

Document of
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Report No: PAD2086

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN
IN THE AMOUNT OF US\$ 170 MILLION
TO THE
AUTONOMOUS CITY OF BUENOS AIRES

WITH THE GUARANTEE OF THE ARGENTINE REPUBLIC

AND A

PROPOSED LOAN
IN THE AMOUNT OF US\$ 30 MILLION
TO THE
PROVINCE OF BUENOS AIRES

WITH THE GUARANTEE OF THE ARGENTINE REPUBLIC

FOR THE

METROPOLITAN BUENOS AIRES URBAN TRANSFORMATION PROJECT
February 3, 2017

Social, Urban, Rural and Resilience Global Practice
LATIN AMERICA AND CARIBBEAN

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CURRENCY EQUIVALENTS

(Exchange Rate Effective Jan 30, 2017)

Currency Unit = Argentine Peso

ARS 15.8850 = USD 1

USD 0.06295247 = ARS 1

FISCAL YEAR

July 1 – June 30

Regional Vice President: Jorge Familiar

Country Director: Jesko S. Hentschel

Senior Global Practice Director: Ede Jorge Ijjasz-Vasquez

Practice Manager: Ming Zhang

Task Team Leader: Augustin Maria

ABBREVIATIONS AND ACRONYMS

AMBA	Metropolitan Area of Buenos Aires (<i>Área Metropolitana de Buenos Aires</i>)
AySA	Water and Sanitation Company of Argentina (<i>Agua y Saneamientos Argentinos</i>)
BP	Bank Procedure
CABA	Autonomous City of Buenos Aires (<i>Ciudad Autónoma de Buenos Aires</i>)
CPS	Country Partnership Strategy
DPOMFB	Provincial Directorate of Multilateral and Bilateral Funding (<i>Dirección Provincial de Organismos Multilaterales y Financiamiento Bilateral</i>)
EDENOR	Northern Buenos Aires Electricity Utility (<i>Empresa Distribuidora y Comercializadora Norte</i>)
EDESUR	Southern Buenos Aires Electricity Utility (<i>Empresa Distribuidora Sur, S.A.</i>)
ESMP	Environmental and Social Management Plan
ERR	Economic Rate of Return
ESMF	Environment and Social Management Framework
FM	Financial Management
GoA	Government of Argentina
IADB	Inter-American Development Bank
IVBA	Housing Institute of the Province of Buenos Aires (<i>Instituto de la Vivienda de la Provincia de Buenos Aires</i>)
M&E	Monitoring and Evaluation
MIPS	Ministry of Infrastructure and Public Services
MoE	Ministry of Economy of the Province of Buenos Aires
MoF	Ministry of Finance of the City of Buenos Aires
NPV	Net Present Value
O&M	Operation and Maintenance
OP	Operational Policy
PBA	Province of Buenos Aires
PIU	Project Implementation Unit
PDO	Project Development Objective
PPSD	Project Procurement Strategy for Development
RF	Results Framework
RPF	Resettlement Policy Framework
SECISYU	Secretariat for Social and Urban Integration (<i>Secretaría de Integración Urbana y Social</i>)
SIGAF	Integrated System for Financial Administration Management (<i>Sistema Integrado de Gestión de Administración Financiera</i>)
SSTUV	Social Under Secretariat of Land, Urbanism and Housing (<i>Subsecretaría Social de Tierras, Urbanismo y Vivienda</i>)
TSA	Treasury Single Account
UCEPO	Coordinating and Executing Unit for Works Projects (<i>Unidad de Coordinación y Ejecución de Proyectos de Obras</i>)
UFOMC	Multilateral Credit Agencies Financing Unit (<i>Unidad de Financiamiento con Organismos Multilaterales de Crédito</i>)
YPF	Argentine National Energy Company (<i>Yacimientos Petrolíferos Fiscales</i>)

**BASIC INFORMATION**

Is this a regionally tagged project?

No

Country(ies)

Lending Instrument

Investment Project Financing

☐ Situations of Urgent Need of Assistance or Capacity Constraints☐ Financial Intermediaries☐ Series of Projects

Approval Date

27-Feb-2017

Closing Date

30-Jun-2023

Environmental Assessment Category

A - Full Assessment

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The Project Development Objectives are to improve housing conditions and access to selected basic services and infrastructure in selected disadvantaged neighborhoods in the Buenos Aires Metropolitan Area (AMBA), and strengthen the institutional capacity for urban management at the metropolitan level.

Components**Component Name****Cost (US\$, millions)**

Urban and social integration of Barrio 31 in CABA

194.57

Habitat improvement of disadvantaged neighborhoods in Greater Buenos Aires

36.30

Strengthening institutional capacities for metropolitan urban management

3.00

Project Management and Monitoring – CABA

7.00

Project Management and Monitoring – PBA

1.12



Front End Fees	0.50
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Organizations

Borrower :	Province of Buenos Aires Buenos Aires City Government
Implementing Agency :	Ministry of Finance, City of Buenos Aires Ministry of Economy, Province of Buenos Aires

<input checked="" type="checkbox"/> Counterpart Funding	<input checked="" type="checkbox"/> IBRD	<input type="checkbox"/> IDA Credit <input type="checkbox"/> Crisis Response Window <input type="checkbox"/> Regional Projects Window	<input type="checkbox"/> IDA Grant <input type="checkbox"/> Crisis Response Window <input type="checkbox"/> Regional Projects Window	<input type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
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Total Project Cost:

242.50

Total Financing:

242.50

Financing Gap:

0.00

Of Which Bank Financing (IBRD/IDA):

200.00

Financing (in US\$, millions)

Financing Source	Amount
Borrower	42.50
International Bank for Reconstruction and Development	200.00
Total	242.50

Expected Disbursements (in US\$, millions)

Fiscal Year	2017	2018	2019	2020	2021	2022	2023
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Annual	11.00	96.12	69.12	19.20	2.64	0.96	0.99
Cumulative	11.00	107.12	176.24	195.44	198.08	199.04	200.00

INSTITUTIONAL DATA**Practice Area (Lead)**

Social, Urban, Rural and Resilience Global Practice

Contributing Practice Areas

Energy & Extractives

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Moderate
7. Environment and Social	● Substantial



8. Stakeholders	● Substantial
9. Other	
10. Overall	● Substantial

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Safeguard Policies Triggered by the Project

Yes

No

Environmental Assessment OP/BP 4.01

✓

Natural Habitats OP/BP 4.04

✓

Forests OP/BP 4.36

✓

Pest Management OP 4.09

✓

Physical Cultural Resources OP/BP 4.11

✓

Indigenous Peoples OP/BP 4.10

✓

Involuntary Resettlement OP/BP 4.12

✓

Safety of Dams OP/BP 4.37

✓

Projects on International Waterways OP/BP 7.50

✓

Projects in Disputed Areas OP/BP 7.60

✓

Legal Covenants

Sections and Description

Project Implementation Unit - CABA

Schedule 2 – Section I.A.1 of Loan Agreement with CABA

The Borrower (CABA), through MoF, shall: (a) establish, operate and maintain, at all times during Project implementation, a Project implementation unit (“CABA PIU”), with the structure, functions and responsibilities set



forth in the Operational Manual; and (b) ensure that CABA PIU is, at all times during Project implementation, assisted by professional staff (including, inter alia, a Project coordinator, a financial management specialist, a procurement specialist, an environmental specialist, a social specialist and a monitoring and evaluation specialist) and administrative staff, all in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank.

Sections and Description

Municipality Agreement - PBA

Schedule 2 – Section I.A.1 of Loan Agreement with PBA

Upon selection of a disadvantaged neighborhood under Component 2 of the Project and prior to the carrying out of any Project activity in said disadvantaged neighborhood, the Borrower (PBA), through MoI, shall enter into an agreement with the Participating Municipality (the Municipality Agreement), under terms and conditions acceptable to the Bank.

Sections and Description

Operational Manual - CABA

Schedule 2 – Section 1.B.1 of Loan Agreement with CABA

The Borrower (CABA), through: (a) CABA PIU and SECISYU shall carry out Component 1 of the Project; and (b) CABA PIU shall carry out Components 3 and 4 of the Project, all in accordance with the provisions of a manual (the Operational Manual), acceptable to the Bank.

Sections and Description

Operational Manual - PBA

Schedule 2 – Section I.B.1 of Loan Agreement with PBA

The Borrower (PBA), through MoI and MoE, shall carry out: (a) Component 2 of the Project with the assistance of IVBA and the Participating Municipality; and (b) Component 5 of the Project, all in accordance with the provisions of a manual (the Operational Manual), acceptable to the Bank.

Sections and Description

Operation and Maintenance - CABA

Schedule 2 – Section I.C of Loan Agreement with CABA

Upon the selection of any particular investment under Component 1 of the Project, and/or prior to the initiation of any other investment under said Component of the Project not subject to a selection process (as the case may be), the Borrower (CABA), through the SECISYU, shall, if applicable, enter into an agreement with the corresponding



Selected Service Provider (the Operation and Maintenance Agreement), under terms and conditions acceptable to the Bank.

Sections and Description

Anti-Corruption - CABA

Schedule 2 – Section I.D of Loan Agreement with CABA

The Borrower (CABA) shall ensure that Components 1, 3 and 4 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Sections and Description

Anti-Corruption - PBA

Schedule 2 – Section I.C of Loan Agreement with PBA

The Borrower (PBA) shall ensure that Components 2 and 5 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Sections and Description

Safeguards - CABA

Schedule 2- Section I.E.1 of Loan Agreement with CABA

The Borrower, through: (a) CABA PIU and SECISYU shall implement Component 1 of the Project; and (b) CABA PIU shall implement Components 3 and 4 of the Project, all in accordance with the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF).

Sections and Description

Safeguards - PBA

Schedule 2- Section I.D.1 of Loan Agreement with PBA

The Borrower (PBA), through MoI, shall implement: (a) Component 2 of the Project, with the assistance of IVBA and the relevant Participating Municipality; and (b) Component 5 of the Project, all in accordance with the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF).

Sections and Description

Project reports - CABA

Schedule 2 – Section II.A.1 of Loan Agreement with CABA

The Borrower (CABA), through CABA PIU, shall monitor and evaluate the progress of Parts 1, 3 and 4 of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on



the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.

Sections and Description

Project reports - PBA

Schedule 2 – Section II.A.1 of Loan Agreement with PBA

The Borrower (PBA), through MoI, shall monitor and evaluate the progress of Components 2 and 5 of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.

Sections and Description

Financial management system - CABA

Schedule 2- Section II.B.1 of Loan Agreement with CABA

The Borrower (CABA), through CABA PIU, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

Sections and Description

Financial management system- PBA

Schedule 2 – Section II.B.1 of Loan Agreement with PBA

The Borrower (PBA), through MoE, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

Sections and Description

Interim unaudited financial reports - CABA

Schedule 2 – Section II.B.2 of Loan Agreement with CABA

The Borrower (CABA), through CABA PIU, shall prepare and furnish to the Bank as part of the Project Report not later than 45 days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

Sections and Description

Interim unaudited financial reports - PBA



Schedule 2 – Section II.B.2 of Loan Agreement with PBA

The Borrower (PBA), through MoE, shall prepare and furnish to the Bank as part of the Project Report not later than 45 days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

Sections and Description

Audit of the Financial Statements - CABA

Schedule 2 – Section II.B.3 of Loan Agreement with CABA

The Borrower, through CABA PIU, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Sections and Description

Audit of the Financial Statements - PBA

Schedule 2 – Section II.B.3 of Loan Agreement with PBA

The Borrower (PBA), through MoE, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Sections and Description

Procurement - CABA

Schedule 2 – Section III of Loan Agreement with CABA

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Sections and Description

Procurement - PBA

Schedule 2 – Section III of Loan Agreement with PBA

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.



Conditions

Type Effectiveness	Description Article V of Loan Agreement with CABA That the CABA PIU has been established as provided in Section I.A.1 of Schedule 2 to the Loan Agreement with CABA, and in a manner satisfactory to the Bank.
Type Effectiveness	Description Article V of Loan Agreement with CABA That the public deed for the purchase of the land to enable the Borrower (CABA) to carry out Sub-component 1.2 (ii) and (iv) of the Project has been duly registered in the Borrower's Registro de la Propiedad Inmueble.

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Augustin Maria	Team Leader(ADM Responsible)	Urban development	GSU10
Ana Maria Grofsmacht	Procurement Specialist(ADM Responsible)	Procurement	GGO04
Alejandro Roger Solanot	Financial Management Specialist	Financial management	GGO22
Beatriz Eraso Puig	Team Member	Urban economics	GSU10
Carlos Alberto Molina Prieto	Safeguards Specialist	Resettlement	GSU04
Carolina Marcela Crerar	Team Member	Communications	LCREC
Elba Lydia Gaggero	Environmental Specialist	Environment	GEN04
Emanuela Monteiro	Team Member	Urban revitalization	GSU10
Fabiola Altimari Montiel	Counsel	Legal	LEGLE
Graciela Dora Broda	Team Member		LCC7C
Hannah Kim	Team Member	Economic analysis	GSU13



Jose C. Janeiro	Team Member	Financial Management	WFALA
Karina Gisela Campos	Team Member	Institutional	GSU10
Luis M. Vaca-Soto	Team Member	Energy	GWA04
Maria Lucrecia Bertelli	Team Member	Social Development	GEE04
Maria Pia Cravero	Counsel	Legal	LEGLE
Marisa Garcia Lozano	Team Member	Urban development	GSU10
Ondina Francisca Rocca	Team Member	Housing	GSU10
Patricia M. Acevedo	Team Member		GSU10
Santiago Ezequiel Arias	Team Member	Urban planning	GTI04
Santiago Scialabba	Safeguards Specialist	Social development	LCC7C
Sergio Gabriel Kormos	Team Member	Infrastructure	GWA04
Tuuli Johanna Bernardini	Environmental Specialist	Environment	GEN04
Uwe Steven Brandes	Team Member	Urban planning	GSU10
Extended Team			
Name	Title	Organization	Location



ARGENTINA
METROPOLITAN BUENOS AIRES URBAN TRANSFORMATION PROJECT

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I. STRATEGIC CONTEXT

A. Country Context

1. **After taking office in December 2015, the new Argentine Government moved with speed to implement macroeconomic and structural reforms.** These include inter alia (a) the elimination of export taxes on major crops, beef, and most industrial manufacturing products and the reduction by 5 percent of export taxes on soy; (b) the unification of the exchange rate, effectively ending most foreign exchange restrictions; (c) moving from a system of discretionary- to automatically-provided import licenses in line with World Trade Organization procedures; (d) resolution of the dispute with holdout creditors; and (e) measures to enhance public transparency and accountability. In addition, the National Institute for Statistics launched a new inflation index and improved the overall quality and reliability of statistics. Electricity tariffs and transport fees were increased to improve financial and fiscal, while protecting low-income users with a social tariff. Broader efforts to reduce energy subsidies (which account for a large portion of fiscal deficit) are under way, paired with measures to protect the poor.

2. **Economic activity is estimated to have contracted in 2016, but growth is expected in 2017.** Economic activity is estimated to have contracted by 2.3 percent¹ during 2016, taking a toll on labor markets, where 92,000² formal private sector jobs were lost since October 2015 (1.5 percent of total employment). The economic contraction has been decelerating during the second semester of 2016 and economic growth is expected in 2017 (+2.7 percent³) on the assumption that the positive impact of recent policy changes kicks in and the global economy recovers. Demand from key trading partners is expected to strengthen. During the last two months of 2016, exports to Brazil and China grew by 30 percent and 18 percent, respectively, compared to the same period in 2015.⁴ The median estimate for inflation for 2016 is 40 percent,⁵ mostly due to currency depreciation and the reduction of energy and transport subsidies. Inflation has decelerated since August 2016. The central government primary deficit in 2016 was in line with the target established (-4.8 percent). Fiscal consolidation in 2017 will be more gradual than originally planned in part due to increased social spending, including the adjustment of pension transfers, and higher public investment.

3. **The Argentine Government has started to address the key macroeconomic imbalances with the objective of creating an environment conducive to economic growth and employment creation.** Argentina offers many opportunities in a weak global environment, and there is a strong interest from foreign investors and firms. Going forward, Argentina aims to continue building a growth enabling policy framework to enhance credibility and support broad based growth and quality employment. In particular, the following policies will be important to permanently reduce inflation and put Argentina on a sustainable growth path: (a) increase public spending efficiency as well as its efficacy and reduce the fiscal

¹ Source: World Bank Group. 2017. *Global Economic Prospects, January 2017 Weak Investment in Uncertain Times*. Washington, DC: World Bank. doi:10.1596/978-1-4648-1016-9.

² Source: Ministerio de Trabajo, Empleo y Seguridad Social

³ Source: World Bank Group. 2017. *Global Economic Prospects, January 2017 Weak Investment in Uncertain Times*. Washington, DC: World Bank. doi:10.1596/978-1-4648-1016-9.

⁴ Source: National Institute of Statistics and Census of Argentina (Instituto Nacional de Estadística y Censos - INDEC)

⁵ Source: Banco Central de la República Argentina. 2016. *Resultados del Relevamiento de Expectativas de Mercado (REM)*, December 2016.



deficit in line with government targets; (b) continue fostering the credibility of the Central Bank so that monetary policy can further anchor inflation expectations; (c) strengthen competitiveness and productivity through an improved business environment and investments in infrastructure and increasing competition in markets and improving the regulatory framework in sectors; (d) continue strengthening the credibility of official statistics; and (e) continue improving the provision of public goods (including transportation, health, and education) and reducing regional disparities.

B. Sectoral and Institutional Context

4. **Urban areas in Argentina face important constraints to their development, and the housing sector is at the heart of these challenges.** With half of the country's population and 64 percent of firms located in the five largest metropolitan regions, agglomeration economies in urban areas represent opportunities to improve the livelihood of urban residents. However, Argentina has yet to fully reap the benefits of urbanization. Cities' sprawling and fragmented spatial development as well as limited metropolitan coordination and planning have hindered the advantages associated with economies of agglomeration. Argentina's increasing quantitative housing deficit also remains a challenge in urban areas. Affordability is a growing concern in the largest cities where wages have not kept pace with increasing housing prices.

5. **The GoA has recently developed a strategy to improve living conditions in urban areas.** In April 2016, the GoA announced the new housing and habitat policy under the Comprehensive Housing and Habitat Plan ("*Plan Integral de Vivienda y Habitat*") for the period 2016-2019; a priority area as part of its zero poverty objective. The plan encompasses strategies to address both flow and stock issues affecting the housing sector, including the urbanization of 280 informal settlements and cross-sectorial interventions in 225 vulnerable areas. The World Bank is working with the GoA to support this Program through two interventions: (i) the National Habitat and Housing Project (P159929), which focuses on improving living conditions in informal settlements of low and medium density in the five largest metropolitan areas⁶ and supports a national housing subsidy program; and (ii) this proposed Project, which focuses on interventions to improve access to basic services for populations living in disadvantaged neighborhoods⁷ within the Metropolitan Area of Buenos Aires (AMBA)⁸. The Bank's urban program in Argentina has been informed by a major analytical piece on urban development delivered in 2016, titled *Leveraging the Potential of Argentine Cities*.⁹ This study provided a strong analytical foundation for the Bank's urban dialogue with the new Administration and was instrumental in defining the strategic focus of the urban operations.

6. **AMBA concentrates the largest share of the country's population and economic activity.** AMBA is the third-largest megacity in Latin America after Mexico City and São Paulo, concentrating 14.8 million people or one third of the country's population. AMBA registered one of the highest population growth

⁶ Excluding AMBA.

⁷ Including squatter settlements (or villas), informal urban developments, precarious peri-urban settlements and deteriorated housing complexes.

⁸ The Metropolitan Area of Buenos Aires (AMBA) is one of the largest urban agglomerations in Latin America. It is composed of Autonomous City of Buenos Aires (CABA) and 40 surrounding municipalities belonging to the Province of Buenos Aires. See Annex 8 for a map of AMBA.

⁹ See full report at: <https://openknowledge.worldbank.org/handle/10986/24185>. Most of the data on cities cited in this document are sourced from this report.



rates in the country, at an annual rate of 1.3 percent between 2001 and 2010¹⁰, driven mostly by growth in the peri-urban area. According to the new national poverty line, an estimated 30.9 percent of the AMBA population lives in poverty, and 6.2 percent in extreme poverty in 2016¹¹. The metropolitan area generates almost half of the country's GDP, however, it faces the challenge of transforming its economy toward higher value-added products and services; a challenge exacerbated by the absence of a mechanism for metropolitan coordination.

7. **The lack of affordable housing in AMBA is acute, and the proliferation of informal settlements has been increasing in the past decade.** AMBA experiences the highest housing deficit when compared to other Argentine cities. Roughly 17 percent of the population lives in informal settlements. It is estimated that there are 819 informal settlements in AMBA, with half of them located in the first ring.¹² Of particular concern is that about one fourth of these settlements are less than ten years old, suggesting a trend that contrasts with other countries in the region, which have managed to increase housing supply and contain slum proliferation. For example, while the population growth in the Autonomous City of Buenos Aires (*Ciudad Autónoma de Buenos Aires*, CABA) has remained stable in the past 60 years, the population residing in informal settlements has doubled over the same period and amounts to around 200,000 residents today. The number rises to approximately 2 million people living in settlements located in the Province of Buenos Aires. The level of poverty in AMBA's informal settlements is high, reaching 55 percent.

C. Higher Level Objectives to which the Project Contributes

8. **The Project supports the World Bank's twin goals of reducing poverty and increasing shared prosperity.** The proposed project promotes inclusive urban growth, economic development and improved access to services that reduce the vulnerability of the urban poor. This is consistent with Sustainable Development Goal (SDG) No. 11 - "Make cities inclusive, safe, resilient and sustainable". The project is fully aligned with the Argentina Country Partnership Strategy (CPS) FY15-18¹³. Particularly, the Project will contribute to: (i) CPS Result Area 2, 'Supporting Agglomeration Economies' Reach Low-income Areas', by better integrating disadvantaged settlements into the urban fabric, as well as improving metropolitan coordination and planning to leverage the potential of agglomeration economies; and (ii) CPS Result Area 4, 'Increasing access to electricity, safe drinking water, and sanitation and services for the bottom 40 percent in low-income provinces and areas', by enhancing the delivery of basic services in disadvantaged neighborhoods.

