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ARGENTINA

RURAL PRODUCTIVE DEVELOPMENT PROGRAM OF THE PROVINCE OF RÍO NEGRO

(AR-L1439)

FIRST INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP):

"PROVINCIAL STRATEGIC INVESTMENT PROGRAM FOR RURAL PRODUCTIVE DEVELOPMENT"

(AR-O0037)

LOAN PROPOSAL

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ABBREVIATIONS	
CCLIP	Conditional credit line for investment projects
DPA	Departamento Provincial de Aguas (Provincial Water Department)
ha	Hectare
EDERSA	Empresa de Energía de Río Negro S.A.
IDEVI	Instituto de Desarrollo del Valle Inferior (Valle Inferior Development Institute)
INTA	Instituto Nacional de Tecnología Agropecuaria (National Institute for Agricultural Technology)
MDEP	Ministry of Economic and Productive Development of Río Negro Province
MECON	Ministry of Economy
MHPRN	Ministry of Finance of Río Negro Province
NCB	National competitive bidding
OEI	Organization of Ibero-American States for Education, Science and Culture
PCR	Project completion report
SPLIF	Servicio de Prevención y Lucha contra Incendios Forestales (Forest Fire Prevention and Suppression Service)
SOFR	Secured Overnight Financing Rate
UFinPro	Productive Financing Unit
UPCEFE	Unidad Provincial de Coordinación y Ejecución del Financiamiento Externo (Provincial Unit for Coordination and Execution of External Finance)

PROJECT SUMMARY

ARGENTINA

RURAL PRODUCTIVE DEVELOPMENT PROGRAM OF THE PROVINCE OF RÍO NEGRO (AR-L1439)

FIRST INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS: "PROVINCIAL STRATEGIC INVESTMENT PROGRAM FOR RURAL PRODUCTIVE DEVELOPMENT" (AR-O0037)

<table>
<tr><th colspan="5">Financial Terms and Conditions</th></tr>
<tr><th colspan="3">Borrower of the first operation:</th><th colspan="2">Flexible Financing Facility[a]</th></tr>
<tr><td colspan="3">Río Negro Province</td><td>Amortization period:</td><td>25 years</td></tr>
<tr><th colspan="3">Executing agency of the first operation:</th><td>Disbursement period:</td><td>5 years</td></tr>
<tr><td colspan="3">Ministry of Economic and Productive Development of Río Negro Province, through the Productive Financing Unit</td><td>Grace period:</td><td>5.5 years[b]</td></tr>
<tr><th colspan="3">CCLIP beneficiary and guarantor of the first operation</th><td>Interest rate:</td><td>SOFR + funding margin + OC variable lending spread[c]</td></tr>
<tr><td colspan="3">Argentine Republic</td><td>Credit fee:</td><td>[d]</td></tr>
<tr><th colspan="3">Financing instrument of modality:</th><td rowspan="2">Inspection and supervision fee:</td><td rowspan="2">[d]</td></tr>
<tr><td colspan="3">CCLIP Specific investment loan</td></tr>
<tr><th>Source</th><th>AR-O0037 (CCLIP)</th><th>AR-L1439 (first operation)</th><th colspan="2"></th></tr>
<tr><td rowspan="2">IDB (Ordinary Capital):</td><td rowspan="2">600 million</td><td rowspan="2">80 million</td><td>Weighted average life:</td><td>15.25 years</td></tr>
<tr><td>Currency of approval:</td><td>U.S. dollar</td></tr>
<tr><td>Local counterpart funding:</td><td>-</td><td>5 million</td><td>Sector(s):</td><td>Agriculture and rural development</td></tr>
<tr><td>Total:</td><td>600 million</td><td>85 million</td><td>Socioenvironmental classification:</td><td>B</td></tr>
<tr><th colspan="5">Program at a Glance</th></tr>
<tr><td colspan="5">General objective and specific objectives: The general development objective of the CCLIP is to increase the agricultural productivity and incomes of rural households in Argentina, in an inclusive, climate-resilient manner. The specific objectives are to: (i) reduce the logistics costs of agricultural production in the intervention areas; (ii) increase the adoption of sustainable agricultural technologies and practices, and strengthen the productive, financial, and commercial inclusion of small producers; and (iii) enhance the capacity of productive systems and producers to manage and respond to climate risks. The general development objective of the first operation under the CCLIP is to increase agricultural productivity in Río Negro Province. The specific development objectives for the first operation are to: (i) increase efficiency in the use of water resources for agricultural production; (ii) improve access to sustainable electricity for agricultural production; and (iii) strengthen institutional capacity and the capacity of agricultural and livestock producers to manage and respond to climate risks.</td></tr>
<tr><td colspan="5">Special contractual conditions precedent to the first disbursement of the first operation: The borrower, through the executing agency, will provide evidence, to the Bank's satisfaction, of: (i) the approval and entry into force of the program Operating Regulations under the terms previously agreed upon with the Bank; (ii) the signature and entry into force of an interagency coordination or similar instrument between the executing agency and the Provincial Unit for Coordination and Execution of External Finance, a subagency of the Ministry of Finance, containing the provisions applicable to technical management, procurement, financial management, and environmental and social management, and accountability mechanisms vis-à-vis the Bank, under the terms previously agreed upon with the Bank; and (iii) the hiring or appointment, as applicable, of the following members of the specialized program team: (a) a coordinator, (b) a financial management specialist, (c) a procurement specialist, (d) an environmental specialist, and (e) a social specialist (paragraph 4.6).</td></tr>
</table>

Special conditions for execution of the first operation: (a) Before the start of the bidding processes corresponding to the works planned for activity (i) of Component II in the Negro Muerto area mentioned in paragraph 2.2, the borrower, through the executing agency, will submit evidence to the Bank of the establishment and implementation of a cost-recovery or repayment mechanism for the investment associated with that works project, or of an equivalent mechanism acceptable to the Bank, applicable to the beneficiaries of the works, in accordance with the terms previously agreed upon with the Bank; and (b) prior to the start of the program's individual consultant selection process, the borrower, through the executing agency, will submit to the Bank's satisfaction, the program-specific supplementary agreement under the current framework cooperation agreement between Río Negro Province and the Organization of Ibero-American States for Education, Science and Culture, to obtain the Bank's no objection (paragraph 4.7). For the remaining conditions of the first disbursement and for socioenvironmental execution, see Annex B of the environmental and social review summary (required link 4).
Exceptions to Bank policy: None.

(a) Under the terms of the Unified Policy for the Flexible Financing Facility (FN-655-7), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

(c) Daily compounded SOFR in arrears. The IDB funding margin is determined on a quarterly basis. The IDB Ordinary Capital variable lending spread is determined by the Board of Executive Directors on an annual basis.

(d) The credit fee and the 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.

PROJECT STRATEGIC CONTRIBUTION AND ALIGNMENT SUMMARY

<table>
<tr><th colspan="4">Rationale and links</th></tr>
<tr><td>Sustainable economic growth:</td><td colspan="3">By addressing the main productivity gaps of the agriculture sector in Río Negro Province through investment in water infrastructure, rural electrification, and risk management, the program will help improve the structural conditions that hinder the performance of the province's productive systems. The planned interventions will make it possible to boost the availability, efficiency, and reliability of water for irrigation; improve access to electricity for productive uses; and strengthen institutional, technological, and operational capabilities to prevent and respond to adverse weather events. This is expected to reduce production costs; improve the operational continuity of producers in the event of drought, fire, and other risks; promote the adoption of technologies; create better conditions for private investment and diversification of production; and boost the province's agricultural competitiveness.</td></tr>
<tr><td>Institutional capacity and rule of law:</td><td colspan="3">Improving interagency coordination, management systems, and efficient and transparent execution of rural public investments will strengthen provincial governance.</td></tr>
<tr><td>Gender equality:</td><td colspan="3">Women's workforce participation in Río Negro is below that of men (58% compared to 73%) [1]. In the agriculture sector, women manage 17% of the farms and are concentrated in smaller-scale units (63% are smaller than 50 hectares) [2]. Likewise, women have limited access to production-related services, with only 26% receiving technical advisory services [2]. This is replicated in provincial training (2021-2026), where women's participation is 22.9%, and their participation is almost nonexistent in technical training on subjects such as mechanization, water infrastructure, and energy. While no specific data is available for Río Negro, regional and global evidence point to gaps in access to credit that limit the adoption of risk mitigation technologies [3]. The operation will finance training and will establish quotas for women's access to loans for anti-hail netting through the Single Registry for Women Entrepreneurs.</td></tr>
<tr><td rowspan="9">Climate change:</td><th colspan="3">Paris Agreement</th></tr>
<tr><td>Alignment with the climate resilience goal:
Specific analysis (high physical risk from climate change/relevant adaptation priority)</td><td colspan="2">Alignment with the decarbonization goal:
Universally aligned/Simplified analysis of financial institutions</td></tr>
<tr><th>Climate and green finance</th><th colspan="2">Climate finance</th></tr>
<tr><td rowspan="4">Climate and green finance (%) of total project: 81.11%.</td><td>Mitigation (%)</td><td>28.32%</td></tr>
<tr><td>Adaptation (%)</td><td>31.11%</td></tr>
<tr><td>Dual (%)</td><td>0%</td></tr>
<tr><td>Total climate finance (%)</td><td>59.43%</td></tr>
<tr><td>Adaptation and resilience indicator: ☒
R3.4 – Fruit-producing area covered with anti-hail netting in Río Negro Province</td><td colspan="2">Mitigation indicator: ☐</td></tr>
<tr><td colspan="3">The operation is aligned with the objectives of the Paris Agreement, the Nationally Determined Contributions of Argentina, the National Plan for Adaptation and Mitigation to Climate Change by 2030 (PNAMCC), and the Río Negro Province Plan for Response to Climate Change [4], by simultaneously contributing to the agriculture sector's climate resilience and the transition toward more efficient, sustainable productive systems. From the perspective of adaptation, the operation strengthens the capabilities of productive systems and rural households to manage climate risks, specifically droughts, water shortages, and wildfires, through investments in efficient irrigation infrastructure, risk management, and institutional strengthening, in accordance with national priorities for territorial, water, and productive adaptation. In terms of mitigation, the operation finances universally aligned investments that promote efficient water use, sustainable rural electrification (which will reduce emissions due to decreased diesel consumption), and the adoption of productive practices that reduce the intensity of emissions per production unit, without creating dependency on fossil fuels or affecting carbon sinks. Since the operation supports the agriculture sector, there are plans to provide support through technical advisory services (AR-T1430) that promote agroecological practices.</td></tr>
<tr><td colspan="4">Sustainable Development Goals (SDGs): SDG 2, SDG 5, SDG 7, SDG 8, SDG 9, SDG 10, SDG 11, SDG 13, and SDG 15.</td></tr>
<tr><th colspan="4">Country strategy</th></tr>
<tr><td>Country strategy</td><td colspan="3">Strategic Agreement between Argentina and the IDB Group. Country Strategy 2025-2028 (GN-3288). Contributes to the results: (i) productivity of agribusinesses enhanced; and (ii) private and subnational investment in energy to improve connectivity and to expand the energy matrix facilitated by (i) increasing the global efficiency of water in irrigation systems, (ii) increasing the use of electric power for productive purposes and in the use of renewable energy, (iii) decreasing the response times to emergencies caused by weather</td></tr>
</table>

	events, and the percentage of rural area residents, disaggregated by gender and disability status, with effective access to monitoring and early alert information in the face of climate risks, (iv) having shorter transit times and making rural roads more passable, and (v) increasing the rates of adoption of agricultural technology.
Contribution to regional initiatives	
Regional initiatives	South Connection: By strengthening rural connectivity through water and energy infrastructure; narrowing territorial gaps; incorporating producers into markets; and promoting inclusive, resilient development.

