

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**ARGENTINA**

**INNOVATION PROGRAM FOR CRISIS RESPONSE  
AND STRATEGIC PRIORITIES MANAGEMENT**

**(AR-L1327)**

**LOAN PROPOSAL**

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1.	Project economic analysis
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1.B.	<a href="#">Spreadsheet</a>
2.	<a href="#">Vertical logic</a>
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## **ABBREVIATIONS**

CoG	Center of government
DMM	Delivery management model
DPPEESA	Dirección de Programas y Proyectos Especiales con Enfoque Sectorial Amplio [Directorate of Special Programs and Projects with a Sector-wide Approach]
FRMF	Flexible Risk Mitigation Facility
GDP	Gross domestic product
ICT	Information and communication technologies
OECD	Organisation for Economic Co-operation and Development
SAE	Secretaría de Asuntos Estratégicos [Strategic Affairs Department]

## PROJECT SUMMARY

### ARGENTINA INNOVATION PROGRAM FOR CRISIS RESPONSE AND STRATEGIC PRIORITIES MANAGEMENT (AR-L1327)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility <sup>(c)</sup>	
Argentine Republic			Amortization period:	15 February 2042
Executing agency:			Disbursement period:	4 years
The borrower, acting through the Strategic Affairs Department (SAE)			Grace period:	15 August 2025 <sup>(d)</sup>
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital): <sup>(a, b)</sup>	20,000,000	100	Credit fee:	(e)
			Inspection and supervision fee:	(e)
Total:	20,000,000	100	Weighted average life:	13.25 years
			Currency of approval:	United States dollars
Project at a Glance				
<b>Project objective:</b> The general objective of the operation is to make Argentina more effective in coordinating and managing strategic government programs while prioritizing programs critical to the COVID-19 pandemic response and recovery, by strengthening key functions and developing innovative initiatives to achieve government objectives. The specific objectives are: (i) improving the quality of planning, monitoring, decision-making, and evaluation for strategic government programs; and (ii) strengthening capacities for innovation and promoting innovative practices in public management, the private sector, and civil society to respond to the crisis and the consequences thereof.				
<b>Special contractual conditions precedent to the first disbursement of the loan:</b> Evidence that the program <a href="#">Operating Regulations</a> have entered into force under the terms and conditions previously agreed upon with the Bank will be submitted (paragraph 3.5).				
<b>Special contractual conditions of execution:</b> Before calls for proposals are issued under Subcomponent 2.1 (specifically for the activity included in paragraph 1.29 (ii) point (b) of that subcomponent) and Subcomponent 2.2, the executing agency will agree with the Bank on the processes required to approve the relevant rules and conditions of the agreements to be signed with the innovators, as established in the Operating Regulations (paragraph 3.6).				
<b>Exceptions to Bank policies:</b> None.				
Strategic Alignment				
Challenges: <sup>(f)</sup>	SI	<input type="checkbox"/>	PI	<input checked="" type="checkbox"/>
			EI	<input type="checkbox"/>
Crosscutting themes: <sup>(g)</sup>	GD	<input type="checkbox"/>	CC	<input type="checkbox"/>
			IC	<input checked="" type="checkbox"/>

<sup>(a)</sup> Disbursements of the loan proceeds will be restricted as follows: (i) a maximum of 15% in the first 12 months; (ii) a maximum of 30% in the first 24 months; and (iii) a maximum of 50% in the first 36 months. Each of these periods is from the date the loan is approved by the Bank's Board of Executive Directors (paragraph 2.3).

<sup>(b)</sup> This program will be financed by the remaining Ordinary Capital resources allocated to the Flexible Risk Mitigation Facility, reformulated via Resolution DE-49/20 of 18 May 2020. See paragraph 2.1 of document PR-4565-2 and paragraphs 1.1 and 1.4 below.

<sup>(c)</sup> Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk

management considerations into account when reviewing such requests.

- (d) 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. The amortization period and weighted average life for this loan are consistent with and do not exceed the weighted average life (15.25 years) or the maximum guarantee period (25 years) approved for the Flexible Risk Mitigation Facility (FRMF) (documents PR-4565 and PR-4565-1) and were calculated as from the entry into effect of the FRMF agreement (21 August 2018). See document PR-4565-2, paragraph 1.5.
- (e) 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 applicable policies.
- (f) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (g) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. PROJECT DESCRIPTION AND RESULTS MONITORING

### A. Background, problem addressed, and rationale

- 1.1 **Request from the Government of Argentina.** The Argentine Republic asked the Bank to redirect US\$490 million available under Flexible Risk Mitigation Facility (FRMF) (AR-O0009) of the Program to Support Productive Infrastructure Financing in Argentina (approved by Resolution DE-4/18 and amended by Resolution DE-38/19) to finance interventions as part of the response to the health emergency caused by COVID-19. In response to this request, the IDB Board of Executive Directors approved Resolution DE-49/20 to reformulate the FRMF (as proposed in document PR-4565-2) in order to, *inter alia*, amend its objective so that all FRMF resources may be used to finance two investment projects approved on 18 May 2020, the first of which was approved via Resolution DE-48/20 for up to US\$470 million. The remaining US\$20 million in the FRMF will be used to finance this program.
- 1.2 **Background.** On 11 March 2020, the World Health Organization declared the outbreak of COVID-19, caused by a novel coronavirus (SARS-CoV-2) that affects the respiratory system, to be a pandemic. By 9 July 2020, more than 12 million confirmed cases and over 550,000 deaths had been reported worldwide. The first cases in Latin America and the Caribbean were reported in late February, and the case count has risen quickly since then. Argentina had 83,413 confirmed cases and 1,654 deaths as of 9 July 2020 [1],<sup>1</sup> and the numbers of cases, deaths, and people impacted by the pandemic are expected to continue rising.
- 1.3 **Global macroeconomic and social context.** The economic impacts of COVID-19 will be felt through different channels at different times. First are the direct costs of the health sector response, associated with the priority of saving lives in the very near term. Second are the costs associated with the necessary lockdown measures taken by all countries in the region, and by Argentina since 14 March, to “flatten the curve” of COVID-19 progression in order to save lives.<sup>2</sup> These partial or total lockdowns may be the result of government mandates (closing schools, canceling public events, etc.), decisions by companies and other entities (teleworking, cutting back production, etc.), and decisions by consumers (reducing social contact). This is causing a significant economic downturn with immediate manifestations and effects that will linger even after the health emergency is over. From a macroeconomic perspective, in addition to shrinking domestic demand, the Economic Commission for Latin America and the Caribbean sees at least five channels through which the impacts of the crisis will be passed on to the region’s economy [3]: (i) slowing economic activity of key trading partners, which will lower demand for exports; (ii) less demand for tourism services; (iii) disruption of global value chains; (iv) falling commodity prices; and (v) worsening financial terms [4]. For Argentina, the latest projections by international organizations and market analysts are that gross domestic product (GDP) will fall between 10% and 12% in 2020, with risks of an even sharper downturn, after a 2.2% decline in 2019. Market consensus (LatinFocus) is pointing to 3.5% growth in 2021.

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<sup>1</sup> See [optional link 5](#) for bibliographical references.

<sup>2</sup> A third source of costs is the resources needed to enable countries to selectively emerge from lockdown and revitalize their economies [2].

- 1.4 This situation finds Argentina in the early stages of a new administration facing economic, social, and health care challenges that had already impacted its capacity to deliver essential services. The fiscal adjustment pursued by Argentina since 2018 as part of a complex process of foreign debt management took a toll on public spending, particularly by the national government. The authorities are seeking to lessen the recessionary, regressive impact of the shock with measures to assist the hardest-hit and most vulnerable segments of the population, but fiscal space is limited. The government priorities announced by the new administration that have been slowed by the health emergency caused by the pandemic include [fighting hunger and poverty](#) and [creating jobs](#). The COVID-19 pandemic will entail significant fiscal deterioration as the recession drives down tax receipts and the response measures expand public spending. The primary deficit may exceed 6% in 2020 if the fiscal measures aimed at containing the impact of the pandemic are not offset by cutbacks of other expenditures, as the country has been unable to access external financing since last year. Argentina's country risk rose from 790 basis points [5] in early 2019 to 1,744 basis points in December 2019. After the primary elections, the Argentine peso lost much of its value, and international reserves and deposits in U.S. dollars shrank by 30% and 40%, respectively. Against this backdrop, the government decided to restructure its short-term debt under local laws and introduce capital controls. The fiscal deficit ended 2019 at 0.4% of GDP.
- 1.5 **Emergency declaration.** In response to the pandemic, the Argentine government issued [Decree 260/2020](#) of 13 March 2020, declaring a public health emergency for a period of one year. The decree's provisions—applicable to the public sector, private sector, and general public—call for extensive coordination, monitoring, and reporting for the pandemic response and the post-pandemic period.
- 1.6 To fulfill these short- and medium-term mandates stemming from the pandemic, as well as the medium- and long-term priorities announced by the new administration when it took office, public-sector functions and mechanisms for horizontal (multisector) coordination and multilevel vertical coordination (with subnational governments) need to be strengthened for information generation, data management, decision-making, and communication, as well as to monitor progress and outcomes of measures taken.<sup>3</sup> These functions and mechanisms lie mainly at the center of government (CoG),<sup>4</sup> since the policies aimed at confronting the impacts of the health crisis, in the immediate future and beyond, also constitute government priorities.
- 1.7 The CoG is key to effective delivery and strategic management of government priorities, primarily through its role as a coordinator [8] and facilitator of support for ministries and subnational governments. The CoG's main functions are: (i) to foster the alignment of agencies responsible for planning, implementing, and monitoring government priorities; (ii) to use coordination and delivery tools and methodologies that contribute to improved institutional performance and the achievement of

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<sup>3</sup> Recent surveys have found that, efforts notwithstanding, 80% of the objectives set by Latin American and Caribbean governments are not met and 60% of the region's middle class is dissatisfied with basic services [6].

