

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

FEDERAL FISCAL MANAGEMENT STRENGTHENING PROGRAM

(AR-L1405)

LOAN PROPOSAL

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4. Environmental and social review summary
OPTIONAL:
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2. Vertical logic
3. Program Operating Regulations
4. Climate change and sustainability
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ABBREVIATIONS

DGSIAF	Dirección General de Sistemas Informáticos de Administración Financiera (Executive Office of Financial Management IT Systems)
e-SIDIF	Sistema Integrado de Información Financiera Internet (Internet Integrated Financial Management Information System)
GDP	Gross domestic product
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IT	Information technology
MECON	Ministry of the Economy of the Nation
PET	Program execution team
PROFIP	Program for Strengthening Production-Related Provincial Institutions and Fiscal Management
SIAF	Sistema Integrado de Administración Financiera (Integrated Financial Management System)
SIDIF	Sistema Integrado de Información Financiera (Integrated Financial Management Information System)
SLU	SIDIF Local Unificado (Centralized Local SIDIF)
SOFR	Secured overnight financing rate
UEPEX	Unidades Ejecutoras de Préstamos Externos (Execution Units for Projects with External Financing)

PROJECT SUMMARY

ARGENTINA FEDERAL FISCAL MANAGEMENT STRENGTHENING PROGRAM (AR-L1405)

Financial Terms and Conditions						
Borrower:			Flexible Financing Facility^(a)			
Argentine Republic			Amortization period:		24 years	
Executing agency:			Disbursement period:		6 years	
Ministry of the Economy of the Nation			Grace period:		6.5 years ^(b)	
Source	Amount (US\$)	%	Interest rate:		SOFR-based	
IDB (Ordinary Capital):	60 million	100	Credit fee:		^(c)	
			Inspection and supervision fee:		^(c)	
Total:	60 million	100	Weighted average life:		15.25 years	
			Approval currency:		United States dollar	
Project at a Glance						
Project development objective/description: The general development objective is to improve the technical efficiency of public spending. The specific development objective is to improve the efficiency of the processes and systems for managing public funds.						
Special contractual conditions precedent to the first disbursement of the loan: The borrower, through the executing agency, will submit evidence, to the Bank's satisfaction, that: (i) the program Operating Regulations have been approved and have entered into force, in accordance with the terms and conditions agreed upon with the Bank; and (ii) the key project execution team staff members have been hired or appointed, as the case may be, namely the: (a) program general coordinator, and (b) procurement specialist, in accordance with the profiles agreed upon in the program Operating Regulations (paragraph 3.5).						
Exceptions to Bank policies: None.						
Strategic Alignment						
Objectives:^(d)	O1 <input checked="" type="checkbox"/>		O2 <input checked="" type="checkbox"/>		O3 <input type="checkbox"/>	
Operational focus areas:^(e)	OF1 <input checked="" type="checkbox"/>	OF2-G <input checked="" type="checkbox"/> OF2-D <input checked="" type="checkbox"/>	OF3 <input checked="" type="checkbox"/>	OF4 <input type="checkbox"/>	OF5 <input type="checkbox"/>	OF6 <input type="checkbox"/> OF7 <input type="checkbox"/>

- ^(a) Under the terms of the Flexible Financing Facility (FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- ^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- ^(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.
- ^(d) O1 (Reduce poverty and inequality); O2 (Address climate change); and O3 (Bolster sustainable regional growth).
- ^(e) OF1 (Biodiversity, natural capital, and climate action); OF2-G (Gender equality); OF2-D (Inclusion of diverse population groups); OF3 (Institutional capacity, rule of law, and citizen security); OF4 (Social protection and human capital development); OF5 (Productive development and innovation through the private sector); OF6 (Sustainable, resilient, and inclusive infrastructure); and OF7 (Regional integration).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 **Macroeconomic and fiscal aspects.** Argentina's macroeconomic crisis intensified in 2023, exacerbating the country's economic and social challenges. Inflation skyrocketed to an annual cumulative 211.4%, which together with a 1.6% contraction in the gross domestic product (GDP), further weakened the Argentine economy. The country's net international reserves fell to a negative balance of US\$11.2 billion in mid-December 2023. In the social sphere, inflation and the economic downturn significantly eroded real wages, decreasing the population's purchasing power and driving more Argentines into poverty. By late 2023, 41.7% of the population was living in poverty, more than in previous years. As for the fiscal balance, the primary deficit reached 2.9% of GDP, and was mostly financed through currency issue, which fueled the inflationary spiral.
- 1.2 The current government, which took office in December 2023, has implemented a comprehensive set of measures designed to restore the country's macroeconomic stability. Among the most notable actions is an ambitious fiscal consolidation, equivalent to five percentage points of GDP, geared towards reducing the deficit and improving long-term fiscal sustainability. At the same time, the country has taken significant steps to replenish its international reserves, by adjusting relative prices and cleaning up the Central Bank of the Argentine Republic's balance sheet through elimination of endogenous money creation from interest-bearing liabilities, with a view to resolving the quasi-fiscal deficit and ending financing for the Treasury. In addition, the government has emphasized the expansion of social assistance, reinforcing key programs like the Universal Child Allowance and Food Card to mitigate the social impact of the adjustment measures. These policies have started to yield positive results. In the first eight months of 2024, the country achieved a primary fiscal surplus of 1.4% of GDP for the first time in five years, partially attributable to the rationalization of subsidies to public services, more efficient spending on salaries, decreased discretionary transfers to the provinces, cuts to public works, and a significant reduction in spending in real terms. The exchange rate adjustment and the reforms at the Central Bank also first helped strengthen the international reserves and contributed to slowing inflation, providing a more solid foundation for future economic stability. As a result of the fiscal consolidation efforts, inflation has slowed dramatically. In monthly terms, it fell from 25% in December 2023 (affected by the devaluation implemented after the new government took office) to 3.5% in September 2024. Reducing inflation is essential to maintaining the purchasing power of lower-income citizens and households, and to addressing the challenge of the recent increase in the poverty rate, which reached 52.9% in the first half of 2024 (National Institute of Statistics and Censuses, 2024), despite trending down between the first and second quarters (from 54.8% to 51%) due to the slow decrease in inflation, among other reasons. That said, an economic downturn of 3.8% of GDP is predicted for 2024 as a result of the adjustment, while the forecasts for 2025 are optimistic, with expected growth of 5% [\[1\]](#).
- 1.3 In this context, enhancing financial management is a key strategy for improving the technical efficiency of public spending and as such, a central challenge in the government's fiscal strategy. Accordingly, the Argentine government has decided

to intensify its efforts to better integrate its financial management systems, so as to be able to make timely, informed decisions, and at the same time, provide the general public with access to this information. The Integrated Financial Management Information System (SIDIF)¹ has helped institutions work more effectively and transparently ever since it was implemented. However, in 2023 Argentina ranked 56th out of 125 countries in budget transparency,² below countries like Brazil, Peru, and Chile. Furthermore, Argentina ranked below all Latin American countries in the estimates of technical inefficiency in procurement, payroll expenses, and targeted transfers.³ This operation is part of the country's efforts to achieve more effective public management, by helping to lessen these inefficiencies and increase budget transparency, principally through the timely consolidation of national and subnational information. It is part of a consolidated Bank effort to strengthen fiscal policy, which also includes a policy-based loan (operation AR-L1404, in preparation), and support for the balance of payments through loan [5907/OC-AR](#) (approved in 2024, US\$647.5 million, 100% disbursed). These three operations were coordinated with Argentina's program with the IMF, and in particular, with its fiscal policy structural reform requirements⁴ (paragraphs 1.14 and 1.19).

1.4 **Evolution of SIDIF in Argentina.**⁵ SIDIF, as the Integrated Financial Management System (SIAF) is called in Argentina, is a key system for public financial management and has evolved significantly since it was created to improve the transparency, efficiency, and management of public funds.

- (i) SIDIF-Central, a Ministry of the Economy of the Nation (MECON) project, was launched in 1993 as a core component of the efforts to modernize Argentina's financial management systems. It was designed to record, process, and centralize the national government's financial transactions, thereby enabling greater supervision of public spending and facilitating accountability. Furthermore, specific systems were developed for each level of government: SIDIF-AC for central government entities and SIDIF-OD for decentralized ones. In the late 1990s, the Centralized Local SIDIF (SLU) was developed to replace SIDIF-AC and SIDIF-OD, and substantially improved coordination with SIDIF-Central. The SLU included administrative functionalities like procurement, travel and per diem expenses, revolving funds incorporated into SIDIF-Central for execution of expenditure, and a large number of reports and consultations, and thereby improved the

¹ Responsibility of the governing bodies (Treasury, Debt, Accounting, and Budget) under the authority of the Ministry of the Economy's Finance Department, with support from the Executive Office of Financial Management IT Systems (DGSIAF).

² This indicator evaluates the online availability, timeliness, and completeness of budget documents on a scale of 0 to 100, with 61 being the minimum score to qualify as sufficient [2].

³ Technical inefficiencies were estimated at 7.2% of GDP, compared to the average of 4.4% in the Latin American and Caribbean region, largely due to inefficiencies in transfers (4.5% of GDP), which include subsidies for transportation and energy, followed by procurement and payroll inefficiencies (1.3% and 1.4% of GDP, respectively).

⁴ See editorial by President Ilan Golfajn [3].