I. RATIONALE AND DESCRIPTION

Program highlights. The program stands out because of its comprehensive approach to addressing structural restrictions for rural development in Río Negro by combining investments in water infrastructure, electrification, and risk management with technical assistance and institutional strengthening. Its innovative nature stems from the integration of complementary solutions (irrigation-energy-resilience) that foster productive and environmental impacts. It also promotes the adoption of sustainable technologies and the efficient use of resources, including monitoring and advanced management tools (e.g., telemetry and early warning systems). The program mobilizes public financing and facilitates private investment by reducing production-related costs and risks. It is part of a CCLIP that enables a long-term, programmatic approach that is scalable and replicable in other provinces, thereby strengthening the systemic impact of the interventions.

A. Program description

1.1. **Objectives.** The general objective of the CCLIP is to improve the agricultural productivity and incomes of rural households in Argentina, in an inclusive, climate-resilient manner. The specific objectives are to: (i) reduce the logistics costs of agricultural production in the intervention areas; (ii) increase the adoption of sustainable agricultural technologies and practices, and strengthen the productive, financial, and commercial inclusion of small producers; and (iii) enhance the capacity of productive systems and producers to manage and respond to climate risks.

1.2. The general development objective of the first operation under the CCLIP is to increase agricultural productivity in Río Negro Province. The specific objectives of this first operation are to: (i) increase efficiency in the use of water resources for agricultural production (specific development objective 1); (ii) improve access to sustainable electric power for agricultural production (specific development objective 2); and (iii) strengthen institutional capacity and the capacity of agricultural and livestock producers to manage and respond to climate risks (specific development objective 3). Specific development objectives 1 and 2 contribute to the second specific objective of the CCLIP, while specific development objective 3 contributes to the third one, ensuring programmatic consistency with the CCLIP.

1.3. **Context.** The agriculture sector is a mainstay of the Argentine economy, accounting for 8% of GDP [5] and contributing, with its agroindustrial supply chains, 60% of total goods exports [6]. Its social relevance is significant: all told, 17% to 24% of the private workforce is employed in the agrifood sector [3]. Historically, growth in that sector (2.6% annually from 1961 to 2022) has been driven by total factor productivity. However, during the 2016-2022 period, this productivity slowed to 1.11% annually, accompanied by gaps of 50% in technical efficiency [7]. This situation has been shaped by the public policy environment (e.g., restrictions on exports and price distortions) and low levels of public spending on public assets, which pose structural challenges to resuming sustained growth [8].

1.4. **Institutional and regulatory framework.** Agricultural policy in Argentina operates under concurrent authorities. The Office of the Secretary of Agriculture, Livestock, and Fisheries defines regulatory, commercial, and sanitary guidelines at the national level, while the provinces are responsible for managing rural infrastructure and implementing productive programs. During the 2024-2025 period, the national strategy focused on deregulation, simplifying export procedures, and reducing trade restrictions to improve competitiveness. In Río Negro Province, the Ministry of Economic and Productive Development (MDEP) leads efforts in agricultural development, coordinating risk management actions with specialized agencies such as the Forest Fire and Suppression Service (SPLIF).

1.5. **Problem and gaps nationwide.** The sector faces persistent productivity and income gaps. With respect to well-being, rural households have unmet basic needs that are double the urban average (24% compared to 12%) [9] and their risk for chronic food insecurity is three times higher [10]. In production, performance gaps compared to their potential are up to 41% for wheat and corn and 32% for soybeans [11]. These shortcomings originate from three critical determining factors: (i) poor rural and logistics infrastructure; (ii) low rates of technology adoption, linked to limited financial inclusion; and (iii) insufficient resilience to adverse weather events among producers.

1.6. **The problem in Río Negro.** The agriculture and livestock sector in the province is a strategic pillar that accounts for 5% of provincial gross geographic product (2016-2022), with a diverse productive structure in which 90% of the value is generated by livestock, pomology, farm production, and vegetables [12]. Production is primarily concentrated in irrigated valleys (Alto Valle, Valle Medio, Valle Inferior, and Valle de Conesa). Despite its economic and export significance (25% of national onion exports) [13], the sector faces low productivity levels [6] within a productive structure characterized by small and medium-sized producers (70% in Alto Valle with less than 15 hectares (ha)), with limitations in investment and risk management [14].

1.7. Productivity gaps persist relative to international competitors and local production frontiers. In fruit growing, the province's main employer, with 17,400 direct employees (15% of formal employment), average productivity is approximately 30% lower than in Chile or South Africa [6][9][15]. In the horticulture sector, specifically onion production, high efficiency systems coexist with others that perform well below potential, averaging only 20% to 30% of attainable yields [16]. Rainfed cattle production, meanwhile, operates at productivity levels of 5 to 10 kilograms per hectare and weaning rates of 60%, significantly below the 75% to 80% achieved by intensive production systems [17]. The persistence of these gaps is attributable to a series of structural and operational factors that constrain the sector's performance.

1.8. **Determining factors.** The first operation under the CCLIP addresses the low level of agricultural productivity in Río Negro Province, which is associated with: (i) inadequate irrigation infrastructure; (ii) inadequate rural electrification infrastructure; and (iii) limitations in institutional and productive capacities to manage climate risks. Prioritizing these determining factors reflects their structural, sequential, and enabling nature for increasing agricultural productivity in the province. There is a distinction between the foundational interventions (irrigation, energy, and road infrastructure) that serve as enabling conditions for production and other instruments (credit, technological revamping, and technical assistance), whose effectiveness depends on whether structural infrastructure constraints have been previously resolved. This operation focuses on those constraints that more directly limit the productive use of water, the adoption of technologies, and operational continuity in the face of climate risks.

1.9. **Determinant 1: Structural limitations and obsolescence of irrigation conveyance and distribution infrastructure.** Agricultural development in Río Negro Province depends on irrigation due to annual rainfall of less than 400 millimeters. The province has 179,773 ha that are supplied by more than 6,000 kilometers of canals [9]. Water management is organized under a decentralized governance mechanism, with the Provincial Water Department (DPA) acting as the central authority, delegating local administration and maintenance to irrigation consortia. Although this consortia group represents 78% of users, the lack of measurement tools and funding limits efficient management based on actual demand [18]. The main limiting factor is the obsolescence and cumulative deterioration of the conveyance and distribution infrastructure, with works that in many cases are over 50 years old. This aging, along with deficiencies in hydraulic regulation and water losses, creates a gap between the theoretical availability of the resource and its actual delivery. This problem is particularly critical in Valle Medio, where earthen canals with high seepage rates predominate, and in Valle Inferior (managed by the Valle Inferior Development Institute or IDEVI) which, despite being the most modernized area, is facing degradation after more than 50 years of usage [18]. In these areas, the irrigated area is the smallest in the province—33% in Valle Medio and 11% in Valle Inferior (FAO, 2014).[1] These limitations in the network constitute a constraint on the irrigation system that affects its efficiency. Currently, water use efficiency stands at 43%, which limits the performance of agricultural systems. In this context, the predominance of gravity-fed irrigation (88% of the area) reflects the constraints of the conveyance and distribution system, rather than a technological choice [19]. These constraints result in water-use efficiency levels of only 30% to 50%, compared with the 50% to 70% that improved gravity-fed systems could achieve and the 75% to 85% that pressurized systems could achieve if adequate distribution and regulation infrastructure were available. [20]. These deficiencies also reflect a lack of investment in public assets, in a context where the need for renewal exceeds the financing capacity of local actors, generating negative externalities such as soil salinization and higher costs.

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[1] FAO. Informe de Diagnóstico de los principales valles y áreas con potencial agrícola de la Provincia de Río Negro..

1.10. **Determinant 2: Deficient access, reliability, and capacity of the rural electricity supply.** The lack of access, capacity, and reliability of the electricity supply in rural areas of Río Negro Province constitutes a constraint that increases operating costs and limits technology adoption. The electricity infrastructure in the province has a coverage gap, reaching 70% in rural areas compared to 100% in urban areas. This situation is exacerbated in the Valle Medio region, where rural coverage drops by 60% to 65% and service is highly unstable, with indicators for outage frequency (SIAFI) and duration (SAIDI) exceeding the provincial average and showing an upward trajectory [21]. The current grid, operated by Empresa de Energía de Río Negro S.A. (EDERSA), relies on medium-voltage lines that terminate in Colonia San Juan, leaving high-potential areas such as Negro Muerto without power and Guardia Mitre with insufficient stability and power [22]. At the provincial level, 42% of farms lack electricity, forcing producers to rely on internal combustion engines to pump water and manage livestock, thereby increasing their operating costs [23]. This gap is critical in the Conesa-Guardia Mitre area, where the program covers an area of 154,066 ha. There, 86% of livestock producers lack sufficient power to implement improvements such as submersible electric pumps or electric fences, and most irrigators depend on a distant transformer substation with insufficient capacity to meet current demand [24]. Currently, producers who manage to modernize their operations with technology do so using internal combustion engines—a system whose operating cost per hectare per year is 2.5 times higher than that of electric pumping [25]. Accordingly, the provision of grid infrastructure serves as a mandatory prerequisite and enabler, making the installation of modern and productive machinery feasible. Deficiencies in the electricity supply constitute a barrier that hinders the transition from extensive livestock farming to intensive full-cycle models and limits horticultural production potential [26]. Public intervention is essential to address this infrastructure shortfall, thus reducing vulnerability to fuel price volatility, improving farm profitability, and mitigating the environmental externalities associated with hydrocarbon use.

1.11. **Determinant 3: Limitations in institutional and productive capacities for climate risk management.** Agricultural productivity in Río Negro Province is constrained by high exposure to extreme events, the frequency and intensity of which have increased. In Patagonia Norte, there has been a 15% to 25% reduction in rainfall compared to the historical average (1990-2006) and an increase in the average temperature of up to 1.5°C [27]. This vulnerability manifests itself in two critical risks: wildfires and hailstorms. Forest fires pose a risk that jeopardizes territorial development; over the past five seasons, they damaged 20,965 ha, primarily impacting forests (40%) and grasslands (33%) (optional link 6). These events occur under conditions of high temperatures, droughts, and strong winds—factors that facilitate the spread of fire [29]. This dynamic leads to the destruction of key infrastructure, such as fences and sheds, and degrades the soil, adversely impacting crop yields and triggering a chain reaction of effects in vulnerable areas such as El Bolsón and Mallín Ahogado. The Confluencia fire in 2025 destroyed 250 ha of small farms, resulting in the loss of more than 140 local businesses, 25% of the region's raspberry production, and family greenhouses for 80% of the affected families [30]. The loss of irrigation infrastructure, beehives, and livestock across 39 livestock holdings affected the region's income [30]. Hail disproportionately impacts the fruit-growing sector [31]. Between 2017 and 2026, losses due to this phenomenon totaled US$787.5 million, peaking at US$240 million in 2022-2023 [31]. On average, hail damages 14% of the cultivated area each year [31]. Access to credit for anti-hail netting is limited, due to high initial investment costs and the long payback period. The persistence of these gaps in risk management reflects a failure to provide public assets for prevention and response, insufficient private investment in mitigation technologies (e.g., anti-hail netting), and the current limited operational capacity of the Fire Prevention and Suppression Service (SPLIF), an agency under the MDEP responsible for preventing and fighting fires in rural areas. Currently, the SPLIF concentrates its operations in the Andean-Patagonia region, in urban-rural interface areas, and agricultural areas such as El Bolsón and Mallín Ahogado. The dryland areas and livestock-raising valleys—where thunderstorms storms and winds act as critical factors in fire spread—in the departments of Avellaneda, General Conesa, and Bariloche require monitoring and early detection to mitigate losses caused by extreme weather events.