<sup>4</sup> The institution or group of institutions that provide direct support to the chief executive in managing the government's top priorities [7].



expected outcomes; (iii) to report on progress and outcomes within the government in order to make adjustments as needed; (iv) to be accountable to citizens [9]; and (v) to gather and use reliable data to generate information.<sup>5</sup> To this end, the CoG supports initiatives that cut across the entire administration and underpin the government's digital strategy, such as interoperability platforms, cloud computing, cybersecurity, technological standards, and new government competencies for the digital transformation.

- 1.8 **Institutional framework.** Argentina's CoG in recent years has consisted of the Office of the President with operational support from the Ministry of Finance and the Office of the Cabinet Chief. To strengthen the CoG function, the Strategic Affairs Department (SAE) was created in December 2019 to assist the Office of the President in, *inter alia*: (i) identifying and monitoring priority matters of strategic importance for national development; (ii) monitoring compliance with guidelines on priority strategic matters included in the presidential agenda; and (iii) identifying and monitoring strategic priorities to manage and facilitate coordination between government ecosystems accordingly.<sup>6</sup>
- 1.9 Significant challenges continue to hinder the CoG's effectiveness in implementing government priorities. In an analysis of 24 countries in the region, Argentina ranked 16th in both results-oriented planning and management of goods and services, and 22nd in monitoring and evaluation [10]. A recent report by the IDB and the Organisation for Economic Co-operation and Development (OECD) [11] noted that the challenges facing Argentina's CoG have been exacerbated by an increase in crosscutting policy initiatives in recent years (and even more so in recent months, in response to the pandemic), further magnifying the need to strengthen the CoG's coordination and monitoring function. The World Bank's government effectiveness index, which measures perceptions of the quality of public administration and public policy, as well as the government's credibility in implementing public policy, yielded a score of 0.03 for Argentina,<sup>7</sup> placing it at percentile 54.81, well below the scores and percentiles of neighboring Chile (1.08 and 81.73) and Uruguay (0.56 and 73.08).
- 1.10 At the sector level, weaknesses also exist in the ministries and agencies tasked with advancing government priorities amid the pandemic-related crisis. The health sector, for example, which is directly responsible for carrying out the immediate public health response, "constitutes a piecemeal and segmented model with no coordination, regionalization, or effective integration into the larger system of which it is a part. The system is a mixture of disparate models for providing, managing, and financing services for the public. These submodels are grouped according to

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<sup>5</sup> CoGs are responsible for establishing "information production routines" with specific sequencing, frequencies, and responsibilities—at the sector and subnational levels—for the production of information for management of government priorities.

<sup>6</sup> Decrees 7/2019 ([amending the Ministries Act](#)) and 50/2019 ([on the organizational structure of the national public administration](#)). This legislation establishes the division of responsibilities and functions between the Office of the Cabinet Chief and the new SAE in order to avoid overlapping duties. It also provides for the creation of a specialized unit within the SAE that would focus on center of government functions (paragraph 1.26, footnote 21). The Secretary of Strategic Affairs has ministerial rank and status.

<sup>7</sup> Scores on this index can range from -2.25 (weak) to 2.25 (strong). Higher scores indicate a higher quality of government.

their respective target population segments, with no consistent overarching policy for the population as a whole. On the supply side are a large number of health care providers and facilities that are not joined under any coherent approach and are therefore operating in a way that is not integrated, coordinated, or complementary. This gives rise to perverse incentives of economies of scale and collective inefficiencies” [12].

- 1.11 **Primary problem and challenges.** The CoG’s low capacity to manage delivery of government priorities, in the short and medium terms, has been identified as the main problem to be addressed in the program. This determination is based on the country’s medium-low score on the delivery capacity review,<sup>8</sup> which likely reflects the following factors:
- 1.12 **A low-quality model for planning, measuring, and monitoring priorities,** due to: (i) a failure to formally assign key CoG functions within the SAE at the administrative and institutional level; (ii) limited development of formal models, resulting in the use of varied ad hoc processes and piecemeal approaches to monitoring priorities;<sup>9</sup> and (iii) limited capacities of ministries and agencies to manage delivery, as training processes to build such capacities in the government have not been developed.<sup>10</sup> Indeed, Argentina received low scores in the delivery capacity review on both strategy and monitoring and evaluation,<sup>11</sup> as it lacks methodologies and tools to set targets and develop chains and plans for delivering government priorities.
- 1.13 **Low efficiency and information quality for managing government priorities.** Despite major gains in recent years on the digital front, Argentina still has: (i) weaknesses in data management for monitoring delivery of government

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<sup>8</sup> The delivery capacity review measures a government’s capacity to implement public policies. Argentina’s national government was reviewed in March 2020 in relation to the two priorities selected by the Office of the President for support under this project, to address the impacts of the COVID-19 pandemic: (i) the response to the health crisis; and (ii) the economic recovery. The review focused on the Ministry of Health, the Ministry of the Economy, and the SAE, and it yielded an average score of 1.73 out of a possible 4 points. Lower scores are associated with the development of tools for delivery, i.e. chains and routines for managing priorities. Five dimensions (alignment, analysis, strategy, monitoring and evaluation, and culture) were evaluated with relevant actors. See [optional link 3](#) for more information.

<sup>9</sup> For example, a dashboard is being developed for the government priority of responding to the health crisis, but its limitations include the following: (i) provincial data are not loaded automatically and are therefore subject to ongoing negotiations and case-by-case follow-up, compromising their real-time availability and reliability; and (ii) the dashboard identifies activities and reports on their status by percentage of completion, but the lack of predetermined trajectories makes it impossible to know whether the activities are on schedule.

<sup>10</sup> Source: Data from the Office of the President.

<sup>11</sup> This encompasses such factors as defining the reform strategy, drawing the delivery chain, setting targets and trajectories, and developing delivery plans. See [optional link 3](#).

priorities;<sup>12</sup> (ii) limitations in CoG information systems that make it difficult to perform preventive and forward-looking analyses for priority management, particularly for multisector priorities, resulting in reactive, tardy interventions;<sup>13</sup> and (iii) losses of specialized knowledge for priority management and strategic decision-making among senior authorities.<sup>14</sup> As noted in an OECD study, the government still lacks awareness about how to document processes, decisions, plans, progress, and problems. This hinders its capacity to share knowledge and lessons learned, as well as to develop and implement strategies [14].

- 1.14 **Limited adaptation capacity of public management in response to complex social and economic problems,**<sup>15</sup> due to: (i) a lack of innovation-friendly organizational settings in the government;<sup>16</sup> (ii) resistance to change, noted as one of the Argentine government's main problems in implementing innovation in recent years [17]; (iii) difficulties experienced by government entities in charge of innovation in retaining talent vis-à-vis the private sector, as the instability stemming from political turnover, greater opportunities for professional advancement and higher salaries in the private sector, and a more responsive and innovation-oriented culture make the private sector more appealing than the public sector [18]; and (iv) a mismatch between available training in innovation and the needs of public officials, along with a lack of external incentives or encouragement for officials to pursue such training [19]. Generally speaking, rigid bureaucratic ways of innovating do not yield the quantity or quality of innovations needed to solve emerging public policy problems [20].

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<sup>12</sup> For example, the delivery capacity review of the priority of economic reactivation found that the authorities lack real-time, geographically disaggregated data on economic and social variables over time. The data on reduced movement during quarantine, to which the authorities only recently gained access when Google released its reports, are a case in point. These reports aggregate data by province with no disaggregation at the municipal level (e.g., between greater Buenos Aires and the rest of Buenos Aires province), making it quite difficult to monitor the measures' effectiveness. This is compounded by a broader problem: data gathered by the government through online services, interactions with the public, and devices are not processed in a consistent manner, and the government lacks a nationwide data management plan [13]. Some of these problems of lack of centralized data for decision-making in the center of government are due to political economy factors. The lack of a management model focused on priorities and led from the center of government with clear rules for data governance can lead to a culture with inadequate internal accountability [14].

<sup>13</sup> Argentina lacks centralized, timely, quality data grouped according to geospatial criteria. Source: Administrative data, Office of the President.

<sup>14</sup> The lack of an information system for managing government priorities results in the loss of key institutional information for decision-making. This affects continuity and delivery, especially when priorities overlap during government changeovers. Source: Administrative data, Office of the President.