⁵ This information is a synthesis of reports from the Ministry of the Economy, the World Bank, the International Monetary Fund, and the Inter-American Development Bank (IDB).

consistency, security, and timeliness of information in the national public sector.

- (ii) In 2010, SIDIF underwent a major transformation with the introduction of its web version, called the Internet Integrated Financial Management Information System or e-SIDIF, which replaced SIDIF-Central and the SLU. This web version automated many previously manual processes, which improved operational efficiency and reduced human error. The e-SIDIF system included modules for budget management, government accounting, treasury, and interoperation with systems like ComprAR (for public procurement), ContratAR (for public contracting), and SIGADE (the foreign debt management and analysis system), among others. Like all technological management systems, e-SIDIF continues to face challenges. At present, it remains a crucial tool for Argentina's management of public finances. Recent efforts have focused on enabling interoperation with nonfinancial systems (human resources, procurement, etc.) to provide an even more complete and consolidated view of public management.
- (iii) In the future, more digitalization, the use of advanced data analytics and artificial intelligence, and stronger real-time monitoring capacities will be added to e-SIDIF, with the objective of further increasing transparency and efficiency in the country's financial management by incorporating all financial systems, all national government institutions, and the provincial governments' budget and financial information.

1.5 Challenges in budget execution performance and transparency. In the past few years, the government has exhibited poor compliance with budget outcomes,⁶ partially due to the ineffective processes and systems supporting budgetary and financial execution, exacerbated by the difficulty in defining clear, specific indicators and targets.⁷ These systems are out of date, uncoordinated, based on obsolete technology systems, and have limited interoperability with other systems. Other causes include the insufficient training of the staff members in charge of budget management, poor coordination among the various government agencies, and opacity in the allocation and use of funds. According to international best practices, 80% fulfillment of outcome targets is considered acceptable [6]. Subnationally, in late May 2024, not all of the 2023 provincial information was available yet,⁸ which prevented the national government from consolidating the country's fiscal accounts; according to best practices, these accounts should be consolidated every six months [7].

1.6 The government has been adopting sustainable fiscal consolidation measures, and to that end has asked the Bank for support. This support includes fiscal policy reform programs designed to improve the allocative efficiency of expenditure, as

⁶ In 2023, Argentina averaged 46.85% fulfillment of the outcome indicators for all national government budget programs [4].

⁷ The budget outcome targets fulfillment indicator is an effective way to assess the efficiency of public expenditure management instruments [5].

⁸ According to the MECON Office of the Deputy Secretary of Provincial Fiscal Coordination. Argentina's provinces are entities with democratically elected authorities and the autonomy to manage and execute their budgets.

well as medium-term tax policy reform and institutional reform programs geared towards improving the technical efficiency of public expenditure, the objective of this operation (paragraph 1.20).

- 1.7 **Rationale.** Public sector financial management plays a crucial role in the optimization of the use of public funds, which in turn directly impacts the effectiveness of budget programs. The strengthening actions supported by this program are designed to improve public spending efficiency, by facilitating the creation of fiscal space for reallocation to social and other priorities. This will facilitate improvements in the allocative efficiency of expenditure and will make it possible to offer higher quality public services to citizens.
- 1.8 **The main problem** to be addressed by the program is the low technical efficiency⁹ of public expenditure, since the processes, regulations, and systems that support public financial management exhibit shortcomings in terms of the quality, timeliness, and treatment of data for accountability.
- 1.9 The following problems were identified in the processes supporting the national government's budgetary and financial management¹⁰ (paragraph 1.26):
 - (i) **Budget.** The current budget structure is only vaguely associated with the priorities of the government's budgetary policy.¹¹ Moreover, despite the progress made on gathering and reporting tangible outputs and outcomes, there are opportunities for improvement in defining indicators and in the budget monitoring and evaluation process. The establishment of restrictive accrual quotas adversely affects the timeliness of expense recording, and the limited openness of the budgetary classification system makes it impossible to properly identify income and expenditure transactions, which hampers integration with other systems. The indicators for crosscutting public policies, like gender and climate change, which have multi-programmatic and multi-institutional aspects, must also be improved. Since 2019, the country has been implementing gender-responsive budgeting, with public expenditure tagging. That year, activities and programs geared towards women were tagged (and made up 3.9% of executed expenditure). In 2020, policies promoting women's autonomy in various spheres were also tagged (13% of executed expenditure).¹³ And starting in 2021, so were policies aimed at closing gender gaps (for women and LGBTQ+ persons). In addition, weighting factors were included to measure the impact of the outlays associated with the programs.¹⁴ Notably, subnational governments made progress on crafting gender-sensitive budget legislative initiatives (Buenos Aires, Catamarca, Entre Ríos, Jujuy, La Rioja, Mendoza, Santa Fe, Chaco, Chubut, and the Autonomous City of Buenos Aires) as well as on implementing the methodology (Catamarca, Chaco, La Rioja,

⁹ Technical efficiency is defined as the gains made from moving toward the production possibilities frontier, ensuring that inputs are delivering the maximum outputs (see [World Bank, 2024](#), p. 12). A lack of technical efficiency can manifest in poor fulfilment of budget outcome indicators, as discussed in paragraph 1.5.

¹⁰ The information pertaining to this section was taken from the [Conceptual Model](#), 2023, pp. 9, 16, 27, 28, and 29.

¹¹ Only 24% of the 418 budget programs are clearly associated with the priorities [9].

Neuquén, San Juan, and Santa Fe).¹⁵ From this tagging, we know that the percentage of expenditure on gender and diversity (LGBTQ+ population) was 14% in 2021, 15% in 2022, and 13% in 2023.¹⁶

- (ii) **Financial.** Execution of projects with external financing is managed through the Execution Units for Projects with External Financing (UEPEX) system, as a system parallel to e-SIDIF. Bank accounts at commercial banks are used for these projects, meaning the disbursement and expenditure transactions are recorded by adjustment in e-SIDIF in national currency, which could lead to inconsistencies in the data due to exchange rate differentials, thereby affecting its integrity and consistency. In the past three years, on average, 1.7% of total primary expenditure was executed through UEPEX. The foreign-currency bank reconciliation process still includes manual transactions, especially UEPEX-related ones, which makes it harder to determine the balances available, as opposed to the national-currency bank reconciliation process, which is automatic.
- (iii) **Accounting.** All told, 80% of the accounts in the chart of accounts are not aligned with International Public Sector Accounting Standards (IPSAS).¹² This lack of alignment makes it impossible to comprehensively present the accounting balances and operations. More disaggregation is needed in account coding, with the inclusion of specific attributes in accounting event tables, so that the accounting methodology will automatically recognize the general ledger accounts that correspond to transactions and automatically generate accounting entries based on the accounting policies that ensure alignment with the IPSAS. Furthermore, preparation of the annual investment account requires manual efforts and the interpretation of several reports, which can lead to delays in submission.
- (iv) **Regulations and human capital.** The processes that support public sector fiscal management are not fully documented and must be updated with respect to the new e-SIDIF conceptual model. The existing training programs also need to be updated, to include asynchronous learning options, in line with modernization of the fiscal management support processes proposed by the new conceptual model. The help desk for users must also be strengthened with tools that afford greater flexibility in responses to common requests, and the team must be expanded and trained to optimize the necessary actions and solutions.
- (v) **Crosscutting policies.** Argentina faces public policy commitments and challenges with regard to climate change,¹³ gender,¹⁴ and persons with

¹² Analysis of breaches of the IPSAS-Work Plan in Argentina's public accounting. Andreas Bergmann and Durlandy Andrés Cubillos Márquez. Zurich University of Applied Sciences and IDB.

¹³ Argentina is vulnerable to climate change and natural disasters due to its size and exposed ecosystems, with its coastal populations at risk of flooding.

¹⁴ While the poverty rate in Argentina is similar for men and women, women do have a lower employment rate (39.54% versus 52.35%) and face a wage gap of 25.4%, which makes them more economically vulnerable.

disabilities,¹⁵ among other topics. In Argentina, women are more economically vulnerable than men; they make up over 60% of the first income decile, while men make up over 60% of the richest.¹⁹ Furthermore, 45.7% of registered wage earners were women, while 54.3% were men.²⁰ The average income gender gap is 27.4%.²¹ This situation is even more critical for women heads of household, for whom the poverty rate is almost ten points higher than it is for their male counterparts. In turn, persons with disabilities make up 10.2% of the population, and 25.3% of Argentine households include at least one person with a disability.²² In 2018,²³ 23.7% of persons with disabilities were at risk of financial poverty, compared to 15.3% of the population without disabilities.²⁴ In addition, the unemployment rate among persons with disabilities was 10.3%, one percentage point higher than among the population without disabilities.²⁵ These figures illustrate the greater economic vulnerability of persons with disabilities compared to the rest of the population. Argentina has made progress on the methodology for identifying, classifying, and quantifying public expenditure on climate and gender,¹⁶ and publishes quarterly reports. However, it does not have the functionalities and sufficiently open classification systems in place to monitor and evaluate public policies with a multi-agency approach. Nor does it have the functionality or sufficiently open classification systems for persons with disabilities.