1.12. **Proposed solutions and evidence of their effectiveness.** The program will finance interventions in water and energy infrastructure and in risk management, which will yield productive benefits for Río Negro Province. To achieve the objectives, the solutions are:

(i) **Solution 1: Comprehensive modernization of irrigation and drainage systems.** To reduce inefficiency in water use (specific development objective 1) the program will finance a package of investments aimed at rehabilitating, expanding, and modernizing irrigation infrastructure in Valle Inferior (IDEVI) and Valle Medio (Margen Norte). This package will include works involving telemetry systems for water monitoring and management, as well as technical assistance, including in the adoption of pressurized irrigation technologies and the optimization of gravity-fed irrigation. This combination is essential, since evidence shows that irrigation infrastructure significantly increases agricultural productivity and income stability [37][38]. In Argentina, evaluations of the Provincial Agricultural Services Program (PROSAP) find that infrastructure improvements increase yields by 6% to 7.4%, and by 15% to 17% when public works are supplemented with technical assistance and private financing [39][40].

(ii) **Solution 2: Expanding electricity access and improving energy supply quality.** To overcome energy access constraints (specific development objective 2) and poor supply quality, the program will finance the deployment of medium-voltage (33 kV) grids and substations along the Conesa-Guardia Mitre and Negro Muerto corridors. This effort will be supplemented with technical training to foster productive energy use, improve energy efficiency, and reduce operating costs for farms. This solution, which is aligned with the national government's objective of achieving a secure and reliable electricity supply for all users, will ensure a reliable and continuous power supply—an enabling condition for facilitating new grid connections and the subsequent electrification of irrigation areas, as well as the adoption of pressurized irrigation systems. The literature confirms that rural electrification is an enabling condition as it drives industrial development and agricultural productivity [41][42][43][44]. Moreover, the Conesa-Guardia Mitre grid will connect to the existing Guardia Mitre grid, closing a supply loop and making it more reliable for residents.

(iii) **Solution 3: Strengthening integrated climate and fire management.** To increase response and adaptation capacity to extreme weather events and wildfires (specific development objective 3), the program will finance the operational strengthening of the SPLIF by upgrading infrastructure in Bariloche, El Bolsón, and General Conesa, along with the provision of specialized equipment and AI-powered early warning systems for wildfires. These investments will be complemented with financing for the procurement of anti-hail netting; drought-mitigation equipment; and a comprehensive training program covering drought and wildfire risk management, drone use, water efficiency, and adapted agricultural practices. The interdependence of these actions is critical to ensuring operational continuity: Early detection technologies and reducing wildland fuels are essential for minimizing economic and environmental losses due to wildfires [45][46][47]. These interventions have yielded positive results in wildfire containment and productive asset projection [48][49].

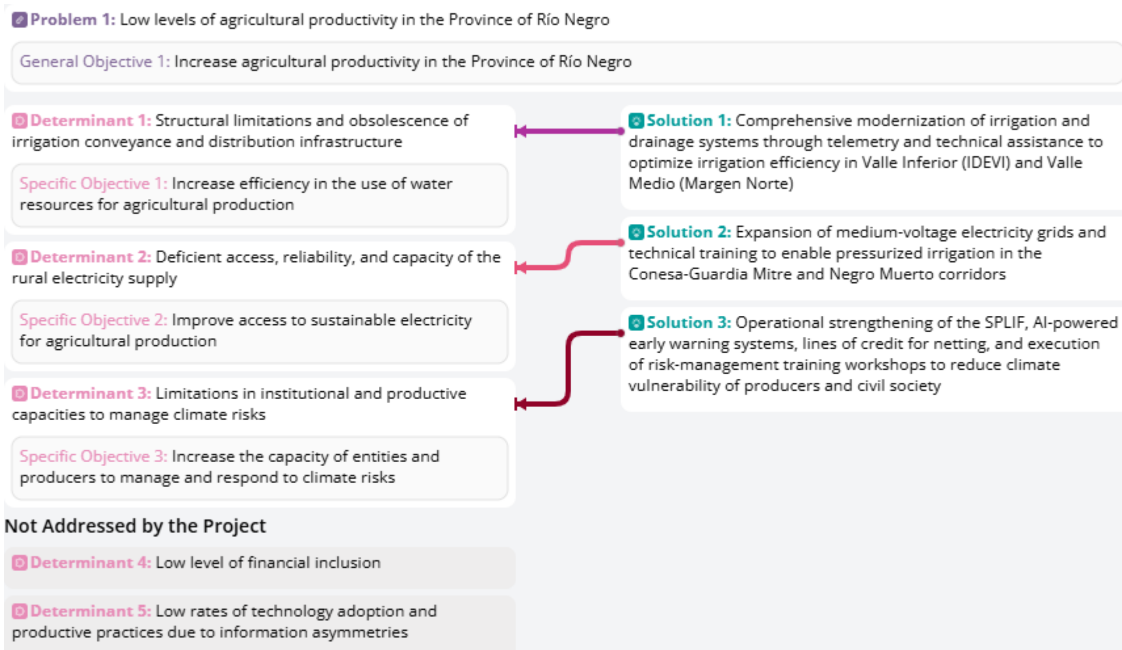
1.13. The solutions will be coordinated at both the functional and institutional levels. The solutions are complementary in that they address common structural constraints to agricultural development. Investments in irrigation and electrification aim to boost productivity through more efficient access to key productive resources (namely, water and energy), while risk management measures protect these investments and strengthen resilience to adverse events.

1.14. **Expected program contribution.** To increase agricultural productivity (general objective), the program will address development gaps by boosting productivity in strategic sectors of Río Negro Province, including annual livestock production (I1), annual onion production (I2), and expanding the area of irrigated farmland in the program's intervention areas (I3). In line with the specific objectives, the operation will contribute to increasing water efficiency (specific development objective 1) by measuring improvements in water conveyance (R1.1) and intake (R1.2) in the Valle Inferior and Margen Norte systems. It will also improve access to energy (specific development objective 2), by expanding or improving the area under electrified irrigation in Guardia Mitre (R2.1) and Negro Muerto (R2.2). Risk management capacity (specific development objective 3) will also be strengthened by expanding monitoring (R3.1) and communication (R3.2) coverage, reducing response times to wildfires (R3.3), and increasing protection with anti-hail netting (R3.4). Among other contributions to crosscutting themes, the program will improve household access to electricity (impacts/results indicator 1) and supply stability (impacts/results indicator 2) in the town of Guardia Mitre. It will also strengthen the inclusive approach to ensure the participation of women producers in the program's training and technical assistance activities.

1.15. **Beneficiaries.** The program will directly benefit 6,725 agricultural and livestock producers (1,465 under Component I, 122 under Component II, and 5,138 under Component III). In Guardia Mitre (Component II), 566 households will also benefit from improvements in electricity service quality. The remaining indirect program beneficiaries include more than 275,351 residents in the intervention areas, who will benefit from improved availability and reliability of water, energy, and productive infrastructure.

1.16. **Economic analysis.** A cost-benefit analysis of the program was conducted, based on the following quantifiable benefits: (i) increased yields due to the improvement and modernization of irrigation systems; (ii) an increase in the productive area under irrigation due to greater water use availability and efficiency; (iii) increased productivity and reduced energy costs due to the improvement, expansion, and greater reliability of rural electrification services; and (iv) a reduction in losses associated with risks, including losses avoided due to rural wildfires and hailstorms. The program's internal rate of return is 17.4%, with a net present value of US$42.9 million. The results were validated through sensitivity analyses, and the program maintained positive economic returns across all scenarios analyzed.

Figure 1. Theory of change summary

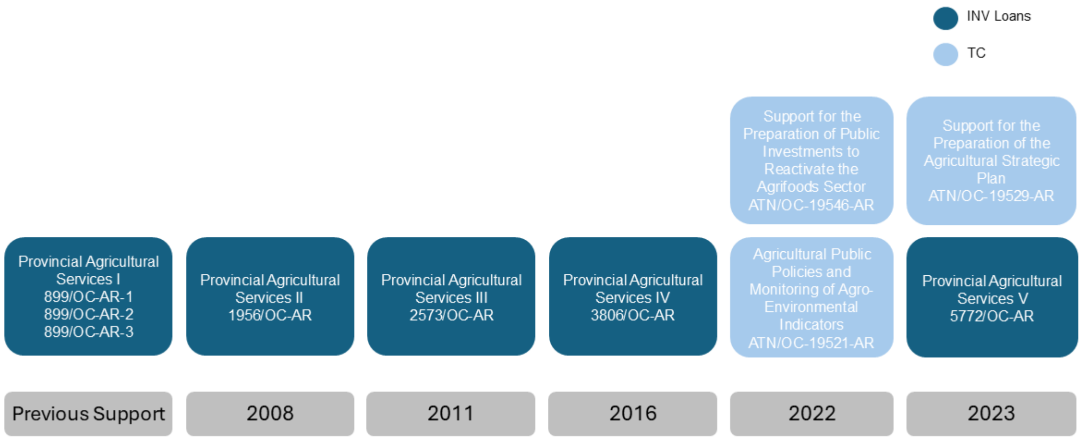


Note: The theory of change can be viewed in greater detail here.

B. The Bank's additionality

1.17. **Programmatic approach.** Since the 1990s, the IDB has continuously supported Argentina's rural and agricultural development with loans and technical cooperation operations to finance productive infrastructure, promote technology adoption, and strengthen national and provincial institutional capacities. This support has been channeled mainly through the Provincial Agricultural Services Program, namely, operations PROSAP I (AR-0061), PROSAP II (AR-L1030), PROSAP III (AR-L1120), PROSAP IV (AR-L1198), and PROSAP V (AR-L1335). This is a public investment instrument that has financed projects for irrigation, rural roads, rural electrification, agricultural services, and agrifood competitiveness, combining physical works, technical assistance, institutional strengthening, and producer support. The evidence generated through these interventions shows positive effects for productive investment, production value, and economic performance [39][40], supporting the continuity of this approach and guiding the design of new operations. Through technical cooperation operations, including AR-T1274, AR-T1275, and AR-T1295), the Bank has supported the analysis of national and provincial agricultural policies, such as a specific study for Río Negro Province [8], which constitutes an important input for the design of this program. Moreover, through technical cooperation operation AR-T1420, the Bank has in recent years supported efforts by Río Negro Province to mitigate the impact of emergencies caused by wildfires. Given this background, the Bank has a comparative advantage and significant institutional additionality for financing a series of investment operations in productive development with a territorial focus. This additionality is based on the Bank's accumulated technical and fiduciary expertise; its knowledge of Argentina's agriculture sector; its longstanding relationships with national and provincial institutions; and the lessons it has learned over decades of collaboration regarding the design, execution, and evaluation of rural productive infrastructure and agricultural development programs. In this context, the program is included in an IDB Group long-term programmatic approach, which is consistent with the institutional organizational framework of the agriculture sector in Argentina and policy reforms promoted by the national government. These reforms seek to reduce distortions in agricultural prices (supported by analyses from the Bank's Agrimonitor initiative); boost competitiveness; facilitate trade; and strengthen the provision of national public assets such as sanitation, innovation, and traceability. This includes the Sector Vision of Gran Chaco (ViSeC) initiative with support from IDB Invest and technical cooperation operation RG-T4500 to improve compliance with the European Union's Regulation on deforestation-free products (EUDR) for access to its agriculture market. To complement this, the provinces play a central role in providing productive rural infrastructure and implementing territorial programs for agricultural development. In line with this distribution of responsibilities, the CCLIP includes plans to finance investments under provincial jurisdiction, while maintaining the Ministry of Economy (MECON) as the liaison institution at the national level, with responsibility for coordinating with the IDB and among the provinces, monitoring execution, and facilitating the exchange of technical and fiduciary knowledge among the provinces. The provinces will also receive technical assistance and monitoring and evaluation support from the IDB through a number of technical cooperation initiatives. Currently, this is taking place through an existing technical cooperation operation, AR-T1392, and, starting with the implementation of the first operations, through an additional technical cooperation operation (AR-T1430). The CCLIP is structured as a programmatic platform designed to progressively accumulate results through successive provincial operations, under a common framework of objectives, eligibility criteria, intervention instruments, and monitoring mechanisms. Each operation will contribute to specific objectives at the provincial level—in irrigation, rural electrification, rural roads, climate risk management, and agricultural services—while the program as a whole will seek to gradually advance toward broader cumulative objectives, including improving agricultural productivity and rural incomes. The design draws on lessons learned from experience with the PROSAP operations, including the need to strengthen, from early stages, infrastructure management, operation, and maintenance arrangements; the importance of considering beneficiaries' circumstances to ensure the effective use of investments; and the need to embed risk management capabilities within specific, permanent institutions, in order to contribute to the sustainability of the results. Lastly, the program is operationally complementary to another IDB-financed program under preparation in Río Negro, namely, the Digital Transformation of the Health System in the Province of Río Negro (AR-L1441), by adopting complementary implementation mechanisms and strengthening fiduciary synergies (procurement and financial management) under the same Provincial Unit for Coordination and Execution of External Finance (UPCEFE) coordination structure.