9. **The Project interventions would support a comprehensive approach to improve the social and urban integration of disadvantaged neighborhoods in large urban areas.** Lessons learned from the project could help develop replicable intervention models for other neighborhoods within AMBA or across Argentina, with a focus on improving the physical conditions of settlements, build social and human capital and promote interinstitutional coordination at the national, provincial and city level. The Project

¹⁰ 2001-2010 is the latest census period for which data is available.

¹¹ Source: INDEC. September 2016.

¹² The departments that form AMBA are divided in three rings that surround the city of Buenos Aires. They are called the first, second, and third ring according to their relative distance to the city of Buenos Aires, their urban characteristics, and when they were incorporated into the metropolitan area. World Bank 2016.

¹³ Report No. 81361-AR, discussed by the Board on September 9, 2014



also seeks to influence the wider potential for development in the surrounding, centrally-located areas, and encourages efficient urbanization.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

10. The Project Development Objectives are to improve housing conditions and access to selected basic services and infrastructure in selected disadvantaged neighborhoods in the Buenos Aires Metropolitan Area (AMBA), and strengthen the institutional capacity for urban management at the metropolitan level.

B. Project Beneficiaries

11. The Project will directly benefit residents of selected disadvantaged neighborhoods in AMBA. These include (i) the residents of Barrio 31 in CABA, estimated at around 43,190 people, and (ii) approximately 5,000 residents of the neighborhood to be selected in AMBA. Indirect beneficiaries will be the sub-national government entities in AMBA, which will benefit from improved institutional capacity for urban management at the metropolitan level. Implementation of policies and programs in urban development resulting from stronger coordination at the metropolitan level, will also have a positive impact on the 14.9 million residents of AMBA.

C. PDO-Level Results Indicators

12. The key PDO level results indicators for the proposed project are the following:
- (a) Number of people (of which females) provided with improved access to selected basic services in selected disadvantaged neighborhoods.
 - (b) Number of people (of which females) provided with improved housing.
 - (c) Metropolitan Information System (AMBA-DATA) developed and operational.

III. PROJECT DESCRIPTION

A. Project Components

13. **Component 1: Urban and Social Integration of Barrio 31 in CABA (Estimated cost: US\$ 194.6 million, of which US\$ 159.6 million IBRD financing).** This Component, to be executed by CABA, will support the completion and upgrading of basic infrastructure in Barrio 31, the construction of new housing units on adjacent land, and the resettlement of families currently living under a section of the Illia Highway that crosses the neighborhood. These activities are part of the city's Comprehensive Action Plan for Barrio 31 (*Plan de Acción Integral 2016-2019*). Other activities which are part of the Comprehensive Action Plan and are not included as part of this Project are presented in Annex 1.

14. *Sub-Component 1.1: Improvement of basic infrastructure (Estimated cost: US\$ 42.84 million, of which US\$ 34.5 million IBRD financing).* This sub-component will involve carrying out of technical designs



and investments in basic infrastructure within Barrio 31 to improve access to water supply, sanitation, storm water drainage, public lighting, paved roads and electricity, through, inter alia, the completion and the improvement of existing basic infrastructure networks.

15. *Sub-Component 1.2: Improvement of housing conditions (Estimated cost: US\$ 151.76 million, of which US\$ 125.1 IBRD financing).* This sub-component will involve the carrying out of the following activities in the following sequencing: (i) carrying out of a plan to identify selected public spaces in the area located under the Illia Highway; (ii) based on the plan mentioned in (i) herein, carrying out of technical designs and the related construction of approximately one thousand two hundred new housing units on a plot of land adjacent to Barrio 31; (iii) carrying out of selected infrastructure development investments to improve access to, inter alia, water supply, sewerage, storm water drains, paved roads, public lighting, electricity and gas, in the plot of land mentioned in (ii) herein; (iv) based on the construction of the houses mentioned in (ii) herein, carrying out the relocation of around one thousand one hundred households living under a section of the Illia Highway that crosses Barrio 31 and/or around the Illia Highway, to the housing units mentioned in (ii) herein, in accordance with the relocation criteria set forth in the Resettlement Policy Framework (RPF); (v) carrying out of technical designs of the selected public spaces mentioned in (i) herein, and thereafter carrying out of selected works to develop said new public spaces in the area located under the Illia Highway; and (vi) if applicable, provision of land and compensation in connection with resettlement in (ii), (iii), (iv) and (v) above.

16. **Component 2: Habitat improvement of disadvantaged neighborhoods in Greater Buenos Aires (Estimated cost: US\$ 36.3 million, of which US\$ 29 million IBRD financing).** This component will involve: (i) carrying out of diagnostic studies and the preparation of related investment plans for selected disadvantaged neighborhoods located in Greater Buenos Aires; and (ii) carrying out of the investments mentioned in (i) above, including, inter alia: (a) the carrying out of housing improvements and related land titling formalization, and construction of public buildings; (b) the carrying out of investments in basic infrastructure; (c) the carrying out of small works for the improvement of public spaces and accessibility; (d) the provision of social and violence prevention programs; and (iii) if applicable, provision of land and compensation in connection with resettlement in (ii) above. The Presidente Sarmiento Housing Complex, also known as Barrio Carlos Gardel, located in the Municipality of Morón, has been pre-identified as a potential site for the intervention. The lower amount allocated to this component reflects the framework nature of the proposed intervention, in which the initial activities will consist of diagnostic studies that will define the specific investments to be financed.

17. **Component 3: Strengthening institutional capacities for metropolitan urban management (Estimated cost: US\$ 3 million, of which US\$ 3 million IBRD financing).** This component will involve: (i) the development of a metropolitan information system, to collect, share and publish data relevant to urban planning and service delivery at the metropolitan level; (ii) the identification and development of financing instruments and mechanisms for investments at the metropolitan level; and (iii) the provision of technical assistance and capacity building to develop CABA's and PBA's joint agenda for institutional coordination at the metropolitan level.

18. **Component 4: Project Management and Monitoring – CABA (Estimated Cost: US\$ 7 million, of which US\$ 7 million IBRD financing).** This component will involve the provision of support for Project management activities performed by CABA PIU, including: (i) the carrying out of audits; (ii) the carrying



out of monitoring and evaluation activities; (iii) the carrying out of activities to strengthen CABA PIU's and CABA's technical staff capacity; (iv) the financing of Operating Costs; (v) the collection of data at specific stages of Project implementation; and (vi) the definition of baselines for the periodic monitoring and evaluation of the Project's results. It will also involve the provision of technical assistance, including, inter alia: (i) the development of an impact evaluation mechanism for CABA's Barrio 31 Intervention; (ii) the development of strategies for managing the transfer of the operation and maintenance of the investments mentioned in sub-components 1.1 and 1.2 (iv) of the Project to the respective water and sanitation, gas and electricity service providers; and (iii) the development of strategies for Land Value Capture (LVC) in CABA's territory.

19. Component 5: Project Management and Monitoring – PBA (Estimated cost: US\$ 1.12 million, of which US\$ 0.9 million IBRD financing). This component will involve the provision of support for Project management activities performed by PBA, including: (i) the carrying out of audits; (ii) the carrying out of monitoring and evaluation activities; (iii) capacity strengthening of the PBA staff, (iv) provision of technical assistance; (v) financing of Operating Costs; (vi) collection of relevant data at specific stages of Project implementation; and (vii) the definition of baselines for the periodic monitoring and evaluation of the Project's results.

B. Project Cost and Financing

20. The proposed operation will be financed by two IBRD loans in the amounts of: (i) US\$ 170 million to CABA and (ii) US\$ 30 million to PBA. Counterpart funding will be provided by the City of Buenos Aires and the Province of Buenos Aires for complementary investments for Components 1 and 2 & 5, respectively.¹⁴

Project Components	Project cost	IBRD or IDA Financing	Counterpart Funding	% IBRD Financing
1. Urban and social integration of Barrio 31 in CABA	194,575,000	159,575,000	35,000,000	82 %
2. Habitat improvement of disadvantaged neighborhoods in Greater Buenos Aires	36,300,000	29,025,000	7,275,000	80 %
3. Strengthening institutional capacities for metropolitan urban management	3,000,000	3,000,000	0	100 %
4. Project Management and Monitoring – CABA	7,000,000	7,000,000	0	100 %
5. Project Management and Monitoring – PBA	1,125,000	900,000	225,000	80 %
Total Costs				
Total Project Costs	242,000,000	199,500,000	42,500,000	82 %

¹⁴ The Government of CABA included the Project in the *Ley de Endeudamiento* approved on December 1, 2016, hence authorizing the proposed World Bank loan. The Government of PBA included in the proposal for the 2017 Budget Law an article to authorize the proposed World Bank loan – the law is pending approval from the provincial legislature.



Front End Fees	CABA	425,000	0	100 %
	PBA	75,000	0	100 %
Total Financing Required		200,000,000		

C. Lessons Learned and Reflected in the Project Design

21. **The Project builds on lessons learned from programs around the world on the revitalization of disadvantaged neighborhoods**, including the following Bank-financed projects: Bahia Slum Upgrading Project in Brazil (P081436), Kenya Informal Settlements Improvement Project (P113542), Vietnam Urban Upgrading Program (P070197). The Project also incorporates lessons from Argentina's own experience in the provision of public housing and improvement of disadvantaged neighborhoods. Lessons learned center around the following themes: (i) integration of disadvantaged settlements into the wider urban fabric; (ii) strong social engagement for the sustainability of urban infrastructure investments; (iii) strong political commitment and government capacity; (iv) in-situ revitalization of disadvantaged neighborhoods; and (v) measures to mitigate possible gentrification. A detailed discussion of these lessons is presented in Annex 4.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

22. **Two separate World Bank-financed loans will be extended to CABA and PBA, in the amount of US\$ 170 million and US\$ 30 million, respectively.** CABA and PBA will be the borrowers of the Loans, with the GoA as a Guarantor pursuant to the provisions of a Guarantee Agreement for each loan.

23. The Loan to CABA will be implemented jointly by: (i) CABA's Ministry of Finance (MoF), through a Project Implementation Unit (PIU) that will be created in the MoF, within its Unit for Multilateral Financing (*Unidad de Financiamiento con Organismos Multilaterales de Crédito*, UFOMC); and (ii) CABA's Secretariat for Social and Urban Integration (SECISYU). The PIU will be responsible for overall coordination of the activities executed by CABA under Component 1, Component 3 and Component 4 of this Project. The PIU will serve as a permanent link between the Bank and CABA, throughout the life of the Project and will be responsible for all procurement activities for Components 1, 3 and 4. Similar to the previous Bank-financed operations executed by CABA¹⁵, the PIU in MoF will be responsible for the Project's financial, environmental and social management, reporting, monitoring and evaluation, and will ensure compliance with the Bank's policies. It will coordinate with the relevant technical support agencies within CABA. SECISYU will be responsible for the execution of Component 1 under the supervision of the PIU.

24. **The loan to PBA will be implemented jointly by: (i) the Ministry of Infrastructure and Public Services (MISP), and (ii) the Ministry of Economy (MoE).** The MISP through its Unit for the Coordination

¹⁵ AR Urban Flood Prevention and Drainage Project (P088220), and AR Flood Risk Management Support for the Autonomous City of Buenos Aires (P145686).



and Execution of Works' Projects (*Unidad de Coordinación y Ejecución de Proyectos de Obras*, UCEPO), will be responsible for overall coordination of the activities executed by PBA under Component 2 and Component 5 of this Project, including compliance with the Bank's policies. It will coordinate with the following sub-executing agencies: the Housing Institute of the Province of Buenos Aires (*Instituto de la Vivienda de la Provincia de Buenos Aires*, IVBA), Social Under Secretariat of Land, Urbanism and Housing (SSTUV) and the participating municipalities. The MoE will be responsible for the financial administration, and management of disbursements, repayments and audits for the loan to PBA.

25. **CABA and PBA will be independently responsible for the implementation of their respective components.** Coordination between the two borrowers will be ensured through joint supervision missions, including the joint review of the Project's progress on implementation and achievement of the PDO. Coordination between CABA and PBA will be critical for the success of the activities under Component 3. In this particular case, while CABA will be responsible for the actual implementation, the technical design and supervision of the activities will benefit from coordinated inputs from CABA and PBA through the Coordination Group (*Mesa Coordinadora*) under the Metropolitan Cabinet, which is composed of four agencies, including, from CABA: *Secretaría General y Relaciones Internacionales* and *Ministerio de Gobierno*, and from PBA: *Ministerio de Coordinación y Gestión Pública* and *Ministerio de Gobierno*. In addition to requiring strong coordination between the two jurisdictions for the design of the activities, among other focus areas, Component 3 will support joint learning and experience sharing between CABA and PBA.

B. Results Monitoring and Evaluation

26. The Results Framework (RF) describes the PDO-level outcome indicators and the component-specific intermediate indicators, and respective baselines and targets. Monitoring and Evaluation (M&E) arrangements and responsibilities are described in detail in the Project Implementation Arrangements (Annex 2).

C. Sustainability

27. **The Project's overall long-term sustainability is largely contingent upon adequate financial resources to cover the costs of service provision and maintenance of new and improved infrastructure, and sustainable management structures for the maintenance of the new housing units.** Today, most informal settlements, including Barrio 31, have irregular connections to water, sanitation and electricity, and pay no fees for these services. The Project recognizes the need to gradually introduce cost recovery through tariffs, taxes and other fees, in order to ensure the sustainability of these investments. The respective utilities (including AySA, EDENOR, and EDESUR) will take over the O&M of the water, sewerage and electricity infrastructure once the works are completed in those streets that will be formally recorded in the city's cadaster, provided all technical specifications are in accordance with the existing service concession agreements. To ensure this transition, CABA is working closely with the utilities on the technical design of the infrastructure; this close collaboration will continue throughout the bidding and construction phases. CABA will continue to be responsible for the O&M of the infrastructure in those streets that will not be registered in the cadaster (e.g. narrow corridors) and/or where the infrastructure does not meet the technical requirements due to the morphology of the neighborhood. The Project will support strong coordination between SECISYU and the relevant service providers, including AySA,



EDENOR, and EDESUR, to develop a consistent approach to formalization of service provision and cost recovery (Component 4 will support technical assistance for this purpose).

28. **The technical designs of infrastructure and housing investments will incorporate resource efficiency considerations, in order to improve the environmental sustainability and minimize the long term costs for service providers and users.** The Project recognizes that well-functioning management structures, such as homeowner associations, are critical to the long term viability of collective housing projects. The technical design of the new housing units to be financed under Component 1 takes this aspect into account by minimizing the size of the groups of housing units to be managed collectively, and minimizing the areas and systems to be managed collectively. The Project will also support the process of individual titling and constitution of collective management structures for the new housing units.

29. **Climate change considerations.** Floods are the most recurrent and harmful natural hazards in Argentina. The Province of Buenos Aires has a well-known history of being affected by floods, more frequently over the past decade as a result of climate change. The proposed investments will contribute to better flood management caused by heavy rainfall through new or improved storm water drainage infrastructure. The Project also aims to harness the energy efficiency potential to help ensure energy security, reliability and affordability, as well as capture energy efficiency's multiple benefits such as climate change mitigation. Energy efficiency standards will be incorporated in the design of the new housing units.¹⁶ The improvement of the electricity network and public lighting (including the use of LEDs) under sub-component 1.1 are expected to generate energy efficiency improvement and reduce transmission and distribution losses. In addition, Bank-executed technical funds have been secured from the Energy Sector Management Assistance Program's (ESMAP) Efficient and Sustainable Buildings Program (P161183) to support the integration of energy efficiency considerations into the design of the works to be implemented under Component 1 and Component 2. It is estimated that 12 percent of the investment will have mitigation co-benefits due to improvements in energy efficiency in new housing, electricity infrastructure and public lighting.¹⁷

D. Role of Partners

30. CABA is considering requesting financial support from other development partners, including the Inter-American Development Bank (IADB), for the implementation of the Comprehensive Action Plan for Barrio 31. However, no financing by other international agencies has been confirmed to date. The IADB is also supporting metropolitan coordination in AMBA through the Second Metropolitan Areas Development Program (approved on October 26, 2016). Project activities under component 3 will be closely coordinated with the IADB.

¹⁶ There are currently no energy efficiency requirements for social housing.

¹⁷ It is estimated that US\$4.3 corresponds to investments for the improvement of public lighting and US\$8.9 for the improvement of electricity network under sub-component 1.1. It is estimated that US\$10.3 million will be allocated to energy efficiency measures in the new housing under sub-component 1.2.



V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

31. **The overall risk of the proposed Project is rated Substantial, due to risks associated with environmental and social management, stakeholders, and technical design.**

32. **The Environment and Social risk is rated Substantial.** The proposed intervention in Barrio 31 will involve the resettlement of around one thousand one hundred families. Although the primary objective of the resettlement is to provide access to improved housing solutions to households currently living under the Illia highway, its implementation will require systematic and comprehensive consultations and social management in order to provide equitable and transparent support, and minimize any adverse impact on the livelihood of the affected people. Thorough management of environmental impacts will also be necessary due to the high population density of the targeted neighborhood. The risk of existing soil contamination particularly on the site to be used for the construction of new houses was studied during Project preparation and CABA is proceeding to take the necessary follow-up action to remediate the site; minor of scale than initially projected. The referred risks will be mitigated through the implementation of robust Environmental and Social Management Frameworks (ESMF) and Resettlement Policy Frameworks (RPF) that CABA and PBA have developed, building on the extensive experience that the implementing agencies in both jurisdictions have acquired through the implementation of other World Bank-funded large infrastructure investments.

33. **The Stakeholders Risk is rated Substantial.** The proposed intervention in Barrio 31 is highly visible and is expected to be carried out under intense oversight from various stakeholders. The neighborhood has significant and active representation of various civil society organizations and political groups. Moreover, the success of the interventions planned under the project will require adequate coordination—and eventually consensus—between different actors from the private sector (from the population in the informal settlements to the community leaders and private providers) and the different levels of governments. The implementing agencies in CABA and PBA are addressing this risk by developing and implementing thorough stakeholder engagement strategies in the selected neighborhoods and through robust grievance and redress mechanisms.

34. **The Technical Design Risk is rated Substantial.** The final technical designs of the investments under Component 1 and Component 2 will require strong coordination with stakeholders including the Project's beneficiaries and the agencies in charge of service provision, who will be in charge of the operation and maintenance of the infrastructure financed under the Project. The Bank will provide continued support to CABA and PBA in the design and execution of infrastructure and housing investments in order to ensure the soundness of technical designs and the sustainability of the institutional arrangements for the operation and maintenance of the Project's investment.



VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

35. **Component 1 was evaluated from economic and financial perspectives and complemented with sensitivity analysis.** The approach varied by intervention, as described below (see Annex 5 for further details). It was not possible to do an ex-ante evaluation of investments under Component 2 given that the site and characteristics of the interventions are not yet defined. However, economic and financial analyses will be key inputs for the selection of the interventions.

36. **Sub-Component 1.1: Improvement of basic infrastructure.** The economic evaluation of planned investments was done applying cost-benefit analysis. The hedonic price model was applied to estimate the benefits of property price increase in Barrio 31, based on the expected improvements in the properties' attributes. Based on the estimated economic costs and benefits for a 20-year period and an internal rate of return of 6%, the interventions under sub-component 1.1 yield a 27.4% return and a net present value (NPV) of US\$ 52.2 million. The sensitivity analysis determined that for the return to go below 6%, costs should double or benefits drop to one fourth of the estimated amount. Results from the financial analysis show that the monthly payment that each household would have to make to balance the cash-flow would be US\$60.2 (at a 6% discount rate), representing 8.1% of the average household income.

37. **Sub-Component 1.2: Improvement of housing conditions.** The proposed interventions will benefit households through improvement of health conditions and living standards, and will lead to asset/wealth creation through home ownership. A cost-effectiveness analysis was applied to evaluate the investments comparing the average cost of construction of the new houses under two different scenarios. The estimated average cost per square meter (m^2) constructed is US\$ 1,368 (including land, infrastructure and construction costs), 41% below the lowest average market price of US\$ 2,475 estimated in CABA. The estimated average cost per m^2 constructed is US\$ 1,192 if land and infrastructure are not taken into account. This cost is 4% below the average construction cost of \$1,237 per m^2 for similar government housing projects. Therefore, the estimated construction costs are within an acceptable range.

38. **Rapid evaluation of other benefits for Component 1.** In addition to the direct benefits to the residents of Barrio 31, the Comprehensive Action Plan is expected to have a long term impact in terms of increase of the development potential of nearby plots that are currently vacant or used for activities linked to the port (e.g. storage of containers). To illustrate this possible revalorization, a rapid estimation was undertaken (see Annex 5 for details). It is estimated that if 70 percent of the available land in the surroundings would be buildable, there would be a potential revalorization of US\$ 790 million at present value.¹⁸

39. **Debt Sustainability Analysis.** The debt sustainability analysis for CABA and PBA shows that public debt is sustainable in the medium to long term (See Annex 5 for further details).

¹⁸ This is a rapid estimation based on a number of assumptions and using available public information on land prices and vacant land. See Annex 5 further details.



40. **Justification of public sector provision.** Public funding is the most appropriate instrument for this type of interventions that will help improve living conditions in selected disadvantaged neighborhoods, increasing access to basic services and formal housing, and support their integration into the urban fabric.

41. **Bank value added.** The Bank has longstanding global experience in supporting national governments—including most recently Indonesia, Vietnam, Philippines, Brazil, Ghana, Kenya, China and India—to design and implement slum-upgrading projects. This project will build on the lessons learned during several decades of different engagements in projects globally as described in Section III.C.

B. Technical

42. **The Project follows a robust process for the identification of investments under Components 1 and 2.** The selection of the infrastructure planned under subcomponent 1.1 was based on a comprehensive diagnostic of the settlement carried out by CABA in 2016. The diagnostic included an analysis of the current and projected demand within the framework of the neighborhoods' Comprehensive Action Plan, and was extensively informed through community participation. CABA is currently evaluating alternatives for the resettlement of the families living under the Illia highway under subcomponent 1.2, including different housing development models as well as possible financing and management schemes, with the support from the Bank's team. PBA has initiated the preparation of a comprehensive plan for the site identified under Component 2. As a first step, PBA has initiated with the Bank's support the definition of the Terms of Reference for the required diagnostic studies to define the specific interventions, as well as the design of the census. Annex 1 provides further details.