1.10 The technology infrastructure supporting the national government's budgetary and financial management has the following issues (paragraph 1.27):

- (i) **Maintenance and updating.** The technology platform still uses systems developed 20 years ago (2004) and the monolithic architecture¹⁷ of the main financial system (e-SIDIF) dates back to 2010, hampering maintenance and updating, and making it harder to include new functionalities and improvements like the connection with other systems planned in the next-generation conceptual model. The platform also fails to include facilities for employees with disabilities.¹⁸ Although the agencies are managed through e-SIDIF, there are still systems with complementary functions operating in parallel.¹⁹ This compounds the poor capacity for managing and mining large amounts of data,²⁰ and thus restricts the generation of consolidated scenarios for decision-making.

¹⁵ According to the 2010 census, nearly 13% of the population has some kind of disability. Data from the National Registry of Persons with Disabilities show that 4.9% have visual impairments and 9.3% auditory ones, which restrict their job opportunities.

¹⁶ In 2023, gender and diversity public policies accounted for 12.88% of the total budget [10].

¹⁷ Non modular, built as a single application.

¹⁸ Law 26,653 on Web Accessibility promotes information accessibility, most notably facilitating access for all persons with disabilities as well as the adoption of the current web accessibility standards approved in provision ONTI 6/2019.

¹⁹ SIDIF Central, SLU, and e-SIDIF. The SLU will be decommissioned in July 2024, and a project is ongoing to include the SIDIF Central functionalities in e-SIDIF.

²⁰ System to manage documents, e-SIDIF reports, data warehouse, Excel spreadsheets, and conversion [11].

- (ii) **Information security.** The country's limited capacity for protecting data and systems against malicious software and unauthorized access could compromise the integrity, confidentiality, availability, and traceability of critical information.²¹
 - (iii) **Technology.** Although the support infrastructure for web applications is currently being built up on solid, well-supported, and tested foundations, it still needs to be further expanded based on projected growth. In addition, the lack of personnel trained on the new technologies adversely impacts the country's capacity to make technological improvements and progress.
- 1.11 The financial management of subnational jurisdictions²² faces the following issues (paragraph 1.28):
- (i) **Regulations and processes.** The subnational governments exhibit regulatory and procedural shortcomings for implementation of program-based budgeting with a results-oriented approach.²³ Consequently, the provincial budgets do not reflect the objectives or targets to which funds are allocated,²⁴ and staff capacity for results-based management is insufficient. Furthermore, national and provincial financial management rules and regulations are incompatible, and the lack of standardization of the provincial budget classifiers and charts of accounts (in 23 provinces and the Autonomous City of Buenos Aires) with the national government's leads to differences among provinces, difficulties consolidating fiscal information, and problems submitting the reports required by the Fiscal Responsibility Act.
 - (ii) **Management systems.** The provinces' financial management systems are notably different from the national one (only three of the provinces use the national e-SIDIF system), which complicates reconciliation of provincial and national data and makes integration more expensive.
 - (iii) **Federal fiscal coordination.** The mechanisms for exchanging information and successful experiences among provinces are inadequate, which makes it difficult to leverage synergies and lessons learned and leads to a duplication of efforts, a lack of efficiency in implementing programs and policies, and a lower capacity for effectively handling shared challenges.
- 1.12 **Climate finance considerations.** For proper implementation of a system for verifying, monitoring, and reporting the funds earmarked for implementation of the Nationally Determined Contributions, it is necessary to know how much the various sector ministries invest in mitigation and adaptation. In addition, in order for the country to identify its baseline and establish clear, quantitative investment targets, it must have implemented a methodology for investment and climate budgeting tags. MECON worked with IDB support (operations [5675/OC-AR](#),

²¹ The access control system is out of date [12].

²² Subnational jurisdictions include the 23 provinces and the Autonomous City of Buenos Aires.

²³ This model has been used in the Argentine national budget for 30 years.

²⁴ Four subnational governments do not have the program budget classifier.

approved in 2022, US\$500 million, closed; and [5761/OC-AR](#), approved in 2023, US\$350 million, closed) to develop and implement climate-related public investment tagging. Starting in 2024, this made it possible to identify these investments in the public investment project bank and to establish climate change as a priority criteria under the National Public Investment Plan for the 2024-2026 period [13]. Furthermore, this progress and the support from technical-cooperation operation [ATN/FC-19903-AR](#) made it possible, for the first time and on a pilot basis, to identify climate budget items in the National General Budget (2023) and to begin to publish quarterly budget execution reports with these tags. With its adoption of the 2030 Agenda and the Paris Agreement, Argentina committed to sustainable development and low carbon emissions, and in 2020, it ordered adaptation and mitigation measures (in Law 27,520), notably the identification of climate-related investments and expenditure in the budget. In November 2022, Argentina updated the National Adaptation and Mitigation Plan, reaffirming climate action tagging in the budget and furthering methodologies and tools for the “sustainable environment and climate change” budget tag through publication of such data in the quarterly climate change report on the Open Budget of the Nation website. However, the methodology and implementation thereof must be refined to obtain more disaggregated data on how much the country invests in various mitigation and adaptation activities.

- 1.13 **Program design strategy.** This program aims to strengthen Argentina’s national and subnational public financial management capacities. To that end, it will finance activities to bolster budget planning processes and modernization of the technology infrastructure, which will provide the Government of Argentina with an improved, more efficient public financial management system with process management. Likewise, the activities focused on the institutional strengthening of the subnational jurisdictions will improve public financial management capacities in the provinces, thereby fostering efficient processes for managing public funds. Together, the more efficient processes and systems will help improve the technical efficiency of public spending. The program’s vertical logic ([optional link 2](#)) presents the logical links and expected effectiveness of the proposed components and actions. With this operation, the Bank completes its strategy for providing fiscal support to Argentina for 2024, which includes strengthening the balance of payments with operation [5907/OC-AR](#) (approved in 2024, US\$647.5 million, 100% disbursed), support for improving the tax system and the allocative efficiency of spending with loan AR-L1404 (currently in preparation, focused on improving the technical efficiency of expenditure through strengthening the IT and financial management systems).
- 1.14 Notable progress has been made towards improving the institutional, operational, and technological frameworks of public sector financial management systems in Latin American countries. These efforts seek to ensure that the financial information is more complete, reliable, and timely—essential characteristics for more effective budget management. Significant progress has also been made towards streamlining procedures and implementing more sophisticated models and technologies in key areas like national treasuries, debt management offices, accounting departments, and budget and procurement agencies. These developments not only improve operational efficiency, but also build

governments' capacities to fulfill the objectives of their budget programs, by ensuring public funds are used in a more strategic, effective way [8].²⁵

- 1.15 **Bank experience in the country.** The Bank has supported public expenditure management in Argentina through operations like the Program for Strengthening Production-Related Provincial Institutions and Fiscal Management (PROFIP I and II) ([1588/OC-AR](#), approved in 2004, US\$18 million, closed, 100% disbursed; and [2754/OC-AR](#), approved in 2012, US\$45 million, closed, 100% disbursed, respectively), to help implement the e-SIDIF system, which automates accounting, ensures traceability of transactions, and allows tagging of climate change and gender resources. The e-SIDIF system has broad coverage nationwide.²⁶ The Program to Support Integrated Public Expenditure Management ([4802/OC-AR](#), approved in 2019, US\$40 million, in implementation, 59.42% disbursed) financed the design of the methodological platform for building the next generation e-SIDIF. Through operation [4802/OC-AR](#), the government is providing support for the provincial governments to improve expenditure management and transparency through implementation of the current e-SIDIF system.²⁷ This new operation will build on these achievements to further the development of a new transactional system anchored in functional improvements to financial management.
- 1.16 **Bank experience in the region.** The most recent programs are the: Fiscal Management Digital Transformation Program ([5783/OC-UR](#)), in execution, which provides valuable experiences on the importance of properly training staff members to ensure successful implementation of technology solutions, and on the impact of the use of advanced technologies like artificial intelligence on big data management, improving efficiency in administration and management, and increasing transparency; Strengthening Public Expenditure Management in Belize ([5353/OC-BL](#)), in execution, which is making significant contributions towards implementing better expenditure control and efficiency mechanisms, thereby improving the allocation and use of public resources; and the Project to Improve the Financial Administration of the Public Sector Through Digital Transformation ([5301/OC-PE](#)), in execution, which is making substantial contributions to the strategies for improving technology infrastructure, as well as to change management and capacity-building, to ensure all systems are properly developed and operated, and thereby optimize the use thereof. The Bank's accumulated experience in SIAF projects has been reflected in various publications, like [Public Financial Management in Latin America: The Key to Efficiency and Transparency](#) (an IDB-IMF publication), the [Financial Management Information Systems \(FMIS\): Project Guide](#), and [Integrated Financial Management Information Systems in Latin America: Strategic Aspects and Challenges](#) (Uña, G. and Pimenta, C., 2016), which served as a foundation for preparation of this project, especially with regard to fostering standardization of national and subnational processes, among other considerations.

²⁵ In general terms, the effectiveness of public institutions is limited by constraints on the employees that form them, access to information technologies, the availability of financial resources, and the legal framework (Arenas de Mesa, 2016; Finan et al., 2017).

²⁶ In all, 23,000 users and 298 loan execution units.

²⁷ This system has been implemented in 3 of the 24 provinces, and there are plans for implementation in 2 more, to meet the program target.