Figure 2: Timeline of Bank support



1.18. **Nonfinancial additionality.** The Bank provides nonfinancial additionality by convening national, provincial, sectoral, and territorial stakeholders and facilitating coordination among institutions with complementary mandates. It also contributes technical knowledge gained through similar operations, evidence on agricultural development instruments, and good practices for the design, execution, monitoring, and evaluation of rural investments. It also strengthens the institutional, fiduciary, technical, and environmental and social capacities of the executing agencies through support for preparing studies, project structuring, risk management, application of social and environmental standards, and for developing operating and maintenance arrangements.

1.19. **Synergies with the private sector.** The program will improve the private-investment environment by financing enabling public infrastructure, reducing costs, and improving the predictability of agricultural systems. Improvements in the water and energy availability will help leverage private investments in modern irrigation systems, electric pumping equipment, mechanization, crop establishment, livestock improvement, logistics, added value, and production technologies. The program also seeks to coordinate with IDB Invest and IDB Lab by identifying financing and support opportunities for private investment. This coordination will be complemented by dialogue with private stakeholders and producer organizations active in the province, including Grupos CREA (Regional Agricultural Experimentation Consortia), Sociedad Rural, Aapresid (Argentine No-till Farmers Association), and other producer organizations, with a view to identifying specific needs, promoting technology adoption, and facilitating the mobilization of private investment around the works financed by the program.

1.20. **Public Utilities Policy.** In terms of electrification, the program is consistent with the Public Utilities Policy (GN-2746-6) by meeting the following conditions: (i) financial sustainability, as EDERSA will receive sufficient revenues for the provision of electricity services to cover its operating and maintenance costs, and the program’s contribution to financing connection infrastructure responds to capacity expansion objectives aimed at broadening access and improving service quality; and (ii) economic profitability, as the projects are economically viable.

1.21. **Collaboration with other institutions.** The program will coordinate with other institutions to complement the planned interventions. Particularly, coordination will be promoted with: (i) the Federal Investment Council, to complement water infrastructure works with financing instruments aimed at the adoption of modern irrigation systems, along with training activities, given that the institution already supports Río Negro Province through productive financing and agricultural risk management instruments; (ii) INTA (National Institute for Agricultural Technology), to support the implementation of training activities, given its role as the country's leading institution for agricultural research, expansion, and technology dissemination; and (iii) EDERSA, to ensure adequate technical coordination in the design, execution, connection, transfer, and operation and maintenance of rural electrification projects. More details are presented in optional link 7. The specific coordination mechanisms, operational responsibilities, information flows, and monitoring arrangements with these institutions will be included in the program Operating Regulations.

II. COSTS AND FINANCING STRUCTURE

A. Program components

2.1. **Component I. Irrigation (IDB: US$33.9 million; Local: US$2.2 million).** This component will finance the rehabilitation and modernization of irrigation systems in areas served by IDEVI (Cubanea, Zanjón de Oyuela, and San Javier) and Valle Medio (Chimpay and Darwin). It includes:

(i) **Infrastructure and civil water works:** Waterproofing of channels, rehabilitation of the drainage network, and modernization of sections of the main canal. It includes retrofitting the Margen Norte drainage system and the construction of engineering works.

(ii) **Mechanical and electromechanical equipment:** Procurement and installation of motorized pumping stations and rehabilitation of pumping plants. Of particular note is the procurement of heavy machinery for the maintenance of the irrigation network and the commissioning of a fourth pumping station for drainage.

(iii) **Implementation of measuring systems:** Procurement and installation of a telemetry system with master and remote stations to monitor water flow rates in real time. It includes the development of a computer system to manage water resources.

(iv) **Technical assistance and onsite teams:** Advisory support for land leveling and procurement of modern irrigation equipment (sprinkler and drip irrigation); technical assistance services for the adoption of efficient irrigation techniques (leveling and pressurized irrigation); and compliance with good agricultural practices. These training activities will facilitate women's participation.[2] Collaboration with INTA and producer organizations is envisaged for the detailed design of the training program and its implementation (see optional link 7).

(v) **Institutional strengthening:** Support for the DPA and IDEVI through the hiring of inspectors, the updating and organization of irrigator registries, the establishment of

[2] To address gender barriers in access to technical assistance, this will include flexible schedules, childcare services, diversification of training modalities (virtual and in-person), and flexibility in participation criteria.

irrigation consortia, and the strengthening of operational capacities (equipment and facilities).

2.2. **Component II. Rural electrification (IDB: US$25.9 million; Local: US$1.8 million).** This component will finance the expansion of electricity services in two areas. It includes:

(i) **Electricity grid infrastructure:** Construction and upgrading of medium-voltage lines and installation of transformer substations:

- Conesa – Guardia Mitre area: Extension of the grid by 85 km (primarily at 33-kV), including a 500-meter crossing over the Negro River (attached to the road bridge) and the construction of three 33/13.2 kV transformer substations.
- Negro Muerto area: Construction of a 32.2-km, 33-kV, electricity distribution network, including a 225-meter overhead crossing above the Negro River and seven 33/13.2kV transformer substations.

(ii) **Network equipment and logistics:** Procurement of conductors, insulators, and transformers, as well as smart metering and telemanagement equipment. It includes the procurement of vehicles and computer equipment for grid monitoring.

(iii) **Technical assistance and training:** Individual consulting services to provide technical assistance and specialized training to producers and communities in the Conesa-Guardia Mitre and Negro Muerto areas, focusing on irrigation systems (sprinkler and drip irrigation), efficient water use, and compliance with good agricultural practices and good livestock practices, in coordination with local and international universities and INTA. Workshops and communication and dissemination campaigns will be held to ensure effective adoption of the service. Technical training activities and workshops will facilitate women's participation[3] and will be determined in detail with the active participation of producer organizations (see optional link 6).

(iv) **Local institutional strengthening:** Individual consulting services to support institutional strengthening in the Conesa-Guardia Mitre area, including operational expenditures required for their implementation. Technical assistance is also envisaged for the creation and implementation of a cost-recovery or repayment mechanism associated with the Negro Muerto works (see details in optional link 6).

2.3. **Component III. Risk management (IDB: US$17 million; Local US$1 million).** This component will finance the provision of infrastructure and equipment, as well as strengthen operational and institutional capacities for response to extreme events (wildfires, droughts, and hailstorms). It includes:

(i) **Infrastructure for emergency response centers:** Financing for the improvement, refurbishment, and expansion of SPLIF operational centers. This includes the implementation of a training and logistics center in Bariloche; the construction of a workshop and equipment storage facility and the expansion of parking areas in El Bolsón; and the refurbishment of three modules in General Conesa to optimize internal operations.

(ii) **Forest fire prevention and suppression equipment:** Procurement of 4x4 vehicles equipped with water tanks and pumping systems, as well as rapid-response vehicles

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[3] Ibid.

(utility task vehicles and all-terrain vehicles). Machinery for clearing dry vegetation to reduce fuel loads in at-risk areas will also be procured.

(iii) **Wildfire monitoring and surveillance technology:** Procurement and installation of automated weather stations, AI-powered early wildfire detection cameras, and long-range communications equipment. It includes the use of optical remote sensing and ongoing institutional training programs in the management of alert systems. In addition, financing will be provided for training workshops for officials, producers,[4] and civil society stakeholders in efficient use of water, on-farm fire prevention, technology maintenance, and management of livestock and forestry facilities.

(iv) **Equipment to ensure operational continuity during water scarcity:** Procurement of well-drilling tools, motorized pumps, and water storage reservoirs for producers facing water scarcity conditions.

(v) **Anti-hail netting financing facility:** Capitalization of the Río Negro Fiduciary Trust Fund to provide loans to finance the purchase and installation of anti-hail netting. This financing facility will target small and medium-sized[5] fruit growers and wine-grape producers with holdings of up to 150 ha. It will offer terms specifically tailored to the adoption and anti-hail netting, including repayment periods of 7 to 10 years and grace periods of 1 to 2 years (see optional link 6).

2.4. **Institutional strengthening, supervision, and audits (IDB: US$3.2 million).** This will finance the following administrative and management expenses of the program: (i) costs for the specialized program team; (ii) technical studies and consulting services for baseline assessments and midterm and final evaluations; and (iii) annual external audits of the program financial statements.

B. Dimensioning and financing structure

2.5. The CCLIP is structured under Multisector Modality II (see paragraph 2.7). The amount of the CCLIP will be up to US$600 million from the Bank's Ordinary Capital, with a drawdown period of 10 years from the entry into force of the CCLIP agreement and is expected to support up to 10 individual operations. The proposed financing amount reflects the scope of the planned interventions, the estimated absorption capacity of the execution units, and the need to ensure the sustainability of the investments. The operation's dimensioning was based on historical analysis of previous PROSAP operations, historical demand from the various provinces, their absorption capacity and ability to implement the program, as well as the explicit demand observed in 2026, with historical amounts adjusted to the present value of the interventions financed. It is therefore anticipated that an average of 10 operations for US$60 million each will be prepared over the next 10 years. This dimensioning is consistent with the country's macroeconomic framework and with similar Bank-financed operations at the national and subnational levels.

2.6. The first operation under the CCLIP will have a total cost of up to US$85 million, of which: (i) up to US$80 million will be financed through a loan from the Bank's Ordinary Capital resources; and (ii) in all, US$5 million will be provided by the local counterpart contribution.

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[4] Ibid.

[5] Approximately 20% of the loans will be issued to women producers registered in the Single Registry of Women Entrepreneurs (RUME), which facilitates access to programs, benefits, and advisory support actions for women in productive development in Río Negro.

The loan disbursement period will be five years. Table 1 presents a breakdown of the operation's costs by component.