<sup>15</sup> In the World Economic Forum's [Global Competitiveness Report 2019](#), Argentina placed 86th out of 141 countries in "government's responsiveness to change," with a score of 3.5 out of a possible 7. This indicator reflects the response to the following survey question: "In your country, to what extent does the government respond effectively to change (e.g. technological changes, societal and demographic trends, security and economic challenges)?"

<sup>16</sup> For example, the framework of competencies for public-sector jobs does not clearly describe the hard and soft skills needed for the government-wide digital transformation. Clarity and specificity in job descriptions could, for example, help the organization develop and attract specific talent with a strategic mindset [16].

- 1.15 **Limited participation by societal stakeholders in developing solutions to public problems.** Problems related to government priorities are complex and multifaceted, they cannot be solved by a single entity, they are beyond the control of public-sector entities alone, they require a deeper understanding of society, and they are solved by tapping into innovative networks [21]. For innovative networks to contribute to public policy as swiftly as needed, however, various challenges must be overcome, e.g.: (a) information asymmetry between the public and private sectors, in both directions: just as the public sector needs access to knowledge on solutions being developed specifically for prioritized problems both nationally and internationally, the private sector needs to be aware of the strategies being pursued during the crisis, to guide the development of solutions accordingly [22]; (b) a lack of support for fast-track processes for developing prototype solutions to accommodate an emergency production schedule in line with government priorities [23]; and (c) a need to promote innovative financing mechanisms for solutions urgently needed by the public sector with potential participation from the private sector, which would share in the development risk. This challenge looms particularly large because the pandemic has taken a heavy toll on the entrepreneurial ecosystem [24], making recovery difficult in both the short term and the post-pandemic period.
- 1.16 **Rationale.** With COVID-19 cases on the rise in Latin America and the Caribbean, countries will have a growing need to pursue programs to overcome their lack of preparedness and response capacity for the pandemic and the related fallout, as well as for the post-pandemic recovery and future crises requiring extensive institutional coordination and immediate responses. This need reflects the many cross-sector and multilevel (national, provincial, and municipal) actions needed to contain the spread of the disease and mitigate the health, social, and economic impacts of the pandemic, as well as to plan for selective reopening while seeking to minimize the associated public health risks and weighing the economic impact. The government considers strengthening the CoG's institutional framework to be a critical step toward improved planning, coordination, and management of priorities, but this challenge is exacerbated by the current COVID-19 pandemic. Consequently, the State needs greater flexibility to adapt to changing conditions during the pandemic and greater capacity to combine and align the efforts of all societal stakeholders in building solutions for government priorities. In the near term, this will allow the government to more efficiently organize and execute policies and programs in support of the following priorities for the pandemic response: (i) the response to the health crisis; and (ii) preparations for the economic recovery. In the medium term, it will support better management and implementation of the government's prioritized policies, many of which have a direct impact on most services provided to the public.
- 1.17 **Intervention strategy.** The program will focus on helping to strengthen the CoG's priority management capacities by providing the CoG with a management model and technological tools to enhance its capacity to coordinate and monitor government priorities related to the pandemic response and recovery, for subsequent use on other government priorities as well. The program will also help the government adapt to the post-pandemic reality by strengthening internal innovation capacities in public management and developing capacities to

maximize the benefits of open innovation approaches, with participation from civil society and the private sector, in order to address public policy problems.

- 1.18 **Empirical evidence.** Studies have found that effective delivery of government priorities is crucial to aligning government action with citizen demands, ensuring service delivery, and optimizing State resources [25]. Multiple efforts to strengthen the CoG,<sup>17</sup> primarily through delivery units, have shown that focusing government action on government priorities can yield significant outcomes that directly impact service delivery to the public. In the United Kingdom, for example, the CoG helped to reduce hospital wait times and improve student test scores; in the Brazilian state of Pernambuco, it helped to reduce violent crime, improve student performance, and reduce deaths from preventable diseases; and in Chile, it helped to lower the crime victimization rate, *inter alia* [27]. Meanwhile, the merit-based selection of public sector managers using a differentiated approach (as will be the case in the government innovators program (paragraph 1.28))—a practice used in 75% of OECD countries—results in better institutional management. It generates other positive externalities as well, such as longer-tenured managers and greater credibility of their teams and other actors as compared to purely political appointees, making these managers ultimately more effective [28].
- 1.19 **The Bank's experience in the region.** The Bank has extensive experience in strengthening delivery management and CoG capacities, as well as management information systems that use data analytics and big data, through bilateral (loan and technical-cooperation) operations, regional initiatives, and knowledge products. In particular, the CoG initiative<sup>18</sup> has provided technical support to more than 15 governments in the region since 2013. Notable operations include the Program to Strengthen Public Sector Strategic Management Capacities, in Colombia (loan 4848/OC-CO); Public Financial Management and Performance Monitoring Reform, in The Bahamas (loan 3340/OC-BH); and the Project to Improve and Expand Support Services for National Service Delivery to Citizens and Enterprises, in Peru (loan 4399/OC-PE). The Bank also has extensive experience in professionalization of the civil service through analytical products,<sup>19</sup> technical-cooperation operations such as Enhancing Capacity of Public Sector Executives (operation ATN/FI-15605-RG), and projects such as Strengthening the National Civil Service Department, in Chile (loan 1622/OC-CH); Support to the Public Sector Transformation Programme, in Jamaica (loan 4374/OC-JA); and Support for Civil Service Reform, in Uruguay (loan 1772/OC-UR).

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<sup>17</sup> More than 15 governments of Latin America and the Caribbean strengthened their respective CoGs between 2010 and 2018 [26].

<sup>18</sup> The CoG initiative (operations ATN/FI-13793-RG and ATN/OC-15629-RG) seeks to improve: (i) the public-policy decision-making process and coordination of government action; (ii) the process of setting government priorities and managing their delivery; and (iii) accountability for the fulfillment of government priorities. It has financed knowledge products such as [Governing to Deliver: Reinventing the Center of Government in Latin America and the Caribbean](#) (2014) and [Do Delivery Units Deliver? Assessing Government Innovation](#) (2018). It has led to specific technical-cooperation operations in Costa Rica (operation ATN/OC-15037-CR), Paraguay (operation ATN/FI-14342-PR), Peru (operation ATN/OC-16100-PE), and Uruguay (operation ATN/OC-16924-UR). Meanwhile, the InvestmentMap initiative (loan 2977/OC-CO; operations ATN/AA-15682-RG and ATN/AA-16773-RG) has, since 2013, supported governments in improving the quality of and access to public information in the region, including in Argentina, Colombia, Costa Rica, Paraguay, and Peru.

<sup>19</sup> See [29].

- 1.20 **The Bank's experience in Argentina.** The Bank has successfully supported the institutional strengthening of State entities, which has impacted the management of public policies entailing extensive government coordination, as well as the production of information for decision-making. Notable operations include the Program to Strengthen the Statistical Capacity of Argentina's National Statistics and Census Institute (INDEC) (loan 4243/OC-AR), which is making statistics more reliable, timely, and relevant to help improve public policy decisions; the Program to Support Transparency and Integrity Reforms in Argentina II (loan 4796/OC-AR), which is helping to generate complete information on the use of public funds; and the Program for Strengthening the Digital Agenda: Connectivity, Electronic Government, and Digital Productive Transformation (loan 4755/OC-AR), which is helping to strengthen the interface between government and the public. These operations have something in common with the newly proposed operation: they all aim to support the Argentine government's efforts to foster the more efficient use of State resources by ensuring the flow of timely, complete, high-quality information to decision-makers.
- 1.21 **Lessons learned.** This program incorporates important lessons learned from the Bank's experience in the region, and particularly in Argentina, in terms of strengthening public management and CoGs. These lessons include: (i) expanding technical capacities for government planning, monitoring, and coordination (both interagency and between levels of government) helps to disseminate the value of these functions and the skills needed to perform them; (ii) consolidating senior public management as a permanent, professional segment working in technical positions at CoG institutions helps to provide continuity and strengthen management during government changeovers; (iii) key prerequisites for successful strengthening of the CoG include clear CoG roles and responsibilities, appropriate technical capacities that add value to sectors and support the sectors responsible for implementing public policies, and tying the planning and management of government priorities to the budget; (iv) strengthening information management and analysis through the use of information and communication technologies (ICT) helps to make more timely, effective, and transparent decisions; and (v) results-based strategic planning and management, and the use of tools to facilitate government coordination and synergy, increase the likelihood of achieving expected outcomes. These lessons were particularly important in designing the activities to be financed by this program for implementation of, *inter alia*: (i) a delivery management model; (ii) a system for managing and analyzing management information for government priorities; (iii) a governance model for the public innovation system; (iv) an innovation lab; and (v) a government innovator program.
- 1.22 **Complementarity with other Bank operations in Argentina.** This project is complementary to the Immediate Public Health Response Project in the Context of the COVID-19 Pandemic to Contain, Control, and Mitigate Its Impact on Health Service Delivery in Argentina (loan 5032/OC-AR), which is aimed at supporting the coordination of the public health response, whereas this project will strengthen the CoG's capacity with an emphasis on leading the multisector response to the crisis at the national level.