- 1.17 **Lessons learned.** The Fiscal and Financial Management Program project completion report ([1550/SF-GY](#) and [1551/SF-GY](#)) shows that improving budget processes increases the technical efficiency of public expenditure, reduces deviation between budgeted and executed expenditures, and improves resource planning. According to the [Fiscal Management Sector Framework Document](#), implementation of information systems improves public spending efficiency, when included as part of a comprehensive digital transformation strategy. In addition, the PROFIP I [project completion report](#) indicates that using participatory modalities with subnational governments improves project targeting and increases the provincial stakeholders' ownership of and commitment to the results.
- 1.18 The following lessons have been taken from Modernization of the Public Financial Administration System to Improve Public Resource Programming, Execution, and Reporting ([2445/OC-PE](#)): (i) the importance of setting up an execution team answerable to the governing bodies involved that spearheads the rigorous preparation of the SIAF-RP (the SIAF for public funds) bidding specifications, with operational validation from the Public Budget Office, Executive Office of the Treasury and Public Credit, and Public Accounting Department, and IT validation by the General Office of Information Technologies; as well as the technical supervision of execution of the contracts; and (ii) the advisability of formalizing project management agreements, especially among the Public Budget Office, Executive Office of the Treasury and Public Credit, Public Accounting Department, and General Office of Information Technologies, to ensure they stay in effect even if the authorities of these agencies change. These lessons will be incorporated into the program [Operating Regulations](#).
- 1.19 **Complementarity with other Bank operations.** The new Argentine government has proposed reforms to rectify fiscal, monetary, and exchange rate imbalances, and has asked the Bank for technical and financial support. This support has been structured into: (i) two programmatic operations, namely: the Program to Support Fiscal Sustainability and Growth ([5907/OC-AR](#), approved in 2024, US\$647.5 million, closed) to strengthen public finances; and the Fiscal Policy Strengthening Program (AR-L1404, in preparation) to make the tax system more efficient and enhance the allocative efficiency of public expenditure; and (ii) technical assistance financed with technical-cooperation funding to provide operational support to the Fiscal Policy Strengthening Program ([ATN/OC-20977-AR](#), approved in 2024, US\$450,000, 18.86% disbursed, in execution) to design fiscal policies and enhance macrofiscal management. In addition, the Bank and the Office of the Deputy Chief of the Interior Cabinet are implementing the Provincial Management Strengthening Program ([3835/OC-AR](#), approved in 2016, US\$120 million, 74.4% disbursed, in execution) and the Provincial Management Strengthening Program II ([4753/OC-AR](#), approved in 2019, US\$150 million, 25.06% disbursed, in execution), with the objective of contributing to growth and private sector employment in the provinces by improving the management of revenue, expenditure, and public investment, and by implementing investment projects.
- 1.20 **Bank value added.** Since 2014, the Bank has played an essential role in strengthening national and subnational financial management. Operations PROFIP I and II ([1588/OC-AR](#), approved in 2004, US\$18 million, 100% disbursed, closed; and [2754/OC-AR](#), approved in 2012, US\$36 million, 100% disbursed, closed) enabled implementation of the e-SIDIF management model,

which principally made it possible to automate accounting and ensured the traceability of transactions and tagging of climate-change- and gender-related resources. Subsequently, the Bank's Program to Support Integrated Public Expenditure Management ([4802/OC-AR](#)) made it possible to design the methodological platform for building the next generation e-SIDIF and supported the provincial governments in improving tax and expenditure management, through implementation of the current e-SIDIF system. Furthermore, in the first half of 2024, the Bank supported the government in strengthening its capacities and tools to improve the technical efficiency of the country's public expenditure, supplementing and complementing the technical and financial support that the Government of Argentina had requested to further the reforms for rectifying the fiscal, monetary, and exchange rate imbalances mentioned above; and in designing national and subnational fiscal policies through the technical-cooperation resources. The Bank's value added is also reflected in the comprehensive approach with different programs geared towards achieving greater sustainability and fiscal efficiency (paragraph 1.19).

- 1.21 **Strategic alignment.** The program is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the objectives of: (i) reducing poverty and inequality, by implementing reforms to strengthen State fiscal management capacities (strengthening of public finances); and (ii) addressing climate change, through climate change mitigation and adaptation activities ([optional link 4](#)), by investing US\$3,997,389, corresponding to 6.80% of the resources provided by the IDB to finance the operation, according to the joint methodology of the [multilateral development banks for estimating climate finance](#). The program also aligns with the following operational focus areas: (i) biodiversity, natural capital, and climate action; (ii) gender equality and inclusion of diverse population groups; and (iii) institutional capacity, rule of law, and citizen security; as well as with the Fiscal Management Sector Framework Document (GN-2831-13), as it aims to improve the quality and efficiency of public expenditure. Furthermore, it is aligned with the Sector Strategy on Institutions for Growth and Social Welfare (GN-2587-2), since it supports improving public expenditure management; with the Fiscal Policy and Management Sector Framework Document (GN-2831-8), by supporting increased efficiency in the use of public funds; and with the Decentralization and Subnational Governments Sector Framework Document (GN-2813-8), by helping to improve public expenditure efficiency at the regional and local government levels.
- 1.22 The program aligns with the IDB Group Country Strategy with Argentina 2021-2023 (GN-3051),²⁸ in the following strategic objectives: (i) move toward greater macroeconomic stability; (ii) improve the technical and allocative efficiency of public spending; and (iii) digital government. It is included in the Update to Annex III of the 2024 Operational Program Report (GN-3207-3).
- 1.23 **Considerations on gender and persons with disabilities.** As shown in the diagnostic assessment, while some progress has been made with regard to gender-responsive budgeting in the country, the crosscutting budget tags, to be improved by the program under Component 1, will raise awareness of and enhance initiatives to close development gaps for women. Likewise, for the

²⁸ As per extension GN-3051-2, this strategy is in force in 2024 and has been extended to 30 June 2025.

first time progress will be made with a tool to raise awareness of and enhance initiatives to close the gaps faced by the persons with disabilities and Indigenous peoples described in the diagnostic assessment. According to data from the National Registry of Persons with Disabilities, 4.9% have a visual impairment and 9.3% an auditory one, and these impairments limit their job opportunities. Accordingly, in Component 2, the program will expand the executing agency's technology infrastructure to ensure accessibility for persons with disabilities. This will help the executing agency comply with the employment quota for persons with disabilities.³⁶

- 1.24 **Paris Alignment.** This operation has been reviewed using the [Joint MDB Assessment Framework](#) for Paris Alignment and the [IDB Group Paris Alignment Implementation Approach](#) (GN-3142-1). Based on this specific analysis, the operation has been determined to be aligned with: (i) the Paris Alignment adaptation target; and (ii) the Paris Alignment mitigation target. This alignment is justified by the following: (i) the project will finance expansion of two centers and, according to the program Operating Regulations, all equipment procured will be certified as highly energy efficient (Energy Star or equivalent); and (ii) hydrofluorocarbon refrigerants will not be financed. Therefore, no risks of committed or transition emissions have been identified.

B. Objectives, components, and cost

- 1.25 The general development objective is to improve the technical efficiency of public spending through the specific development objective of improving the efficiency of the processes and systems for managing public funds.
- 1.26 **Component 1. Improvement of the budgetary and financial management processes (US\$12 million).** With the objective of fostering improvement in the budgetary and financial management processes, this component will finance: (i) adjustments to the national budget and financial management model to improve the technical efficiency of expenditure, including: (a) adaptation of budgetary classification and the chart of accounts in accordance with the International Monetary Fund (IMF) Government Finance Statistics system and International Accounting Standards, as well as development of functionalities for including tags that will make it possible to monitor and evaluate disaggregated public policies on such topics as climate change, gender, and persons with disabilities, as well as other crosscutting policies prioritized by the government²⁹ and compatible with the United Nations Classification of the Functions of Government;³⁰ (b) improvement in linking the budget to government priorities and in monitoring and evaluating it, by strengthening the results-based-management model and the monitoring and evaluation tools; (c) study and development of the as-is and to-be functional model for all budget and financial management processes, with a multiyear, multicurrency approach, to serve as the foundation for developing a new SIAF, including the respective operating manuals; (d) implementation of a comprehensive single

²⁹ Including the potential to tag programmatic, multi-institutional, multi-sector subcategories, etc.

³⁰ As per best practices, the Budget Office will be responsible for managing tags in coordination with the agencies involved in the respective crosscutting issues.

foreign-currency account model;³¹ (e) implementation of a training program³² and change management/certification in results-oriented fiscal management topics; and (f) proposal to adapt the regulations in force pursuant to the new procedures to be implemented; and (ii) proposal for a solution to integrate the budget and financial information of agencies operating outside e-SIDIF, like the National Social Security Administration, Federal Public Revenue Administration, and the National Institute of Social Services for Retirees and Pensioners.³³

- 1.27 **Component 2. Modernization of the technology infrastructure for supporting budgetary and financial management (US\$25.3 million).**³⁴ With the objective of facilitating modernization of the technology infrastructure in support of budgetary and financial management, this component will finance the: (i) development and implementation of a multiyear, multicurrency, next-generation e-SIDIF, with the capacity to handle big data and business intelligence;³⁵ (ii) implementation of a data warehouse platform and its respective data governance, cybersecurity, and certification tools: report generator, data mining, data analytics, and a dashboard; (iii) strengthening of the information security platform; (iv) strengthening of the government interoperability platform for the various government systems; and (v) expansion of technology infrastructure in an active-active model that covers contingency, base software, database, and hardware needs, ensuring accessibility for persons with disabilities.³⁶ In addition, the component will finance a chatbot system to serve all system users.
- 1.28 **Component 3. Support for the financial management of subnational jurisdictions (US\$21.5 million).**³⁷ With the objective of providing support for strengthening the financial management of subnational jurisdictions, this component will finance: (i) technical assistance for the provincial jurisdictions for designing and implementing reforms, regulations, processes, and procedures that help strengthen financial management; (ii) a solution for improving the systems, in which the provinces will be able to choose one of two solutions: (a) implementation

³¹ That supports, for example, multiple currencies and funds outside the single treasury account, as is the case for project execution units with external financing.