C. Financial Management

43. **Project financial management arrangements in place at the City of Buenos Aires (CABA) will remain the same as for another Bank-supported operation¹⁹ and are acceptable to the Bank.** The City of Buenos Aires (CABA) Financial Management (FM) systems and institutions will be extensively used for project implementation: project transactions will follow the City of Buenos Aires streamlined procedures for registering and executing project budget, recording project transactions and treasury operations including the use of the City Treasury Single Account (TSA) for payments of eligible expenditures, and will then be subject to the CABA government-wide financial management arrangements and control framework. Moreover, FM aspects of a previous World Bank-financed operation²⁰ implemented by CABA have been consistently assessed satisfactory, and acceptable audits were timely received by the Bank.

44. **Financial Management (FM) arrangements for project components to be implemented by the Province of Buenos Aires (PBA) are sound.** The PBA government-wide financial management arrangements in place provide reasonable assurance on the commitment by the Provincial Government to implement robust financial control mechanisms. FM aspects of previous World Bank-financed operations²¹ implemented by PBA have been consistently assessed satisfactory and acceptable audits were timely received by the Bank. FM arrangements operating at the PBA Housing Agency, *Instituto de la*

¹⁹ AR Flood Risk Management Support Project (P145686) \$ 200 Million. Approval date June 22, 2016.

²⁰ AR-Urban Flood Prevention Project (P088220) \$ 130 million. Closed on August 31, 2012

²¹ AR- Buenos Aires Infrastructure SDP APL1 (P82032) Ln 7268-AR \$ 200 million; Ln 7947 \$ 50 million closing date May 30, 2015. AR- Buenos Aires Infrastructure SDP APL2 (P105288) Ln 7472-AR 270 million, closing date December 30, 2013



Vivienda de la Provincia de Buenos Aires (IVBA), a decentralized entity in the Ministry of Infrastructure and Public Services (MIPS) that will make payments of civil works, was assessed during project preparation. It was determined that the PBA government-wide PFM arrangements and control framework are applied by the IVBA; these arrangements are acceptable to the Bank and IVBA is capable of managing advances from the MOE; making payments of eligible expenditures and reporting on the uses of funds.

D. Procurement

45. Procurement will be conducted according to the World Bank's "Procurement Regulations for IPF Borrowers", issued in July 2016, for the supply of goods, works, non-consulting and consulting services under the Project.

46. **Procurement activities under Components 1, 3 and 4 will be coordinated by a PIU to be created in CABA's Ministry of Finance (MoF), within its Unit for Multilateral Financing (*Unidad de Financiamiento con Organismos Multilaterales de Crédito, UFOMC*).** Specifically, this PIU will be responsible for the procurement and the contracting of all the activities within Components 3 and 4, and will supervise SECISYU, which will be responsible for the execution of the procurement activities financed under Component 1. As for procurement in Components 2 and 5, the Ministry of Economy (MoE) of PBA, will act as the Loan administrator through the Sub Secretariat of Finance. The Implementation Unit will be the Ministry of Infrastructure and Public Services through the UCEPO. This Unit will have overall coordination functions and will be responsible for the procurement of goods and services (consulting and non-consulting). The TORs and technical specifications of the services and goods to be procured, as well as the supervision of the execution and approval of the products of Subcomponent 2.1 will be under the responsibility of the Social Under Secretariat of Land, Urbanism and Housing (SSTUV) within the same Ministry, which will also participate in the design and implementation of Subcomponent 2.3. Likewise, the Housing Institute of the Province of Buenos Aires (IVBA), which is also dependent on this Ministry, will collaborate with the socio-housing survey of Subcomponent 2.1, and will be responsible for planning and engineering design of the civil works, and the elaboration of the technical conditions for the services to be contracted for the implementation of Subcomponents 2.2 and 2.3. The procurement, contracting and supervision of the works will be carried out by the beneficiary Municipality of the Project, while the payment of the certificates will be the responsibility of the IVBA.

47. **A capacity assessment of the implementing agencies was carried out by the Bank.** For CABA, the assessment was carried out over UFOMC, which is currently implementing a Bank-financed project, and over SECISYU. While UFOMC has experience in Bank-financed projects, SECISYU's procurement capacity should be strengthened. Regarding PBA, the assessment was carried out over the DPOMFB within the Ministry of Economy, which has extensive experience implementing Bank-financed projects and relies on a strong staff structure. Although this Unit will support UCEPO with knowledge of the Bank's procurement policies, the technical team in UCEPO will be strengthened with a professional with strong knowledge on Bank's procurement procedures. If the technical studies to be carried out in Component 2 define the need to invest funds in small works, the procurement of such activities would be carried out by the Municipality of Moron. Therefore, the procurement capacity of this entity was also assessed and found adequate. A brief summary of the procurement capacity assessment, identified risks and mitigation measures is provided in Annex 2. Both CABA and PBA have developed related Project Procurement Strategies for Development (PPSDs). Since two separate loans will be issued to CABA and PBA, each of the agencies has



worked on a different PPSP. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the implementing agencies has recommended annual supervision mission to visit the field to carry out post review of procurement actions.

E. Social (including Safeguards)

48. **CABA and PBA have carried out Social Assessments²² (SA) for Components 1 & 3, and for Component 2, respectively.** The SA identified the main socio-economic characteristics of the population living in the Project area, as well as risks related to the Project interventions, and mitigation measures. A summary of the main findings is included as Annex 6.

49. **Main social risks are linked to the resettlement process, in particular under Component 1.** They include, *inter alia*: (i) interruption of works generated by protests; (ii) negative impact of resettlement on the quality of life of Project Affected People (PAP); (iii) delays in the execution of infrastructure works; and (iv) gentrification. Main risks related to Component 2 are linked to: (i) potential interference generated by crime and violence, and/or social unrest; and (ii) delays in carrying out the infrastructure studies that will define the types of work that would be financed by the Project. In all cases, these risks will be mitigated through a thorough citizen engagement process and the establishment of a robust grievance and redress mechanism (GRM) to address any complaints received about the Project. A specific and robust GRM for the Project has been developed by CABA under the city's current grievance redress system to manage specific Project-related grievances and/or information inquiries. PBA is also developing a specific GRM to consolidate all complaints received not only through all the communication channels mentioned above, but also from any other administrative channel (e.g. letters²³, e-mails²⁴ and/or phone calls²⁵ received by any government agency or official) in an integrated mechanism to make sure that all complaints and/or suggestions will receive a response within ten days after they have been filed.

50. **The Project triggers Bank Operational Policy (OP) 4.12 - Involuntary Resettlement.** The project will finance the relocation of around 1,100 households and small businesses, from the area located under the Illia highway, to the new housing units to be constructed on the YPF plot adjacent to the neighborhood. Specific housing units affected by activities under Component 1 have not been identified yet. Both CABA and PBA have prepared a Resettlement Policy Framework (RPF) for their respective components during project preparation²⁶, and both documents have been approved by the Bank. The use of Resettlement Policy Frameworks is justified by the absence of defined sitting alignment for the Project activities that may involve resettlement: (i) Under subcomponent 1.1., the technical designs of the infrastructure investments, which are required for the identification of potential impacts under OP 4.12,

²² The preparation process of both SAs included a series of consultations with different stakeholders through focus groups and interviews. In the case of CABA, this was carried out as a complement of a thorough socio-economic assessment that SECISYU is carrying out in all Barrio 31. In addition, specific consultations on the Safeguards instruments were undertaken on November 9, 2016 (PBA) and November 10, 2016 (CABA). The main findings of those consultations have been incorporated in the final version of each document. Feedback received under both consultations focused on unsatisfactory conditions of buildings' infrastructure, lack of public spaces, issues related to local governance and citizen engagement. In both cases, CABA and PBA representatives responded to the concerns and explained how some of the issues presented would be addressed through the Project.

²³ A dedicated mailbox will be placed in all branches of municipal governments that will receive Project funds.

²⁴ A specific e-mail account will be created for this Project.

²⁵ The PIU will also have a dedicated phone line to receive grievances and suggestions related to implementation of this Project.

²⁶ CABA has prepared a RPF covering Components 1 & 3, and PBA has prepared a RPF for Component 2.



will be supported by the Project and developed during Project implementation; (ii) under subcomponent 1.2, although the general zone of impact (under the Illia Highway) is known, precise sitting alignments of the resettlement cannot be determined. The specific households and small businesses to be affected by the resettlement will be determined based on the identification of the public spaces and buildings to be developed in the area to be resettled, which will be developed during Project implementation and financed by the Project; (iii) under Component 2, the specific investments will be identified and developed during Project implementation based on the preparation of a masterplan, which will be supported by the Project, and by specific eligibility criteria.

51. The RPFs for Component 1 and 3 (CABA), and for Component 2 (PBA) were disclosed in-country on October 26, 2016, and October 21, 2016, respectively, and on the World Bank external website on October 27, 2016, and October 25, respectively. The RPFs were revised to incorporate the results of the consultations of the safeguards instruments organized by CABA and PBA and were re-disclosed in-country on December 14, 2016 both by PBA and CABA, and on the World Bank external website on December 13, 2016. At the beginning of Project implementation, CABA will complete a census of the people affected by the proposed resettlement. Once the number of households to be resettled is confirmed, the Census will allow the PIU to identify the number of people that would need to be relocated in the new housing units financed by the Project, and prepare one or more Resettlement Action Plans according to the RPF and the WB Safeguards Policies.²⁷ Component 2 may involve the resettlement of households whose houses would be affected by investments in public infrastructure or public spaces and buildings. Since the locations for works under this component have not been defined yet, PBA has prepared a Resettlement Policy Framework that would guide the preparation of specific Resettlement Action Plans for works that may imply Involuntary Resettlement under this Component. In addition, TA activities under Component 3 on urban development will need to be consistent with the principles of OP/BP 4.12. This Policy is triggered. Component 1 of the Project will include the construction of around 1500 new houses on a plot of land adjacent to the neighborhood. Around 1,240 of these new housing units would be assigned to families relocated from the houses within the Villas that have been built under the Illia highway that runs across (and over) the neighborhood. In addition, other new housing units would be assigned to other families from the neighborhood living in conditions of high vulnerability, and other families who would also need to be relocated as part of the infrastructure works. Since housing units affected by the project have been already identified, as part of the Social Assessment preparation, the CABA PIU will carry out a census to identify the number of people that would need to be relocated in the new housing units which construction will be financed by the project. Once this information is available, the CABA PIU will prepare a Resettlement Action Plan according to the WB Safeguards Policies. Component 2 will also support integrated interventions in two Villas or informal settlements to be determined within Greater Buenos Aires that will include housing conditions improvements. This activity would include targeted interventions to support improvement to housing units in situation of high vulnerability, and the construction of new housing units as required for the resettlement of households whose house would be affected by investments in public infrastructure or public spaces and buildings. Since location for works under this component have not been defined yet, the client will prepare a Resettlement Planning

²⁷ Other activities of the Comprehensive Action Plan for Barrio 31 that are not linked to this Project, nor caused by activities financed and/or supported by it, may require the implementation of resettlement processes during the Project's implementation period. SECISYU will be the implementing agency of these resettlement processes, and intends to execute these processes in ways consistent with the principles outlined in the RPF. During Project implementation, the World Bank team may share with SECISYU internationally recognized good practices to help manage these processes accordingly.



52. **The project does not trigger OP/BP 4.10 - Indigenous Peoples.** Main findings of the Social Assessments prepared by CABA and PBA indicate that there are no indigenous peoples²⁸ in any of the neighborhoods that might receive interventions financed by the project, neither in CABA, nor in PBA. For this reason, OP 4.10 is not triggered for this project. There is a notable presence of indigenous and afro-descendants populations in Argentina's cities, especially AMBA. For this reason, the Social Assessments prepared by the CABA and PBA incorporated some variables on ethnicity to define if the policy is triggered under this project.

F. Environment (including Safeguards)

53. **The Project triggers OP/BP 4.01 on Environmental Assessment and has been categorized as 'A'.** The high safeguards risk is due to socially sensitive intervention areas, and particularly the magnitude and complexity of the anticipated resettlement of households in Barrio 31. An environmental baseline study of the YPF lot has been conducted by CABA on its soil and groundwater quality to identify any required environmental clean-up before construction. Based on the study results that are described in the ESMF, CABA is proceeding to hire an authorized operator to carry out (i) eradication of four underground hydrocarbon storage systems identified; and (ii) transportation and final disposition of the waste material identified as hazardous waste in the premises.

54. **The Project's negative environmental impacts due to the construction activities are expected to be site-specific, reversible, and possible to mitigate.** Potential indirect safeguards implications of Component 3 on institutional strengthening will be assessed as the activities to be financed are defined in further detail. The Project is expected to have positive environmental impacts in terms of improved waste water management and efficiency of water, gas, and electricity usage. Potential negative impacts during the construction phase will require proper management during operation and maintenance. The major adverse impacts identified under Component 1 and 2 are alteration of everyday urban movement, contamination by particulate matter, gaseous emissions, noise and vibration related to the movement and operation of vehicles and machinery, soil excavation, handling of construction materials, temporary air alteration or contamination, potential discharges to groundwater, waste generation of different types, issues with worker and/or public health and safety, and accidental damage to objects of personal value. During the operational stage, potential adverse impacts are linked to the lack of maintenance or incorrect application of management measures.

55. **Both CABA and PBA have prepared an Environmental and Social Management Framework (ESMF)** that have been approved by the Bank, to establish the criteria to manage potential impacts related to their respective Components. ESMFs have been selected as the appropriate instrument under OP/BP 4.01 as the technical designs of the specific activities under Components 1 and 2 will be supported by the Project and developed during Project implementation. The specific ESMPs will be prepared following the

²⁸ For purposes of this policy, the term "Indigenous Peoples" is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language, often different from the official language of the country or region.



procedures outlined in the ESMFs. The environmental procedures defined in the ESMFs are consistent with the applicable national, provincial and municipal level regulations and comply with the Bank's safeguard policies. The ESMFs provide the mechanisms to screen specific activities and establish the scope of the required environmental studies, prepare the specific Environmental and Social Management Plans (ESMPs), conduct consultations, and implement community participation activities, all consistent with the applicable national, provincial and municipal level regulations and the Bank's safeguard policies. The ESMFs for Component 1 and 3 (CABA), and for Component 2 (PBA) were disclosed in-country on October 26, 2016, and October 21, 2016, respectively, and on the World Bank external website on October 27, 2016, and October 25, respectively. The consultations with key stakeholders on the two sets of safeguards instruments were organized by PBA on November 9, and by CABA on November 10, 2016 (see details on footnote 23 above). The ESMFs were not subject to particular comments or adjustments based on said consultations. The revised versions of both ESMFs include an annex that describes all the consultations conducted during the Project preparation. The revised ESMFs were re-disclosed in-country on December 14, 2016 both by PBA and CABA, and on the World Bank external website on December 13, 2016.

56. All specific activities will have an Environmental and Social Management Plan (ESMP) consistent with the type and scale of the potential impacts and the respective World Bank Group Environment, Health and Safety Guidelines. The responsible CABA and PBA teams have included and will include qualified environmental staff in number and functions as necessary in different moments throughout the Project cycle to lead the ESMF implementation. The Project will also finance institutional strengthening activities to improve environmental and social risk management. In case Component 3 would finance any feasibility study for civil works, the Project will follow the World Bank Safeguards Guidelines Note for Technical Assistance. Particularly, relevant environmental and social issues would be taken into account in conducting any study in a manner that reflects the principles of the Bank safeguards, following the guidance provided by the Project's safeguards instruments.

57. The Project triggers OP 4.09 on Pest Management and OP/BP 4.11 on Physical Cultural Resources for precautionary purposes. Diverse construction works in informal settlements may require the preparation of pest management plans, particularly focused on cleaning up rat nests as part of the resettlement and/or the urban upgrade works. In addition, as the Project will involve significant demolition, construction and excavations and thus soil movements, there is potential for chance finds of physical cultural resources. The application of both policies is covered under the respective ESMFs.

G. Other Safeguard Policies

58. The Project triggers OP/BP 7.50 on Projects on International Waterways. The Project triggers OP/BP 7.50 since some of the activities described above in this PAD involve a river (Rio de la Plata) that flows through two or more states (Argentina and Uruguay). The Task Team has determined that the exception under the notification requirement to the riparian state applies to the Project since it falls within the exceptions provided for in paragraph 7(a) of OP 7.50. Consistent with this policy provision, the proposed works will not adversely change the quality or quantity of water in the Rio de la Plata. The proposed improvement of the water supply and sewerage network in Barrio 31 will not require any expansion of the existing trunk infrastructure operated by AySA for potable water treatment and distribution, and for collection and treatment of wastewater. The relevant memo to obtain approval for an exception on notification requirements was approved by the World Bank on November 7, 2016.



H. World Bank Grievance Redress

59. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Argentina

Metropolitan Buenos Aires Urban Transformation Project

Project Development Objectives

The Project Development Objectives are to improve housing conditions and access to selected basic services and infrastructure in selected disadvantaged neighborhoods in the Buenos Aires Metropolitan Area (AMBA), and strengthen the institutional capacity for urban management at the metropolitan level.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Number of people (of which females) provided with improved access to selected basic services.		Number	0.00	48190.00	Semi-annual	Project reports	UFOMC/DPOMFB
Percentage of females		Percentage	0.00	51.00	Semi-annual	Project reports	UFOMC/DPOMFB
Description: This indicator measures the number of people in disadvantaged neighborhoods that have been provided with access and/or improved access to at least one or more basic services under Components 1 and 2 of the Project, including water supply, sanitation, public lighting, paved roads, and electricity. The number of neighborhood residents provided with access to two or more basic services is only computed once.							
Name: Number of people (of which females) provided		Number	0.00	4200.00	Semi-annual	Project reports	UFOMC



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
with improved housing.							
Percentage of females		Percentage	0.00	51.00	Semi-annual	Project reports	UFOMC
Description: This indicator measures the number of people that have been assigned to new housing units in Barrio 31 in the YPF plot under Sub-component 1.2.							

Name: Metropolitan Information System (AMBA-DATA) developed and operational.		Text	No System	Operational for external use	Semi-annual	Project reports	UFOMC
Description: This indicator measures the success of the initiatives supported through Component 3, on strengthening the institutional capacities of CABA and PBA for metropolitan urban management. The baseline is set as “No System.” Intermediate targets were proposed to reflect the evolving development phases of AMBA-DATA, from the earlier diagnostic and definition of the general architecture and data model phase to the latter development of the architecture, functionalities and sustainability aspects of the system. AMBA-DATA is to be launched and operational initially for internal use. The system will be considered fully operational when made available for external users, at the end of the Project.							

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Direct project beneficiaries	✓	Number	0.00	48190.00	Semi-annual	Project reports	UFOMC/DPOMFB



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Female beneficiaries	✓	Percentage	0.00	51.00	Semi-annual	Project reports	UFOMC/DPOMFB
<p>Description: Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.</p>							
Name: Number of people provided with improved housing with property title.		Number	0.00	4200.00	Semi-annual	Project reports	UFOMC
<p>Description: This indicator measures the number of people in Barrio 31 that were assigned to new housing with a property title in the YPF plot under Sub-component 1.2.</p>							
Name: Percentage of women given the option to exercise their right to have a property title.		Percentage	0.00	100.00	Semi-annual	Project reports	UFOMC
<p>Description: This indicator measures the percentage of women assigned to the new housing units in the YPF plot under Sub-component 1.2 that were informed about their right and given the option to have a property title. The indicator does not measure the percentage of women with actual property titles because the right to titling will not be presented as an obligation, but rather as an option. An accessible redress system will be in place to receive and handle complaints and monitor cases. Unresolved cases will be deducted from this indicator.</p>							
Name: Number of people in urban areas provided with access to Improved Water	✓	Number	0.00	48190.00	Semi-annual	Project reports	UFOMC/DPOMFB



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Sources under the project							
<p>Description: This indicator measures the actual number of people in urban areas who benefited from improved water supply services that have been constructed under the project. Guidance on "improved water sources": Improved water sources include piped household connections (house or yard connections), public standpipe, boreholes, protected dug well, protected spring and rainwater collection. Hence, "Improved Water Sources" do not include, inter alia, water provided through tanker truck, or vendor, unprotected well, unprotected spring, surface water (river, pond, dam, lake, stream, irrigation channel), or bottled water. The definition of what is considered an 'improved water source' follows the UNICEF-WHO Joint Monitoring Program definition. Note that "Improved Water Sources" does not refer to the question of new versus rehabilitated water sources, but is the standard definition used to track progress on the Millennium Development Goals. Guidance on people with access: The data on the number of people provided with access can be estimated by TTLs by multiplying i) the actual number of piped connections with an estimate of the number of people per household connection; and/or ii) the actual number of community water points with an estimate of the number of people per community water point. The assumptions made regarding number of people per connection made should be carefully documented in the 'comments' section of the indicator when data is entered in the ISR. Guidance on urban classification: The classification should follow the official definition used in the country.</p>							
Name: Number of people in urban areas provided with access to Improved Sanitation under the project	✓	Number	0.00	48190.00	Annually	Project reports	UFOMC/DPOMFB
<p>Description: This indicator measures the actual number of people in urban areas who benefited from improved sanitation facilities that have been constructed under the project. Guidance on "Improved Sanitation Facilities": Improved sanitation facilities include flush/pour-flush into a piped sewer system, septic tank or pit latrine, VIP latrine, pit latrine with slab, composting toilet. Hence, "improved sanitation facilities" do not include, inter alia, flush/pour-flush toilets to elsewhere (i.e., not to a sewer network, septic tank or pit latrine), bucket, hanging toilet/latrine, public facility, a shared improved facility, or no facilities, bush or field (i.e. open defecation).The definition of what is considered an 'improved sanitation facility' follows the UNICEF-WHO Joint Monitoring Program definition. Note that "improved sanitation facilities" do not refer to the question of new versus rehabilitated sanitation facilities, but is the standard definition used to track progress on the Millennium Development Goals. Guidance on people with access: The data about the number of people with access can be estimated by TTLs by multiplying the actual number of improved sanitation facilities with an estimate of the number of people per household using the improved sanitation facility. The assumptions made regarding number of people per sanitation facility should be carefully documented in the 'comments' section of the indicator when data is entered in the ISR. Guidance on urban classification: The classification should follow the official definition used in the country.</p>							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Roads rehabilitated, Non-rural	✓	Kilometers	0.00	6.60	Semi-annual	Project reports	UFOMC/DPOMFB
<p>Description: Kilometers of all non-rural roads reopened to motorized traffic, rehabilitated, or upgraded under the project. Non-rural roads are roads functionally classified in various countries as Trunk or Primary, Secondary or Link roads, or sometimes Tertiary roads. Typically, non-rural roads connect urban centers/towns/settlements of more than 5,000 inhabitants to each other or to higher classes of road, market towns and urban centers. Urban roads are included in non-rural roads.</p>							
Name: Number of people in urban areas provided with access to electricity under the project by household connections	✓	Number	0.00	48190.00	Semi-annual	Project reports	UFOMC/DPOMFB
<p>Description: Access to electricity is consistent with the definition used in the World Bank energy sector. This indicator measures the number of people in urban areas that have received an electricity connection under the project via new connections aimed at connecting households. It is expected that the baseline value for this indicator will be zero. Guidance on people with electricity connection: The data on the number of people provided with electricity connections can be approximated by multiplying the actual number of household connections with an estimate of the average household size. Guidance on type of connection: In urban areas access will be provided through grid connections. A grid connection is when electricity is being supplied by a distribution network served by the country or region's interconnected transmission system. Guidance on urban classification: The classification should follow the official definition used in the country.</p>							
Name: Number of people in urban areas provided with improved storm water drainage		Number	0.00	48190.00	Semi-annual	Project reports	UFOMC/DPOMFB
<p>Description: This indicator measures the cumulative number of people in urban areas that were provided new drainage services in an area that has not had these services before, as well as with the upgrading, rehabilitation, and/or modernization of drainage services in an area with existing drainage services, constructed under the project.</p>							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Number of people in urban areas provided with access to public lighting		Number	0.00	46190.00	Semi-annual	Project reports	UFOMC/DPOMFB
Description: This indicator measures the cumulative number of people in urban areas that were provided new and/or improved public lighting infrastructure under the project. The target for this indicator is lower than for other services due to the estimated population of 2000 people already benefitting from this service.							
Name: Number of participatory sessions carried out related to the improvement of housing conditions under sub-component 1.2 of the Project.		Number	0.00	50.00	Semi-annual	Project reports	UFOMC
Description: This indicator measures the cumulative number of participatory sessions related to the resettlement process of the people that currently reside under the Illia Highway. The sessions will be carried out before, during and after the resettlement process. The government of CABA has various types of participatory sessions; according to the approach and methodology, these may be informative, consultative or decisive. On average, 20 people participate in each session, so a total of 1,000 people are expected to participate.							