- 1.23 **Strategic alignment.** The program is consistent with the second Update to the Institutional Strategy 2010-2020 (document AB-3190-2) and strategically aligned with the development challenge of productivity and innovation, through the development, transformation, and adoption of more efficient ways of providing quality services through the adoption of ICT for effective CoG management geared toward the delivery of defined multisector government priorities. The program is also aligned with the crosscutting area of institutional capacity and rule of law, through its support for the government effectiveness index, the application of which helps strengthen the government's strategic management capacities. It is also aligned with the Corporate Results Framework 2020-2023 (document GN-2727-12) through the "agencies with strengthened digital technology and managerial capacity" indicator, reflected in the output indicator (R.1.2) on improved management of priorities through the use of big data, data analytics, and visualization tools. The program is also consistent with the Innovation, Science and Technology Sector Framework Document (document GN-2791-8), as it supports the inclusion of criteria related to innovation in the development of novel solutions to social issues, and is aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2) in the area of institutions for innovation and technological development, specifically through improved policies and government action in the ICT sector and strategic planning, respectively. It is also aligned with the IDB Country Strategy with Argentina 2016-2019 (document GN-2870-1),<sup>20</sup> specifically with the strategic objective of "institutional strengthening of government."

**B. Objectives, components, and cost**

- 1.24 **Program objectives.** The general objective of the operation is to make Argentina more effective in coordinating and managing strategic government programs while prioritizing programs critical to the COVID-19 pandemic response and recovery, by strengthening key functions and developing innovative initiatives to achieve government objectives. The specific objectives are: (i) improving the quality of planning, monitoring, decision-making, and evaluation for strategic government programs; and (ii) strengthening capacities for innovation and promoting innovative practices in public management, the private sector, and civil society to respond to the crisis and the consequences thereof. The program will be carried out through two components:
- 1.25 **Component 1. Strengthening capacities to manage the government's priority objectives (US\$10.6 million).** This component aims to improve the quality of government priority delivery management, with a particular focus on those priorities associated with the COVID-19 emergency and crisis, by strengthening the quality of planning, monitoring, decision-making, communication, and evaluation of the government's priority objectives. This includes two subcomponents:

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<sup>20</sup> Under applicable protocols, a country strategy can remain in effect for up to one year after the end of the strategy period while the new strategy is being prepared and approved. Thus, the IDB Country Strategy with Argentina 2016-2019 is valid until December 2020.

- 1.26 **Subcomponent 1.1. Strengthening center of government (CoG) functions (US\$2.9 million).** This subcomponent will finance the design and implementation of a delivery management model (DMM) that includes: (i) a methodology and institutional framework for managing government priorities, including the review and definition of institutional arrangements for developing the DMM in the entities responsible for implementing government priorities to ensure adoption, sustainability and scaling, multisector and multilevel government coordination protocols, facilitation for preparing delivery strategies and methodologies, and the development of monitoring, performance-enhancement, and impact-evaluation mechanisms (for which the creation of an Impact Evaluation Agency is planned in the SAE);<sup>21</sup> (ii) a training plan and change management strategies to be applied in the entities responsible for implementing government priorities; (iii) performance of rapid assessments (“deep dives”<sup>22</sup>) and/or development of specialized intervention strategies to support management of government priority execution and delivery; and (iv) technical support for monitoring, analysis, and evaluation of government priorities.<sup>23</sup>
- 1.27 **Subcomponent 1.2. Strengthening information management (US\$7.7 million).** This subcomponent will finance the design and implementation of a management information system for the Office of the President, including: (i) development of functionalities for data analytics and integration of government information systems to process big data related to the management of government priorities;<sup>24</sup> (ii) development of a visualization tool for georeferenced data, including a dashboard; (iii) training and change management activities on system usage for entities of the Office of the President and others engaged in government priorities; (iv) procurement of hardware and technological support services;<sup>25</sup> and (v) implementation of two situation rooms for real-time monitoring and discussion.<sup>26</sup>

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<sup>21</sup> These CoG functions will be assigned to a central specialized unit to be created within the SAE.

<sup>22</sup> Analyses and/or evaluations by a team of subject matter experts and the CoG to verify on the ground whether interventions in government priority delivery pathways are effective. The findings of these analyses serve as inputs for fine-tuning delivery pathways and optimizing results [30]. Financing for a legal study on cybersecurity and data protection is included.

<sup>23</sup> The program calls for tapered financing of technical teams with loan proceeds to ensure the installed capacity needed for sustainability. This is a minuscule expenditure relative to the total project cost. This recurring expenditure complies with the Guidelines for the Eligibility of Expenditures in Investment Loans (document GN-2331-11).

<sup>24</sup> The tools to be procured will: (i) make “transactional” information available to facilitate the development of dashboards for government priority delivery pathways; and (ii) automatically capture source and/or supplementary contextual information from crosscutting systems of multiple levels of government and civil society, as well as source systems at the entities involved in managing the government priorities set by the Office of the President, in order to perform contextual and forward-looking analyses and forecasts for decision-making. The program includes support for developing web services and, where necessary, for defining information exchange protocols using the existing computing structure, which will operate as DataLab 4.0.

<sup>25</sup> This includes the purchase of hardware and licenses, as well as the contracting of services for maintaining and updating the ICT tools. These purchases and services should adhere to the existing cybersecurity protocols of the Argentine government.

<sup>26</sup> These are physical spaces where public policy information will be systematically analyzed by a task force of specialists and senior decision-making authorities from relevant sectors. Existing spaces will be reconditioned and equipped for this purpose at the central offices of the executive branch (*Casa Rosada*) and at the official presidential residence. No construction of physical infrastructure will be financed by this program.



Consulting services may be financed to: (a) ensure compliance with applicable regulations (or the drafting of regulations, if existing regulations are inadequate or do not reflect available best practices) for data management, cybersecurity, transparency, personal privacy, etc.; and (b) prepare agreements or other arrangements for exchanging or accessing information of other public or private entities, while ensuring that information is used in a lawful manner, including upholding intellectual property rights, as applicable.

- 1.28 **Component 2. Strengthening permanent innovation capacities in the public sector, private sector, and civil society for public policy problems (US\$8.2 million).** This component will help build capacities for the development of sustainable, innovative solutions to public policy problems. These solutions will be scalable in both the public and private sectors. Two subcomponents are included:
- 1.29 **Subcomponent 2.1. Innovations in public management (US\$3.4 million).** This subcomponent will finance: (i) implementation of a governance model for the public innovation system, including actions to build a public-sector innovation ecosystem (awareness-raising and knowledge-building, organizational structures and regulatory framework, co-creation processes, and leadership) and integration, as appropriate, with actors in Argentina's scientific ecosystem (health care, data science, climate change, agriculture, etc.). To this end, the program will support the creation of a multisector council for government innovation (INNOVAGOB);<sup>27</sup> and (ii) implementation of a program of government innovators, who will be made available to State agencies for public innovation projects. To implement this program, financing will be provided for: (a) a consulting assignment to design the program around permanent, career-track positions;<sup>28</sup> (b) a competitive process for selecting innovators, outsourced in full or in part to the private sector; (c) grants to the selected innovators for the duration of training period; (d) instructors' fees for the training course; and (e) coaching and support for innovators throughout the project, from senior mentors.
- 1.30 **Subcomponent 2.2. Innovations in the private sector and civil society (US\$4.8 million).** This subcomponent will finance: (i) implementation of an innovation lab to enhance responses to government priorities,<sup>29</sup> as a responsive mechanism connecting all parts of Argentina's innovation ecosystem that can

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<sup>27</sup> It will include representatives of Argentine government entities, the private sector (businesses, entrepreneurs, financial institutions, etc.), and civil society (nongovernmental organizations, universities, labor unions, religious institutions, etc.). This council, with support from the innovation lab (paragraph 1.30), will coordinate with actors in the public and private sectors, civil society, and international organizations (e.g. IDB Lab) on the actions needed to implement innovations and strengthen initiatives with growth potential.

<sup>28</sup> This includes: (i) development of job descriptions; (ii) design of the recruitment and selection process; (iii) design of the training curriculum; (iv) policies for performance evaluation, compensation, professional development, and other human resources topics for the program; and (v) an awareness-raising plan to clarify roles for line personnel and build trust and buy-in among government ministers. After the training period, compensation for innovators will be covered solely by fiscal resources.

<sup>29</sup> This includes a baseline diagnostic assessment for an action plan for the lab's institutional design; training certificates for lab operations; evaluation of pilot project outcomes; lab sustainability strategies; mapping of relevant actors and resources; design of the management model; communication strategy and strategic partnership agreements; digital events and campaigns; results-based analysis of the management model and implementation of the pilot project; and analysis of scalability and linkage with other entities.

contribute and use scientific, technological, and social solutions that are scalable and sustainable for government priorities. The innovation lab will organize innovation competitions with specific public policy objectives that may result in nonreimbursable contributions, cofinancing initiatives, or incentives to complete the design work or scale innovations to address government priorities; innovation expos to disseminate and exchange ideas; mechanisms for government procurement of innovation; and implementation of a “virtual room for responsible citizenship” (DEMOGOB) to enhance citizen participation and control while contributing to the process of continuous feedback and improvement for government priorities. It will also finance: (ii) implementation of innovation support instruments to make it viable for the private sector and civil society to submit proposals that can provide timely, effective solutions for government priorities;<sup>30</sup> (iii) training and skills development to address the challenges of the so-called Fourth Industrial Revolution, so as to foster and strengthen the innovation capacity of various societal actors that will help implement government priorities but are traditionally marginalized from these processes; and (iv) activities for collaborative development of solutions based on artificial intelligence and other innovative technologies for government priorities.