³² In all, an estimated 70 national government employees will be trained on topics associated with: (i) budgetary and financial management: budget planning, government accounting, treasury management; (ii) technological innovation in public finance: SIAP, interoperability platforms, data storage, and information security; (iii) expenditure efficiency and performance evaluation: performance and efficiency indicators, public policy impact evaluation, budget monitoring and evaluation models; (iv) change management and ongoing training: organizational change management, ongoing training and certification, and crosscutting perspectives; and (v) gender perspectives and climate change: integration of accessibility and inclusion in financial management. These training sessions will be evaluated with e-learning tools designed to precisely and continuously measure participants' progress.

³³ National public agencies.

³⁴ The equipment will be certified with an energy efficiency seal like Energy Star or the equivalent.

³⁵ The systems developed specifically for this project will comply with the accessibility guidelines of the World Wide Web Consortium standards, with characteristics that make them more accessible to users with visual impairments.

³⁶ The equipment to be procured will be certified with an energy efficiency label.

³⁷ Activities (i) and (iv) of this component include improvements in eight provinces; in the five provinces included in the PROFIP III operation, only the new e-SIDIF system will be implemented, since the infrastructure was already provided for in that operation. In the three other provinces, both the new e-SIDIF system and the corresponding technology infrastructure will be implemented. The component activities will take into account the diversity of capacities in the provinces.

- of the next-generation e-SIDIF; or (b) a customizable tool for converting provincial reports to the format required by the Fiscal Responsibility Act; (iii) creation of interprovincial networks for the exchange of experiences and knowledge; and (iv) implementation of a training and certification program³⁸ and a change management program on the issues associated with fiscal management geared towards business intelligence outcomes, etc.
- 1.29 **Program administration, evaluation, and audit (US\$1.2 million).** This item includes the financing of: (i) the central team administration and management expenses; (ii) monitoring and evaluation; and (iii) audits.
- 1.30 **Beneficiaries.** The program's direct beneficiaries will be the: (i) national government agencies and SIAF governing bodies (Treasury, Accounting, and Budget), which will have better tools for steering the public resource management systems; and (ii) provinces, which will receive training and tools for fiscal management. The indirect beneficiaries will be Argentina's citizens and society, which will benefit from greater efficiency and transparency in the use of public funds.
- C. Key results indicators**
- 1.31 The general development objective will be measured through the following impact indicators: (i) percentage of national government budget programs that achieve the planned targets; and (ii) MECON operating costs in relation to the value of the centrally managed national government public resources. The specific development objective will be measured through the following outcome indicators: (i) average time to carry out a national government agency expenditure transaction; (ii) time required to consolidate execution reports from the participating beneficiary provinces; and (iii) rate of compliance with the IPSAS.
- 1.32 **Economic analysis.** Cost-effectiveness and cost-benefit analyses were conducted ex ante, taking into account the relationship between: (i) operational effectiveness in MECON's management of national government public funds; and (ii) the costs of investment and the benefits derived from the savings and efficiency gains obtained from the program. Both analyses covered a horizon of 10 years after program end. The cost-effectiveness analysis concluded that, with the project, US\$10,252 would be needed to manage every million dollars transacted, compared to US\$14,803 without the program. This represents a cost savings of 30.7%. The cost-benefit analysis estimated that implementation of the new SIAF and new treasury single account model for all national government agencies would generate a net present value of US\$11.8 million, with an internal rate of return of 21.29% ([optional link 1](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Financing modality.** This operation was designed as an investment loan for specific projects, since the outputs to be financed are associated with the specific objective and the activities are clearly defined. The project will have a total cost of

³⁸ An expected 400 provincial employees will be trained on the same topics described in the section on the national government training.

US\$60 million and will be fully financed with resources from the Bank's Ordinary Capital.

Table 1. Estimated program costs (US\$)

Components	IDB	%
1. Direct costs	58,807,200	98.01
1.1 Component 1. Improvement of the budgetary and financial management processes	12,054,023	20.09
1.2 Component 2. Modernization of the technology infrastructure for supporting budgetary and financial management	25,222,460	42.04
1.3 Component 3. Support for the financial management of the subnational jurisdictions	21,530,717	35.88
2. Project management	1,192,800	1.99
2.1 Project implementation unit	952,800	1.59
2.2 Evaluation	140,000	0.23
2.3 Audit	100,000	0.17
Total	60 million	100

Note: Amounts are indicative.

- 2.2 **Disbursement schedule.** The loan will be disbursed over six years. The execution period was defined based on the average amount of time needed to design and implement the proposed activities, as well as Argentina's institutional characteristics for designing and planning operations.

Table 2. Project disbursement schedule (US\$)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
IDB (Total)	4,749,563.59	10,225,646.96	14,605,624.63	19,204,616.81	6,714,416.19	4,500,131.83	60 million
%	7.92%	17.04%	24.34%	32.01%	11.19%	7.50%	100%

B. Environmental and social risks

- 2.3 Pursuant to the Environmental and Social Policy Framework (GN-2965-23), the project was classified as a Category "C" operation, since it is expected to have minimal or no negative environmental and social impacts ([required link 4](#)). The operation is classified as having low levels of environmental and social and disaster and climate change risks. The environmental and social annex ([optional link 4](#)) provides detailed information on compliance with the environmental and social performance standards that apply to the operation.

C. Fiduciary risks

- 2.4 **Economic financial (medium-high).** Budget restrictions (loan allocations and budget quota) could lead to delays in procurement awards, causing execution of Components 1 and 2 to be pushed back. To mitigate this risk, the executing agency has included the programmatic opening line in the preparation of the 2025 fiscal year budget, and has requested a US\$6 million budget for 2025.

- 2.5 **Executing agency (medium-high).** If the management and finance area does not have sufficient capacity to manage the procurement processes, the bidding processes for goods and services could be delayed, which would push back execution of Component 2 - Modernization of the technology infrastructure for supporting budgetary and financial management. To mitigate this risk, the executing agency will contract staff to reinforce the team, and the Bank will support the executing agency by training the staff members in financial and procurement management, and by helping it identify procurement processes and considerations for the technical execution of the program.
- 2.6 **Executing agency (medium-high).** A failure to contract the Component 1 individual consultants during the first year of execution due to budget ceilings could lead to delays in establishing the technical specifications for developing the next-generation e-SIDIF, which would push back execution of Components 1 - Improvement of the budgetary and financial management processes and 2 - Modernization of the technology infrastructure for supporting budgetary and financial management. To mitigate this risk, the executing agency will undertake to hire these specialized consultants under the work contract modality, pursuant to local regulations. This will make it possible to use payments against fulfillment of outputs and thereby offer compensation commensurate with the specialized profiles required in Component 1.

D. Other key issues and risks

- 2.7 **Organizational structure (medium-high).** A lack of adequate technical mechanisms for interagency technical coordination with other subnational jurisdictions could push back implementation of the next-generation e-SIDIF, leading to a delay in execution of Component 3 - Support for the financial management of subnational jurisdictions. To mitigate this risk, framework agreements will be set up with the provinces, detailing the conditions and responsibilities for accessing e-SIDIF implementation, and a network structure for interprovincial collaboration and exchange of information will also be established.
- 2.8 **Sustainability.** The investments made under the program are expected to be highly sustainable. This is because the e-SIDIF system is the core of the Government of Argentina's financial management, has been operating for almost 30 years, and is very strategic. Therefore, it is expected that beyond the years of program implementation, the necessary investments will be made in technology and functional design for maintenance and upkeep, as has been the case to date, through budget allocations from MECON to the Finance Department. As for the technology infrastructure, MECON has an annually allocated budget for maintaining its technology park. Most of the procurement will be to replace obsolete equipment with others that have more capacity; therefore, the current maintenance budget is not expected to increase significantly. Maintenance of the new microprocess-based approach is less costly and simpler, and consequently, more sustainable. The interoperability actions will also foster medium- and long-term sustainability of the project investments and actions. The change management actions will facilitate staff acceptance of the new management tools, promoting the modernization's sustainability. Furthermore, MECON's implementation of cybersecurity strategies will support the availability and integrity of the procured systems.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The executing agency will be MECON, through the Finance Department.³⁹ Strategic coordination of the program will be the responsibility of the Secretary of Finance, or the official appointed thereby, who will serve as the program's general coordinator. The general coordinator will be responsible for fulfillment of the program objectives, and will make decisions on overall implementation, supervision, and technical management. The general coordinator will also be responsible for coordinating the operational, administrative, budgetary, and financial-accounting management of the program.
- 3.2 The executing agency will implement the program through a program execution team (PET),⁴⁰ which will report to the Finance Department and be in charge of all program execution activities. The PET's functions and responsibilities will include: (i) planning execution of the activities; (ii) preparing and updating the project's operational tools: itemized budget, multiyear execution plan, annual work plan, procurement plan, monitoring and evaluation plan, and risk matrix; (iii) supervising execution of program activities and submitting progress reports; (iv) preparing the terms of reference and technical specifications for procurement or contracting of goods and services; (v) verifying technical compliance of the goods and services; (vi) submitting disbursement justification requests to the Bank and preparing the financial statements; and (vii) preparing and submitting project progress reports and evaluations to the Bank. The program Operating Regulations describe the structure, processes, procedures, and characteristics of the positions needed for project execution. The executing agency's institutional capacity was analyzed during the program design stage. This analysis took into account that the execution unit has been responsible for executing IDB loans⁴¹ continuously since 2005, and confirmed that the executing agency has a satisfactory level of institutional capacity development for program execution. Specific measures will be deployed to help close the gaps identified, like: (i) strengthening the execution unit team on the use of project planning and management tools; (ii) strengthening the mechanisms for coordinating the various governing bodies as well as the various subnational jurisdictions; and (iii) supporting actions to coordinate the technical areas. The executing agency is considered to have the capacity to resolve the issues identified in the evaluation in the short term, and to have satisfactory capacity for executing most of the operation.
- 3.3 The program execution unit will be responsible for implementing the interagency and strategic coordination mechanisms, by establishing forums for planning and monitoring with the governing bodies and other institutions involved in program execution, especially in connection with Components 1 and 2, as regards validation of the designs and development of the system minimum viable products. For Component 3, the program execution unit will implement actions to promote the new e-SIDIF system, generate knowledge, and disseminate outcomes, with a