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	YR6	End Target
Number of people (of which females) provided with improved access to selected basic services.	0.00	0.00	0.00	2900.00	44790.00	48190.00	48190.00	48190.00
Number of people (of which females) provided with improved housing.	0.00	0.00	0.00	1400.00	2800.00	4200.00	4200.00	4200.00
Metropolitan Information System (AMBA-DATA) developed and operational.	No System	No System	Under-Development	Operational for internal use	Operational for external use	Operational for external use	Operational for external use	Operational for external use
Percentage of females	0.00	0.00	0.00	51.00	51.00	51.00	51.00	51.00
Percentage of females	0.00	0.00	0.00	51.00	51.00	51.00	51.00	51.00

Intermediate Results Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	YR6	End Target
Direct project beneficiaries	0.00	0.00	0.00	2900.00	44790.00	48190.00	48190.00	48190.00
Number of people provided with improved housing with property title.	0.00	0.00	0.00	0.00	0.00	0.00	4200.00	4200.00



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	YR6	End Target
Percentage of women given the option to exercise their right to have a property title.	0.00	0.00	0.00	0.00	0.00	100.00	100.00	100.00
Number of people in urban areas provided with access to Improved Water Sources under the project	0.00	0.00	0.00	1400.00	44290.00	48190.00	48190.00	48190.00
Number of people in urban areas provided with access to Improved Sanitation under the project	0.00	0.00	0.00	1400.00	44290.00	48190.00	48190.00	48190.00
Roads rehabilitated, Non-rural	0.00	0.00	3.00	6.30	6.60	6.60	6.60	6.60
Number of people in urban areas provided with access to electricity under the project by household connections	0.00	0.00	0.00	1400.00	44290.00	48190.00	48190.00	48190.00
Number of people in urban areas provided with improved storm water drainage	0.00	0.00	0.00	1400.00	44290.00	48190.00	48190.00	48190.00
Number of people in urban areas provided with access to public lighting	0.00	0.00	0.00	2900.00	44790.00	46190.00	46190.00	46190.00
Number of participatory sessions carried out related to the improvement of housing conditions under sub-component 1.2 of the	0.00	15.00	40.00	50.00	50.00	50.00	50.00	50.00



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	YR6	End Target
Project.								
Female beneficiaries	0.00	0.00	51.00	51.00	51.00	51.00	51.00	51.00



ANNEX 1: DETAILED PROJECT DESCRIPTION

Argentina

Metropolitan Buenos Aires Urban Transformation Project

Challenges in Argentina's urban areas

1. **Argentinian cities can support a pathway to inclusive economic growth, yet number of challenges constrain their potential.** With half of the country's population and 64 percent of firms located in the five largest metropolitan regions, agglomeration economies present in urban areas represent substantial opportunities to improve the livelihood of urban residents, particularly the poorest and most vulnerable. However, Argentina has yet to fully reap the benefits of urbanization. Empirical evidence indicates that urbanization and GDP per capita have been less correlated in Argentina than in the rest of Latin America over the period 1960-2010²⁹. Economic transformation in terms of specialization or transition to higher value sectors does not seem to be accompanying the growth of Argentina's cities. Only 30 percent of urban jobs are in tradable sectors, which drive economic growth through higher productivity and wages. The cities' spatial development, on the other hand, displays a marked evolution, characterized by sprawling and fragmented development. At the current 3.5 percent average annual growth rate, Argentina's cities will double their built up area in 20 years. These patterns of spatial development hinder agglomeration economies and come at a high cost in terms of public service provision, employment accessibility, social inclusion, and environmental risk. Among the root causes of these growth patterns are limited coordination of urban policies and investments - both at the municipal and metropolitan level -, as well as lack of integrated housing policies, which are some of the drivers of urban shape. To fully exploit the advantages associated with its economies of agglomeration, Argentina needs to make key investments to promote sustainable, efficient, and inclusive urban development, as well as incentivize efficient metropolitan coordination and planning.

2. **The housing sector is at the heart of the challenges faced by urban areas.** Argentina, unlike other comparable countries in Latin America, has experienced an increase in the quantitative housing deficit - from 8 to 10 percent between 2001 and 2010, - in spite of the significant resources allocated to increasing the housing supply through public-assisted housing programs. As a result of the contraction of mortgage lending after the financial crisis of 2001/02, major barriers to housing finance have translated to only high-income populations having access to the formal housing market. Around 210,000 households are formed every year in the country, yet the formal market is only able to produce around 160,000 units annually; a situation that exacerbates the total housing deficit that affects around 21 percent of households. Access to adequate shelter is a challenge in cities, and affordability is a growing concern in the largest cities where wages have not kept pace with increasing housing prices. The largest increase in quantitative deficits have been observed in the Metropolitan Area of Buenos Aires (*Área Metropolitana de Buenos Aires*, AMBA) (See Annex 8 for a map of AMBA) and the next five largest agglomerations - from about 8 to 10 percent between 2001 and 2010 - which also have the highest deficits as a share of households across all cities in the country.

3. **As a result of the deficiencies in the housing sector, the number of people living in**

²⁹ Source: World Bank (2016) "Leveraging the Potential of Argentine Cities" World Bank Report.



disadvantaged settlements³⁰ continues to increase in urban areas exacerbating the gap in standards of living. About 18 percent of the population currently resides in informal and disadvantaged settlements³¹. The highest percentage of informal housing is found in the poor regions of the Northeast and Northwest (ranging from 20 to 25 percent of households in 2010), followed by AMBA (18 percent of households).³² Considering the size of AMBA's population, the challenge of informal housing is particularly severe there. As elsewhere in Latin America, the socio economic situation in disadvantaged neighborhoods reflects growing inequality within cities in terms of access to basic infrastructure and services. In 2010, 1 in 4 households in informal settlements lacked access to the water network and 1 in 2 households lacked access to both water and sanitation networks. The likelihood of not having waste collection services is 5 times higher for residents in disadvantaged neighborhoods and 40 percent of households that are three blocks away or less from an open dumpsite. The economic cost from environmental health problems normally present in disadvantaged neighborhoods, including those associated with pollution, noise, inadequate water supply, and sanitation and hygiene are equivalent to about 3 to 4 percent of the country's GDP. While the GoA has made notable efforts to address this challenge, such as the Neighborhood Improvement Program (*Programa de Mejoramiento de Barrios*, PROMEBA) supported by the Inter-American Development Bank since 1997 to improve the quality of life of people living in informal settlements through upgrading initiatives and land titling, much remains to be done.

4. **Social and economic indicators in disadvantaged neighborhoods are far worse than those in the rest of Buenos Aires.** Job insecurity (informal and marginal employment) in informal settlements reaches 76 percent, in contrast with 40 percent in CABA. Food insecurity affects around 30 percent of the population in informal settlements compared to 0.9 percent in the City. Infant mortality is estimated to be 25% higher than the national average. Violent death of teenagers is three times the national average and the incidence of tuberculosis is four times the national average. Households living precarious urban settlements lack social and community services, including health care, day care for children, green areas, schools and sports and community centers. In these conditions, the efforts of the authorities to reduce school drop-outs, youth crime, unemployment and drug abuse are severely limited. Only one third of adults aged 25 or more living in disadvantaged neighborhoods has completed high school, compared to three quarters nationally. This lack of access to services reinforces the vicious cycle of poverty and inequality, leads to social divisions, and prevents households to be fully included in the formal economy. See Annex 6 for further details on the social assessment for the identified neighborhoods.

Barrio 31, City of Buenos Aires

5. **Barrio 31³³, one of the most emblematic and largest informal settlements in Argentina, will be a target of the proposed project.** The settlement, 32 hectares in size, occupies a very strategic area in the heart of the City of Buenos Aires, close to the Retiro train terminal, the port and the wealthy neighborhoods of Retiro and Recoleta, with access to employment centers. Established in 1932 with the

³⁰ Including squatter settlements (or villas), informal urban developments, precarious peri-urban settlements and deteriorated housing complexes.

³¹ Estimated based on Census data from 2010 only as either housing that lacks security of tenure or housing that has inadequate access to water and sanitation.

³² Source: World Bank 2016.

³³ "Barrio 31" refers to the informal settlements (*villa*) known as Villa 31 and Villa 31 bis. In order to reflect the Project's objective of integrating the neighborhood and removing the social stigma associated with the term "Villa" this document will use instead the term "Barrio" - which translates into "neighborhood."



arrival and settlement of European immigrants working in the nearby port and railways, Barrio 31 continued to grow in the following decades. A number of forced eviction efforts by political powers, particularly during the military rule, were unsuccessful. A push for resettlement of the Barrio was especially strong at the end of the 1970s, when it is estimated that the population was reduced from around 25,000 in 1976 to less than 1,000 in 1980. Upon the return of democracy in 1983, the settlement's population began to grow rapidly again. Population growth has been accompanied by a change in expansion patterns, with the construction of multi-story buildings creating vertical growth. In absence of proper sanitation or potable water services, the densification has led to serious overcrowding and environmental threats. Today, it is estimated that around 43,000 residents live in more than 8,500 households.

6. **Despite its prime location, the residents of Barrio 31 have precarious living conditions and are highly vulnerable.** In 2010, the Unmet Basic Needs index reached 32 percent compared to 6 percent at CABA level³⁴. One third of the youth population consumes drugs and one quarter neither works nor studies. Only 60 percent of people over the age of 25 completed secondary school, compared to 75 percent in CABA. The Barrio also performs poorly on housing and public space indicators. At 7 square meters, the living space per capita in the settlement is significantly below the minimum standard of 16 square meters defined in CABA; and public space is almost inexistent with 0.3 square meters per person. Almost 20 percent of the houses have a metal roof and 40 percent have cement or brick floors – compared to only 4 percent in CABA. About 93 percent of the households have access to water, though only 80 percent have it inside the house. Less than 20 percent of the households are connected to the electricity network, compared to almost full coverage in the rest of the city. About 79 of the households are connected through extensions from a neighbor unit, resulting in highly unsafe conditions. While connection to the gas network is very common throughout CABA, only 1 percent of the houses in the Barrio have access. Most of the local population concerns are related to housing conditions; mainly sanitary risks (e.g. sewage overflows, rats, lack of bathroom, poor ventilation), poor accessibility, irrecoverable housing conditions and risk of housing collapse. There is indeed a predominance of diseases related to poor housing and habitat conditions, including allergies, asthma and dermatitis. Economic activity is highly dynamic albeit predominantly informal: some 900 businesses exist in the area and the high number of transactions in the real estate market (both for sales and rentals) reflects the high housing demand in the area, which is centrally located and close to employment centers. The percentage of unregistered working people is 51 percent compared to 26 in CABA. See Annex 6 for further details on the social assessment for Barrio 31.

7. **The Government of CABA has developed a Comprehensive Action Plan (*Plan de Acción Integral 2016-2019*) for the transformation of Barrio 31.** The plan aims at better integrating the settlement into the city's urban fabric and improving the living conditions of its residents. For this purpose, the government is planning interventions to enhance access to basic infrastructure and social services, stimulate economic development in the neighborhood, and improving the physical integration of the settlement with its surrounding neighborhood (see Annex 1 for a description of the planned activities). The total cost of the plan is estimated to be US\$ 463 million, to be implemented from 2016 to 2019. This proposed operation will support the implementation of the plan, as described in the following sections.

³⁴ *Necesidades Básicas Insatisfechas* (NBI) is an index used by the GoA to measure access to living conditions, based on census information on housing conditions and access to basic infrastructure and services.



8. **The GoA has announced a strategy aimed at improving the living conditions in urban areas.** On April 2016, the GoA introduced the country's new housing policy under the Comprehensive Plan for Housing and Habitat (*Plan Integral de Vivienda y Hábitat*) to address both the flow and stock issues affecting the housing sector. The new plan aims at improving the living conditions in existing precarious urban settlements, while at the same time advancing policies to prevent the formation of new informal settlements and the expansion of existing ones, by gradually increasing access to affordable formal housing. This two-pronged approach will, in the long term, address the unmet demand for affordable housing that causes formation of informal and disadvantaged neighborhoods (*the flow*), while in the short term it will tackle the needs of those currently living in these settlements (*the stock*). The National Plan's investments for 2016-2019 include habitat improvement initiatives, including the urbanization of 280 informal settlements and cross-sectorial interventions in 225 vulnerable areas.

9. **The proposed Project will support the GoA's current efforts geared toward improving the living conditions in informal and disadvantaged settlements.** The Project aims to integrate disadvantaged neighborhoods to their surrounding urban environment and contribute to the urban transformation of the territory. To contribute to these objectives, the proposed loan will finance interventions in housing and basic urban infrastructure. The Project will also contribute to strengthening metropolitan coordination mechanisms to improve the coordination of policies and programs in urban development at the metropolitan level. This Annex presents a detailed description of the Project components.

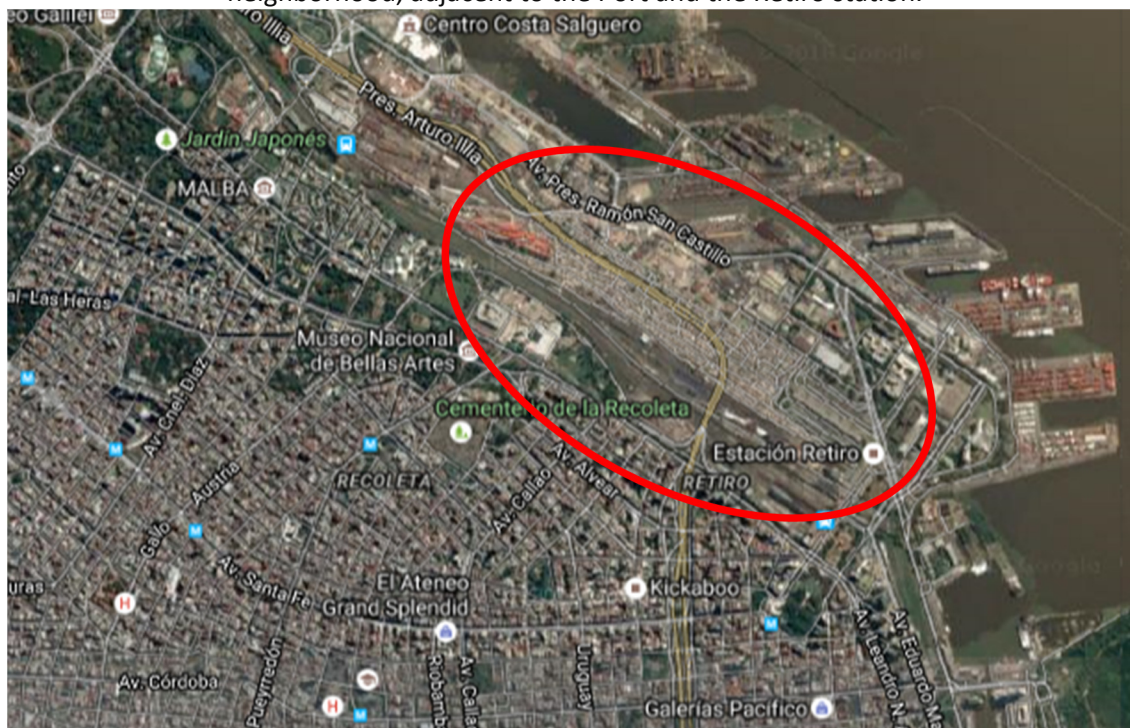
Component 1: Urban and social integration of Barrio 31 in CABA (Estimated cost: US\$ 194.6 million, of which US\$ 159.6 million IBRD financing)

10. **The urban renewal of Barrio 31 is a top priority for the City of Buenos Aires' administration.** In December 2009, the city Parliament approved a law aimed at upgrading this settlement, and the previous and current CABA governments have made it a key commitment to develop a comprehensive plan to integrate Barrio 31 with the rest of the City. His administration recently constituted the Secretariat of Social and Urban Integration (SECISYU) to design and lead the implementation of the city's *Plan de Acción Integral 2016-2019* for Barrio 31 (Comprehensive Action Plan). See Image A1-1 for the location of Barrio 31 within the City of Buenos Aires.

Image A1-1. Area of intervention, Barrio 31. The red circle illustrates the location of the



neighborhood, adjacent to the Port and the Retiro station.



11. **The Comprehensive Action Plan for Barrio 31 is an integrated urban intervention plan that seeks to improve the living condition of the residents.** The Plan includes interventions to improve access to basic infrastructure and social services within the neighborhood, improve housing conditions, develop new public spaces, improve the connectivity between the Barrio and the rest of the city, and support local economic development. This intervention will serve as a demonstration project with potential replicability in other densely populated disadvantaged neighborhoods. This section will provide a description of all the activities proposed under the Comprehensive Action Plan and those supported under this Project. Table A1-1 below presents the proposed activities of the Comprehensive Action Plan, highlighting those that will be financed by this Project. Annex 7 shows the location of the proposed activities.

12. **This Project will support the first two sets of activities under the Comprehensive Action Plan:** (i) Infrastructure improvement in Barrio 31, and (ii) Housing construction and resettlement. The improvement of basic infrastructure will complete and upgrade the existing infrastructure, bringing the level of access to basic services in Barrio 31 at par with the rest of the city. It is supported by the Project under Subcomponent 1.1 described below. The improvement of housing conditions will involve the development of a plot of land ("YPF plot") adjacent to Barrio 31, and the construction of around 1,200 new housing units. This activity will be supported by the Project under Subcomponent 1.2. The selected activities supported by the Project under Subcomponent 1.1 and Subcomponent 1.2 are independent from the other activities under the CABA's Comprehensive Action Plan. The execution of the Project activities, and the achievement of their development objective is not conditioned by the completion of other activities.



Table A1-1. 2016-2019 Comprehensive Action Plan for Barrio 31, and Project activities under Component 1.

Note: The activities in the shaded cells are financed by the Project.

Subcomponent	Activities	Cost (Million USD)	Bank financing (Million USD)	CABA financing (Million USD)
Subcomponent 1.1 - Improvement of basic infrastructure	Completion of basic infrastructure – Phase 1 for situation of urgent need	6.6	0	6.6
	Completion of basic infrastructure – Phase 2	16.6	15.8	0.8
	Improvement of existing infrastructure	10.29	9.8	0.49
	Electricity	9.35	8.9	0.45
Subtotal		42.84	34.5	8.34
Subcomponent 1.2 - Improvement of housing conditions	Purchase of YPF land plot for construction of new housing	9	0	9
	YPF land plot infrastructure	9.66	9.2	0.46
	Electricity	5.9	5.9	0
	Environmental remediation of YPF land plot	2	0	2
	Construction of around 1,200 new housing units on YPF land plot	108.2	103	5.2
	Social management and logistics of the resettlement and improvement of public space below Illia highway	7	7	0
	Financial assistance under the Resettlement Plan	10	0	10
Subtotal		151.76	125.1	26.66
Total – Component 1		194.6	159.6	35

Table A1-2. Other activities included in the 2016-2019 Comprehensive Action Plan for Barrio 31,



but not financed by the Project

Focus Area	Activities	Cost (Million USD)
Public space	Public space below Illia highway	3.5
	Minor public space	7.3
Housing improvement	Improvement of existing housing	88.9
Connectivity	"Integrative urban node" - linear park and green transportation corridor, including bypass of the Illia highway	120
	Electric public transportation	2
Social infrastructure	Ministry of Education	44
	Renovation of Community Center (Casa Común)	1.3
	Social services (healthcare clinic CeSAC)	1.2
	Preschool	1.6
	Maintenance Plan	14.9
Commercial development	Commercial fair and promenade	5
	Other small buildings (CEDEL, Casa Pueblo)	15

Sub-component 1.1 – Improvement of basic infrastructure (Estimated cost: us\$ 42.84 million, of which US\$ 34.5 million IBRD financing).