Table 1. Estimated program costs (US$85 million)

Component	IDB	Local	Total	%
Component I. Irrigation	33.9	2.2	36.10	42.47
Component II. Rural electrification	25.9	1.8	27.70	32.59
Component III. Risk management	17.0	1.0	18.00	21.18
Institutional strengthening, supervision, and audits	3.2	0.0	3.20	3.76
Total	**80.00**	**5.00**	**85.00**	**100**

C. Instrument or financing modality

2.7. The national-scope CCLIP is proposed under Multisector Modality II, covering the following: (i) rural productive infrastructure; (ii) increased generation and adoption of technology; (iii) improved access to finance, insurance, and markets; (iv) strengthened capacity for managing risks associated with adverse weather events; and (v) institutional strengthening. Operations under the CCLIP will be investment loans. Eligible borrowers are: (i) the Argentine Republic; and (ii) the Argentine provinces, as subnational jurisdictions, with the respective sovereign guarantee from the Argentine Republic. The CCLIP agreement will be entered into between the Bank and the Argentine Republic. The liaison institution for this CCLIP, under Multisector Modality II, will be the Ministry of Economy (MECON). The first individual operation will be structured as a specific investment loan with Río Negro Province, since the full list of specific investments has been identified during program preparation. Subsequent operations will support, in a programmatic and complementary manner, and without interdependence among them, the rural development of Argentina's provinces. A technical cooperation operation (AR-T1430) is currently being processed for up to US$540,000 to support the preparation of studies and institutional strengthening.

2.8. **CCLIP eligibility criteria.** This CCLIP meets the eligibility criteria established in the CCLIP Policy (GN-2246-13) and its Operational Guidelines (GN-2246-15) for a Multisector Modality II CCLIP. The use of the CCLIP is justified by the need to address, through a programmatic and long-term approach, the structural challenges of rural productive development in Argentina's provinces. The objectives of this Multisector Modality II CCLIP are among the priorities of the IDB Group Country Strategy with Argentina 2025-2028, as they contribute to promoting sustainable private sector-led growth, productive modernization, and poverty reduction. The CCLIP is aligned with the areas of sustainable infrastructure, productive development and innovation, and strengthening of institutional capacity strengthening through investments in rural productive infrastructure, technology adoption, access to finance, and weather-related risk management, thereby helping to improve productivity, facilitate private investment, and strengthen the development of rural territories. The programmatic and multisector nature of the CCLIP makes it possible to support the pillars of the strategy aimed at fostering private investment and growth. The MECON, as the liaison institution, has the authority to undertake coordination and monitoring activities across all sectors included in this CCLIP. The MECON has demonstrated its capacity to manage and monitor complex programs through its long track record in project execution, particularly through PROSAP. This has made it possible to show the institutional capacity, satisfactory performance, and compliance with fiduciary and operational conditions. The CCLIP is based on the diagnostic assessment of multisector challenges associated with productive infrastructure gaps and institutional constraints, as well as on definition of the objectives expected to be achieved. The CCLIP constitutes the most appropriate instrument for structuring a series of sequential, non-dependent operations that will help consolidate a long-term vision, ensure continuity of investments, and strengthen coordination between the national government and the provinces in the area of productive rural development, in line with the Bank’s programmatic approach. These operations will contribute cumulatively and across diverse territories to the achievement of the CCLIPs objectives, focusing on different and complementary determinants in geographically and socioeconomically distinct territories in Argentina. Individual loan operations will be eligible under the CCLIP only if they demonstrably contribute to the achievement of its general and specific objectives. If the proposals exceed the financing capacity of the CCLIP, individual operations will be prioritized based on technical, institutional, and strategic criteria. These will include the existence of demand aligned with the objectives of the CCLIP; the technical, environmental, social, and fiduciary maturity of the proposals; the institutional and absorption capacity of the provinces and their executing entities; the expected economic returns; the potential to generate employment and positive environmental and social externalities; and the existence of adequate arrangements for the execution, operation, and maintenance of the investments.

2.9. **Eligibility criteria for the first operation.** The first individual operation meets the eligibility criteria of the CCLIP Policy and its Operational Guidelines, since: (i) an institutional capacity assessment of the executing agency has been conducted using the Bank’s instruments; (ii) the objective of the operation contributes directly to the achievement of the financing facility’s multisector objectives, which are aimed at improving agricultural productivity and rural incomes through an approach based on environmental sustainability and resilience; (iii) the operation falls within the sectors defined under the CCLIP, including rural electrification, irrigation modernization, risk management, and institutional strengthening; and (iv) actions have been incorporated to address the areas for improvement identified, in accordance with the instrument’s guidelines. Lastly, Río Negro Province is eligible to serve as a borrower for this individual operation. The CCLIP begins with Río Negro Province due to the combination of an investment portfolio aligned with its objectives and an advanced degree of technical and institutional readiness. The proposed operation in Río Negro addresses significant gaps affecting provincial agricultural productivity, including investments in irrigation, rural electrification, and risk management—areas that are consistent with the CCLIP’s objectives and with the Bank’s accumulated experience in rural productive infrastructure programs. In addition, the province has well-defined institutional arrangements for implementation, including the participation of the UPCEFE and the provincial sector agencies responsible for the investments, which makes it possible to launch the financing facility with an operation that is sufficiently mature to generate development results and valuable operational lessons learned.

III. Main Risks and Management Strategy

A. Risks

3.1. **Context risks.** A medium-high context risk was identified: If producers are reluctant to the use and adoption of new technologies, the program may not achieve its expected results. To mitigate this risk, an agreement is contemplated between the province and the Federal Investment Council to finance the implementation of modern irrigation systems, complemented by training activities and outreach efforts to promote the benefits of technological change.

3.2. **Capacity risks.** Based on the 2026 Institutional Capacity Assessment Platform methodology, it was concluded that the executing agency has partly satisfactory capacity. Three medium-high risks were identified: (i) if coordination mechanisms between the MDEP and the UPCEFE lack clarity and regulatory backing, procurement and financial management activities could be delayed. To mitigate this risk, coordination will be formalized through an interagency agreement between the executing agency and the UPCEFE of the Ministry of Finance (paragraph 4.6); (ii) if the UPCEFE does not have sufficient personnel, with effective dedication and specialized fiduciary profiles to simultaneously manage the execution of this program and of other new internationally-financed programs—including at least one that is Bank-financed—project management capacity could be constrained, potentially delaying execution. To mitigate this risk, the fiduciary team will be strengthened from the outset of the operation through the addition of specialized personnel, technical assistance, and monitoring of procurement process timelines; and (iii) if telemetry, monitoring, and early warning systems are not implemented in a timely, comprehensive, and operational manner, the operational efficiency of the infrastructure financed under the program (irrigation, electrification, and risk management) could be limited. This could reduce the efficiency of water resource management, the early detection of extreme events, and emergency response capacity. To mitigate this risk, the planning and procurement of these systems will be integrated into the schedules for the works from the beginning, with technical specifications defined in advance and the capacities of the responsible entities strengthened (e.g., DPA and SPLIF).

3.3. **Program-specific risks.** Two medium-high level risks were identified: (i) If rights-of-way have not been cleared and easements have not been secured, access to construction sites will not be possible, which could delay the startup of execution and negatively impact the project schedules. To mitigate this risk, the program will be presented to producers in order to agree on commitments and responsibilities, and the process of securing easements will be initiated in advance; and (ii) If delays occur in contract awards or in the startup of works, particularly when such delays prevent alignment with the irrigation shutdown period (winter), execution could be adversely affected, resulting in delays. Mitigation measures include: (i) the advance preparation and approval of preinvestment studies and detailed engineering designs for the works; (ii) the establishment and monitoring of a schedule that ensures that contract awards are made before the irrigation shutdown period; (iii) early review of bidding documents; and (iv) trainings about the evaluation criteria and reports for the Bank.

B. Sustainability

3.4. **Sustainability of results.** The sustainability of the results will depend on the adequate maintenance of infrastructure and the strengthening of the institutional capacities of the responsible agencies. To do so, the program includes support for planning, maintenance, supervision, environmental and social management, and monitoring. The capacities of provincial agencies, the DPA, the IDEVI, and irrigation consortia will be strengthened to improve systems operations, maintenance, and cost management. Support will also be provided for updating/organizing irrigator registries and improving water-allocation scheduling criteria. Coordination among sector agencies and electricity service operators will be promoted to ensure the connection, operation, and maintenance of the electricity infrastructure. EDERSA, which will receive the assets, will be responsible for the operation and maintenance of that infrastructure. A financial financial sustainability analysis of the electrification investments was carried out, the principal conclusion of which is that EDERSA has sufficient institutional capacity and an adequate regulatory framework to undertake their operation and maintenance. Early participation by EDERSA and the competent provincial agencies is also envisioned in the review of technical specifications and service operating conditions. In Negro Muerto, financial sustainability will be strengthened through an investment cost-recovery or repayment mechanism. With respect to risk management, the operational capacities of the responsible entities will be strengthened. The sustainability of the technological components financed will depend on their integration into SPILF procedures and on staff training. The program will promote the participation of producers in the management and follow up of interventions, thus strengthening local ownership and the continuity of benefits. The program Operating Regulations and optional link 7 spell out the operational arrangements, institutional responsibilities, coordination mechanisms, and maintenance requirements associated with each investment.

C. Environmental and social risks

3.5. Pursuant to the Bank's environmental and social policy framework, the program is classified as an Environmental and Social Category "B" operation, since its potential negative impacts are mostly localized, moderate in magnitude, temporary, and reversible, and can be managed through known and technically feasible mitigation measures. The impacts are concentrated in the construction phase and include: (i) waste generation; (ii) emissions, particulate matter, and noise; (iii) soil erosion and disturbance; (iv) temporary impacts on water quality; (v) contamination due to spills; (vi) impacts on flora and fauna; (vii) temporary inconveniences for communities; (viii) health and safety risks; and (ix) temporary and/or permanent economic displacement associated with the establishment of easements and expropriations for medium-voltage lines. The residual critical-habitat risk is reflected in the environmental and social action plan and in the assessment of indirect and cumulative impacts.

3.6. The environmental and social risk rating is "substantial," due to the combination of factors associated with the nature of the interventions and the context in which they will be carried out. In particular, the risk is linked to the magnitude and diversity of potential impacts, including those arising from irrigation and electrification works and risk management, as well as the possibility of indirect and cumulative impacts (e.g., increased pressure on water resources). Relevant consideration is also given to risks associated with biodiversity, including potential interventions in natural or critical habitats, as well as social impacts such as economic displacement resulting from easements and expropriations. In addition, the rating reflects institutional capacity, which is still being strengthened, to implement the environmental and social policy framework, requiring the consolidation of instruments such as the environmental and social management system and the implementation of specific management measures.

3.7. The operation has been classified as high risk for disasters and climate change due to the exposure of the projects to natural hazards such as earthquakes, droughts, floods, water scarcity, and wildfires, which may affect both the infrastructure and the associated production-oriented activities. This classification also reflects the critical nature of the investments, particularly the irrigation works—which are key for agricultural productivity—and the infrastructure associated with risk management (SPLIF), whose potential failure or disruption could have significant impacts on service delivery and local livelihoods.

3.8. An environmental and social management system was prepared for the program, pursuant to Environmental and Social Performance Standard 1. During due diligence, the environmental and social studies and the stakeholder engagement processes that had been implemented were reviewed. Previously prepared environmental and social impact assessments and environmental and social management plans were updated and supplemented, while environmental and social assessments and their corresponding environmental and social management plans were prepared for projects for which no prior studies existed. Moreover, a livelihood restoration plan, a stakeholder engagement plan, and meaningful stakeholder engagement and consultation processes for each project were carried out. The final versions of the environmental and social instruments, along with reports on meaningful consultations, were published on the Bank's website on 22 June, prior to the program's approval by the Bank's Board of Executive Directors.

IV. EXECUTION, MONITORING, AND EVALUATION ARRANGEMENTS

A. Summary of implementation arrangements

4.1. **Borrower and guarantor.** The borrower will be Río Negro Province and the guarantor the Argentine Republic.