³⁹ In fulfillment of the responsibilities attributed to it under Law 24,156 on Financial Administration.

⁴⁰ The PET will have a coordinator as well as planning and monitoring, procurement, and financial management specialists.

⁴¹ Operations [1588/OC-AR](#) (PROFIP I) and [2754/OC-AR](#) (PROFIP II).

view to encouraging the subnational governments to participate in the program.⁴² Furthermore, during the process of defining the agreements to be signed subsequently, the execution team will set up forums for dialogue and technical cooperation among the provinces, and will implement supervision and monitoring mechanisms to ensure that the program investments come through and the outcomes of the planned interventions are optimized.

- 3.4 **Program [Operating Regulations](#).** The program [Operating Regulations](#) will cover the operation execution strategy and will establish, among other considerations: (i) the model agreement that the eligible national and subnational agencies will sign with the executing agency defining the rights and obligations of the parties in program execution; (ii) the program's organizational structure; (iii) technical and operational arrangements for program execution; (iv) arrangements for programming, monitoring, and evaluating results; (v) guidelines for the financial, audit, and procurement processes; (vi) operational guidelines for selecting consultants; (vii) details of the duties of the executing agency, as well as the responsibilities of other relevant ministerial agencies in the planned program processes; and (viii) requirements for the selection of projects.
- 3.5 **Special contractual conditions precedent to the first disbursement of the loan. The borrower, through the executing agency, will submit evidence, to the Bank's satisfaction, that: (i) the program [Operating Regulations](#) have been approved and have entered into force, in accordance with the terms and conditions agreed upon with the Bank; and (ii) the key PET staff members have been hired or appointed, as the case may be, namely the: (a) program general coordinator, and (b) procurement specialist, in accordance with the profiles agreed upon in the program [Operating Regulations](#).** These conditions are justified to ensure availability of the minimum resources and agreements needed to begin the program.
- 3.6 **Eligibility criteria for subnational agencies.** The program beneficiary provinces will sign framework participation agreements with the executing agency. Provinces that meet the minimum technical and institutional conditions for implementing the system will be eligible, and implementation of the new system will be a priority in the provinces that already have the current e-SIDIF. This will include the regulatory framework for provincial financial management,⁴³ sufficient human and technological resources, and other requirements described in more detail in the program [Operating Regulations](#).
- 3.7 **Fiduciary agreements and requirements.** The principal fiduciary management measures that will apply to the operation were agreed upon (Annex III), and primarily cover the: (i) exchange rate to be used; (ii) audits; (iii) modalities and thresholds for the procurement processes, pursuant to the stipulations of the Policies for the Procurement of Works and Goods Financed by the Inter-American

⁴² Pursuant to the principles of Argentine federalism, the provinces' participation in the e-SIDIF implementation program will be voluntary. At present, up to five provinces have committed to implementing the current e-SIDIF in the next 18 months. All of these provinces, as well as the ones that show an interest in the next few months in adopting the national system, will benefit from the new e-SIDIF to be developed under this program.

⁴³ Including adequate financial management laws, accounting manuals, and program-based budget procedures.

- Development Bank (GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-15), both approved in March 2011; (iv) stipulation that all procurement processes to be carried out will be included in the procurement plan approved by the Bank through the Procurement Plan Execution System, and the methods and ranges established therein; and (v) financial supervision plan. The specific characteristics of the intellectual property of the software and IT developments, and the transfer thereof, will be regulated in the contracts and agreements made by and between the suppliers and beneficiary public agencies, as the case may be.
- 3.8 The executing agency will use UEPEX⁴⁴ as its financial management system, with which it will be able to identify the program funds and financing sources. This system earmarks program investments by cost table category, as per the Bank-approved chart of accounts. Accounting transactions are recorded on a cash basis, and International Financial Reporting Standards will be followed as applicable in accordance with established national criteria. The following financial reports will be required: (i) financial plan for up to 180 days after the request for advances; (ii) audited annual financial statements, as stipulated in Article 7.03(a) of the General Conditions of the loan contract. These reports will be prepared within 120 days after the close of each fiscal year and within 120 days after program execution concludes; and (iii) other reports requested by the fiduciary specialists.
- 3.9 Disbursements will be made using the advance of funds modality in accordance with the financial plan, which will cover a maximum of 180 days. They will be made when at least 80% of the funds have been spent. The disbursement request form, execution status, and financial plan for the next 180 days will be used to request disbursements. While financial reporting will not have to be accompanied by documentation supporting the expenditures or payments made, this does not mean that the Bank has approved the costs incurred. The original supporting documents for expenditures must be available for review by the Bank when it so requests.
- 3.10 **Considerations regarding sustainability in procurements.** The procurement processes will incorporate criteria for sustainability (whether environmental, social, or economic) in the various stages, including: planning; preparation of the standard bidding documents, definition of technical specifications; evaluation criteria and selection of bidders, and evaluation and awarding of bids. The [Green Procurement: How to encourage green procurement practices in IDB-funded projects?](#) document offers guidance on the aspects that can be taken into account for designing green procurement.
- B. Summary of arrangements for monitoring results**
- 3.11 **Monitoring.** For monitoring and evaluation of project execution, a system focused on the following two levels will be set up: (i) fulfillment of execution of project activities; and (ii) achievement of the results matrix outcome and output indicators. Program monitoring will involve the following instruments: (i) results matrix; (ii) multiyear execution plan; (iii) annual work plan; (iv) monitoring and

⁴⁴ [Execution Units for Projects with External Financing](#) system or other financial system agreed upon with the Bank.

evaluation plan; (v) procurement plan; (vi) program risk management matrices; (vii) progress monitoring reports; (viii) semiannual progress reports; (ix) audited financial statements; (x) terms of reference for consulting services; and (xi) administration missions or monitoring/inspection visits. The Bank will hold an annual meeting with the executing agency to discuss matters including the: (i) progress made on the activities identified in the annual work plan; (ii) level of fulfillment of the indicators established in the results matrix for each component; (iii) annual work plan for the following year; and (iv) procurement plan for the following 18 months and the potential modifications of the budget allocations by component. The characteristics of each of these instruments are specified in the [monitoring and evaluation plan](#), as are other program monitoring characteristics. The multiyear execution plan will be modified every year based on actual program progress. The annual revisions of the multiyear execution plan and annual work plan will be sent to the Bank for approval.

- 3.12 **Evaluation.** The program will be evaluated in accordance with the annual targets and outcome and output indicators listed in the program results matrix, using before-and-after comparison. The [monitoring and evaluation plan](#) includes an independent midterm evaluation at 90 days after completion of 36 months after the loan contract enters into effect, or after the date on which 50% of the loan proceeds have been disbursed, whichever occurs first. A final evaluation will be submitted to the Bank within the 90 days following the date on which 90% of the loan proceeds have been disbursed. The evaluation reports will serve as inputs for the project completion report, which will examine the results achieved, measured based on fulfillment of the targets and performance on the indicators established in the results matrix (Annex II). The evaluation submitted in the project completion report will analyze whether the financed investments were effective and if they have contributed to achievement of the specified objectives. The project completion report will be submitted by the deadline established in the Development Effectiveness Framework or other Bank regulation in force.
- 3.13 **Impact assessment.** The [monitoring and evaluation plan](#) includes an impact assessment based on the difference-in-differences methodology with synthetic control to calculate the impact of program activities focused on strengthening provincial financial management, in order to support the attribution of program activities to the changes seen in the process efficiency indicator and systems for managing subnational public resources. The details of the methodological evaluation proposal, as well as its schedule, budget, and finance source, are specified in the monitoring and evaluation plan ([required link 2](#)).