- 1.31 **Program administration.** The project’s costs for administration, evaluation, and auditing are equivalent to 6% of the loan amount (US\$1.2 million).
- 1.32 **Main beneficiaries.** The direct beneficiaries of the program are the Office of the President and other public-sector agencies, primarily those involved in developing strategic policies and programs, as a result of enhanced capacities to manage delivery and coordination of such policies and programs using innovative tools and methods, particularly as part of the response to the health, social, and economic emergency caused by the COVID-19 pandemic, as well as the emergence from lockdown and reopening of the economy. Residents of Argentina will benefit indirectly from enhanced government effectiveness and greater innovation capacities in the public sector, private sector, and civil society in order to meet their needs and demands.

### C. Key results indicators

- 1.33 **Expected results.** The main impact of the operation will be enhanced government effectiveness for the benefit of the public, as reflected in a higher score on the government effectiveness index. This will stem from the following outcomes: (i) enhanced delivery capacity for government priorities, as reflected in a higher score on the delivery capacity review and in the number of entities with enhanced capacities for management and digital technology; and (ii) increased innovation ventures and initiatives in the public sector, private sector, and civil society.

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<sup>30</sup> As part of this, the innovation lab will organize calls for innovation proposals with specific public policy objectives, which may result in nonreimbursable contributions, cofinancing initiatives, or incentives to complete the design work or scale innovations to address government priorities; innovation expos to disseminate and exchange ideas; mechanisms for government procurement of innovation; and implementation of a “virtual room for responsible citizenship” (DEMOGOB) to enhance citizen participation and control while contributing to the process of continuous feedback and improvement for government priorities.

- 1.34 **Economic evaluation.** The project's benefits relate to the score for delivery of the government priority of responding to the COVID-19 health emergency and the promotion of innovation initiatives. Along these lines, a more effective government can more efficiently implement public health measures to slow the infection rate. Moreover, innovation initiatives will help generate productive ventures that will bring benefits in terms of compensation and dividends. The economic analysis yielded a benefit-cost ratio of 3.68, an internal rate of return of 78% (above the Bank's 12% threshold), and a net present value of US\$48.3 million. In a sensitivity analysis using more conservative assumptions, the thresholds for each indicator were surpassed (see [economic analysis](#)).

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instrument

- 2.1 **Instrument.** This operation is structured as a specific investment loan charged to the Bank's Ordinary Capital in the amount of US\$20 million from the reformulated Flexible Risk Mitigation Facility. There is no local counterpart. Table 1 shows the consolidated budget per component; see the [itemized budget](#) for more details. The execution period is four years (see Table 2) and was determined in view of: (i) the average time it takes to design and implement the program's proposed activities; and (ii) alignment with short- and medium-term actions of the government's COVID-19 response, particularly with the development of timely, effective, and efficient mechanisms for fulfilling the functions of the Office of the President.
- 2.2 **Disbursements.** In accordance with document AB-2990, "Enhancing Macroeconomic Safeguards at the Inter-American Development Bank," disbursements of the loan proceeds will be restricted as follows: (i) a maximum of 15% in the first 12 months; (ii) a maximum of 30% in the first 24 months; and (iii) a maximum of 50% in the first 36 months. Each of these periods is from the date the loan is approved by the Bank's Board of Executive Directors. These restrictions may not be applicable if all of the requirements set forth in the Bank's policy have been met, provided that the borrower has been notified in writing.

Table 1. Estimated program costs (US\$)<sup>31</sup>

Component	IDB	%
<b>Component 1. Strengthening capacities to manage the government's priority objectives</b>	<b>10,648,000</b>	<b>53</b>
Subcomponent 1.1. Strengthening center of government (CoG) functions	2,979,000	15
Subcomponent 1.2. Strengthening information management	7,669,000	38
<b>Component 2. Strengthening permanent innovation capacities in the public sector, private sector, and civil society for public policy problems</b>	<b>8,174,000</b>	<b>41</b>
Subcomponent 2.1. Innovations in public management	3,380,000	17
Subcomponent 2.2. Innovations in the private sector and civil society	4,794,000	24
<b>Program administration</b> (coordination and technical support, audits and evaluations)	<b>1,178,000</b>	<b>6</b>
<b>Total</b>	<b>20,000,000</b>	<b>100</b>

<sup>31</sup> The amounts for subcomponents are indicative.

**Table 2. Tentative disbursement schedule (US\$)**

Source	Year 1	Year 2	Year 3	Year 4	TOTAL
IDB	3,025,750	3,025,667	4,034,667	9,913,917	20,000,000
% per year	15	15	20	50	100

## **B. Environmental and social risks**

- 2.3 This program has been classified as a category “C” operation in accordance with the Bank’s Environment and Safeguards Compliance Policy (Operational Policy OP-703). The program will not finance any construction of physical infrastructure, and therefore no associated environmental or social risks are anticipated.<sup>32</sup> Operation AR-O0009 has not been executed; therefore, there are no social or environmental liabilities.

## **C. Fiduciary risks**

- 2.4 In designing the operation, a risk management exercise using the Institutional Capacity Assessment System was carried out with the participation of personnel from the Strategic Affairs Department (SAE), the executing agency. This exercise identified the following “medium” risks: (i) administrative overload due to new fiduciary responsibilities in the pipeline; and (ii) delayed and/or insufficient budget appropriations. To mitigate these risks: (i) specialists and targeted training will be provided to supplement the capacity of the Directorate of Special Programs and Projects with a Sector-wide Approach (DPPEESA) so that it can accommodate its entire portfolio; and (ii) budget appropriations for the program will be planned and managed in a timely manner.

## **D. Other key issues and risks**

- 2.5 The following risks were identified in the design phase:
- Development.** The following risks have been classified as “high”: (i) a lack of adoption of the CoG by areas of government (lack of buy-in, reluctance to view it as a key support instrument for efficient management of strategic policies). To mitigate this risk: (a) the program includes awareness-raising actions with key counterparts, such as sector ministers and a training program on change management (paragraph 1.26); (b) the delivery management model (DMM) calls for institutional arrangements with the ministries involved in managing government priorities and defining multisector coordination protocols (paragraph 1.26); and (c) the program [Operating Regulations](#) will clearly define roles and responsibilities and address technical coordination (paragraph 3.4); and (ii) difficulty in attracting talent with the specific skills that are sought, so as to ensure sustainable teams with a sense of ownership. To mitigate this risk: (a) Subcomponent 1.2 will finance training in digital skills, data analytics, and innovation (paragraph 1.27); (b) the program includes tapered financing for teams to ensure they have the installed capacity needed to make them sustainable (paragraph 1.26,

<sup>32</sup> The program will finance the reconditioning of existing physical spaces at the central offices of the executive branch (*Casa Rosada*) and at the official presidential residence (paragraph 1.27, footnote 26).

footnote 23); and (c) the program will finance a training plan that includes change-management and motivation strategies (paragraph 1.27).

- b. **Public management and governance.** The following “medium” risks have been identified: (i) low capacity of government innovators to gain a foothold in the public sector (for reasons related to age, compensation, or roles) and to influence delivery of public policies. To mitigate this risk, the program includes activities such as: (a) a regulatory framework for creating and institutionalizing the government innovators program (paragraph 1.29); (b) an awareness-raising plan to clarify roles for line personnel and to build trust and buy-in among ministers; and (c) a training program for government innovators (paragraph 1.29); and (ii) data access and usage inconsistent with applicable regulations on personal data protection and cybersecurity. To mitigate this risk, the program will finance specialized legal advisory services for cybersecurity and data protection (paragraph 1.26).
- 2.6 **Sustainability.** The Bank’s contribution to financing of the CoG technical team will be tapered and replaced by fiscal resources (paragraph 1.26, footnote 23), and compensation for innovators will be covered solely by fiscal resources after the training period (paragraph 1.29, footnote 28). For technological sustainability, the program includes investments in cybersecurity, use of open-source software, involvement of the technology unit of the Office of the President, and measures to ensure that data usage is consistent with the applicable legal framework (paragraph 1.27). Lastly, the capacities of both the CoG and the technical units of sector entities in charge of government priorities will be strengthened for greater continuity during government changeovers (paragraphs 1.26 and 1.27), and the government innovators program will be built around permanent, career-track positions (paragraph 1.29).