13. **The objective of this sub-component is to improve the basic infrastructure at the neighborhood level.** This activity would involve investments in basic infrastructure throughout the neighborhood to improve access to water supply, sanitation, storm water drainage, public lighting, paved roads, and electricity. The Bank will finance around 91 percent of the total investment in basic infrastructure identified under the City's program. Although there has been prior investments in basic infrastructure in Barrio 31 – from the National and City Government as well as community organizations - these investments have been piecemeal and have not resulted in a comprehensive and sustainable improvement in access to basic services at the neighborhood level. The proposed investments under this component would complete and upgrade the existing infrastructure, allowing all residents of Barrio 31 to have access to basic services.

14. This sub-component will involve carrying out of technical designs and investments in basic infrastructure within Barrio 31 to improve access to water supply, sanitation, storm water drainage, public lighting, paved roads and electricity, through, inter alia, the completion and the improvement of existing basic infrastructure networks.

15. The SECISYU is in the process of gathering information on the current situation in terms of access to basic services in Barrio 31 through a baseline study. The baseline study will be completed during the initial phase of Project implementation and will feed into the Project's monitoring and evaluation framework. Preliminary results of this study point to the current situation in terms of access to basic services in Barrio 31 and potential improvement through the activities financed under this subcomponent: (i) Water supply: more than 80 percent of households have an informal connection to water supply inside



their homes, while other residents use public sources or neighbors' connection for their water needs. Across the neighborhood, the quality of the service is poor, characterized by low pressure and frequent interruptions of service. All households would benefit from an improved service through the proposed investments, through improved individual connections, and system wide improvements in pressure and continuity of service; (ii) Sewerage and drainage: Households currently use either septic tanks or sewer connections to a unitary (storm water and sewer) collection system with insufficient capacity, which causes frequent overflow of mixed storm water and sewerage into the neighborhood. Through the Project, households will be provided with a connection to a separate sewerage system, and the neighborhood-level storm water drainage system will be improved to prevent overflows;³⁵ (iii) Electricity: Less than 20 percent of households have a formal connection to electricity, but 79 percent have access to energy by means of a neighbor's connection, from a lamp post, or through other informal means – with the City paying bulk consumption to EDENOR and EDESUR. Additionally, the neighborhood-level distribution networks are overloaded, causing frequently interruption of services; (iv) Street pavement: while most streets and pathways in the neighborhood have been paved through public, community-level or private investments, the quality of paving is uneven and paved surfaces deteriorate rapidly due to low technical standard. Street paving under the Project would follow uniform technical standards for improved durability of the paved surfaces.

16. The government has recently started the completion of basic infrastructure to cover situations of urgent needs in a selected area of the neighborhood (with a total estimated cost of US\$ 6.6 million included as counterpart financing). Specific interventions to be financed by the World Bank include: (i) completion of basic infrastructure networks including water supply, sewerage, storm water drains, road paving and public lighting in Barrio 31 (US\$ 15.8 million), (ii) improvement of existing basic infrastructure network (US\$ 9.8 million), and (iii) improvement of the electricity network (US\$ 8.9 million). The design and execution of these investments is coordinated with the relevant service providers including AySA (water supply and sewerage), EDENOR and EDESUR (electricity) in order to ensure (i) the compliance of technical designs with the norms and standards used by the service providers, (ii) the timely transfer of responsibility for operations and maintenance, and (iii) the implementation of social and commercial strategies that will ensure the sustainability of service provision.

Sub-component 1.2 – Improvement of housing conditions (Estimated cost: US\$ 151.76 million, of which US\$ 125.1 million IBRD financing).

17. **The objective of this sub-component is to improve the housing conditions of the residents of Barrio 31 living under the Illia highway and of those families living in conditions of high vulnerability or who need to be relocated as part of the infrastructure projects.** It responds to three dimensions of housing deficit existent thought the Barrio: 1) quantitative housing deficit due to overcrowding conditions in units; 2) precarious location of units (i.e. presence of air pollution, excessive noise and poor floor conditions); and 3) qualitative housing deficit due precariously-built units. Though poor housing conditions are common throughout the Barrio, the population living under the highway is especially vulnerable since it is not structurally feasible to repair most of the houses. This intervention seeks to

³⁵ Due to the neighborhood's morphology, most existing connections to the drainage network and/or septic tanks are street facing. The proposed investments in sewerage would therefore provide residents with a connection to the new sewerage network with minimum investments required in the private domain. In addition, the Government's comprehensive action plan includes a program to support housing improvement, including improvements to in house sewerage installation.



provide housing units whose building materials and techniques result in durable structures that provide adequate and safe spaces, are integrated with the community, provide adequate ventilation and illumination, facilitate access to opportunities, and are synced with other education, employment, culture and health interventions contemplated in the wider comprehensive plan. The law for the urbanization of the Barrio³⁶ mandates that any households that need to be resettled, will be provided with a housing solution within the perimeter of the Barrio.

18. Sub-component 1.2 will involve the carrying out of the following activities in the next sequencing: (i) carrying out of a plan to identify selected public spaces in the area located under the Illia Highway; (ii) based on the plan mentioned in (i) herein, carrying out of technical designs and the related construction of approximately one thousand two hundred new housing units on a plot of land adjacent to Barrio 31; (iii) carrying out of selected infrastructure development investments to improve access to, inter alia, water supply, sewerage, storm water drains, paved roads, public lighting, electricity and gas, in the plot of land mentioned in (ii) herein; (iv) based on the construction of the houses mentioned in (ii) herein, carrying out the relocation of around one thousand one hundred households living under a section of the Illia Highway that crosses Barrio 31 and/or around the Illia Highway, to the housing units mentioned in (ii) herein, in accordance with the relocation criteria set forth in the RPF; (v) carrying out of technical designs of the selected public spaces mentioned in (i) herein, and thereafter carrying out of selected works to develop said new public spaces in the area located under the Illia Highway; and (vi) if applicable, provision of land and compensation in connection with resettlement in (ii), (iii), (iv) and (v) above. The YPF lot is a plot of land that the CABA government is in the process of purchasing from the publicly owned company Yacimientos Petrolíferos Fiscales (YPF) for the purpose of new housing construction for the families to be resettled. See Image A1-2 for the location of the construction of new housing and housing units under the Illia highway that will be relocated.

19. The construction of the new housing units seeks to reduce the risks associated with vulnerability and unsanitary conditions experienced by the Barrio's residents. Most of the new housing units will be assigned to families relocated from the houses built under the Illia highway that runs across the neighborhood (850 linear meters in distance). The assignment of the houses will be part of the resettlement process and the specific mechanisms for their allocation will be defined in the Resettlement Plans to be prepared following the Resettlement Policy Framework which has been prepared by CABA and approved by the Bank. The families will be resettled in the YPF land plot between Avenida Ramón Castillo and Calle 9. The occupants of the relocated housing units will be provided with a range of housing options based on their current status of occupation. The housing options offered would include ownership or rental of a new housing unit in the YPF lot, as well as assistance in the purchase of a new formal housing unit, and rental subsidy to support access to formal housing in alternative locations.³⁷ Possible options in terms of assignment mechanisms have been defined in the ESMF prepared by CABA, and will be defined further as part of the Resettlement Plan which CABA will prepare with support from the Bank. New houses will be assigned with "possession certificates". The titling process usually takes more than a year after the assignment of the house to the beneficiaries. Therefore, titling would not be simultaneous with the assignment of the houses. Both the assignment and the titling process will be monitored as part of the

³⁶ Law 3343 of 2009.

³⁷ The options offered to the residents to be relocated will detailed in the Resettlement Plan to be prepared during Project implementation in accordance with the Resettlement Planning Framework developed by CABA and the Bank's Operational Policy on Involuntary Resettlement (OP 4.12)



Project's results framework.

Image A1-2. Location of construction of new housing



The shade areas denote: 1) the housing units currently located under the Illia highway that will be relocated; and 2) the YPF land plot where the new housing units will be built.

20. The units under the highway will be relocated to open room for public space interventions considered in the city's wider Comprehensive Action Plan. The remaining new housing units would be assigned to other families from the neighborhood living in conditions of high vulnerability, and families who would need to be relocated as part of the infrastructure works.

Other activities under the Comprehensive Action Plan

21. The other activities included under CABA's Comprehensive Action Plan for Barrio 31 include (i) development of new public spaces, (ii) improvement of the existing housing stock in Barrio 31, (iii) improvements in connectivity, (iv) improvement of social infrastructure, and (v) support to local economic development.

22. **Public spaces.** The resettlement under the Illia highway will create space for the development of public space, thus allowing to compensate for the current low level of public spaces within Barrio 31. Subcomponent 1.2 will support the development of a plan to identify selected public spaces in the area located under the Illia Highway. The Comprehensive Action Plan also includes the development of other minor public spaces within and around the neighborhood. The public space improvement plan includes interventions in 26 public spaces destined for recreation purposes, including plazas and sports fields. Investments will also be made in improving transportation and traffic circulation inside the Barrio and improving access points into the neighborhood.



23. **Existing housing stock.** The plan includes a program aimed at supporting incremental improvement of the housing stock within Barrio 31. The intervention will make improvements in 6,902 housing units. It will be executed through a participatory process involving cooperatives, residents and final users, for example, through training in construction. CABA is currently working on a pilot intervention in a selected block located in the center of Barrio 31. Under this pilot, residents will be provided with a menu of modular options to improve their house, including modular kitchen and bathroom units, improved external staircases, and upgrading of the facades (refer to Image A1-3 below).



Image A1-3. Proposed modular improvements to the existing housing stock (current situation and concept rendering after intervention)

24. **Connectivity.** This intervention denominated “Integrative urban node” (*nodo urbano integrator*) would transform the function of the portion of the Illia highway that runs over Barrio 31 and convert it into a linear park and green mobility corridor. This will involve the construction of a bypass for the 1.3 km section of the highway Illia that currently runs through the neighborhood³⁸. Once the bypass is completed, the current section of the highway will be converted into a green space and completed with additional connective infrastructure to offer a green mobility corridor connecting Barrio 31 with the rest of the city through pedestrian and bicycle infrastructure, as well as a potential public transit corridor. See Image A1-4 for the proposed location of the bypass and proposed green space.

³⁸ The carrying out of this activity is independent from the proposed resettlement of the houses and small business currently located under the Illia Highway. Along with the other activities under CABA’s comprehensive action plan which are supported under this Project, this activity was determined not to be an Associated Activity as defined under the Bank’s Operational Policy 4.12 on involuntary resettlement.



Image A1-4. Proposed construction of a bypass of the Illia Highway outside Barrio 31 and proposed green space over the existing highway within the neighborhood.

25. **Improvement of social infrastructure.** A Civic Center is planned to be constructed under the Illia highway, and will include a healthcare clinic (*Centro de Salud y Atención Primaria CeSAC*,) and an education center (Image A1-5 shows the proposed structure of the Civic Center). The new headquarters of the Ministry of Education “María Elena Walsh” will also be transferred to a plot of land adjacent to Barrio 31. The new location of the Ministry will encourage a greater integration with the city as a larger number of non-residents will visit the Barrio looking for government services. In addition to these construction works, the Action Plan also incorporates a social services and amenities element, which consists of providing assistance to spontaneous demands made by the Barrio’s residents, emergency assistance services and a human rights promotion campaigns.

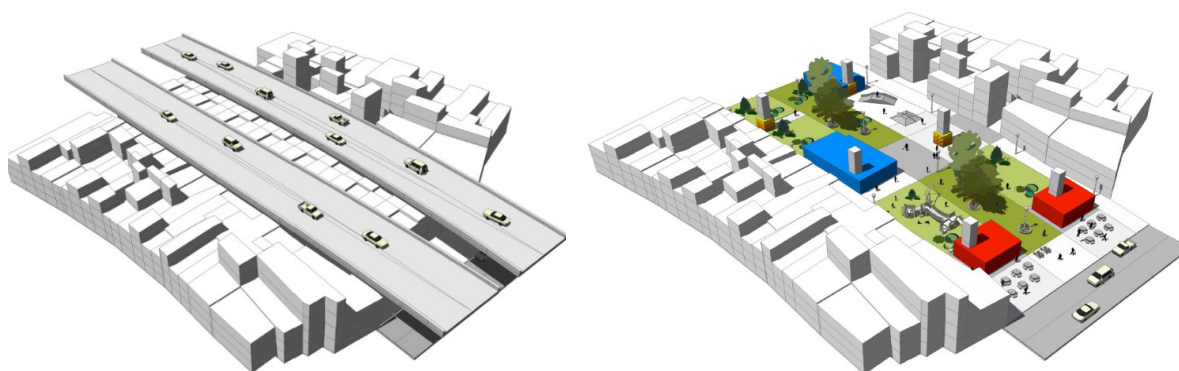


Image A1-5. Proposed re-use of the space under the Illia Highway for public buildings and parks

26. **Local economic development.** These activities will include the creation of an Employment and Entrepreneurship Development Center (*Centro de Desarrollo Empresarial y Laboral, CedEL*) and improvements in existing spaces used for commercial activity. The CedEL will provide training and business support services to local businesses, as well as one-stop-shop to facilitate the formalization of the 900 businesses currently operating in Barrio 31. Services offered by the center are intended to benefit the Barrio’s 14,000 workers and 3,500 entrepreneurs. To maximize the potential of existing commercial activity within the Barrio, the component will also support the revitalization of the Barrio’s main commercial street (paseo comercial) and the Retiro Fair (*Feria de Retiro*), or open market. This includes the enhancement and formalization of 300 commercial stands, and the improvement of 150 businesses.



Component 2: Habitat improvement of disadvantaged neighborhoods in Greater Buenos Aires (US\$ 36.3 million, of which \$29 million IBRD loan).

27. The housing situation in the Province of Buenos Aires has worsened significantly in recent years. The 2010 census showed that 16.6 percent lived in precarious conditions. Although the housing deficit (25.9 percent, 1.2 million homes) is slightly below the national deficit (28 percent), 37 percent of the latter is concentrated in the province, and 71.6 percent of 1.2 million homes with deficit are located in the 24 municipalities of the Gran Buenos Aires. According to the latest information from the Province's Public Registry of Villas and Precarious Settlements (*Registro Público Provincial de Villas y Asentamientos Precarios*, RPPVAP), 1,579 informal and disadvantaged neighborhoods are located in its territory.

28. The objective of Component 2, to be executed by the Government of the Province of Buenos Aires, is to improve the living conditions of selected disadvantaged neighborhoods located in municipalities of the PBA within AMBA. The PBA has identified dilapidated housing complexes built in the 1970s-1980s as the area of focus of this component. The neighborhood-level interventions may include two type of investments: (i) no-regret investments, including "soft" activities such as social and violence prevention programs, and small works for the improvement of public spaces and accessibility; and (ii) self-sustained investments, identified as part of a longer-term neighborhood rehabilitation strategy, that would not be conditioned to the implementation of other unfunded activities, such as housing improvements, property formalization, construction of public buildings, and provision of basic infrastructure.

29. Accordingly, this component will involve: (i) carrying out of diagnostic studies and the preparation of related investment plans for selected disadvantaged neighborhoods located in Greater Buenos Aires; and (ii) carrying out of the investments mentioned in (i) above, including, inter alia: (a) the carrying out of housing improvements and related land titling formalization, and construction of public buildings; (b) the carrying out of investments in basic infrastructure; (c) the carrying out of small works for the improvement of public spaces and accessibility; (d) the provision of social and violence prevention programs; and (iii) if applicable, provision of land and compensation in connection with resettlement in (ii) above.

30. The PBA has initially identified the Carlos Gardel Barrio, located in the Municipality of Morón (See Image A1-6 for the location of the neighborhood), as a potential intervention site. The main issues experienced by the residents of Carlos Gardel are: inadequate and hazardous housing conditions (e.g. gas leaks, mold, poor air ventilation, overcrowding), lack of basic urban infrastructure, poor mobility within the Barrio (especially for people with physical disabilities), crime and insecurity, gender violence, uncertainty in property titles, weak integration with their surrounding environment, and stigmatization from outsiders. However, more precise information is needed on the needs and opportunities of this neighborhood to define a comprehensive strategy and specific interventions.

31. The PBA has initiated the preparation of a comprehensive action plan for the site, including the identification of the required diagnostic studies to define the specific interventions in the Barrio Carlos Gardel. These studies include: (i) data collection on the population and economic activities in the neighborhood; (ii) analysis of the legal situation of the properties (based on information gathered from Provincial registries and Municipal cadaster; (iii) comprehensive diagnostic, including a technical



diagnostic of the neighborhood's infrastructure and buildings, an urban diagnostic of the neighborhood and its surroundings, and an economic and fiscal analysis; (iv) general principles of the comprehensive intervention program; and (v) intervention master plan, including an assessment of the intervention scenarios, their programming, budget and financial plan.



Image A1-6. Map of Barrio Carlos Gardel

Component 3: Strengthening institutional capacities for metropolitan urban management (Estimated cost: US\$ 3 million, of which US\$ 3 million IBRD financing).

32. **A key challenge in AMBA is the lack of effective coordination and planning at the metropolitan level.** While metropolitan coordination and planning are challenges for most large cities around the country, the magnitude of the challenge is especially relevant in AMBA given its size and degree of institutional fragmentation, which comprises the National Government, the Government of the Province of Buenos Aires (PBA), the government of CABA, and the surrounding municipalities (*partidos*) within the PBA. Historically, AMBA has shown limited progress in the establishment of metropolitan coordination entities. Only a few specific sectoral institutions have been created in order to foster inter-jurisdictional coordination, for instance, the management of metropolitan transit (*Autoridad Metropolitana de Tránsito*) and the environmental management in the Matanza Riachuelo river basin (*Autoridad de Cuenca Matanza Riachuelo*). More recently, the governments of CABA and PBA have committed to improve the metropolitan coordination of policies and programs through the establishment of a Metropolitan Cabinet (*Gabinete Metropolitano*) in December 2015. Since its inauguration, it has been holding regular meetings to identify and follow up on priority areas of common interest for collaboration, which include, for example, the extension of the CABA's Emergency Medical Services (SAME) to the rest of the metropolitan area, and the development of metropolitan bus lines. This metropolitan initiative presents a unique opportunity to institutionalize a coordination mechanism that can help develop integrated policies and systems for urban development and housing, with the potential of improving the sustainability and



livability of AMBA.

33. This component would be executed by the government of CABA and in close coordination with PBA. The coordination mechanism would be a “working group” under the broader Metropolitan Cabinet, which has been constituted at the initiative of the Governor of PBA and the Mayor of CABA. The Metropolitan Cabinet holds regular joint meetings of the Cabinets of the CABA and PBA. For specific thematic area in which metropolitan coordination should be fostered, the Metropolitan Cabinet decides the setting up of working groups composed of the relevant ministers from PBA and CABA, supported by a Technical Secretariat.

34. The key activity to be supported is the development of a metropolitan information system (referred to as AMBA-DATA), which is a platform for collecting, sharing and publishing data relevant to urban planning and service delivery at the metropolitan level. It is meant not only to support policy and decision-making, but also to serve as an open tool for citizens’ use. The development of AMBA-DATA will build on the Bank’s recent experience in supporting the development of spatial information platforms for improved urban and metropolitan management in cities such as Bogota, in Colombia, and Rio de Janeiro and Fortaleza, in Brazil. A second focus area refers to the identification and development of financing instruments and mechanisms for investments at metropolitan level. Finally, the Component will provide technical assistance and capacity building to support the development of the joint PBA and CABA’s agenda for institutional coordination at the metropolitan level.

35. Activities under this component may include, *inter alia*: (i) technical assistance and equipment for the development of the AMBA-DATA information system; (ii) technical assistance to conduct studies and/or feasibility analysis to help identify and design financing instruments for investments at the metropolitan level; (iii) training, workshops and study tours for officials from both jurisdictions to improve their understanding of existing institutional models – national and international – and to strengthen their institutional capacity for metropolitan coordination and management; and ; (iv) other technical assistance, as applicable, to support the development of the joint agenda of PBA and CABA on urban metropolitan coordination and management themes.

36. The Inter-American Development Bank (IADB) is also supporting metropolitan coordination in AMBA through the Second Metropolitan Areas Development Program (approved on October 26, 2016). Project activities under component 3 will be closely coordinated with the IADB.

Component 4: Project Management and Monitoring – CABA (Estimated Cost: US\$ 7 million, of which US\$ 7 million IBRD financing);

Component 5: Project Management and Monitoring – PBA (Estimated cost: US\$ 1.12 million, of which US\$ 0.9 million IBRD financing).

37. Project management activities are divided into Components 4 and 5 to identify the work performed by each of the two Project executing agencies in CABA and PBA. These components will support the management, coordination and evaluation of the two Project Implementations Units, which will be set up under SECISYU for CABA interventions and the Sub-secretariat of Finance for PBA interventions. Expenses include Project audits, outreach campaigns to disseminate the Project, monitoring and evaluation (mid-term and impact evaluation surveys), capacity strengthening, technical



assistance for procurement, safeguards, and financial management requirements, and other operational costs. Other activities financed under these components are will include data collection at the beginning and end of project, definition of baselines that will allow periodic monitoring and evaluation of the Project's results.

38. Specifically for Component 4, the Project may finance technical assistance to CABA, including support for: (i) the development of an impact evaluation for the Barrio 31 intervention; (ii) the development of strategies for managing the transition of technical and commercial operation and maintenance of the infrastructure built under the Project from CABA to the respective utilities (AySA, EDENOR, EDESUR); and (iii) the development of strategies for Land Value Capture (LVC) in CABA.