Development Effectiveness Matrix		
Summary AR-L1405		
<i>I. Corporate and Country Priorities</i>		
Section 1. IDB Group Institutional Strategy Alignment		
Operational Focus Areas	<ul style="list-style-type: none"> -Biodiversity, natural capital, and climate action -Gender equality and inclusion of diverse population groups -Institutional capacity, rule of law, citizen security 	
[Space-Holder: Impact framework indicators]		
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3051	Strategic objectives of: (i) Move toward greater macroeconomic stability; (ii) Improve the technical and allocative efficiency of public spending; and (iii) digital government.
Country Program Results Matrix	GN-3207-3	The intervention is included in the 2024 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
<i>II. Development Outcomes - Evaluability</i>		Evaluable
3. Evidence-based Assessment & Solution		7.2
3.1 Program Diagnosis		2.0
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		1.7
4. Ex ante Economic Analysis		6.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		0.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.0
4.4 Sensitivity Analysis		0.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.4
5.1 Monitoring Mechanisms		3.4
5.2 Evaluation Plan		6.0
<i>III. Risks & Mitigation Monitoring Matrix</i>		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		C
<i>IV. IDB's Role - Additionality</i>		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)		Budget, Accounting and Reporting, External Control.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	AR-T1381

The Federal Fiscal Management Strengthening Program is a specific investment loan amounting to US\$60 million, fully financed by the Bank with Ordinary Capital resources, and is expected to be disbursed over 6 years. The General Development Objective (GDO) aims to improve the technical efficiency of public spending, which would be achieved through the attainment of the single Specific Development Objective (SDO) defined: to enhance the efficiency of public resource management processes and systems.

Considering the macroeconomic crisis that Argentina faced in 2023 and the ambitious agenda of the new government to restore fiscal stability and sustainability, strengthening financial management becomes a key piece in improving the technical efficiency of public spending. In this regard, the program is relevant as it proposes to improve the integration of financial administration systems, which will enhance the performance and transparency of budget execution (as well as the quality, timeliness, and handling of information for accountability).

The proposed activities and solutions are grouped into three Components (C), which are deemed appropriate considering the main determinants identified at both federal and provincial levels. C1 focuses on improving and integrating budgetary and financial management processes at the national level. C2 will support the modernization of technological infrastructure that facilitates more effective budgetary and financial management. C3, on the other hand, will strengthen financial management in subnational jurisdictions. The Results Matrix is consistent with the project's vertical logic and includes three Results Indicators that are considered appropriate and SMART, taking into account the identified deficiencies/problems, the proposed products and activities as solutions, and the definition of the SDO.

The monitoring and evaluation plan includes a budget and suitable activities for tracking and monitoring the proposed indicators. The established timeline and goals are realistic, considering the proposed timing for delivering the products. A reflective ex-post evaluation is proposed, which includes a review of the theory of change and a before-after methodology to assess the performance of the indicators at the outcome and impact levels. The program proposes a quasi-experimental impact evaluation (SynthDiD method) to strengthen the analysis of attribution. The impact evaluation is associated with the second results indicator and aims to estimate the causal effect of the activities of the C3 on the time taken to consolidate execution reports from the provinces.

The program presents a Cost-Effectiveness Analysis (CEA) that compares the operational cost of the Ministry of Economy (MECON)—plus the program cost—with the centrally managed budget (the effectiveness measure used). The CEA concludes that the program is cost-effective. The result stems from the fact that, thanks to the program, while total costs are not significantly impacted, the budget managed by MECON nearly doubles. The CEA highlights the benefits of managing the national budget centrally in terms of efficient use of public resources. However, when considering the effectiveness variable used as a proxy and the assumptions made, the comparison between scenarios is not the most realistic.

RESULTS MATRIX

Project objective:	The specific development objective for this operation is to improve the efficiency of the processes and systems for managing public funds. Achievement of this objective will contribute to the general development objective of improving the technical efficiency of public spending.
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GENERAL DEVELOPMENT OBJECTIVE

Indicators	Unit of measure	Baseline value	Baseline year	Year 2030 / end of project	Target	Means of verification	Comments
General development objective: Improve the efficiency of public expenditure							
I.1 Percentage of national government budget programs that achieve planned targets	Percentage	46.85	2023	2030	49.45	MECON, indicators in the budget programs	See monitoring and evaluation plan
I.2 MECON operating costs compared to the value of centrally managed national government public funds	Percentage	1.48	2023	2030	0.74	MECON, national public management budget	See monitoring and evaluation plan

SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline value	Baseline year	Year 2025	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030 / end of project	Means of verification	Comments
Specific development objective: Improve the efficiency of the processes and systems for managing public funds											
R.1 Average time to execute an expenditure transaction	Days	26.73	2023	26.73	26.73	26.73	23	21	21	MECON report	See monitoring and evaluation plan
R.2 Time to consolidate provincial execution reports	Days	90	2023	90	90	80	80	70	70	MECON report	See monitoring and evaluation plan
R.3 Rate of compliance with the IPSAS ¹	Percentage	20	2023	20	20	20	30	30	30	MECON report	See monitoring and evaluation plan

¹ The indicator baseline and methodology can be consulted in the analysis of breaches of the IPSAS in Argentina's public accounting, prepared by Andreas Bergmann and Durlandy Andrés Cubillos Márquez.

OUTPUTS

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of project	Means of verification	Comments
Component 1. Improvement of the budgetary and financial management processes												
1.1 Next-generation e-SIDIF prototype with thematic classification system, designed, ² including subcategories for climate change, gender, and diversity (persons with disabilities)	MVP ³	0	2024	0	24	42	17	6	1	90	Executive Office of Financial Management IT Systems (DGSIAF) report ⁴	Pro-gender and pro-diversity (persons with disabilities) indicator See monitoring and evaluation plan
1.1.1 Next-generation e-SIDIF prototype with gender thematic classifier, designed	MVP	0	2024	0	0	1	0	0	0	1	DGSIAF report	Pro-gender indicator See monitoring and evaluation plan
1.2 Financial information receipt service, implemented	Service	0	2024	0	1	0	0	0	0	1	DGSIAF report	See monitoring and evaluation plan
Component 2. Modernization of the technology infrastructure for supporting budgetary and financial management												
2.1 Next generation e-SIDIF, implemented	MVP	0	2024	0	21	26	41	7	3	98	DGSIAF report	Pro-gender and pro-diversity (persons with disabilities) indicator See monitoring and evaluation plan
2.2 Data storage, governance, cybersecurity, and certification system, implemented	Subsystem	0	2024	0	0	0	2	0	0	2	DGSIAF report	See monitoring and evaluation plan
2.3 Information security system, strengthened	System	0	2024	0	0	1	0	0	0	1	DGSIAF report	See monitoring and evaluation plan
2.4 Governmental interoperability platform, strengthened	Platform	0	2024	0	0	0	1	0	0	1	DGSIAF report	See monitoring and evaluation plan

² Includes sufficient functional and technological specifications of the minimum viable product (MVP) to allow development as a prototype of the final product (process or subprocess), with users able to verify that it has the necessary characteristics.

³ MVP: Minimum viable product, a concept from the Lean Startup methodology that aims to shorten development cycles and increase the potential for a successful product or business launch. It is the version of a new product that has only the features necessary and sufficient to satisfy customer demands.

⁴ [Executive Office of Financial Management IT Systems \(DGSIAF\)](#) of the Ministry of the Economy.

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	End of project	Means of verification	Comments
2.5 Accessible hardware, database, and base software technology infrastructure, expanded	Infra-structure	0	2024	0	0	0	1	0	0	1	DGSI AF report	See monitoring and evaluation plan
Component 3. Support for the financial management of subnational jurisdictions												
3.1 Provinces whose financial management has been strengthened	Province	0	2024	0	0	0	0	5	3	8	Consulting services report certifying project conclusion	See monitoring and evaluation plan
3.2 Technology service to improve the submission of provincial information, implemented	Service	0	2024	0	0	0	0	0	1	1	Consulting services report certifying project conclusion	See monitoring and evaluation plan
3.3 Interprovincial network for the exchange of experiences, implemented	Network	0	2024	0	0	0	0	0	1	1	Memorandum certifying completion of the activity	See monitoring and evaluation plan
3.4 Results-oriented training and fiscal management program, implemented	Province	0	2024	0	0	0	0	5	3	8	Certification report	See monitoring and evaluation plan

Country: Argentina

Division: IFD/FMM

Operation: AR-L1405

Year: 2024

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: Ministry of the Economy of the Nation (MECON), through the Finance Department

Operation name: Federal Fiscal Management Strengthening Program

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation¹

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input type="checkbox"/> Information systems
<input type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input type="checkbox"/> Shopping
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External control	<input type="checkbox"/> Individual consultants

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Special features of fiduciary execution	Framework participation agreements will be signed with the program beneficiary provinces for execution of Component 3 resources, to establish and formalize the commitments and obligations of the parties involved. These agreements will be signed before implementation of the activities begins in each province. The mechanism will be explained in detail in the program Operating Regulations .
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	The institutional capacity of the executing agency (MECON's Finance Department) was analyzed during the program design stage. This analysis took into account that the execution unit has been responsible for executing IDB loan operations 1588/OC-AR (PROFIP I), 2754/OC-AR (PROFIP II), and 4802/OC-AR (PROFIP III, in execution) continuously since 2005 to date. The analysis confirmed that the executing agency's level of institutional capacity development is satisfactory for program execution. Specific measures will be deployed to help close the gaps identified, such as: (i) strengthening the execution unit team on the use of project planning and management tools; (ii) strengthening the mechanisms for coordinating the various governing bodies as well as the various subnational jurisdictions; and (iii) sustaining actions to coordinate the technical areas.
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¹ Any system or subsystem approved subsequently may be used for the operation, under the terms of the Bank's validation.