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The executing agency will be the borrower (the Argentine Republic), acting through the Strategic Affairs Department (SAE). Within the SAE, the Directorate of Special Programs and Projects with a Sector-wide Approach (DPPEESA) will be responsible for operational, administrative, budgetary, financial and accounting, and procurement management. The Secretary of Strategic Affairs, or the designee thereof, will be responsible for strategic program coordination and will serve as the program’s general director. The general director will be responsible for meeting the program objectives and will make decisions on the program’s general implementation, oversight, and technical management. DPPEESA has experience executing projects with external financing, and specifically with Bank financing (loan 3759/OC-AR). The institutional capacity assessment of DPPEESA, updated in 2019 during the preparation of loan 4802/OC-AR, found that it has suitable systems, processes, and human resources to execute the operation. DPPEESA will be the direct liaison with the Bank.
- 3.2 **Roles and responsibilities of the executing agency.** The executing agency will:
  - (i) coordinate program-related financial and administrative procedures;
  - (ii) coordinate, consolidate, prepare, and submit to the Bank all information and

- documentation on overall program management; and (iii) ensure the coordination, coherence, and fulfillment of plans set forth in program management tools in order to achieve the expected outcomes. DPPEESA will be responsible for procurement execution. Its duties include: (i) collaborating in the preparation and approval of terms of reference for procurement processes; (ii) preparing administrative documentation and collaborating on the preparation of technical documentation for bidding and procurement, as appropriate; and (iii) coordinating procurement processes as instructed by the general director.
- 3.3 **External coordination mechanisms.** The SAE will coordinate with the entities involved in managing the delivery of government priorities identified in the program. This coordination will occur primarily in designing and implementing the DMM, in monitoring and analyzing government priorities (Component 1), and through the participation of entities in reporting for the management information system. The SAE will conduct meetings, roundtables, and/or work procedures as it deems appropriate to ensure effective implementation of these activities, such as the multisector council for government innovation (INNOVAGOB), which will support multisector coordination with the private sector and civil society for government innovation (paragraph 1.29). The program [Operating Regulations](#) will describe the coordination mechanism in greater detail.
- 3.4 **Operating Regulations.** The program [Operating Regulations](#) will set forth the operation's execution strategy, including: (i) the project's organizational framework; (ii) technical and operational arrangements for execution; (iii) the plan for programming, monitoring, and evaluating outcomes; (iv) guidelines for financial, audit, and procurement processes; (v) operational guidelines for selecting consultants; (vi) a detailed description of the executing agency's roles and the responsibilities of other relevant ministerial entities in the program's processes; and (vii) a detailed description of activities for each of the program's components and subcomponents. The annexes to the Operating Regulations will include, at a minimum: (i) the Results Matrix; (ii) Fiduciary Agreements and Requirements; (iii) the [monitoring and evaluation plan](#); and (iv) the itemized budget.
- 3.5 **Special contractual conditions precedent to the first disbursement of the loan: Evidence that the program [Operating Regulations](#) have entered into force under the terms and conditions previously agreed upon with the Bank will be submitted**, so as to establish the guidelines and procedures to be followed by the executing agency for successful program execution.
- 3.6 **Special contractual conditions of execution.** Before calls for proposals are issued under Subcomponent 2.1 (specifically for the activity included in paragraph 1.29 (ii) point (b) of that subcomponent) and Subcomponent 2.2, the executing agency will agree with the Bank on the processes required to approve the relevant rules and conditions of the agreements to be signed with the innovators, as established in the Operating Regulations, so that allocation criteria and the procedures to be followed by the executing agency for the successful completion of these competitive processes are established in advance.
- 3.7 **Fiduciary agreements and requirements.** The main fiduciary management measures for the operation have been agreed upon (Annex III). These measures address: (i) the exchange rate to be used; (ii) audits; (iii) procurement methods and thresholds in accordance with the Policies for the Procurement of Goods and

Works Financed by the IDB (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-15), both approved in August 2019; (iv) the requirement that all procurement items be included in the [procurement plan](#) approved by the Bank through the Procurement Plan Execution System, and the methods and thresholds established therein; and (v) the financial supervision plan. Specific details related to intellectual property, software or IT developments, and the transfer thereof will be arranged in contracts and agreements between providers and beneficiary public entities, as applicable.

- 3.8 DPPEESA will use the External Loan Execution Unit Management System ([UEPEX](#)) as the financial management system to identify program funds and sources of financing. UEPEX classifies program investments by expenditure matrix category pursuant to the Bank-approved chart of accounts. Accounting will be done on a cash basis and will follow International Financial Reporting Standards, as applicable, in accordance with country requirements. The program's audited annual financial statements will be submitted to the Bank within 120 days after the end of each fiscal year of the executing agency, along with the opinion duly issued by an independent audit firm acceptable to the Bank or by Argentina's Office of the Auditor General. The final audited financial statements will be submitted within 120 days after the date of the program's last disbursement.
- 3.9 **Retroactive financing and recognition of expenditures.** The Bank may retroactively finance, as a charge against the loan proceeds, up to US\$3 million (15% of the loan amount) in eligible expenditures incurred by the borrower prior to the loan approval date for advance contracting of individual consultants and consulting firms for design of the delivery management model and rapid implementation of the government innovators program, provided that requirements substantially similar to those established in the loan contract have been met. Such expenditures will have been incurred on or after the project profile approval date (11 May 2020) but under no circumstances include expenditures incurred more than 18 months prior to the loan approval date.
- 3.10 **Disbursements.** The Bank will issue disbursements in the form of advances of funds or by another method described in document OP-273-12. Funds will be advanced in accordance with a financial plan for the following six months or other reasonable period as payments are made and duly documented. Subsequent disbursements may be processed once 80% of previously advanced funds have been accounted for. If necessary, the possibility of invoking the flexibility provisions of document OP-273-12 may be considered. The Bank will recommend that the executing agency use the e-disbursement system.

## **B. Summary of arrangements for monitoring results**

- 3.11 **Monitoring.** The monitoring and evaluation system for program execution will have a dual focus: (i) execution of program activities; and (ii) fulfillment of outcome and output indicators in the Results Matrix. The following instruments will be used to monitor the program: (i) Results Matrix; (ii) [multiyear execution plan](#); (iii) [annual work plan](#); (iv) [monitoring and evaluation plan](#); (v) [procurement plan](#); (vi) the program's risk management matrices; (vii) progress monitoring reports; (viii) semiannual status reports; (ix) audited financial statements; (x) terms of reference for consulting services; and (xi) administration missions or



monitoring/inspection visits. The executing agency and the Bank will meet annually to discuss, among other topics: (i) the status of activities listed in the [annual work plan](#); (ii) the fulfillment of indicators listed in the Results Matrix for each component; (iii) the annual work plan for the following year; and (iv) the [procurement plan](#) and any changes in the budget for each component. The features of each instrument and other aspects of program monitoring are detailed in the [monitoring and evaluation plan](#). The [multiyear execution plan](#) will be updated each year in view of actual progress. The annual revisions of the [multiyear execution plan](#) and [annual work plan](#) will be submitted to the Bank for approval.

- 3.12 **Midterm and final evaluations.** A midterm evaluation, a final evaluation, and an ex post economic analysis of the program will be performed to verify the fulfillment of the outcome and impact targets in the Results Matrix. The midterm evaluation will be carried out 90 days after 40% of the loan amount has been disbursed or two years after the loan contract enters into force (whichever occurs first). The main objectives of the midterm evaluation will be to review the status of all activities scheduled up to the time of the evaluation, identify any deviations and their causes, and propose corrective measures, in addition to verifying midterm outputs, the materialization of risks identified in the corresponding matrix, and the implementation of measures to mitigate these risks. The final evaluation will be performed after the end of the original disbursement period or once 90% of the total loan amount has been committed, whichever occurs first. The objectives of the final evaluation will be to verify the status of targets for each expected outcome and the outputs for each component. The final evaluation will also include a review of implementation of the [monitoring and evaluation plan](#). Upon completion of the program, the Bank will prepare the project completion report. The beneficiary's observations on program performance will be incorporated into this report, and the main findings will be presented at a closing workshop.
- 3.13 **Ex post economic analysis.** The ex post economic analysis will include a “before and after” comparison of results indicators and will replicate the exercise performed for the ex ante economic evaluation, using the same assumptions and formulas with data gathered during program execution. The ex post cost-benefit analysis will weigh the program's benefits and costs against the projections in the ex ante cost-benefit analysis. The following provisions will apply: (i) the cost-benefit analysis will be on an incremental basis, comparing the “project” and “no project” scenarios to identify the program's benefits; and (ii) benefits will be calculated on the basis of external positive impacts measured in terms of the opportunity costs of the material, human, and financial resources used in the program.



Development Effectiveness Matrix		
Summary		AR-L1327
I. Corporate and Country Priorities		
1. IDB Development Objectives		
Development Challenges & Cross-cutting Themes	-Productivity and Innovation -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)*	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2870-1	Institutional strengthening of government
Country Program Results Matrix		The intervention is not included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.7
3.1 Program Diagnosis		2.4
3.2 Proposed Interventions or Solutions		3.6
3.3 Results Matrix Quality		2.7
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		8.5
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		6.0
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Accounting and Reporting, External Control.  Procurement: Information System.
Non-Fiduciary	Yes	Statistics National System.
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		

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The main goal of the operation is to improve the effectiveness in the coordination and management of Strategic Government Programs (PGE) in the country, prioritizing those necessary to respond and recover from the crisis generated by the COVID-19 pandemic through two areas. The first area proposes a strengthening of government management through the implementation of a government center with advanced analytical tools for decision making and adequate monitoring of public health indicators related to COVID-19 and economic outcomes. The second area is focused on strengthening of innovation capacities in the public, private, and civil society sectors, for addressing public policy issues.