ANNEX 2: IMPLEMENTATION ARRANGEMENTS

COUNTRY : Argentina

Metropolitan Buenos Aires Urban Transformation Project

Project Institutional and Implementation Arrangements

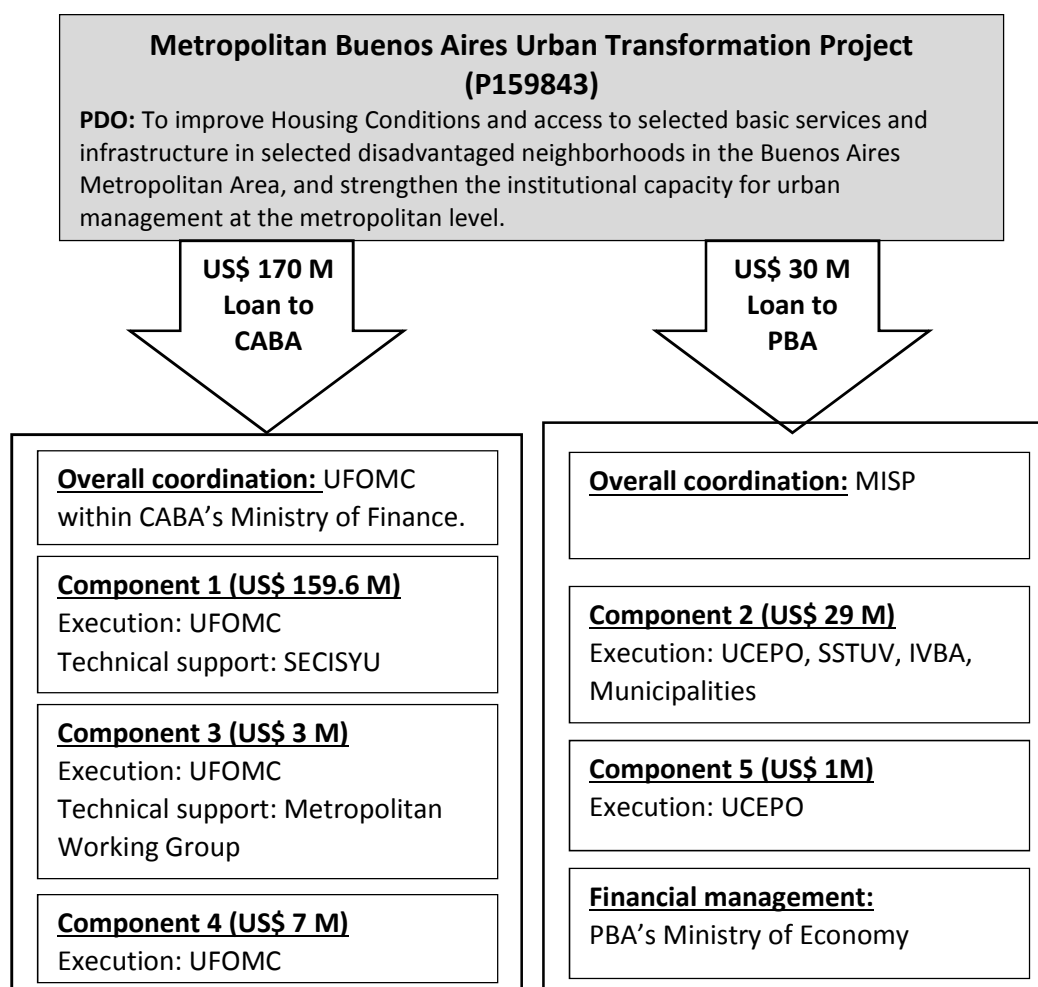
1. The Project is structured as two direct loans to CABA and PBA respectively. CABA and PBA will be the borrowers, under a Guarantee Agreement with the GoA for each loan. Two separate World Bank-financed loans will be issued to CABA and PBA, in the amount of US\$ 170 million and US\$ 30 million, respectively. The loan to CABA will finance the activities under Component 1 – Urban and social integration of Barrio 31, Component 3 – Strengthening institutional capacities for metropolitan management, and Component 4 – Project management and monitoring for CABA. The loan to PBA will finance the activities under Component 2 – Habitat improvement of disadvantaged neighborhoods in Greater Buenos Aires, and Component 5 – Project management and monitoring for PBA. All these activities will contribute jointly to the achievement of the Project Development Objectives, however, the CABA and PBA will be independently responsible for the execution of the activities under their respective components. Figure A2-1 presents the overall Project implementation arrangements.
2. The implementing agency in CABA will be the Ministry of Finance (MoF). A Project Implementation Unit (PIU) will be created in the MoF, within its Unit for Multilateral Financing (*Unidad de Financiamiento con Organismos Multilaterales de Crédito*, UFOMC). The PIU will be responsible for overall coordination of the activities executed by CABA under Component 1, Component 3, and Component 4 of this Project. Similar to the previous Bank-financed operations executed by CABA³⁹, the PIU will be responsible for the Project's financial management, reporting, monitoring and evaluation, and will ensure compliance with the Bank's policies.
3. MoF will be responsible for the procurement, contracting and payment of all activities under Component 1, Component 3, and Component 4. It will coordinate with the relevant technical support agencies within CABA including the SECISYU, which will provide technical support to the implementation of Component 1 of the Project, and the Metropolitan Working Group on Urban Development (*Mesa de trabajo*), which will provide technical support to the implementation of Component 2 of the Project. Specifically, SECISYU will be responsible for the preparation of the technical documentation including studies, terms of reference, and technical specifications required for the execution of the activities under Component 1. It will also be responsible for the technical, social and environmental supervision of the execution of the infrastructure and building construction contracts under Component 1. The Metropolitan Working Group on Urban Development will be responsible for the preparation of terms of reference, and technical specification, and technical supervision of the activities under Component 3.
4. The loan to PBA will be implemented jointly by: (i) the Ministry of Infrastructure and Public Services (MISP), and (ii) the Ministry of Economy (MoE). The MISP through its Unit for the Coordination and Execution of Works' Projects (*Unidad de Coordinación y Ejecución de Proyectos de Obras*, UCEPO), will

³⁹ AR Urban Flood Prevention and Drainage Project (P088220), and AR Flood Risk Management Support for the Autonomous City of Buenos Aires (P145686).



be responsible for overall coordination of the activities executed by PBA under Component 2 and Component 5 of this Project, including compliance with the Bank's policies. It will coordinate with the following agencies: the Housing Institute of the Province of Buenos Aires (*Instituto de la Vivienda de la Provincia de Buenos Aires*, IVBA), Social Under Secretariat of Land, Urbanism and Housing (SSTUV) and the participating municipalities. The MoE will be responsible for the financial administration, and management of disbursements, repayments and audits for the loan to PBA.

Figure A2-1. Project Implementation Arrangements



5. The MISP through UCEPO will be responsible for the procurement, contracting and payment of all consulting and non-consulting services under Component 2, and all activities under Component 5. The MISP, through the UCEPO, will also be responsible for the preparation of the technical documentation including studies, terms of reference, and technical specifications required for the execution of the activities under Component 2, with the assistance of the SSTUV. It will also be responsible for the technical, social and environmental supervision of the execution of the infrastructure and building construction contracts under Component 2. Participating municipalities will be responsible for the



contracting and the inspection of works under Component 2, with the technical support from the UCEPO. The IVBA will be responsible for the supervision of the works and the payment to contractors.

Financial Management and Disbursement Arrangements in CABA⁴⁰

6. **Project financial management arrangements in place at the City of Buenos Aires (CABA) will basically remain the same as for another Bank-supported operation⁴¹ and are acceptable to the Bank.** The City of Buenos Aires (CABA) Financial Management (FM) systems and institutions will be extensively used for project implementation: project transactions will follow the City of Buenos Aires streamlined procedures for registering and executing project budget, recording project transactions and treasury operations including the use of the City Treasury Single Account (TSA) for payments of eligible expenditures, and will then be subject to the CABA government-wide financial management arrangements and control framework. Moreover, FM aspects of a previous WB-financed operation⁴² implemented by CABA have been consistently assessed satisfactory and acceptable audits were timely received by the Bank.

Summary of the FM arrangements

7. **Organization and staffing.** CABA has well-established Budget, Accounting, and Treasury Offices that cover basic FM functions such as budgeting, accounting, and treasury. Project transactions will follow CABA's streamlined processes and procedures and will, thereby, be subject to government-wide internal controls and procedures. The PIU in the MOF will retain responsibility for the preparation of interim and annual financial statements, management of withdrawal applications from the loan, and the external auditing arrangements. The MOF continues to have qualified staff who are capable of carrying project FM functions; furthermore, some of the FM staffers have relevant experience implementing Bank-financed projects.

8. **Budgeting.** Project transactions will flow through the general budget of the CABA and will be subject to its internal controls over the annual budget execution process, including mandatory registration of every contract in the SIGAF (*Sistema Integrado de Gestión de Administración Financiera*). The SIGAF allows for the functional and economic classification of expenditures in line with international standards; program classification and classification by source of financing are also employed by the SIGAF. Budget implementation distinguishes various stages in the expenditure process, including committed funds. Budget operations are accounted for in the SIGAF and controlled by the Accountant General Office.

9. **Accounting and financial reporting.** The accounting module of the SIGAF will be used for recording project transactions. Accounting information in SIGAF accounting module is recorded and maintained in an aggregate manner. The SIGAF will be supplemented by the Project Executing Units with External Financing (*Unidades Ejecutoras de Proyectos con Financiamiento Externo*) system, which is an in-house information tool developed by the national government and allows to keep record of project transactions with more level of detail including Project components, sources of funding and loan disbursements' categories. Its use is mandatory for multilaterally financed operations at the federal level

⁴⁰ This annex documents the status of the Financial Management Assessment (FMA) for the DM.

⁴¹ AR Flood Risk Management Support Project (P145686) \$ 200 Million. Approval date June 22, 2016.

⁴² AR-Urban Flood Prevention Project (P088220) \$ 130 million. Closed on August 31, 2012

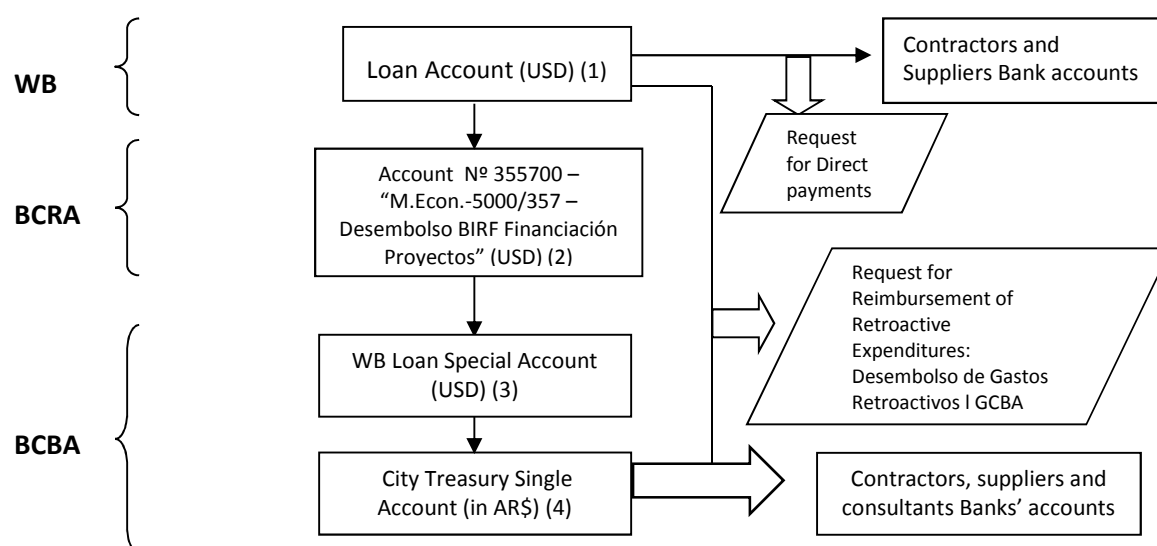


and it is deemed adequate for accounting purposes. The project chart of accounts will reflect disbursement categories, project components, and sources of financing. The cash basis of accounting will be used for recording the project's transactions. The PIU will be responsible for project financial reporting, including semiannual financial reports and annual financial statements that show information by project component and source of financing in a format acceptable to the Bank. The PIU will ultimately prepare the following annual financial statements in line with the Bank's requirements: (a) Statement of Cash Receipts and Payments by Funding Source (expenditures classified by disbursement category); (b) Statement of Requests for Reimbursement; and (c) the Special Account Statement.

10. **Internal controls.** The FM Law of CABA (*Ley Nro. 70 de Gestión, Administración Financiera y Control del Sector Público*) provides the legal framework for Public Financial Management; it mandates all uses of funds to be included in the annual budget which is approved by the city legislature. The FM Law also establishes the systems for budget, public credit, internal control, treasury, accounting, procurement, and asset management. These key Public Financial Management systems are managed by qualified and experienced staff. Lastly, the FM Law sets the rules for an adequate control environment and segregation of functions among those who authorize, execute, and review budget transactions. The internal audit function of the CABA is the responsibility of the *Sindicatura General de la Ciudad (SIGEC)* which reports to the Executive and issues internal control and internal audit standards to be applied by the internal audit units (IAU) of the City line ministries and departments. SIGEC coordinates the work of the IAU, approves their annual audit plans and oversees its implementation and results.

11. **Flow of funds.** Funds received as advances will be channeled through the Central Bank of Argentina to a special account in U.S. dollars held by the *Banco de la Ciudad de Buenos Aires*, a CABA-owned bank. Funds will be transferred to the CABA Treasury Single Account (TSA) under the control of the city's Treasury General, from which payments in local currency will be made to contractors, suppliers, and consultants. The general arrangements are described in Figure A2-2 below.

Figure A2 - 2. CABA Funds Flow Arrangements



Note: WB: World Bank; BCRA: Central Bank of Argentina; BCBA: CABA-owned bank



12. **Auditing arrangements.** Audit of the project's annual financial statements will be conducted in accordance with International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC). Project audits will be carried out following terms of reference and by a private audit firm acceptable to the Bank. Audited financial statements will be furnished to the Bank no later than six months after the end of each fiscal year—or another period agreed upon with the Bank (not exceeding 18 months)—when, due to project circumstances, it is more cost effective to join periods to be audited. Auditors should submit (a) an opinion on the project financial statements and (b) a Management Letter. Audit terms of reference will be included in the project Operational Manual. In accordance with the Bank's Access to Information Policy, upon receipt of the annual audited financial statements of the project, they will be made available to the public by the Bank. The borrower agrees to disclose the audited financial statements to the public on time.

13. **Risk assessment.** On the basis of the FM assessment, the overall FM residual risk for the components to be implemented by the CABA through the PIU is moderate after mitigation measures. Main FM risk mitigating measures include: (i) annual financial audit to project's financial statements conducted under terms of reference and by auditors acceptable to the Bank, (ii) preparation of a project's operational manual including fiduciary procedures and controls as well as inter-institutional coordination arrangements, and if applicable, (iii) other technical assistance measures aimed at increasing the entity's financial reporting, internal control and oversight institutional capacity.

Disbursements

14. Disbursement arrangements⁴³ for CABA are summarized in the table below:

Table A2-1. CABA Disbursement Arrangements

Method	Disbursement Arrangements
Retroactive expenditures	Eligible payments <ul style="list-style-type: none">• Are paid up to one year before the date of loan signing.• Do not exceed 20 percent of the loan amount; and• Apply to items procured in accordance with applicable Bank procurement procedures.
Advances to a segregate designated account	<ul style="list-style-type: none">• Advance to a designated account in U.S. dollars managed by CABA, to be opened in the <i>Banco de la Ciudad de Buenos Aires</i> as part of the TSA, with a US\$35 million cap for outstanding advances.

⁴³ For details, please see the Disbursement Handbook for World Bank Clients.



Method	Disbursement Arrangements
Other disbursement methods	<ul style="list-style-type: none"> • Direct payments to suppliers. • Reimbursement of eligible expenditures to a bank account controlled by the CABA. The minimum application size for direct payment and requests for reimbursements will be provided in the Disbursement Letter (DL).
Supporting documentation	<ul style="list-style-type: none"> • Statement of Expenditures • Records (supplier contracts, invoices, and receipts)

15. All documentation of expenditures and records will be retained by the Borrower⁴⁴.

Table A2-2. CABA Disbursements per Expenditure Category

Expenditure Category	Amount of the Loan Allocated in US\$	Percentage of Expenditures to be financed (inclusive of taxes)
(1) (a) Goods, works, non-consulting services, consulting services, Training, Operating Costs for Part 1 of the Project; and (b) land acquisition and compensation related to the implementation of the Resettlement Policy Framework for Part 1 of the Project	159,575,000 0	100%
(2) Goods, non-consulting services, consulting services, Training and Operating Costs for Components 3 and 4 of the Project	10,000,000	100%
(3) Front End Fee	425,000	Amount payable pursuant to Section 2.03 of the CABA Loan Agreement in accordance with Section 2.07 (b) of the General Conditions
Total Amount	170,000,000	

⁴⁴ The borrower, through CABA-MOF, shall retain all records (contracts, orders, invoices, bills, receipts, and other documents) evidencing expenditures under the project until at least the later of (a) two years after the Bank has received the audited financial statements covering the period during which the last withdrawal from the loan account was made and (b) three years after the closing date. The borrower shall enable the Bank's representatives to examine such records.



16. **Implementation support.** FM implementation support will include on-site and off-site supervision. On-site missions will be carried out at least once a year and later calibrated following assessed risk and project performance. Off-site implementation support will comprise desk reviews of interim financial reports and audited financial statements; and ad-hoc support through email and phone calls as needed.

Financial Management and Disbursement Arrangements in PBA

17. **Financial management arrangements in place at the Province of Buenos Aires (PBA).** Financial Management (FM) arrangements for project components to be implemented by the Province of Buenos Aires (PBA) are sound and the PBA government-wide financial management arrangements in place indicate a positive attitude by management towards control. FM aspects of previous WB-financed operations⁴⁵ implemented by PBA have been consistently assessed satisfactory and acceptable audits were timely received by the Bank. FM arrangements operating at the PBA IVBA, a decentralized entity in the Ministry of Infrastructure and Public Services (MISP) that will make payments of civil works, was assessed during project preparation. It was determined that the PBA government-wide PFM arrangements and control framework are applied by the IVBA; these arrangements are acceptable to the Bank and IVBA is capable of managing advances from the Ministry of Economy (MOE); making payments of eligible expenditures and reporting on the uses of funds.

Summary of the FM arrangements in PBA

18. **Organization and staffing.** PBA has well-established Budget, Accounting, and Treasury Offices that cover basic FM functions such as budgeting, accounting, and treasury. The Ministry of Economy (MoE) through its Provincial Directorate of Multilateral and Bilateral Financing, (*Dirección Provincial de Organismos Multilaterales y Bilaterales, DPOMFB*) will be responsible for financial management and disbursements for Components 2 and 5 of this Project. Given the nature of the project components, the MISP and the IVBA will receive advances from the MOE and will make payments for eligible expenditures (civil works) to be contracted and executed by the Municipality of Moron (MM). The MOE through DPOMFB continues to have qualified FM professional who are experienced in implementing Bank-financed projects.

19. **Budgeting arrangements.** All of the project's operations will flow through the province's System of Public Accounts, which operates under the responsibility of the Province's Accountant General and thereby subject to the government-wide budgeting arrangements and control framework. As such, all fund uses are reviewed and approved a priori by the Accountant General's representatives. PBA budget control distinguishes various stages in the expenditure process including commitment. The budget structure uses program classification and functional classification of expenses and provides for coding of the source of funding, and type of expenditure.

20. **Accounting and financial reporting.** Interim and annual financial reports will be prepared by the

⁴⁵ AR- Buenos Aires Infrastructure SDP APL1 (P82032) Ln 7268-AR \$ 200 million; Ln 7947 \$ 50 million closing date May 30, 2015.
AR- Buenos Aires Infrastructure SDP APL2 (P105288) Ln 7472-AR 270 million, closing date December 30, 2013



PIU who will be responsible for submission of financial reporting to the Bank. Project accounts will be maintained in the UEPEX⁴⁶ system. Project transactions will be recorded on a cash basis using a chart of accounts that reflects disbursement categories, program components and sources of funding. The PIU will also prepare bi-annual Interim Unaudited Financial Reports (IUFRs).

21. **Internal controls.** Internal controls for non-salary expenditures are effective. They are implemented by the General Accounting Office (GAO), and the General Government Advisory Unit. In addition, the Office of the Public Prosecutor may participate in the ex-ante control process in some cases. However, there is some overlap of controls, which could potentially generate delays and reduce the effectiveness of budget execution.

22. **Annual financial audit.** The Project's annual financial statement will be audited under TORs prepared according to Bank guidelines and performed by an independent auditor following standards acceptable to the Bank. Audited financial statements will be furnished to the Bank no later than six months after the end of each fiscal year—or another period agreed upon with the Bank (not exceeding 18 months)—when, due to project circumstances, it is more cost effective to join periods to be audited. Auditors should submit (a) an opinion on the project financial statements and (b) a Management Letter. Audit terms of reference will be included in the project Operational Manual. In accordance with the Bank's Access to Information Policy, upon receipt of the annual audited financial statements of the project, they will be made available to the public by the Bank. The borrower agrees to disclose the audited financial statements to the public on time.

23. **Risk assessment.** The MOE through DPOMFB is capable of undertaking the FM function. Overall FM risk at PBA MoE is moderate after mitigation measures. Main FM risk mitigating measures include: (i) annual financial audit to project's financial statements conducted under terms of reference acceptable to the Bank, (ii) preparation of a project's operational manual including fiduciary procedures and controls as well as inter-institutional coordination arrangements, (iii) provision of ad-hoc fiduciary training to leverage the capacity of implementing entities, and if applicable, (iv) other technical assistance measures aimed at increasing the financial reporting, internal control and oversight institutional capacity.

Flow of Funds and Disbursements Arrangements

24. Disbursement arrangements are described in the table below.

Table A2-3. Disbursement Arrangements

Retroactive expenditures	Eligible payments <ul style="list-style-type: none">• Are paid up to one year before the date of loan signing.• Do not exceed 20 percent of the loan amount; and• Apply to items procured in accordance with applicable Bank procurement procedures.
Other Disbursement Methods	<ul style="list-style-type: none">• Advances: To a segregated designated account in US\$ managed by MOE, in the official bank of PBA or Banco de la

⁴⁶ See paragraph 20 for further information on UEPEX.