4.2. **Execution mechanism.** The executing agency will be the Ministry of Economic and Productive Development (MDEP), through the Productive Financing Unit (UFinPro). In the event of changes to the executing agency's organizational structure, it may act through those units or departments with similar powers and responsibilities that may replace it in the future, subject to the Bank's prior approval for purposes of this operation. The executing agency will establish the specialized program team, which will be responsible for the program's technical and substantive coordination, including the preparation of technical designs, the inspection and supervision of works, the preparation of operational and procurement plans, and environmental and social management. The Provincial Unit for Coordination and Execution of External Finance (UPCEFE), an agency of the Ministry of Finance, will serve as the technical support agency for overall loan coordination, the financial and accounting management of the resources, and the execution of procurement procedures and the contracting of works, goods, and services. The program Operating Regulations will detail the specific duties and functions of the executing agency, the specialized program team, and the UPCEFE. Program execution will be supported by coordination mechanisms among the executing agency, the UPCEFE, and sector entities associated with each component. The UFinPro will coordinate with the DPA, the IDEVI, and the irrigation consortia on the technical validation, supervision, operation, and maintenance of water infrastructure works; with the Secretariat of Energy and EDERSA on the review of specifications, designs, connection, operation, and transfer of electrification works; and with the SPLIF on the procurement and maintenance of infrastructure, equipment, and monitoring and early warning systems. Coordination with Río Negro Fiduciaria S.A. on the financing facility for anti-hail netting and, if applicable, for the Negro Muerto repayment mechanism, will be governed by the operational instruments. In the event of changes to the organizational structure or responsibilities of any of the aforementioned entities, action may be taken through any entities, units, or departments that in the future assume comparable functions and responsibilities, subject to the Bank's prior approval for the purposes of this operation. The program Operating Regulations will spell out the roles and responsibilities, information flows, validation entities, and monitoring mechanisms among the participating stakeholders.

4.3. To facilitate the contracting of individual consultants for the program, the Organization of Ibero-American States for Education, Science and Culture (OEI) may act as the administrator and manager of payments under these contracts, without participating in the recruitment process, which will remain the responsibility of the UPCEFE, in accordance with Bank's policies. The cost associated with this administrative function will be financed entirety with resources from Río Negro Province, under the framework of an agreement currently in effect between the OEI and Río Negro Province. A contractual condition for execution will be established (paragraph 4.7) to enable the Bank to verify that the OEI meets the terms and conditions agreed upon between Río Negro Province and the Bank for these payments (see optional link 7).

4.4. **Lessons learned for program implementation.** The recommendations of the PROSAP III project completion report (PCR) were considered in the program's design. The recommendation to have a well-defined project pipeline is reflected in the identification of specific interventions from the preparation stage. This approach seeks to reduce the risk indicated in the PROSAP III PCR, in which the late preparation of projects caused delays. The recommendation to accurately characterize the target population and link interventions to specific areas was incorporated by focusing the program on strategic areas and by identifying beneficiary profiles and technical assistance needs. The recommendation contained in the PROSAP III PCR to strengthen operational mechanisms was incorporated through the definition of specific institutional arrangements. With respect to irrigation, the program envisages strengthening the entities responsible for irrigation and the irrigation consortia in order to improve the water resource management. In rural electrification, the program includes coordination with electricity service operators, reflecting the lesson highlighted in the PCR regarding the need to consider last-mile connections and the role of utility companies. With respect to risk management, the intervention supports the SPLIF in prevention, monitoring, and early-warning activities. Moreover, the PCR recommendation to plan solutions for barriers to technology adoption was taken into account by building into each component technical assistance and institutional strengthening. Lastly, the program incorporates the PCR recommendation to strengthen provincial capacities and maintain close coordination among institutional stakeholders by establishing an execution arrangement involving both the UPCEFE and the UFinPro. This arrangement would reflect the lessons learned from PROSAP III regarding the importance of having adequate provincial capacities and institutional coordination to ensure the sustainability of results. During implementation of the CCLIP, the lessons learned from this operation will be systematically documented and shared with other provinces interested in accessing the CCLIP.

4.5. **Planning of launch activities and key procurements.** The activities to be carried out in the initial stages are: (i) signing of the interministerial agreement between the MDEP and the UPCEFE of the Ministry of Finance; (ii) incorporating the fiduciary team into the program; (iii) initiating rights-of-way easement procedures and coordinating with the participating sector entities (DPA, IDEVI, EDERSA, and SPLIF); and (iv) preparing technical specifications and bidding documents for the first program works. The key procurements are: (i) the works to modernize the IDEVI and expand the Valle Medio irrigation system; (ii) the General Conesa-Guardia Mitre and Negro Muerto rural electrification works; and (iii) the procurement of equipment for the SPLIF.

4.6. **Special contractual conditions precedent to the first disbursement of the first operation.** The borrower, through the executing agency, will provide evidence, to the Bank's satisfaction, of: (i) the approval and entry into force of the program Operating Regulations under the terms previously agreed upon with the Bank, which will include, inter alia, the environmental and social requirements and will incorporate, as annexes, the environmental and social management system (ESMS), the environmental and social documents, and the environmental and social action plan (ESAP); (ii) the signature and entry into force of an interagency coordination or similar instrument between the executing agency and the UPCEFE, containing the provisions applicable to technical management, procurement, financial management, and environmental and social management, and accountability mechanisms vis-à-vis the Bank, under the terms previously agreed upon with the Bank; and (iii) the hiring or appointment, as applicable, of the following members of the specialized program team: (a) a coordinator, (b) a financial management specialist, (c) a procurement specialist, (d) an environmental specialist; and (e) a social specialist. These conditions are essential to provide the Bank with assurance that the executing agency will be operationally prepared, with a team in place to initiate and ensure the proper execution of the program.

4.7. **Special conditions for execution:** (a) Before the start of the bidding processes corresponding to the works planned for activity (i) of Component II in the Negro Muerto area mentioned in paragraph 2.2, the borrower, through the executing agency, will submit evidence to the Bank of the establishment and implementation of a cost-recovery or repayment mechanism for the investments associated with this works project, or of an equivalent mechanism acceptable to the Bank, applicable to the beneficiaries of the works, in accordance with the terms previously agreed upon with the Bank; and (b) before the start of the program's individual consultant selection process, the borrower, through the executing agency, will submit to the Bank's, the program-specific supplementary agreement under the current framework cooperation agreement between Río Negro Province and the OEI, for the Bank's no objection.The first condition seeks to ensure the financial sustainability and equity of the investment, given that the works will generate direct benefits for the producers served. The cost-recovery or repayment mechanism may be structured as a trust fund or another financial instrument applicable to the direct beneficiaries. The second condition is necessary to verify that the supplementary agreement between Río Negro Province and the OEI includes the terms and conditions agreed upon with the Bank in the program Operating Regulations.

4.8. **Program Operating Regulations.** The program Operating Regulations will include, at a minimum: (i) the organizational structure, procedures, and the roles and responsibilities of the executing agency, the specialized program team, and the UPCEFE; (ii) institutional coordination arrangements; (iii) workflows and internal controls; (iv) the profiles and duties of the specialized project team and its internal coordination; (v) programming, monitoring, and evaluation procedures; (vi) guidelines for financial management and procurement; and (vii) the terms and conditions to be followed by the OEI in administering payments to individual consultants, which will be incorporated into the supplementary agreement between Río Negro Province and the OEI.

4.9. **Maintenance.** The executing agency undertakes to ensure that the works and goods included in this program are maintained in accordance with generally accepted technical standards. During the original disbursement period and for six years thereafter, the executing agency will submit, within the first quarter of each year, an annual maintenance plan and a report of the maintenance status of the works and goods.

4.10. **Disaster risk analysis.** The program projects that will be required to undergo a comprehensive qualitative disaster and climate change risk analysis are: (i) the Valle Medio irrigation project; (ii) the Valle Inferior irrigation project; and (iii) the SPLIF stations under the risk management project.

4.11. **Fiduciary agreements and requirements.** The Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-15), and the Financial Management Guidelines for IDB-Financed Projects (OP-273-12), will be applied. Annex III sets forth the guidelines for financial management and procurement execution that will apply to the program.

B. Implementation arrangements for monitoring and evaluation

4.12. **Monitoring and evaluation.** The executing agency, through the UPCEFE, will be responsible for implementing the program's monitoring and evaluation plan (required link 2). The method selected was an evaluation of effectiveness without empirical attribution, which consists of measuring progress over time against the indicators established in the results matrix. The effectiveness will be evaluated through simple comparisons between baseline values and the values achieved following program implementation. The attribution method for this reflexive evaluation will be based on empirical evidence available in the literature on comparable interventions. This approach will make it possible to interpret the changes observed in the indicators as plausible contributions of the program, based on rigorous evidence.

sgDELTA Questionnaire	
Summary AR-L1439	
Evaluability rating	**Evaluable - Measurement Warrants Added Focus**
Development Effectiveness rating	**Moderate**
Client Ownership	**Limited**
Results and Impact (Contributes to evaluability)	**Strong**
Value For Money (Contributes to evaluability)	**High**
Knowledge (Contributes to evaluability)	**Strong**

Note: The Development Effectiveness rating can take four possible categories: Limited, Moderate, Strong, and High.

sgDELTA Summary Note*: The purpose of this note is to provide an overall assessment of the project's or program's Evaluability and Development Effectiveness at the design stage.*

I. Client Ownership

There is a medium-high risk that the country's fiscal space could limit project implementation over a two-year horizon. In addition, there is a medium-low risk regarding the availability of human resources for project administration and a low risk that the executing unit's lack of experience and limited availability of time could affect project implementation.

II. Results and Impact

Theory of Change

The general objective of the CCLIP is to improve agricultural productivity and rural household incomes in Argentina in an inclusive and climate-resilient manner. Its specific objectives include: (i) reducing the logistical costs of agricultural production in the intervention areas; (ii) increasing the adoption of sustainable agricultural technologies and practices, and strengthening the productive, financial, and commercial inclusion of small producers; and (iii) increasing the capacity of productive systems and rural households to manage and respond to climate risks. The general development objective of the first operation under the CCLIP is to increase agricultural productivity in the Province of Río Negro. The specific development objectives of the first operation are to: (i) increase the efficiency of water resource use in agricultural production; (ii) improve access to sustainable electricity in agricultural production; and (iii) increase the institutional capacity and capacity of agricultural producers to manage and respond to climate risks.
The project's theory of change is clear, although it is affected by limiting the irrigation determinant to structural and obsolescence problems in irrigation conveyance and distribution infrastructure, rather than focusing the determinant on producers' lack of access to efficient irrigation. Without changes in on-farm irrigation systems, improvements in public infrastructure would not have a significant effect on agricultural productivity.

Results Matrix

The Results Matrix reflects the project's vertical logic. However, there is a risk associated with the measurement of results to assess the achievement of Specific Objective 1, which focuses on the efficiency of water resource use in agricultural production, while the current outcome indicators measure efficiency in intake and conveyance, but not in the use of water resources in agricultural production. Therefore, they are considered necessary but not sufficient to assess the achievement of Specific Objective 1. The team is advised to assess the possibility of including an additional indicator during the Start-up phase.

Monitoring

The arrangements for monitoring outputs and outcomes are adequate.

III. Value for Money

The project's economic analysis is based on a cost-benefit analysis. The project's net benefits stem from increased yields and expanded productive areas under irrigation associated with improvements in public irrigation systems, increased productivity and reduced energy costs resulting from improved access to electricity services, as well as reduced losses associated with forest fire and hailstorm risks.

IV. Knowledge

The program has a Monitoring, Evaluation, and Learning Plan that specifies: (i) the indicator measurement methodology; (ii) the attribution of project results; (iii) data requirements; (iv) responsible parties; and (v) the estimated budget. The evaluation of results will be carried out using a before-and-after analysis for the Results Matrix indicators, where attribution of results depends on the link between the specific outputs of each component and the associated outcomes.