The project proposal diagnosis identifies a low compliance capacity across government ministries and limited analytical capabilities to monitoring the compliance of public policy targets, specifically the government priorities such as the morbidity of COVID-19, and economic reactivation policies. The solutions are aligned with the problems. There is no evidence on effectiveness for some proposed solutions in the country.

The economic analysis provides a quantification of some economic benefits. It quantifies benefits associated with an improvement of government coordination for mitigating pandemic impacts and calculate benefits related to new entrepreneurship financed by the loan. The assumptions on the magnitude of the expected benefits are based on WHO models. The costs include maintenance and investments associated with the loan. The analysis concludes the Project has a net present value of USD48.3 million.

The Project presents a robust monitoring and evaluation plan. It considers a before and after comparison and an ex-post economic analysis for measuring the implementation of the priority-centered government management model.

### RESULTS MATRIX

<b>Objective:</b>	The general objective of the operation is to make Argentina more effective in coordinating and managing strategic government programs while prioritizing programs critical to the COVID-19 pandemic response and recovery, by strengthening key functions and developing innovative initiatives to achieve government objectives. The specific objectives are: (i) improving the quality of planning, monitoring, decision-making, and evaluation for strategic government programs; and (ii) strengthening capacities for innovation and promoting innovative practices in public management, the private sector, and civil society to respond to the crisis and the consequences thereof.
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### EXPECTED IMPACT

Indicators	Unit of measure	Base-line	Base-line year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
Government effectiveness index	Number	0.03	2018	0.03	0.05	0.07	0.15	0.15	Worldwide Governance Indicators, World Bank	See <a href="#">monitoring and evaluation plan</a> .

### EXPECTED OUTCOMES

Indicators	Unit of measure	Base-line	Baseline year	Year 0	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
<b>OUTCOME 1. Enhanced capacity to deliver strategic government programs</b>											
1.1 Delivery capacity review score	Score	1.73	2020	1.73	2	2.25	2.6	3.0	TBD	Delivery capacity review (IDB)	See <a href="#">monitoring and evaluation plan</a> .
1.2 Institutions with strengthened management and digital technology capacities	Institutions	0	2020	0	0	0	0	1	1	Executing agency report	See <a href="#">monitoring and evaluation plan</a> .
<b>OUTCOME 2. Increased digital innovation ventures or initiatives</b>											
2.1 Public innovation initiatives underway	Initiatives	0	2020	0	0	0	0	1	1	Executing agency report	
2.2 Private-sector innovation initiatives underway	Initiatives	0	2020	0	0	0	0	1	1		
2.3 Civil-society innovation initiatives underway	Initiatives	0	2020	0	0	0	0	1	1		

## OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
Component 1. Strengthening capacities to manage the government's priority objectives										
1.1 Delivery management model (DMM) designed and implemented	Model	0	2020	0	1	0	0	1	<ul style="list-style-type: none"><li>DMM and training plan approved by the Strategic Affairs Department (SAE)</li><li>Administrative decision to adopt the DMM</li><li>Status reports and results from implementation of DMM and training plan</li></ul>	See <a href="#">monitoring and evaluation plan</a> .
1.2 Staff trained in use of DMM	Staff members trained	0	2020	25	25	50	100	200	<ul style="list-style-type: none"><li>Workshop attendance lists</li><li>Status reports and outcomes of training events</li></ul>	
1.3 Rapid assessments ("deep dives") and/or specialized intervention strategies carried out to support management and delivery of government priorities	Document (evaluations/ strategies)	0	2020	2	2	4	8	16	<ul style="list-style-type: none"><li>Status reports and outcomes of assessments and intervention strategies</li></ul>	
1.4 Monitoring and analytical reports on government priorities, completed	Reports (from analysis and monitoring of government priorities)	0	2020	12	12	12	12	48	<ul style="list-style-type: none"><li>Analytical and monitoring reports on government priorities, approved by the SAE</li></ul>	
1.5 Integrated strategic information system implemented	System	0	2020	0	0	0	1	1	<ul style="list-style-type: none"><li>Formal administrative adoption of the tool</li><li>System reports</li></ul>	
1.6 Visualization tool for georeferenced information and data analytics, designed and implemented	System (software)	0	2020	1	0	0	1	2		
1.7 Situation rooms up and running	Rooms	0	2020	1	0	1	0	2	<ul style="list-style-type: none"><li>Executing agency report</li></ul>	
1.8 Change management plan implemented	Plan	0	2020	1	1	1	1	4		

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
Component 2. Strengthening permanent innovation capacities in the public sector, private sector, and civil society for public policy problems										
2.1 Actions to build an innovation ecosystem in the public sector, completed	Actions	0	2020	1	1	1	0	3	• Executing agency report	See <a href="#">monitoring and evaluation plan</a> .
2.2 Government innovators model implemented	Model	0	2020	0	0	1	0	1		
2.3 Smart lab for government innovation, up and running	Lab	0	2020	0	0	1	0	1		
2.4 Innovation support instruments deployed	Instruments	0	2020	1	1	1	2	5	• Semiannual status reports of project execution unit, procurement records, and legal documentation of instrument creation	
2.5 Digital skills training courses held	Courses	0	2020	0	2	3	3	8	• Executing agency report	
2.6 Activities for collaborative development of solutions based on artificial intelligence for government priorities, completed	Meetings	0	2020	0	2	3	3	8		

## **FIDUCIARY AGREEMENTS AND REQUIREMENTS**

**COUNTRY:** Argentine Republic  
**PROJECT NUMBER:** AR-L1327  
**NAME:** Innovation Program for Crisis Response and Strategic Priorities Management  
**EXECUTING AGENCY:** Strategic Affairs Department (SAE)  
**PREPARED BY:** Lilena Martínez and Roberto Laguado (FMP/CAR)

### **I. EXECUTIVE SUMMARY**

- 1.1 The SAE is an Argentine government agency under the Office of the President. It was created by Executive Decree 7/2019 of 10 December 2019.<sup>1</sup> Some of its main objectives are to assist the Office of the President in identifying and monitoring priorities and strategies for national development; to act on matters related to the priorities of Argentina's international strategy through analysis, planning, and monitoring in coordination with relevant units; and to participate in critical public-sector initiatives on the use of technologies for development of the knowledge economy, such as artificial intelligence, blockchain technology, and other initiatives that will help strengthen Argentina's technological sovereignty, in coordination with relevant units of the national public administration.
- 1.2 The fiduciary capacity assessment of the SAE identified a medium risk level based on a review of capacities of the Directorate of Special Programs and Projects with a Sector-wide Approach (DPPEESA), which will be responsible for program execution. The main fiduciary risks are potential administrative overload due to new fiduciary responsibilities in the pipeline, and delayed and/or insufficient budget appropriations. To mitigate these risks, specialists and targeted training will be provided to supplement the capacity of DPPEESA so that it can accommodate its entire pipeline, and budget appropriations for program execution will be planned and managed in a timely manner.
- 1.3 Financial management will be governed by the Financial Management Guidelines for IDB-financed Projects (document OP-273-12), which will be complemented by DPPEESA's existing administrative and operational rules and manuals, as well as specific provisions in the program Operating Regulations. Project procurement processes will be conducted in accordance with the policies set forth in documents GN-2349-15 and GN-2350-15.
- 1.4 The SAE will be responsible for program execution, with support from DPPEESA in operational, administrative, budgetary, financial and accounting, and procurement management. DPPEESA will have the organizational structure, systems, functions, control environment, and personnel needed to effectively execute the program. The program Operating Regulations will set forth specific mechanisms and procedures.

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<sup>1</sup> Decrees [7/2019](#) and [50/2019](#).

## **II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY**

- 2.1 The Law on Financial Administration and Control Systems of the National Public Sector<sup>2</sup> is the central pillar of the national public financial management system and relevant institutions. This law provides the legal basis for key aspects of functions and systems related to budget, public credit, treasury, public accounting, and internal controls. Argentina's federal system features decentralized public spending and centralized resources. The SAE, as an entity under the Office of the President, is subject to all budgetary, accounting, and treasury regulations set forth in the aforementioned law.

## **III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS**

- 3.1 The fiduciary capacity assessment of the SAE identified a medium risk level based on a review of the capacities of DPPEESA, which will provide support for program execution. DPPEESA has experience executing projects with external financing, and specifically with Bank financing (loan 3759/OC-AR).<sup>3</sup> The institutional capacity assessment of DPPEESA,<sup>4</sup> updated in 2019 during the preparation of loan 4802/OC-AR,<sup>5</sup> found that it has suitable systems, processes, and human resources to execute the operation. The main medium-level fiduciary risks identified in the risk management workshop are: (i) administrative overload due to new fiduciary responsibilities in the pipeline; and (ii) delayed and/or insufficient budget appropriations. To mitigate these risks, specialists and targeted training will be provided to supplement the capacity of DPPEESA so that it can accommodate its entire portfolio, and budget allocations for program execution will be planned and managed in a timely manner.