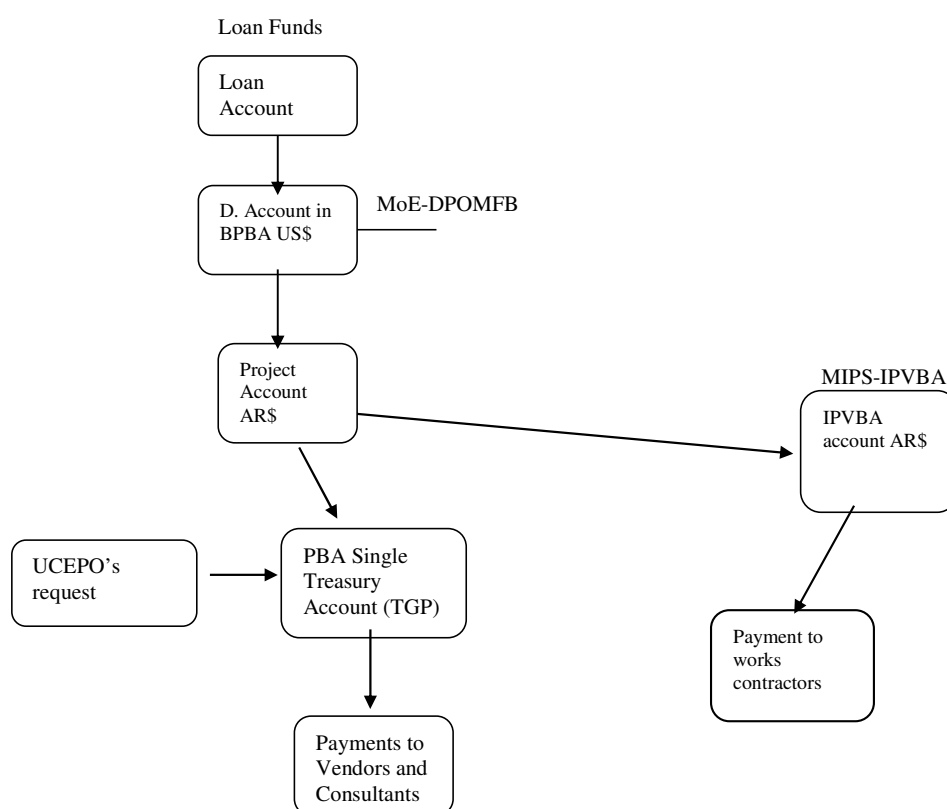
	<p>Provincia (BP), with a ceiling of US\$TBC 6 million for the entire project advances; and</p> <ul style="list-style-type: none"> • Direct payments to suppliers. The minimum application size for direct payment requests will be defined in the Disbursement Letter (DL).
Supporting documentation	<ul style="list-style-type: none"> • Statement of Expenditures. • Records (supplier contracts, invoices and receipts).

25. All documentation of expenditures and records will be retained by the Borrower⁴⁷.

Flow of Funds Charts

26. The following flow chart describes the flow of funds process of eligible expenditures incurred by the Province of Buenos Aires.

Figure A2 – 3



⁴⁷ The borrower, through Mol and MoE, shall retain all records (contracts, orders, invoices, bills, receipts, and other documents) evidencing expenditures under the project until at least the later of (a) two years after the Bank has received the audited financial statements covering the period during which the last withdrawal from the loan account was made and (b) three years after the closing date. The borrower shall enable the Bank's representatives to examine such records.



27. PBA Loan proceeds will be disbursed against the following expenditure categories):

Table A2-4. Disbursements per Expenditure Category

Expenditure Category	Amount of the Loan Allocated in US\$	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) (a) Goods, works, non-consulting services, consulting services, Training, Operating Costs for Component 2 of the Project; and (b) land acquisition and compensation related to the implementation of the Resettlement Policy Framework for Component 2 of the Project up to an amount of \$1,500,000	29,025,000 0	100%
(2) Goods, non-consulting services, consulting services, Training and Operating Costs for Component 5 of the Project	900,000	100%
(3) Front-end Fee	75,000	Amount payable pursuant to Section 2.03 of the PBA Loan Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of the PBA Loan Agreement
TOTAL AMOUNT	30,000,000	

28. **Implementation support.** FM implementation support will include on-site and off-site supervision. On-site missions will be carried out at least once a year and later calibrated following assessed risk and project performance. Off-site implementation support will comprise desk reviews of interim financial reports and audited financial statements; and ad-hoc support through email and phone calls as needed.

29. All financial management documents including financial reports and disbursement reports; chart of accounts; flow of funds charts; and terms of reference for the financial statements audits will be included in Operational Manuals to be prepared by the PIU and the MOE in CABA and PBA respectively.



Procurement

30. Procurement will be conducted according to the World Bank's Procurement Regulations for IPF Borrowers, issued in July 2016, for the supply of goods, works, non-consulting services and consulting services. The World Bank's Standard Procurement Documents will govern the procurement of World Bank-financed Open International Competitive Procurement. For procurement involving National Open Competitive Procurement, the Borrower will use Standard Procurement Documents acceptable to the World Bank that will be included in the Operational Manual.

31. A procurement capacity assessment of the implementing agencies was carried out by the Bank

32. For CABA, the assessment was carried out over UFOMC, which is currently implementing a Bank-financed Project, and over SECISYU. While UFOMC has experience in Bank-financed projects, SECISYU's procurement capacity should be strengthened, considering that the procurement and contracting of activities within Component 1 will be executed by this Unit. The functions and responsibilities of the UFOMC and SECISYU will be reflected in the Operational Manual.

33. Regarding PBA, the assessment was carried out over the Directorate of Multilateral and Bilateral Financing within the Ministry of Economy, which has extensive experience implementing Bank's financed projects and relies on a strong staff structure. Although this Unit will support UCEPO with knowledge on Bank's procurement, it is recommended to strengthen the technical team in UCEPO with a professional with strong knowledge on Bank's procurement procedures. If the technical studies to be carried out in Component 2 define the need to invest funds in small works, the procurement of such activities would be carried out by the Municipality of Morón. Therefore, this entity was also evaluated and reflected an adequate procurement capacity. The functions, responsibilities and their interaction of each party involved in the implementation of Components 2 and 5 will be reflected in the Operational Manual.

34. Based on all the aforementioned assessments, it was determined that the procurement risk is rated as **Moderate**.

35. The implementation of the Procurement function for Components 1, 3 and 4 will be under the responsibility of CABA, and for Components 2 and 5 under the PBA. Therefore, two Project Procurement Strategies for Development (PPSD) have been developed by the Borrowers, establishing the best procurement arrangements that will ensure the delivery of value for money while efficiently achieving the PDOs. The PSD for CABA is focused on the high value contracts included under Component 1 for the construction of new housing projects in Barrio 31. and its basic infrastructure services. Based on the market analysis and lessons learnt from previous similar experiences, it was concluded that the best alternative is a straightforward approach via requests for bids in an open competitive processes, applying the current country thresholds, which were defined as completely valid and applicable for this project; therefore, it is expected that the process for the construction of the new housing project will be an international one, while the processes for the construction of the basic infrastructure services will be at a national level. The analysis also concluded that a prequalification process is not needed for neither of the processes. The PSD for PBA focused on the activities to be carried out under Component 2, mainly on the necessary studies to define a Master Plan which will determine the relevant works to be executed under this component. At this stage, it is expected that most of the activities would be targeted to the



hiring of consultant services (firms and individuals) in an open and national environment; once the Master Plan is concluded, the PPSD should be updated accordingly. Procurement arrangements for these and the rest of the activities expected to be carried out during the first 18 months are detailed in the relevant Procurement Plans.

36. Likewise, both Borrowers have developed a Procurement Plan for the first 18 months with the activities that are already defined.

37. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the implementing agencies has recommended (i) strengthening both implementation Units with an experienced procurement professional, (ii) close procurement support and guidance in the first bidding processes, and (ii) annual supervision missions in the field to carry out the post review of procurement actions.

Environmental and Social (including safeguards)

38. Regarding Component 1, the Secretariat of Social and Urban Integration of the Retiro-Puerto Neighborhood (*Secretaría de Integración Social y Urbana Barrio Retiro-Puerto*, SECISYU) will be in charge of safeguards implementation, with technical support from the PIU in UFOMC. SECISYU will be responsible for the execution of the investments under Component 1 and will be responsible for the preparation of safeguards documents, including ESMPs and RAPs, for the specific investments under this Component. SECISYU is staffed with professionals with experience in field work who conform a multidisciplinary team that although didn't have previous experience working with World Bank safeguards, were capable of carrying out a Social Assessment and also prepared the MPF for Component 1⁴⁸. This team, led by a Social Development Specialist, includes a core group of professionals from different areas of study and more than 120 social workers that take care of the field work. In addition, SECISYU will be supported by qualified staff from the PIU, including personnel experienced in social and environmental management in Bank-financed projects in CABA, e.g. AR Flood Risk Management Support Project for the City of Buenos Aires (P145686). SECISYU has worked with the CABA Environment Protection Agency (ApRA) to coordinate the environmental baseline study on the YPF plot and related collaboration continues along the implementation of the applicable remediation measures. SECISYU has hired a qualified environmental specialist to be charge of the Program and will hire a specialist in health and safety to work full-time on the Project promptly after its effectiveness.

39. CABA has a very active citizen engagement policy that includes several participation channels where citizens can interact with the different government agencies to inter alia make proposals to government officials and share them with other citizens, vote for government projects in their ward (*Comuna*), and monitor the progress of public works. This can be done either online (i.e. CABA's website⁴⁹ and social networks⁵⁰, and/or e-mail⁵¹) or offline, via telephone (147 hotline) or face to face in all two

⁴⁸ Nevertheless, taking into account that this is the first time they will prepare a Resettlement Action Plan, some technical assistance and capacity building activities may need to take place.

⁴⁹ www.buenosaires.gob.ar/atencionciudadana/participacionciudadana

⁵⁰ The Autonomous City of Buenos Aires has accounts in Twitter (@BAPartCiudadana) and Facebook (<https://www.facebook.com/BaParticipacionCiudadana/>).

⁵¹ The Ministry of Urban Development has a dedicated e-mail account: mdu_vecinos@buenosaires.gob.ar



decentralized SECISYU offices located in Barrio 31 where people can also fill paper forms that are digitalized and uploaded to the system. The safeguards instruments of Component 1 and 3 will be publicly available via the referred channels both on line and in paper throughout the Project implementation period.

40. CABA also has a robust grievance and redress system that consolidates all complaints received not only through all the communication channels mentioned above, but also from any other administrative channel (e.g. letters, e-mails and/or phone calls received by any government agency or official) in an integrated mechanism that allow citizens to track the status of their grievances, receive a response⁵² and complete a satisfaction survey. The Project will use this system to manage all communications with neighbors in an integrated way.

41. Regarding Component 2, the Ministry of Infrastructure and Public Services (MIPS) of PBA, through the UCEPO, will be responsible for the implementation of the social and environmental safeguards. The MIPS has solid previous experience in working with the Bank in infrastructure projects such as AR Additional Financing for Buenos Aires Province Infrastructure Sustainable Investment Development (P114081), AR Buenos Aires Infrastructure Sustainable Investment Development Project Phase II (P105288), and AR CRL1 APL1 Buenos Aires Infrastructure (P088032); all implemented by the MIPS. Although the team currently has environmental and social consultants that were the ones preparing the instruments for this project, the PBA will hire a qualified team of environmental and social specialists to work full-time on the Project and ESMF implementation. The size and technical profiles of these professionals will be determined once the works to be financed under this component have been defined.

42. The PBA also has a very active citizen engagement policy that includes several participation channels where citizens can interact with the different government agencies to inter alia make proposals to government officials and share them with other citizens, and monitor the progress of public works. This can be done either online (i.e. PBA's websites⁵³ and social networks⁵⁴) or offline, via telephone (0221 427-0836) or face to face in the different municipal branches.

43. The PBA is also developing a specific grievance and redress system to consolidate all complaints received not only through all the communication channels mentioned above, but also from any other administrative channel (e.g. letters⁵⁵, e-mails⁵⁶ and/or phone calls⁵⁷ received by any government agency or official) in an integrated mechanism to make sure that all complaints and/or suggestions will receive a response within ten days after they have been filed.

⁵² The system generates an automatic response via e-mail to confirm the data provided by the citizen. The citizen also receives a response from a government official within 48hs after the complaint was made. For cases where information from other government agencies is required, the service standard is 10 business days.

⁵³ The PBA has different websites focused on citizen engagement, *inter alia*: (i) Mi Provincia (<http://www.gba.gob.ar/contacto>) has the purpose of having a single point of contact for citizens to interact with the Government; (ii) Buenos Aires Obras (<http://obras.gba.gob.ar>) is a dedicated site where citizens can follow the status of the different public works that are under implementation and also provide feedback related to the different works. In addition, more than 100 municipal governments have their own sites that also are accessible through the provincial site.

⁵⁴ The PBA has accounts in Twitter (@participacionciudadana.ba and @BAProvincia) and Facebook (<https://www.facebook.com/BAProvincia/> and <https://www.facebook.com/participacionciudadana.ba/>)

⁵⁵ A dedicated mailbox will be placed in all branches of municipal governments that will receive project funds.

⁵⁶ A specific e-mail account will be created for this project

⁵⁷ The PIU will also have a dedicated phone line to receive grievances and suggestions related implemented by this project.



Monitoring and Evaluation

44. Project M&E will be the responsibility of the respective implementing agencies in CABA and PBA. The PIU in CABA and the DIPOM in PBA will submit bi-annual Project reports to the Bank, including the progress on the Project results indicators defined in the Project's Results Framework. The overall Implementation Progress and Progress towards Achieving the Project Development Objectives will be reviewed jointly by the Bank, CABA and PBA during the Bank's supervision mission.

Role of Partners

45. In addition to World Bank funding, CABA is considering requesting financial support from other development partners, including the Inter-American Development (IADB), for the implementation of the 2016-2019 Comprehensive Action Plan for Barrio 31. However, no financing by other international agencies has been confirmed to date.



ANNEX 3: IMPLEMENTATION SUPPORT PLAN

Argentina

Metropolitan Buenos Aires Urban Transformation Project

Strategy and Approach for Implementation Support

1. The strategy for Implementation support builds on the experience gains from the previous Bank-funded operations implemented by CABA and PBA, respectively, and takes into account the nature of the Project and its risk profile.
2. **Technical.** The Bank will work closely with CABA during the inception phase of the Project to support the design of the Infrastructure and Housing investments proposed under Component 1. Support to the design and execution of the infrastructure investment will focus on (i) the institutional coordination between the implementing agency and the agencies in charge of the operation and maintenance of the infrastructure created under the Project, (ii) the adequacy of technical designs, taking into account the applicable technical standards of the relevant line agencies and the information available on current and future demand, and (iii) the social accompaniment required to ensure the local appropriation of the investments and their social and economic sustainability. Support to the design and execution of housing investments will focus on providing expert inputs to the definition of a comprehensive site-level plan, taking into account the consultations with local residents and beneficiaries, and the selection of an adequate strategy for construction balancing the objectives of cost efficiency and flexibility to adjust building designs based on the experience of the initial phase of construction. Initial support to Component 2 will focus on the preparation of the Comprehensive action plan for the selected neighborhood. Support to the execution phase of Component 2 will build on the lessons learned from Component 1.
3. **Fiduciary.** Training will be provided to the implementation unit's staff to strengthen their FM and Procurement capacity during the Project's inception phase. World Bank Country office-based procurement and FM specialists will provide timely and continuous support to the implementing agencies. In addition, FM and procurement aspects will be reviewed bi-annually during the Implementation support missions.
4. **Safeguards.** The Bank will closely supervise implementation of the social and environmental management instruments. World Bank Country office-based environmental and social specialists will conduct supervision and will participate in Project implementation support missions and site visits, respond to enquiries from the implementing agencies, and provide the clients ongoing guidance on the environmental and social safeguards activities. Specific support will be provided to CABA for the preparation of the Resettlement Plan for the proposed resettlement of households located under the highway Illia under Component 1 by a Bank resettlement expert and a local consultant. Specific training will be organized on an as-needed-basis throughout Project implementation.



Implementation Support Plan and Resource Requirements

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	<ul style="list-style-type: none"> - Review of technical and procurement documents, including: (i) bidding documents for infrastructure package, (ii) sector plan and masterplan for the housing construction, (iii) bidding document for infrastructure and buildings construction contracts for new housing, (iv) TORs for the preparation studies under Component 2, (v) TORs and technical specifications for information system under Component 3 - Safeguards implementation support - Procurement training and implementation support - FM training and implementation support Safeguards implementation support 	<ul style="list-style-type: none"> - Urban development - Resettlement - Infrastructure - Housing - Procurement - Financial management - Social development - Environmental management - M&E 	7 staff members and 3 consultants, 2 trips per year	TBC
12-60 months	<ul style="list-style-type: none"> Project implementation Technical support Safeguards implementation M&E 	<ul style="list-style-type: none"> - Urban development - Resettlement - Infrastructure - Housing - Procurement - Financial management - Social development - Environmental management 	7 staff members and 3 consultants, 2 trips per year	TBC
Skills Mix Required				
Skills Needed	Number of Staff Weeks	Number of Trips	Comments	
Task Team Leader	10 weeks	Two per year	Staff member based in HQ	
Urban Development Specialist	10 weeks	N/A	Staff member based on CO	



Urban Development Specialist	10 weeks	Two per year	Staff member based in HQ
Urban Renewal Expert	4 weeks	Two per year	International consultant
Social Development Specialist	4 weeks	N/A	Staff member based in CO
Resettlement Specialist	4 weeks	N/A	Staff member based in CO
Environment Specialist	4 weeks	N/A	Staff member based in CO
Financial Management Specialist	4 weeks	N/A	Staff member based in CO
Procurement Specialist	4 weeks	N/A	Staff member based in CO
Municipal Engineer	4 weeks	N/A	Local consultant
Electrical Engineer	4 weeks	N/A	Local consultant

Partners

Name	Institution/Country	Role



ANNEX 4: LESSONS LEARNED INCORPORATED INTO PROJECT DESIGN

Argentina

Metropolitan Buenos Aires Urban Transformation Project

1. **Integration of disadvantaged settlements into the wider urban fabric benefits the neighborhood itself and its surroundings.** Integration of disadvantaged neighborhoods with their urban surroundings can lessen the stigmatization often associated with these areas, reduce social inequality, improve urban safety, and contribute to shared prosperity. Integrating disadvantaged and informal settlements into the city allows dwellers in these neighborhoods to benefit from the goods, amenities and services enjoyed in modern urban life, allowing them to expand opportunities for access to employment, education and other services.⁵⁸ This Project will build on the experience of success full urban regeneration projects across the world which have been documented in a recent Bank review⁵⁹. Such an example is the regeneration of Taipingqiao, a historical neighborhood in Shanghai that became a shantytown. The master plan for its regeneration took into account the local surrounding and distinctive landscape of the neighborhood, specifically its uniqueness in terms of its urban fabric, street life and commercial activities. In this context, this Project aims to bring a sustainable transformation to the “villa”, a concept that carries a negative connotation and marks a clear physical and social divide in relation to its surroundings, into a “barrio” (neighborhood) within the city, while preserving the social and commercial fabric which already makes Barrio 31 a vibrant neighborhood.

2. **Strong social engagement ensures the sustainability of urban infrastructure investments.** A participatory approach and social engagement with project beneficiaries before, during and after project implementation results in greater ownership and close monitoring of the project implementation. This was one of the observations documented by PROMEBA, which underscored the program’s distinctive management model that was based, among others, on a participatory approach and ongoing support to the community. PROMEBA’s distinctive feature from other infrastructure programs was the role of an interdisciplinary field team during infrastructure works and the executing agency’s constant presence in the barrio to conduct comprehensive monitoring of the project. In Barrio 31, the Secretariat of Social and Urban Integration (SECISYU) has been actively involved in, and engaging with the neighborhood’s residents. It has put together a team that visits Barrio 31 on a daily basis to conduct consultations and interact with families to build relationships with the Project beneficiaries. They have set up a station adjacent to the Barrio that is in charge of the day-to-day operations of the planned interventions. A lesson learned from the Bank-financed Vietnam Urban Upgrading Program (P070197) is that it takes significant amount of time to create active involvement of communities when prior foundations of community engagement do not exist. The Province of Buenos Aires also recognizes the importance of strong social engagement, and has carried out a social assessment – including focused groups and in-depth interviews – of the neighborhood. As part of the implementation arrangements, it underscores the participation of corresponding municipalities to ensure proximity and interaction with the community of the selected neighborhoods.

⁵⁸ Source: Slum Upgrading Up Close: Experiences of Six Cities. Cities Alliance, 2008.

⁵⁹ Source: Regenerating Urban Land: A Practitioner’s Guide Leveraging Private Investment. The World Bank, 2016.



3. **Strong political commitment and government capacity is key to success.** Bank-financed Brazil Bahia Slum Upgrading Project (P081436) and Kenya Informal Settlements Improvement Project (P113542) show that the success of an intervention largely depends on strong commitment from and coordination among government agencies. In the case of this Project, the government of CABA has identified the revitalization of Barrio 31 as its number one priority. Its commitment is manifested in the creation of a special agency fully dedicated to the implementation of the Comprehensive Action Plan –SECISYU- vested with substantial capacity for social engagement and technical capacity for project management and coordination. The PBA has also shown strong commitment as it has stated that this project will serve as a demonstration intervention to inform future interventions. Finally, strong political willingness is also grounded on the joint commitment by the governments of the Province of Buenos Aires and the City of Buenos Aires to work on an interjurisdictional and coordinated agenda for urban development. The political commitment by both governments is also demonstrated in the setting-up of a Metropolitan Cabinet to improve coordination of policies at the metropolitan level.

4. **In-situ revitalization of disadvantaged neighborhoods is more effective than demolition; but if residents must be resettled, it must not be far from their original settlement.** Demolishment of slums is not the most viable nor sustainable option for urban redevelopment. Past interventions to eradicate or remove villas from the urban core in Argentina, particularly around the 1970s under the military rule, led to the expansion of informal settlements on the periphery of cities or to other sub-standard settings, intensifying social and economic isolation, and limiting even further access to basic services. Relocation of slum dwellers should be as much as possible avoided, except in cases where settlements are located on physically hazardous land or where high densities do not permit the installation of new infrastructure. Resettlement options far from the original slum may disrupt people's livelihoods and social networks by driving them further away from their current jobs or income-generating activities. It is fundamental to guarantee, as much as possible, proximity to their original homes. These criteria have been incorporated into the Project where the demolishment of the housing units in Barrio 31 located under the Illia highway is justified due to the risky conditions (i.e. poor integrity of housing structure and air and noise pollution), and families will be resettled to the immediately adjacent YPF land plot. Similarly, the preservation of the selected neighborhoods in Component 2 will be prioritized.

