeted by the programs. The objective of these budget programs are strongly linked to the specific objective 5 of the loan, and the provincial funding of the program (EEP) up to CY13 is estimated at US\$40 million. As set out in the section #lending instrument#, loan proceeds will be disbursed against EEPs and the fulfillment of DLIs related to the objectives of these budget programs. Over the SWAP period extending up to CY13, the loan proceeds disbursed to the provincial treasury against the program EEPs and DLIs are tentatively estimated at US\$11 million. Annexes V provides more details on activities related to the Agricultural Sector.

Subcomponent 2.3: Government Budget Program for Establishing and Maintaining an Emergency Service to Citizens (Disbursement vs EEPs: US\$1 million). The objective of this budget program is to establish an emergency system for all citizens, including those living in remote rural areas. The budget program will finance human resources and services and other expenditures needed to establish and maintain a 911 Emergency Service System. The objective of this budget program is strongly linked to the specific objective 6 of the loan, and the provincial funding of the program (EEP) up to CY13 is estimated at US\$4 million. As set out in the section #lending instrument#, loan proceeds will be disbursed against EEPs and the fulfillment of DLIs related to the objectives of the programs. Over the SWAP period extending up to CY13, the loan proceeds disbursed to the provincial treasury against the program EEPs and DLIs are tentatively estimated at US\$1 million.

Subcomponent 2.4: Institutional Strengthening related to Public Service Delivery (Disbursements for TA: US\$3 million). This will include Technical Assistance and IT Equipment to support: the improvement and reforms related to Public Procurement; and Public Services related to the Agricultural Sector. Annexes IV and V are providing details on the activities covered by this Technical Assistance.

D. Project location (if known)

Republic of Argentina, Province of La Rioja; the Project will be mainly implemented within provincial government offices in the City of La Rioja. Locations of agriculture related on the ground activities financed under the Project remain to be defined.

E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]

Initially, only the Secretariats of Water and Land Management will receive support for specific non-TA activities. Both Secretariats are currently involved in implementation of projects supported by the Provincial Agricultural Services Program (PROSAP) financed by the World

Bank and the Inter-American Development Bank. As this Project will apply the PROSAP Environmental and Social Management Framework (the Annex 10 of the PROSAP Operational Manual), the two Secretariats have in-house capacity for relevant safeguards compliance. In addition, capacity-building measures are being built into the Project design. Periodic monitoring will be used to ensure consistent application of the procedures and to update and refine them where necessary.

F. Environmental and Social Safeguards Specialists

Ms Isabel Tomadin (LCSHE)

Ms Tuuli Johanna Bernardini (LCSSEN)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
<p>Because the activities to be financed mostly involve capacity building and institutional strengthening, negative environmental impacts are expected to be low. The Secretaries with competences in rural development (Agriculture and Natural Resource Management, Livestock, Water, and Land Management) will benefit from strengthened managerial capacities, coordination and planning. Given the undefined geographical location of the activities to be supported, an Environmental and Social Management Framework (ESMF) approach will be applied through the use of an Environmental and Social Management Manual of the Provincial Agricultural Services Program (PROSAP). The PROSAP is financed by the World Bank and the Inter-American Development Bank, and the ESMF forms the Annex 10 of the PROSAP Operational Manual.</p> <p>Additionally, in accordance with the objective of strengthening management, planning, and other technical capacities of the four participating Secretariats, as well as a recommendation received from the SAT, a Sectoral Environmental Assessment (SEA) for agriculture and related water resources management will be conducted for the La Rioja province, but only after the Project has reached effectiveness. The ToRs of the SEA shall include, inter alia, considerations of climate change adaptation and social dimensions of water use, as well as of impacts of potential agricultural expansion on natural habitats.</p>			
Natural Habitats (OP/BP 4.04)			X
<p>The proposed Project is not expected to cause negative impacts on natural habitats, but the safeguard trigger is marked as TBD based on a SAT recommendation to use the planned SEA to consider impacts of potential agricultural expansion on natural habitats.</p>			
Forests (OP/BP 4.36)		X	
<p>The proposed Project is not expected to cause negative impacts on forest.</p>			
Pest Management (OP 4.09)	X		
<p>In terms of Pest Management (OP 4.09), the proposed Project is not expected to cause negative impacts, but the OP 4.09 is triggered as the agricultural activities supported by the operation might relate with pest management. In that case, the PROSAP ESMF provides with necessary guidance to secure compliance with the OP 4.09. Further, measures will be considered to fill any gaps identified at a sector level.</p>			
Physical Cultural Resources (OP/BP 4.11)		X	
<p>The proposed Project is not expected to cause negative impacts on physical cultural</p>			

Safeguard Policies Triggered	Yes	No	TBD
resources.			
Indigenous Peoples (OP/BP 4.10)			X
There is a small percentage of indigenous people among the population of La Rioja. At this stage of Project preparation, however, it is not possible to determine if those communities might participate in programs supported by the Project, so the safeguard trigger is marked as TBD. An appropriate level of social analysis will be conducted prior to the QER.			
Involuntary Resettlement (OP/BP 4.12)			X
The proposed Project only involves activities related to land regularization/a land titling registry; activities that are explicitly excluded from coverage by the policy under footnote 8. However, if the agricultural sector EEPs were to include infrastructure works and thus involve possible land acquisition, the safeguard trigger is marked as TBD as advised by the SAT.			
Safety of Dams (OP/BP 4.37)		X	
The proposed Project is not expected to cause negative impacts on safety of dams.			
Projects on International Waterways (OP/BP 7.50)		X	
The proposed Project is not expected to cause negative impacts on projects related to international waters.			
Projects in Disputed Areas (OP/BP 7.60)		X	
The proposed Project is not expected to cause negative impacts on Disputed Areas.			

Environmental Category: B - Partial Assessment

III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 10/21/2010
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: N/A
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS.
This has not been determined yet.

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

IV. APPROVALS

<i>Signed and submitted by:</i>		
Task Team Leader:	Mr Alexandre Arrobbio	11/09/2010
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Mr Glenn S. Morgan	11/08/2010
Comments:		
Sector Manager:	Ms Veronica E. Zavala Lombardi	11/10/2010
Comments:		