## **IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF CONTRACTS**

- 4.1 In accounting for program resources, the exchange rate in effect on the date the approval currency or disbursement currency is converted to the borrower's local currency will be used, as provided in Article 4.10(b)(i) of the General Conditions. To determine the equivalency of expenses incurred in local currency against the local contribution or the equivalency of expenditure reimbursements, the exchange rate indicated in Article 4.10 (b)(i) of the General Conditions will also be used, due to limitations in the UEPEX system.
- 4.2 The program's audited annual financial statements will be submitted within 120 days after the end of each fiscal year of the executing agency, along with the opinion duly issued by an independent audit firm acceptable to the Bank or by Argentina's Office of the Auditor General. The final audited financial statements will be submitted within 120 days after the date of the program's last disbursement.

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<sup>2</sup> [Law 24,156](#).

<sup>3</sup> Program for Institutional Strengthening of the Ministry of Finance.

<sup>4</sup> Institutional capacity assessment for loan 4802/OC-AR.

<sup>5</sup> Program to Support Integrated Public Expenditure Management.

## V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 Procurement processes will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-15). Any of the procurement methods described in the procurement policies may be used, provided they are listed in the Bank-approved procurement plan, subject to the following provisions:
- (i) **Procurement of works, goods, and nonconsulting services.** Goods, works, and nonconsulting services<sup>6</sup> under the program that are subject to international competitive bidding (ICB) will be procured using the standard bidding documents issued by the Bank. Procurement processes subject to national competitive bidding (NCB) will use the national bidding documents agreed upon with the Bank.
  - (ii) **Selection and contracting of consultants.** Consulting services under the program will be procured using the standard request for proposals issued by the Bank.
  - (iii) **Selection of individual consultants.** Individual consultants will be selected on a competitive basis in view of their qualifications for the assignment, and specifically by comparing the qualifications of at least three candidates.
- 5.2 The program's sector specialist will be responsible for reviewing terms of reference or technical specifications for procurement processes.
- 5.3 Among the country subsystems approved<sup>6</sup> by the Bank, the reporting system will be used.
- 5.4 **Threshold amounts.** The recommended threshold amounts for the operation are the established thresholds for Argentina, as shown in the following tables.

**Table 1. Thresholds for international bidding and international shortlists (US\$)**

Works			Goods			Consulting services	
ICB	NCB	Shopping	ICB	NCB	Shopping	International publicity	Shortlist 100% national
≥25,000,000	<25,000,000 ≥350,000	<350,000	≥1,500,000	<1,500,000 ≥100,000	<100,000	>200,000	≤1,000,000

**Table 2. Procurement methods and amounts (US\$)**

Activity	Procurement method	Estimated date	Estimated amount
Procurement of IT infrastructure, software, and licenses for the Integrated Strategic Information System	ICB	Q2 2020	3,000,000
Procurement of licenses for use of the georeferencing and data analytics tool	Shopping	Q3 2021	600,000
Procurement of furnishings for situation rooms	Shopping	Q2 2020	100,000
Procurement of technological equipment for situation rooms	Shopping	Q2 2020	900,000
Procurement of equipment for conditioning the physical space for the innovation lab	Shopping	Q4 2020	850,000
Implementation of two pilot initiatives to assist public entities engaged in the COVID-19 response	NCB	Q4 2020	2,000,000

<sup>6</sup> Document GN-2349-15, paragraph 1.1: Nonconsulting services are treated as goods.

Activity	Procurement method	Estimated date	Estimated amount
Consulting services for rapid evaluation, review, and identification of strategies for government priorities	QCBS	Q3 2020	1,400,000
Consulting services to design the delivery management model	QCBS	Q2 2020	400,000
Consulting services for diagnostic assessment of the functionality of data analytics and development and integration of government information systems for analyzing data related to government priorities	CQS	Q2 2021	400,000
Consulting services for development of a dashboard to monitor, display, and analyze strategic information, with data georeferencing and integration	CQS	Q2 2021	200,000
Consulting services for system deployment and integration with the Integrated Strategic Information System	CQS	Q2 2022	200,000
Consulting services to design and implement an awareness and change-management program	CQS	Q2 2024	500,000
Individual consultant services for Component 1	CCIND	Q3 2020	1,490,000
Individual consultant services for Component 2	CCIND	Q3 2020 and Q4 2020	390,000

- 5.5 **Procurement supervision.** Procurement processes will be supervised as provided in the procurement plan, generally on an ex post basis except in the case of direct contracting. Ex post review visits will be carried out every 12 months. Ex post review reports will include at least one physical inspection visit for a procurement process selected from among those subject to ex post review. At least 10% of the reviewed contracts will be physically inspected during the program.
- 5.6 The threshold amounts for ex post review are based on the fiduciary capacity of the SAE and DPPEESA as assessed in preparing the operation, and the Bank may adjust these thresholds in the event of any changes in such capacity.

**Table 3. Thresholds for ex post review (US\$)**

Works	Goods	Services of consulting firms
<5,000,000	<600,000	<300,000

- 5.7 **Measures to prevent prohibited practices.** The provisions of documents GN-2349-15 and GN-2350-15 regarding prohibited practices will be followed (lists of firms and individuals declared ineligible by multilateral agencies).
- 5.8 **Records and files.** DPPEESA will be responsible for maintaining project files and records. The program Operating Regulations will describe the agreed formats and procedures to be used in preparing and storing project reports.



## VI. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

- 6.1 **Programming and budget.** DPPEESA will be responsible for preparing and programming the annual budget and will take the proper steps to consolidate the annual budget for approval. Needs for budgetary increases or reallocations will be managed by the executing agency. Budget appropriations will be executed through quarterly commitments and monthly accruals allocated by the National Budget Office of the Ministry of the Economy.
- 6.2 **Accounting and information systems.** The executing agency will use UEPEX<sup>7</sup> as the financial management system to identify program funds and sources of financing. UEPEX classifies program investments by component according to the table of costs. Accounting will be done on a cash basis and will follow International Public Sector Accounting Standards, when applicable, in line with established national criteria.
- 6.3 **Disbursements and cash flow.** The executing agency will manage and control the bank accounts opened in U.S. dollars and local currency for exclusive and separate handling of the loan proceeds, as well as the reconciliation of these accounts.
- 6.4 The Bank will issue disbursements in the form of advances of funds or by another method described in document OP-273-12. Funds will be advanced in accordance with a financial plan for the following six months or other reasonable period as payments are made and duly documented. Subsequent disbursements may be processed once 80% of the previously advanced funds have been accounted for. The possibility of invoking the flexibility provisions of document OP-273-12 may be considered. The Bank will recommend the use of the e-disbursement system.
- 6.5 Program funds will be deposited into an account at the Central Bank of the Argentine Republic designated for IDB disbursements and will be subsequently transferred to an operational account for the loan proceeds at Banco de la Nación Argentina.
- 6.6 **Retroactive financing.** The Bank may retroactively finance, as a charge against the loan proceeds, up to US\$3 million (15% of the loan amount) in eligible expenditures incurred by the borrower prior to the loan approval date for advance contracting of individual consultants and consulting firms for design of the delivery management model and rapid implementation of the government innovators program, provided that requirements substantially similar to those established in the loan contract have been met. Such expenditures will have been incurred on or after the project profile approval date (11 May 2020) but under no circumstances include expenditures incurred more than 18 months prior to the loan approval date.
- 6.7 **Internal control and internal audit.** The program will use the internal control arrangement described in the program Operating Regulations. The country subsystem for internal auditing will not be used.
- 6.8 **External control and reports.** The program's external audit may be performed by an independent audit firm eligible to audit Bank-financed operations, selected and contracted in accordance with the terms of reference and model contract previously agreed upon with the Bank. This audit may also be performed by Argentina's Office of the Auditor General, workload permitting and contingent upon

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<sup>7</sup> <https://dgsiaf.mecon.gov.ar/uepex/>.

a prior agreement with the Bank, since the country subsystem for external control has been validated.

- 6.9 **Financial supervision plan.** The financial supervision plan will be based on fiduciary capacity and risk assessments of the executing agency, conducted through supervisory site visits or desk reviews, as well as the analysis and monitoring of outcomes and recommendations from audits of the program's annual financial reports.
- 6.10 **Execution mechanism.** The SAE, as the executing agency, will be responsible for program execution, with support from DPPEESA in operational, administrative, budgetary, financial and accounting, and procurement management. The roles and responsibilities of the SAE and DPPEESA will be described in the program Operating Regulations, and DPPEESA will be the direct liaison with the Bank.
- 6.11 The SAE will be responsible for external coordination with the entities involved in delivering the government priorities identified in the program. The coordination mechanism will be described in the program [Operating Regulations](#).
- 6.12 The program Operating Regulations will set forth the program's execution strategy, including: (i) the project's organizational framework; (ii) technical and operational arrangements for execution; (iii) the plan for programming, monitoring, and evaluating outcomes; (iv) guidelines for financial and procurement management; and (v) the roles and responsibilities of the executing agency and other relevant entities for program execution.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/20

Argentina. Loan \_\_\_\_/OC-AR to the Argentine Republic. Innovation Program for Crisis Response and Strategic Priorities Management

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 to cooperate in the execution of the Innovation Program for Crisis Response and Strategic Priorities Management. Such financing will be for an amount of up to US\$20,000,000 from the resources of the Bank's Ordinary Capital allocated to the Flexible Risk Mitigation Facility (FFMR) (AR-O0009), modified by Resolution DE-49/20, 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 \_\_\_\_ 2020)