4. Fiduciary risks and risk response

Risk classification	Risk	Risk level	Risk response
Economic-financial	Budgetary restrictions (credit allocations and budget quota) could lead to delays in procurement awards, causing delayed execution of Component 1 - Improvement of the budget and financial management processes and Component 2 - Modernization of the technology infrastructure for supporting budgetary and financial management.	Medium-high	The executing agency incorporated the programmatic opening line during preparation of the 2025 fiscal year budget. It has also asked to include US\$6 million for execution in 2025.
Executing agency (organizational structure and human resources)	If the management and finance area does not have sufficient capacity to manage the procurement processes, the bidding processes for goods and services could be held up, which would push back execution of Component 2 - Modernization of the technology infrastructure for supporting budgetary and financial management.	Medium-high	The executing agency will hire staff to reinforce the team. The Bank will support the executing agency by training the staff members on financial management and procurement. It will also provide support in identifying procurement processes and considerations for the technical execution of the program.
Executing agency (organizational structure and human resources)	The failure to engage the Component 1 individual consultants during the first year of execution due to budget ceilings could lead to delays in establishing the technical specifications for developing the next-generation e-SIDIF, which would push back execution of Component 1 - Improvement of the budget and financial management processes and Component 2 - Modernization of the technology infrastructure for supporting budgetary and financial management.	Medium-high	The executing agency will propose hiring these specialized consultants under the work contract modality, pursuant to local regulations. This will make it possible to use payments against fulfillment of outputs and thus offer compensation commensurate with the specialized profiles required in Component 1.

5. **Policies and guidelines applicable to the operation:** The Financial Management Guidelines for IDB-financed Projects (GN-2811, current OP-273) will be used for financial management of the program. The policies set forth in document GN-2349-15 (or current version thereof) will apply for contracting works and nonconsulting services and the procurement of goods. The policies set forth in document GN-2350-15 (or current version thereof) will apply for the selection and contracting of consulting services.

6. **Exceptions to policies and guidelines:** None foreseen.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

Exchange rate: For accounting of program proceeds, the exchange rate in effect on the date the approval or disbursement currency is converted to the local currency of the borrower's country will be used, pursuant to Article 4.10(b)(i) of the General Conditions. The agreed-upon exchange rate to be used in determining the equivalency of expenses incurred in the local currency and charged against the local contribution, or for the reimbursement of expenses charged to the program, will be the exchange rate on the first working day of the month of payment.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	<p>The Bank's standard bidding documents or other documents agreed upon by the executing agency and the Bank for a specific procurement will be used for the procurement of works, goods, and nonconsulting services subject to international competitive bidding (ICB), executed in accordance with the procurement policies (GN-2349-15). Likewise, the selection and contracting of consulting services will be executed according to the Policies for the Selection and Contracting of Consultants (GN-2350-15) using the Bank-issued standard request for proposals or the request form agreed upon by the executing agency and the Bank for the specific selection process.</p> <p>The project's sector specialist will be responsible for reviewing the technical specifications and terms of reference for procurement during the preparation of selection processes. This technical review may be conducted ex ante and is independent of the procurement review method used.</p>																			
<input checked="" type="checkbox"/>	Procurement supervision	<p>Supervision will be ex post, except in cases where ex ante supervision is justified, as identified in the operation's procurement plan. The method ((i) ex ante, (ii) ex post, or (iii) country system) will be determined for each selection process. Ex post reviews will be conducted every 18 months as per the project supervision plan, which is subject to change during execution.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th colspan="3">Goods and services</th> <th colspan="2">Consulting services</th> </tr> <tr> <th>International competitive bidding</th> <th>National competitive bidding*</th> <th>Shopping</th> <th>Consulting advertised internationally</th> <th>100% national short list</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">≥US\$1.5 million</td> <td style="text-align: center;"><US\$1.5 million ≥US\$100,000</td> <td style="text-align: center;"><US\$100,000</td> <td style="text-align: center;">>US\$200,000</td> <td style="text-align: center;">≤US\$1 million</td> </tr> </tbody> </table> <p>Thresholds for ex post review are:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th>Shopping</th> <th>Individual consulting</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><US\$300,000</td> <td style="text-align: center;"><US\$50,000</td> </tr> </tbody> </table> <p>In addition, shopping and individual consulting assignments for less than the amounts indicated below will also be subject to ex post supervision, except if the procurement plan indicates a different modality.</p>	Goods and services			Consulting services		International competitive bidding	National competitive bidding*	Shopping	Consulting advertised internationally	100% national short list	≥US\$1.5 million	<US\$1.5 million ≥US\$100,000	<US\$100,000	>US\$200,000	≤US\$1 million	Shopping	Individual consulting	<US\$300,000	<US\$50,000
Goods and services			Consulting services																		
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Shopping	Individual consulting																				
<US\$300,000	<US\$50,000																				

<input checked="" type="checkbox"/>	Records and files	For the Bank's ex ante or ex post supervision, the executing agency will keep digital copies, in formats that can be subsequently consulted or requested by the Bank.
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Main procurement items

Procurement description	Selection method	Estimated date	Estimated amount (US\$ 000)
Individual consulting services			
Functional model prototype and operating manual	3CV	TBD*	2,327
Study and design of the functional model (as-is and to-be) for all budgetary and financial management processes, which will serve as a foundation for developing the new Integrated Financial Management System (SIAF), including the respective operating manuals.	3CV	TBD*	4,322
Consulting services			
Implementation of e-SIDIF in 8 provinces, UDA and DGSIAF teams (deployment)	QCBS	TBD*	10,736
Consulting firm for SIAF development	QCBS	TBD*	8,725
Goods			
Data warehouse	ICB	TBD*	4,952
IT infrastructure for three provinces (deployment)	ICB	TBD*	6,348

* The tentative dates of the main processes will be more clearly identified during the launch workshop.

For more details, see the [procurement plan](#).

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	The executing agency will be responsible for formulating and programming the annual budget and will take all the necessary steps to consolidate it for approval. When entries must be expanded or reassigned, the execution unit will request the modifications and take responsibility for procuring approval. Budget appropriations are made through quarterly commitment and monthly accrual quotas, allocated by the National Budget Office (MECON).
<input checked="" type="checkbox"/>	Treasury and disbursement management	Bank accounts and flow of funds. The program funds will be deposited in an account at the Central Bank of the Argentine Republic set up to receive IDB disbursements, and then transferred to a special account for managing the loan proceeds at Argentina's Banco de la Nación. The guidelines and requirements applicable to use of the aforementioned bank accounts for managing loan proceeds will be

		<p>agreed upon by the Bank and the borrower and described in the project Operating Regulations.</p> <p>The executing agency will manage and control the bank accounts opened in dollars and local currency for the exclusive, separate management of the loan proceeds, as well as bank reconciliation thereof.</p> <p>Financial plan. Disbursements will be made according to a detailed financial plan based on the program's actual liquidity needs for the following 12 months.</p> <p>Disbursement method. The Bank will disburse funds according to the advance of funds modality or another modality established in the guidelines set forth in document OP-273-12 (or current version thereof). The term and amount of the advance payments will be determined based on the information provided in the annual financial plan. Subsequent disbursements may be processed once 80% of the balance pending justification has been accounted for. If necessary, the use of the adjustments established in document OP-273-12 may be considered. The Bank's electronic disbursement platform will be used to process the operation transactions.</p>
<input checked="" type="checkbox"/>	<p>Accounting, information systems, and reporting</p>	<p>As its financial management system, the executing agency will use UEPEX or the system formally designated to replace it, which will provide equivalent functionalities with at least the same quality level. UEPEX earmarks the program investments by cost table component, as per the Bank-approved chart of accounts. Accounting transactions are recorded on a cash basis, and International Financial Reporting Standards will be followed as applicable in accordance with established national criteria.</p>
<input checked="" type="checkbox"/>	<p>External control and financial reports</p>	<p>The General Accounting Office is responsible for external control of the operation. This Office is the governing external control agency, and reports to and assists the National Congress in controlling the public sector's balance sheet. Its establishment and operation are regulated in Title VII, Chapter I of Law 24,156 on Financial Administration and External Control Systems.</p> <p>The program's annual financial statements, based on the terms of reference previously agreed upon with the Bank, will be audited by an independent auditor acceptable to the Bank, which could be the General Accounting Office or an independent audit firm. These statements will be submitted to the Bank 120 days after the close of each fiscal year and 120 days after the date of the final disbursement.</p>
<input checked="" type="checkbox"/>	<p>Financial supervision of the operation</p>	<p>The financial supervision plan will come out of the evaluations of the executing agency's fiduciary capacity and risk and will include on-site supervision visits and desk reviews, as well as the analysis and tracking of outcomes and the auditors' recommendations for the program's annual financial reports.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/24

Argentina. Loan ____/OC-AR to the Argentine Republic.
Federal Fiscal Management Strengthening Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of Federal Fiscal Management Strengthening Program. Such financing will be for the amount of up to US\$60,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____ 2024)