RESULTS MATRIX

General development objective	The general development objective is to increase agricultural productivity in Río Negro Province.
Specific development objectives	The specific development objectives are to: (i) Increase efficiency in the use of water resources for agricultural production; (ii) Improve access to sustainable electricity for agricultural production; and (iii) Strengthen institutional capacity and the capacity of agricultural and livestock producers to manage and respond to climate risks.

A. GENERAL DEVELOPMENT OBJECTIVE

Number	Indicator	Type of information (unit of measure)	Baseline (pre-intervention)		Evaluation scenario (post-intervention)		Comments
			Value	Year	Target	Expected year measured	
GENERAL OBJECTIVE: Increase agricultural productivity in the Río Negro Province							
I1	Annual livestock production in program intervention areas	Kg of meat/ha	10	2025	146	2031	Weighted average for the Guardia Mitre and Negro Muerto areas, based on projected production in the two intervention areas Río Negro Economic Development Dept. estimate.
I2	Annual onion production in program intervention areas	Tons/ha	34.25	2018-2022	37.6	2031	Baseline: Agricultural Experimental Station (EEA)/ National Agricultural Technology Institute (INTA) publication on Valle Inferior (average 2018-2022) Target: A 10% increase is expected by end of program
I3	Productive area under irrigation in program intervention areas	Hectare (ha)	29,657	2025	31,957	2031	Baseline: Universidad Nacional de Tres de Febrero (2026) Target: +700 ha IDEVI; + 500 ha in Margen Norte (MN); + 600 ha in Guardia Mitre (GM); + 500 ha in Negro Muerto (NM)
I4	Area impacted by wildfires annually in Río Negro Province	Ha	27,700	2020-2025	24,900	2031	Baseline: 2020-2025 average Wildfire Prevention and Suppression Service (SPLIF): average impacted area in the Andean (4,200 ha) and Conesa areas (23,500 ha) The target will be measured as the average of the last three years (2029-2031)

Number	Indicator	Type of information (unit of measure)	Baseline (pre-intervention)		Evaluation scenario (post-intervention)		Comments
			Value	Year	Target	Expected year measured	
I5	Annual fruit production losses due to hailstorms in Río Negro Province	Tons	133,600	2021-2025	119,600	2031	Source: Department of Agriculture. DDJJ producers

B. Specific Development Objectives

No.	Indicator	Type of information (unit of measure)	Baseline (pre-intervention)		Execution					Evaluation scenario (post-intervention)		Comments
			Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Expected year measured	
Specific objective 1. Increase efficiency in the use of water resources for agricultural production												
R1.1	Water conveyance efficiency of the Valle Inferior System	Percentage	0.72	2026			0.80			0.80	2031	Baseline source: IDEVI Description: Ratio of volume measured at intake / volume delivered
R1.2	Water intake efficiency at the Margen Norte intake structure	Cubic meters per second	8.66	2026					10.4	10.4	2031	Baseline source: Provincial Water Dept. (DPA) Description: Ratio of measured flow at the intake structure to delivered flow
Specific objective 2. Improve access to sustainable electricity for agricultural production												
R2.1	Agricultural land area in Guardia Mitre with improved access to electricity	Ha	0	2026						20,000	2030	Source: Municipality of Guardia Mitre Improved access means that rural users are connected to an electrical network with a capacity greater than 10 kW that has been modernized by the program. The indicator measures new access to grid electricity and the resulting electrification of the irrigation system; although there are currently 14 producers in Guardia Mitre with electricity connections for production activities, the service is not sufficiently reliable to allow the use of electric pumps

No.	Indicator	Type of information (unit of measure)	Baseline (pre-intervention)		Execution					Evaluation scenario (post-intervention)		Comments
			Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Expected year measured	
R2.2	Agricultural land area in Negro Muerto with new access to electricity	Ha	0	2026						13,000	2031	Source: EDE Empresa de Energía de Río Negro S.A. (EDERSA) Number of rural users with electricity capacity greater than 10 kW. The indicator measures new access to grid electricity and the resulting electrification of the irrigation system
SPECIFIC OBJECTIVE 3. Increase the capacity for entities and Producers to manage and respond to climate risks												
R3.1	Geographical coverage of the wildfire monitoring system using cameras	Ha	251,944	2025			1,609,500			1,609,500	2031	Baseline source: SPLIF Calculation: Visible coverage area
R3.2	Geographical coverage for VHF radio systems for communication about emergencies caused by wildfires.	Ha	623,704	2025			1,563,500			1,563,500	2031	Baseline source: SPLIF. Calculation: Very High Frequency (VHF) coverage area
R3.3	Response time to warnings about wildfires	Minute	5.5	2025				3.48		3.48	2031	Baseline source: SPLIF (average 2023-2025). Calculation: Average time between receipt of the alert and the deployment of the emergency response team
R3.4	Fruit-producing surface with anti-hail netting in the Río Negro Province	Ha	2,100	2025		2,220	2,400	2,500		2,500	2031	Source: Fruit-Growing Department or Río Negro Province Target: Eight additional ha for 50 beneficiaries (representing an increase from 6% to 13% of the fruit-growing area)

C. Outputs

Number	Indicator	Type of information (unit of measure)	Baseline value	Year 1	Year 2	Year 3	Year 4	Year 5	Baseline year	End-of-program value	Comments
Component 1. Irrigation											
P1.1	Negro River irrigation infrastructure for Valle Medio upgraded and in operation	Works	0	0	0	0	1	0	2026	1	
P1.2	Negro River irrigation infrastructure for Valle Medio upgraded and in operation	Works	0	0	0	1	0	0	2026	1	
P1.3	Producers served	Producers	0	0	460	614	768	768	2026	768	Technical assistance plan (for the use of modern irrigation, good agricultural practices, etc.). The values are annual targets and are not cumulative. The sum of P1.3 and P1.4 is 1,025 producers and women producers, corresponding to an estimated effective participation rate of 70% of the total 1,465 irrigators in the technical assistance activities
P1.4	Women producers served	Women producers	0	0	154	205	257	257	2026	257	Based on a target of 25% women's participation, applied to the target of 1,025 producers and women producers served
Component 2. Rural electrification											
P2.1	Conesa-Guardia Mitre electricity distribution network built	Km	0	10	45	30	0	0	2026	85	
P2.2	Negro Muerto electricity distribution network built	Km	0	0	0	8	25	0	2026	33	

Number	Indicator	Type of information (unit of measure)	Baseline value	Year 1	Year 2	Year 3	Year 4	Year 5	Baseline year	End-of-program value	Comments
P2.3	Producers served	Producers	0	0	57	72	72	0	2026	72	Technical assistance and training plan for the use of electricity in modern irrigation systems, good agricultural practices, and agrochemical management The values are annual targets and are not cumulative. The sum of P2.3 and P2.4 is 96 producers and women producers, representing an effective participation rate of 79% in the training activities
P2.4	Women producers served	Women producers	0	0	18	24	24	0	2026	24	Based on a target of 25% women's participation among the 96 producers and women producers receiving assistance
COMPONENT 3. Risk management											
P3.1	SPLIF and its operating stations strengthened	Stations	0	0	0	3	0	0	2026	3	Includes infrastructure, trained staff, and equipment for integrated fire management, monitoring, and communications at the Bariloche, El Bolsón, and Conesa stations
P3.2	Training workshops held for producers and civil society stakeholders	Workshops	0	0	5	5	5	0	2026	15	Workshops on efficient water use, on-farm wildfire prevention and suppression measures, and management of livestock and forestry operations in the face of adverse climatic events
P3.2.1	*Rate of women's participation in workshops*	*Percentage*	*0*	*0*	*40*	*40*	*40*	*0*	*2026*	*40*	

Number	Indicator	Type of information (unit of measure)	Baseline value	Year 1	Year 2	Year 3	Year 4	Year 5	Baseline year	End-of-program value	Comments
P3.3	Agencies strengthened to manage droughts	Agency	0	0	0	2	0	0	2026	2	Delivery of equipment, including drilling rigs, a groundwater detection device, a vehicle for livestock logistics, and tank trucks. Agencies: Ministry of Economic and Productive Development of Río Negro Province and DPA
P3.4	Anti-hail netting credit line designed and operating	Credit line	0	1	0	0	0	0	2026	1	
P3.4.1	*Loans provided to women producers*	*Percentage*	*0*	*20*	*0*	*0*	*0*	*0*	*2026*	*20*	Twenty percent of the loans will be allocated to women registered in the Single Registry of Women Entrepreneurs (RUME)

D. OTHER INDICATORS OF CROSSCUTTING THEMES

Number	Indicator	Type of information (unit of measure)	Baseline (pre-intervention)		Evaluation scenario (post-intervention)		Component	Comments
			Value	Year	Target	Year		
Impact/Results indicators								
T1	Number of households with improved access to the electricity service in Guardia Mitre	Households	0	2026	545	2031	II	Target: Current EDERSA users in Guardia Mitre
T2	System Average Interruption Frequency Index in Guardia Mitre	Index	41.8	2025	25.1	2029	II	Baseline source: EDERSA

Country: Argentina Division: PTI/ARD Program number: AR-L1439 Year: 2026

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: Ministry of Productive Development of the Province of Río Negro

Name of the program: Rural Productive Development Program of the Province of Río Negro

Key execution considerations and fiduciary requirements

☒	Composition of fiduciary team	The Provincial Unit for Coordination and Execution of External Finance (UPCEFE) has staff members with fiduciary experience in Bank-financed projects; however, these staff members currently hold managerial positions and work part time on the operation. It will be necessary to reinforce the team responsible for fiduciary management by adding specialized qualified staff members with dedicated responsibility for procurement and financial management.
☒	Other issues	The borrower will be the Province of Río Negro and the guarantor the Republic of Argentina. The executing agency will be the Ministry of Economic and Productive Development (MDEP), through the Productive Financing Unit (UFinPro), which will be responsible for the program's technical and substantive coordination. The Ministry of Finance of Río Negro Province (MHPRN), through the UPCEFE, will serve as the support agency for loan coordination, financial and accounting management of resources, and procurement required for project execution. The program Operating Regulations will define the actions and responsibilities of each unit. To address the contracting of individual consultants, the Organization of Ibero-American States for Education, Science and Culture (OEI) will act as administrator and manager of the payments under these contracts, without participating in the selection process, which will remain the responsibility of the UPCEFE. The cost associated with this administration will be financed entirely with resources from Río Negro Province, under an agreement currently in effect between the parties. (Optional link 8 – Analysis of the implementation arrangement for individual consultants). The OEI's activities in Argentina are legally supported by the agreement entered into with the national government, approved by National Law 23,579, which recognizes the OEI's full legal capacity to enter into agreements with different levels of government. Within this framework, Río Negro Province entered into a framework cooperation agreement with the OEI on 16 February 2022, ratified through a memorandum of understanding on 22 October 2024 and approved by Provincial Decree 17/2026. This agreement establishes that institutional cooperation for each specific program or project is to be implemented through supplementary agreements. Therefore, a specific supplementary agreement is envisaged for this program

		to define the responsibilities associated with such administrative services, and its execution will be a condition for disbursement.

I. FIDUCIARY CONTEXT

1. Country and sector context

The UPCEFE was created by Decree 1265/1996 and subsequently updated by Decree 334/2004. The UPCEFE centralizes the management of external financing for Río Negro Province; administers procurement, budgeting, accounting, disbursement, and external audit processes for programs with international finance; and represents the province before financing organizations.

Between 2024 and 2025, it managed a portfolio of US$358 million. It has a staff of 25 employees, organized into one directorate and four management units: planning; monitoring and evaluation; administration and finance; and special project formulation and management (https://upcefe-dev.rionegro.gov.ar/).

With respect to financial management, the UPCEFE will be responsible for accounting records, financial reporting, and management of program funds. It will use the UEPEX (external loan executing units) as its financial management system, and accounting records will be maintained on a cash basis. The executing agency will also record the program's financial transactions in the financial management and control system of the province.

The external audit will be conducted by a private firm. The Court of Accounts of Río Negro Province has not been validated as an eligible institution to conduct audits of IDB-financed programs.

The province does not have a dedicated internal audit unit. However, reviews are conducted by provincial prosecutor's office (legal aspects) and the provincial accounting office (accounting aspects), in addition to the ex post review by the Court of Accounts.

2. Use of country systems in the operation

☒Budget	☒ Reports	☒ Information system	☐ National competitive bidding (NCB)
☒ Treasury	☐ Internal audit	☐ Shopping	☐ Other
☒ Accounting	☐ External control	☐ Individual consultants	☐ Other

3. Capacity and performance level for the executing agency

Application of the Institutional Capacity Assessment Platform (ICAP) to the UPCEFE concluded that it has partially satisfactory fiduciary capacity.

The UPCEFE has recent experience with the execution of procurement and financial management processes for Bank-financed operations, as well as operations financed by other multilateral organizations. However, limitations were identified regarding the effective availability of personnel who have experience with Bank-financed operations, the availability of specialized profiles, and the formalization of operational workflows, particularly for procurement.

The following measures are recommended: (i) the early incorporation of specialized procurement and financial management personnel with effective dedication to the program; (ii) the formalization of fiduciary workflows and execution arrangements in the program Operating Regulations; (iii) the updating of the applicable procedures manual; and (iv) the monitoring of procurement timelines.

4. Budget cycle and flow of funds

Programming and budget	Law 3186 is the fundamental legislation governing financial management and internal control in the public sector of Río Negro Province. This law establishes the framework for the organization and operation of the systems that administer provincial government resources and their control mechanisms. It regulates, in an integrated manner, the budget, public credit, cash management, and accounting systems. The budget items allocated for program execution will be assigned to the MDEP. The UPCEFE will provide assistance in the preparation and definition of the program's annual budget. The MDEP will be responsible for requesting annual budget allocations from the MHPRN, through the Office of the Deputy Secretary of Budget, as well as managing any modifications or new allocations that may be required during the course of the year.
Flow of funds	The program will open two bank accounts for the exclusive use of program funds, which will be administered by the UPCEFE: i. A U.S. dollar account; and ii. An Argentine peso account, into which the proceeds of currency conversions from the U.S. dollar account will be deposited. Payments will be made from the Argentine peso account. Disbursements will be made to the U.S. dollar account and will pass through the account of the Central Bank of Argentina (recipient of IDB funds). The province generally conducts its banking operations through Banco Patagonia. The UPCEFE will administer the funds, maintain the accounting records of transactions in UEPEX, and issue payment instructions to the cash management department of the MHPRN, which will execute the payments. Payment requests and currency conversion transactions will be authorized by the director of the UPCEFE. Once payments have been made, the cash management department will submit the corresponding supporting documentation so that the UPCEFE may record the transactions in UEPEX. Monthly bank reconciliations will be performed. A supplementary agreement to the existing agreement between Río Negro Province and the OEI will be executed solely for the contracting of consultants and the administration of payments thereto. For this program, an investment of US$2.7 million in consulting services is estimated (3.4% of the total program amount). Under this arrangement, the OEI will make payments to consultants and submit supporting expenditure reports to the executing agency. Based on this documentation, the executing agency will record the payment in UEPEX. The executing agency will advance funds to the OEI through a bank account dedicated exclusively to the program for the purpose of making such payments. Initially, it is envisaged that the executing agency will make quarterly advances to the OEI based on a quarterly implementation plan, against which the OEI will subsequently submit monthly expenditure reports to the executing agency. The procedures for reporting, reconciliation, monitoring, and auditing of this process will be detailed in the supplementary agreement and in the program Operating Regulations. The supplementary agreement will be subject to the Bank's prior no objection. The Bank will disburse funds under the advance of funds modality, using a financial plan based on the program's liquidity needs or another modality established in the Financial Management Guidelines (OP-273-12). Disbursements subsequent to the initial advance will require substantiation of 80% of the balance of previous advances. Procurement planning and

	monitoring, disbursement requests, and expenditure substantiations will be managed through the Client Portal.

5. Risks affecting the fiduciary function

Risk taxonomy Executing agency: Medium-high	If the coordination mechanisms between the MDEP and the UPCEFE lack clarity and a sound regulatory basis, procurement and financial management could be delayed. Mitigation measures: (i) the program Operating Regulations will define clear procedure, including the actions and responsibilities of each unit, in order to strengthen governance; and (ii) an interministerial agreement between the MDEP and the MHRN specifying the functions and responsibilities of both ministries in program execution. Both measures will be conditions precedent to the first disbursement. In addition, it is recommended that a monitoring dashboard be implemented to measure processing times by stage, with particular emphasis on procurements. If the UPCEFE does not have sufficient staff, effective dedication, and specialized fiduciary profiles to simultaneously support this program and other new internationally financed operations, execution could be delayed. As a mitigation measure, two specialists with exclusive dedication to this program are expected to be hired. If delays occur in the award or startup of works—particularly if they are not aligned with the irrigation shutdown period (winter)—execution could be affected and delays of 3 to 10 months could result. The following mitigation measures are envisaged: (i) early approval of preinvestment studies and detailed engineering designs; (ii) establishment and monitoring of a backward/reverse schedule to ensure contract awards are made before the irrigation shutdown period; (iii) early review of bidding documents; and (iv) training on evaluation criteria and reporting requirements to the Bank.
Medium-high	

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

Special conditions precedent to the first disbursement	The borrower, through the executing agency, will provide evidence, to the Bank's satisfaction, of: (i) the approval and entry into force of the program Operating Regulations under the terms previously agreed upon with the Bank; (ii) the signature and entry into force of an interagency coordination or similar instrument between the executing agency and the UPCEFE, containing the provisions applicable to technical management, procurement, financial management, and environmental and social management, and accountability mechanisms vis-à-vis the Bank, under the terms previously agreed upon with the Bank; and (iii) the hiring or appointment, as applicable, of the following members of the specialized program team: (a) a coordinator, (b) a financial management specialist, (c) a procurement specialist, and (d) an environmental and social specialist. As a special condition for execution, prior to initiating the selection process for individual consultants under the program, the borrower, through the executing agency, will submit to the Bank, for its no objection, the supplementary agreement specific to the program under the framework cooperation agreement in force between the Province of Río Negro and the OEI.
Exchange rate	For the purposes of Article 4.10 of the General Conditions, the exchange rate to be used will be the rate stipulated in Article 4.10(b)(i). For the purpose of determining the equivalency of expenditures incurred in local currency chargeable against the local contribution, or the reimbursement of expenditures chargeable against the loan, the exchange rate will be the rate in effect on the first working day of the month in which the borrower, the executing agency, or any other person or corporation with delegated authority

	to incur expenditures makes the respective payments to the contractor, vendor, or beneficiary.
Type of external audit	The executing agency will submit annual audited financial statements in accordance with the terms of reference agreed upon with the Bank within 120 days following the close of each fiscal year. The program's final financial statements will be submitted within 120 days following the date of the last disbursement. The program's external audit will be prepared by an independent audit firm eligible to audit Bank-financed operations, which will be selected and contracted in accordance with the terms of reference and model contract previously agreed upon with the Bank.

III. KEY PROCUREMENT CONSIDERATIONS

☒	Documents for national processes	For national bidding and shopping procedures for goods and nonconsulting services, the Bank's standard bidding documents and evaluation report templates applicable in Argentina will be used. The sector specialist will be responsible for the review of the technical specifications and the terms of reference during the preparation of selection processes. This may be carried out ex ante or independently of the applicable review method.

IV. PROCUREMENT STRATEGY AND INITIAL INPUTS

<u>KEY</u> procurements

Results matrix output	Procurement description	Procurement method	Estimated start date	Estimated amount (US$)	Reasons for being key
Works					
P1.1	Construction of irrigation infrastructure works – Valle Medio of Río Negro – Stage 1	NCB	Mar-2028	18,556,925.11	The irrigation works are key to the program because they address the main determinant of low agricultural productivity in Río Negro.
P1.2	Construction of irrigation infrastructure works – Valle Medio of Río Negro (IDEVI) - Stage 2	NCB	May-2027	12,239,206.54	
P2.1	Construction of an electricity distribution network for Conesa-Guardia Mitre	NCB	Apr-2028	18,131,102.00	
P2.2	Construction of an electricity distribution network for Negro Muerto	NCB	Feb-2027	8,427,530.00	
P3.3	Procurement of early warning equipment – SPLIF-PC	NCB	Feb-2027	457,089.00	Indispensable for result 3

Indicate if any of the main procurements require a special approach and/or support:

☒	Initial procurement strategy	The strategy proposes a combined approach: a. National competitive bidding for the irrigation works under Component I. b. International competitive bidding to consolidate the procurement of equipment according to its level of criticality (e.g., early warning and information technology equipment). This approach is based on a preventive management model, based on: a. early planning and realistic sequencing of procurement processes, aligned with the program's critical path; and b. early mitigation of operational risks, incorporating considerations of competition, interoperability, service continuity, and efficiency. It is essential to ensure that procurement workflows and responsibilities are clearly defined and formalized, and that the monitoring of deadlines and processing times at each stage is carried out on an ongoing basis, in order to reduce delays and bottlenecks during implementation.
☒	Necessary activities for successful implementation	Paragraph 4.4 of the Proposal for Operation Development

To access the procurement plan, follow this link.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-__/26

Argentina. Loan _____/OC-AR to the Province of Río Negro. Rural Productive Development Program of the Province of Río Negro. First Individual Operation under the Conditional Credit Line for Investment Projects (CCLIP) “Provincial Strategic Investment Program for Rural Productive Development” (AR-O0037)

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 Province of Río Negro, as borrower, and with the Argentine Republic, as guarantor, for the purpose of granting the former a financing aimed at cooperating in the execution of the Rural Productive Development Program of the Province of Río Negro, which constitutes the first individual operation under the Conditional Credit Line for Investment Projects (CCLIP) “Provincial Strategic Investment Program for Rural Productive Development” (AR-O0037) approved on __ _______ 2026 by Resolution DE-__/26. Such financing will be for an amount of up to US$80,000,000, from the Ordinary Capital resources of the Bank, 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 ___ ______ 2026)

LEG/SGO/CSC/EZIDB0000366-1044359933-22729
AR-L1439 y AR-O0037

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/26

Argentina. Conditional Credit Line for Investment Projects (CCLIP) “Provincial Strategic Investment Program for Rural Productive Development” (AR-O0037)

The Board of Executive Directors

RESOLVES:

1. To authorize the President of the Bank, or such representative as he shall designate, to enter into such agreement or agreements as may be necessary with the Argentine Republic, to establish the Conditional Credit Line for Investment Projects (CCLIP) for the “Provincial Strategic Investment Program for Rural Productive Development” (AR-O0037) (the “Credit Line”) for an amount of up to US$600,000,000 chargeable to the resources of the Ordinary Capital of the Bank.

2. To establish that the resources allocated to the Credit Line shall be used to finance individual operations under the Credit Line, in accordance with: (a) the objectives and regulations of the Conditional Credit Line for Investment Projects approved by Resolution DE-58/03, as amended by Resolutions DE-10/07, DE-164/07, DE-86/16 and DE-98/19; (b) the provisions set forth in documents GN-2564-3 and GN-2246-13; and (c) the terms and conditions included in the proposal for the corresponding individual operation.

(Adopted on __ __________ 2026)

LEG/SGO/CSC/EZIDB0000366-1044359933-22730
AR-O0037