5. **Incorporating measures to mitigate possible gentrification.**⁶⁰ The Project will work to incorporate measures to mitigate possible gentrification that could arise as infrastructure and accessibility are improved, and as the value of the land within the Barrio increases. For this purpose, lessons learned that will be incorporated include for instance: (i) tenure regularization mechanisms that will allow low-income residents to remain in Barrio 31; (ii) strategy to gradually introduce property tax and service tariffs; (iii) land use criteria to maintain low income housing areas, and mixed uses areas with low-income housing requirements; (iv) more efficient use of public spaces; (v) mixed income housing; and others. In terms of housing and tenure regularization, the PROMEBA experience shows that this process takes time and

⁶⁰ Gentrification is a shift in an urban community toward wealthier residents and businesses, with consequent increases in property values. Gentrification is typically the result of investment in a community by real estate development businesses, local government, or community activists. It can and often does spur economic development, attract businesses, and lower crime rates. In addition to these potential benefits, gentrification can lead to some adverse population migration trends in which poorer residents are displaced by wealthier newcomers (Source: Regenerating Urban Land: A Practitioner's Guide Leveraging Private Investment. The World Bank, 2016.)



should occur in stages. In PROMEBA II, most of the participating barrios are still in the process of land tenure legalization. The project will also assess the potential for the city to define specific areas within or around the villa where, in the long-term, mixed uses and other urban instruments could allow the government to capture some of the increases in land value that will result from the planned investments.



ANNEX 5: DETAILED DESCRIPTION OF THE ECONOMIC AND FINANCIAL ANALYSIS

Argentina

Metropolitan Buenos Aires Urban Transformation Project

1. This Annex present a detailed description of the economic and financial analysis. Component 1 was evaluated from economic and financial perspectives and complemented with sensitivity analysis. The approach will vary by intervention, as described in this Annex. It was not possible to do an ex-ante evaluation of investments under Component 2 given that the site and characteristics of the interventions are not yet defined. However, economic and financial analyses will be key inputs for the selection of the interventions. In addition, this Annex presents a summary of the public debt sustainability analysis for CABA and PBA.

A. Sub-Component 1.1: Improvement of basic infrastructure

2. The economic evaluation of investments planned under subcomponent 1.1 was done applying cost-benefit analysis. The hedonic price model was applied to estimate the benefits of property price increase in the settlement, based on the expected improvements in the properties' attributes. The investments were also evaluated from a financial perspective to determine their financial sustainability.

Costs

3. Investment costs were estimated based on the available draft executive project for the proposed interventions as shown in Table A5- 1. Market prices were transformed to economic values using coefficients for account prices to obtain the primary costs (Table A5- 2), to which general expenses, benefits and financial expenses from the construction phases are added, resulting in the total direct costs. Taxes, engineering and administration costs were added to obtain the total investment costs to be used in the cost-benefit analysis. Table A5- 3 presents the details.

Table A5- 1. Investment costs at market price, 2016⁶¹

Project Activity	Amount (US\$)
Completion of basic infrastructure – Phase 1 for situation of urgent need	6,600,000
Completion of basic infrastructure – Phase 2	15,826,207
Electricity	8,900,000
Improvement of existing infrastructure	9,784,299
TOTAL	41,110,506

Source: SECISYU

⁶¹ Counterpart funding considered for the analysis include only the funds assigned for Phase 1.



Table A5- 2. Investments Costs, 2016

Cost type		Market values (US\$)	Coefficients for account prices	Economic values (US\$)
Materials	- National	9,812,915	1.00	9,812,915
	- Imported	1,401,845	0.90	1,261,660
Labor		11,214,760	0.80	8,923,584
Equipment	- National	255,136	1.00	255,136
	- Imported	5,327,011	0.90	4,794,310
Primary Costs		28,036,900	0.89	25,047,605

Source: Own elaboration based on information from engineering studies provided by SECISYU. Coefficients for account prices suggested by the Secretaría de Programación Económica (Resolution 110/96)

Table A5- 3. Total Costs, 2016

Costs	Coefficient	Market values (US\$)	Economic values (US\$)
Primary Costs		28,036,900	25,047,605
General expenditures	10%	2,803,690	2,504,761
Subtotal		30,840,590	27,552,366
Benefits	5%	1,542,029	1,377,618
Financial expenditures	2.5%	771,015	
Directs Costs		33,153,634	28,929,984
Taxes	24%	7,956,872	
Engineering and Administration	10%	3,315,363	2,892,998
Land		0	0
Total Costs		44,425,869	31,822,983

Source: Own elaboration based on information from engineering studies provided by SECISYU. Coefficients were estimated based on the experience of similar construction contracts.

4. Operation and maintenance (O&M) costs were estimated based on the average O&M costs provided by the utilities in other areas of the city, as shown in Table A5- 4. Total O&M costs were estimated based on the number of new or improved services and equipment that will be provided to each household. Savings from current operation and maintenance activities (of approximately US\$ 9.5 million a year) that the government currently undertakes in Barrio 31 were taken into consideration in the analysis.

Table A5- 4. Estimated operation and maintenance costs, 2016

Service	Yearly cost by household (US\$)	Service provider
Water	45.8	AYSA
Sanitation	19.5	AYSA
Electricity	148.3	EDENOR
Road and sidewalks	179.3	CABA
Public lighting	70.7	CABA



Drainage	81.7	CABA
Trees along the street	28.5	CABA

Source: Own elaboration based on the available financial statements of service providers, AYSA (2014), EDENOR (2015) and Government of CABA (2016)

Benefits

5. Benefits were measured using the hedonic pricing method to estimate the increase in property values as a result of the intervention. This method has been extensively applied for the evaluation of investments in other informal settlements in the country.⁶² For this purpose, the below hedonic equation developed for a similar intervention⁶³ was applied. A comparison of the characteristics of both settlements was undertaken, concluding that it is valid to apply the same equation in Barrio 31.

$$P = 19.250 + 6.712 * \text{Doc.Plot} - 5.156 * \text{Qual.Mat} - 5.283 * \text{Urbanized} + 2.858 * \text{Distance} + 375 * \text{Block} * \text{Services} + 3.088 * \text{Flood}$$

Where,

- *P* = Housing unit price in US\$
- *Doc.Plot* = Plot documentation that ensures tenure security
- *Qual.Mat* = Quality of construction materials of the houses
- *Urbanized* = Determines whether the neighborhood is urbanized or not
- *Distance* = Distance and travel time to avenues, schools, health center and green spaces.
- *Block * Services* = Based on the level of access to basic services (water, sanitation and electricity) and public equipment (paved roads, sidewalks, drainage, public lighting, trees along the street)
- *Flood* = Determines whether the block where the house is located is frequently flooded or not.

6. The values of the variables were estimated for Barrio 31 based on available information,⁶⁴ as shown in Table A5- 5. Based on these values, the average housing value in Barrio 31 without project is estimated to be US\$ 30,602.⁶⁵ As a result of the proposed intervention, the variables “Urbanized” and “Block*services” will change, as shown in Table A5- 5. It is assumed that all the settlement will be urbanized. The price increase for each house depends on the amount of new or improved services and/or public equipment to which they have access as a result of the project, as shown in Table A5- 6. Using the

⁶² The use of hedonic equations to measure the social benefits of public works is highly documented in other studies and widely applied. In the case of Argentina, there are numerous examples of the application of this method. These include the impact of investing in sewerage systems in raising property value in the City of Buenos Aires by Serman and Associates in 2012 and by Mendoza and Fasciolo in 2003; in sanitation systems on the Reconquista basin by Halcrow and the IDB in 2012; and in basic services in Rosario by the AyDET in 2006 and by Meloni and Nunez in 1997.

⁶³ The equation was estimated based on 267 interviews in 14 settlements in GBA in 2013 for the IDB financed program for Sustainable Urban Management of the Reconquista Basin.

⁶⁴ Encuesta sobre las condiciones de hábitat, UNTREF-OBSERVATORIO SOCIAL, 2013.

⁶⁵ There is no price information available for Barrio 31. However, this value is in line with the few price observations recently undertaken.



average price increase, the average housing value in Barrio 31 with project is estimate to be US\$ 37,612.

Table A5- 5. Hedonic equation variables' value with and without project

Variable	Min	Max	Average for Barrio 31 without project	Average for Barrio 31 without project
Doc.Plot	0.00	2.00	0.70	0.70
Qual.Mat	1.00	3.00	1.60	1.60
Urbanized	0.00	1.00	1.00	0.00
Distance	0.00	6.00	5.50	5.50
Block * Services	0.00	15.00	3.40	8.00
Flood	0.00	1.00	1.00	1.00

Source: Minimum and maximum values that the variables can take are the same applied in the "Programa de Manejo Urbano Ambiental Sostenible de la Cuenca del Rio Reconquista, HALCROW-BID, 2013". Own estimation of average in Barrio 31, based on "Encuesta sobre las condiciones de hábitat, UNTREF-OBSERVATORIO SOCIAL, 2013.

Table A5- 6. Increase in property prices

Improvement	Number of households	Average benefit (US\$)
Settlement urbanization	12,343	5,283
2 services and 4 equipment	2,634	3,003
1 service and 3 equipment	673	2,627
1 service and 2 equipment, or 3 equipment	2,427	2,252
1 service and 1 equipment	673	1,877
1 service or 2 equipment	2,427	1,501
1 equipment	3,509	751

Source: Own elaboration

Economic Evaluation and Sensitivity Analysis

7. Based on the estimated economic costs and benefits for a 20-year period and an internal rate of return of 6%, the interventions under sub-component 1.1 yield a 27.4% return and the net present value (NPV) of US\$ 52.2 million. A sensitivity analysis was undertaken to determine the change in the economic rate of return (ERR) of the investments if some of the factors that have a high impact on the return were to change.



8. Table A5-7 presents the results of the analysis. For example, if the significant maintenance savings expected are not realized, the return would decrease to 13.5%. In addition, it was determined that for the return to go below 6%, costs should double or benefits drop to one fourth of the estimated amount.



Table A5- 7. Results of Economic Evaluation and Sensitivity Analysis

Scenario	Present Value of Flows using a 6% discount rate (US\$ thousands)			ERR
	Cost	Benefits	Net Benefits	
Base scenario	7.6 ⁶⁶	59.8	52.2	27.4%
Without maintenance savings	52.2	59.8	7.6	13.5%
Extending implementation period from 18 to 36 months	8.4	56.4	48.0	25.5%
Cost increase of 30%	23.3	59.8	36.5	19.5%
Benefit decrease of 30%	7.6	41.9	34.2	20.7%

Source: Own elaboration

Financial Analysis

9. The financial sustainability of the interventions under sub-component 1.1 was evaluated during a 22-year period (the expected loan repayment period) considering the investments during the execution of the project, the financial costs⁶⁷, and the operation and maintenance costs. Results show that the monthly payment that each household would have to make to balance the cash-flow would be US\$60.2 (at a 6% discount rate), representing 8.1% of the average household income (estimated to be US\$ 741 per month). To cover at least all O&M costs, families should pay US\$39 (with 6% discount rate), representing 5.3% of the average household income; and a government subsidy of US\$ 32 million at present value would be needed to cover the investments and financial costs.

B. Sub-Component 1.2: Improvement of housing conditions

10. Families living under the Illia Highway are exposed to air and noise pollution, living in overcrowded and precariously built housing units, and have poor access to improved basic services. For example, it is estimated that 82% of families have access to electricity through cord extensions and 94% of families buy propane. The move to formal housing will ensure that the resettled families will now have access to improved living conditions and tenure security, resulting in a welfare gains for the families. Based on the existing literature,⁶⁸ the proposed intervention is expected to improve health conditions and living standards of the resettled population, as well as lead to asset/wealth creation through home ownership.

11. Given that it is not possible to accurately estimate this welfare gains with available information, a cost-effectiveness analysis was applied to evaluate the investments under sub-component 1.2, comparing the average price of construction of the new houses with two different scenarios, as described below. In addition, the analysis was complemented with a financial evaluation of the sustainability of the

⁶⁶ Includes O&M savings due to the improvement of the infrastructure.

⁶⁷ Since loan conditions have not been confirmed, they have been assumed to be: 22-year repayment period, 7-year grace period, 3.1% interest rate.

⁶⁸ Housing and neighborhood conditions strongly influence the health, nutrition, education, and environment of the residents (Bouillion, 2012). Lack of adequate sanitation is the cause of infections (Lubby et al. 2004) and inadequate housing facilities negatively affect children (Galiani et al. 2005). For example, a study by Innovations for Poverty Action conducted in 2007-2012 found that in El Salvador and Mexico, households reported a four percentage point decrease in the incidence of diarrhea as a result of TECHO, a slum upgrading program.



investments.

Cost-effectiveness analysis

12. The total estimated cost for the subcomponent is US\$ 134.1 million⁶⁹, including: (1) US\$9 million for the purchase of a land plot for construction of new housing (included as counterpart financing); (2) US\$ 9.2 million for the development of the basic infrastructure in the new plot (including water, sanitation, drainage, road paving); (3) US\$ 5.9 million for the development of the electricity network; (4) US\$ 103 million for the construction of approximately 1,200 new housing units; and (5) US\$ 7 million for resettlement of household and commercial activities located under the Illa highway and basic rehabilitation of the space.

13. The preliminary designs of the new housing units estimate an average unit size of 72 m². The estimated average cost per square meter constructed is US\$ 1,368 (including land, all infrastructure and construction costs). This cost is 41% below the lowest average market price of US\$ 2,475 estimated in CABA.⁷⁰ The estimated average cost per m² constructed is US\$ 1,192 if land and infrastructure is not taken into account. This cost is 4% below the average cost of \$1,237 per m² for similar government housing projects.⁷¹ Therefore, the estimated construction costs are within an acceptable range.

Financial Sustainability of Investments

14. Under the same assumptions than sub-component 1.1, user service fees are estimated at US\$ 39 per month per household (equivalent to 5.3% of the average household income) in order to cover the operation and maintenance costs for water, sanitation, electricity, drainage and street maintenance (and not considering the building maintenance costs).

C. Rapid evaluation of other benefits for Component 1

15. The urbanization of Barrio 31 and its integration with the urban fabric that the Project will support – together with other proposed interventions under the Comprehensive Plan, – is expected to result in important benefits that are not possible to quantify at this stage. The interventions are ultimately expected to improve public safety in the area, health conditions of residents, and connectivity with surrounding areas; decrease environmental pollution; increase employment and new business opportunities; and contribute to community development and social cohesion.

⁶⁹ Counterpart funding considered for the analysis include only the funds assigned the purchase of the plot.

⁷⁰ Estimates based on World Bank. "Argentina: Opportunities to strengthen the housing market in the city of Buenos Aires." Technical Note. Washington, 2015. Figure 15 lists average prices per m² for each of the 15 communes in the city. Since Barrio 31 is not formally part of any commune, here we take the lowest average price per m² at \$1,500 (2015) and apply this cost for our calculations, updated to 2017 costs. Here we assume that the US\$ 1,500 per m² figure includes the price of land, basic infrastructure, and the construction of housing units. Inflation rates used are 41% in 2016 and 17% in 2017. Prices are adjusted to 2017, when the project will start implementation.

⁷¹ Average cost was estimated based on the average cost per m² of US\$ 1,057 (in 2016 prices) for five different government housing projects developed in recent years in CABA, where the minimum cost was US\$ 886 and the maximum was US\$ 1,192. The average cost excludes land and basic infrastructure. The average was adjusted to 2017 prices, when the project will start implementation.



16. The proximity to an informal settlement is a factor that decreases a property price in nearby areas. The urbanization of Barrio 31 and its integration with the urban fabric could also result in an increase of the land price of nearby plots that are currently vacant or used for activities linked to the port (e.g. storage of containers). To unlock this potential, land use regulation would have to enable its redevelopment. This section presents a rapid estimation of the possible revalorization of land price in the nearby area.

17. Table A5- 8 presents the latest data on land prices in the project nearby area. It has been estimated that a total area of approximately 25 hectares could be redeveloped in nearby plots. Assuming that their current value is the minimum and that it could increase up to the average land price, it is estimated that if 70 percent of the area could be buildable, there would be a total revalorization of US\$ 790 million at today's prices. It should be noted, that a significant percentage of the land belongs to different government levels; however, detailed information is not available. In addition, the redevelopment of the area could result in an increase in property tax collection for the city.

Table A5- 8. Land prices in the project area

Price	US\$ per square meter
Minimum	792
Average	5,307
Maximum	9,821

Source: Ministry of Urban Development of CABA, Precios de oferta de venta de terrenos, January 2014.

D. Public Debt Sustainability Analysis (DSA)

18. The DSA for CABA and PBA shows that public debt is sustainable in the medium to long term. The DSA conducts a series of tests to simulate the effect in the debt-to-GPP ratio of changes in the current conditions, and compares it to the historical performance and baseline assumptions of the key variables. The assumptions used for the baseline scenario are based on information provided by CABA and PBA, and projections for Argentina used by the WB.

19. In the case of CABA, the DSA shows that an increase in interest rates would not affect CABA's public debt significantly. Similarly, a strong deterioration in the primary fiscal balance would not shift the debt-to-GPP ratios significantly either. A permanent growth shock would not have a significant effect in the short run but its impact would grow in the long run. Since the foreign currency debt represents more than 90 percent of the total debt, a 30 percent depreciation (in addition to the nominal depreciation already assumed in the baseline) would have a relevant impact on the level of debt of approximately 2 percentage points of GPP. CABA's debt management may face additional challenges in a context of strong pressures on the Argentine peso.

20. In the case of PBA, the DSA shows that an increase in interest rates would not affect PBA's public debt significantly. Similarly, a deterioration in the primary fiscal balance would not shift the debt-to-GPP ratios significantly either. However, a permanent growth shock would have a significant impact, especially



in the long run, since lower growth both increases the primary deficit and decreases the path of GPP.⁷² Since debt denominated in foreign currency represents almost 60 percent of the total debt, a 30 percent depreciation (in addition to the nominal depreciation already assumed in the baseline) would have a relevant impact on the level of debt of approximately 7 percentage points of GPP. Therefore, PBA's debt management may face additional challenges in a context of strong pressures on the Argentine peso.

⁷² The growth shock simulation consists on a permanent growth slowdown by 50% of the historical standard deviation. Given the high volatility of GPP growth in Buenos Aires, this results in a particularly strong permanent growth slowdown, from 3.5% to 0.8%. This has two effects on debt-to-GPP ratio dynamics. First, nominal primary deficit increases, under the assumption that nominal revenues decrease with respect to the benchmark scenario, but nominal expenditures are unchanged. Second, lower GPP growth results in a permanently lower denominator. Both effects increase the debt-to-GPP ratio to close to 25% in a 5-year period.



ANNEX 6: SUMMARY OF SOCIAL ASSESSMENT OF BARRIO 31 AND BARRIO CARLOS GARDEL

1. As part of the Environmental and Social Management Framework (ESMF), the Autonomous City of Buenos Aires (CABA) and the Province of Buenos Aires (PBA) each conducted a Social Assessment⁷³ of Barrio 31 and Barrio Carlos Gardel, respectively. Information about the socio-economic conditions of the neighborhoods was collected through a combination of primary and secondary sources⁷⁴. Primary sources consisted of focus groups and in-depth interviews for both CABA and PBA. Additional primary sources employed by CABA included, *inter alia*, surveys, participant and non-participant observation, registry of social demands, and data collected by the Barrio's political system (e.g. grievance register). This annex presents a short summary of the main findings from the social assessments, with a focus on the neighborhoods' socio-demographic characteristics, living conditions and social challenges.

Barrio 31 (CABA)

2. Barrio 31 is a strong example of the residential polarization tendency that has characterized the Buenos Aires Metropolitan Area. There is a clear territorial and residential segregation between the low-income neighborhood and its more prosperous surrounding areas, as well as lower social and economic development than the rest of the CABA. Barrio 31's population lives in a state of poverty and vulnerability, not only in terms of income, but also related to marked deficits in housing, employment, education, health, security and access to basic services. According to the most recent National Census of the National Institute of Statistics and Census (INDEC), in 2010, 32 percent of homes in Barrio 31 suffer from unmet basic needs (*Necesidades Básicas Insatisfechas*, NBI), while only 6 percent of homes in CABA.

3. *Socio-demographic characteristics.* Barrio 31's demography is young, with 53 percent of its population under the age of 25. However, the distribution of household income per capita shows that many young people, particularly children within the age groups of under 5 years and between 5 and 14 years concentrate more than 45 percent of the population in the two lowest income quintiles. The neighborhood is also nationally diverse, with more than half of its population immigrating from Paraguay, Peru and Bolivia (99 percent from these three countries alone). In terms of education, school attendance and completion is lower than in CABA. Only 60 percent of people over the age of 25 completed secondary school compared to 75 percent in the City. The proportion of children between the ages of 3 and 5 that never attended school is double the amount in CABA (10 versus 21 percent). Also, 10 percent of youth in Barrio 31 between 13 and 17 years currently do not attend school, compared to 4 percent in CABA. A possible explanation to school dropouts is related to the presence of young mothers (23 percent of the female population in Barrio 31 and teenage pregnancies).

4. *Living conditions.* Residents in Barrio 31 face important shortcomings in terms of housing and access to basic services. Housing units in the neighborhood present substantial qualitative deficits. Although 98 percent of homes are built with bricks, stones or concrete, floors and roofs are constructed using precarious materials. For instance, 19 percent of houses have roofs made of metal sheets and over 40 percent have cement or brick floors. In addition to physical inadequacies, 29 percent of residents live

⁷³ The full texts of the Social Assessments can be found on World Bank's external website.

⁷⁴ Secondary sources employed included, *inter alia*, national censuses on population and housing, 2010 census of Barrio 31, academic studies, and statistics from various education and governmental agencies.



in overcrowded dwellings, with more than three people per bedroom. Houses under the Illia highway (along 850 linear meters) face riskier living conditions due to lack of proper ventilation, insufficient sunlight, exposure to constant trembling movements, and sound and air pollution caused by passing vehicles.

5. In terms of access to basic services, 93 percent of households have a drinking water connection, but only 80 percent have a connection inside their homes. Access to energy is much lower, with less than 20 percent homes connected to the electricity network. About 79 of the households are connected through extensions from a neighbor unit, resulting in highly unsafe conditions. While connection to the gas network is very common throughout CABA, less than 1 percent of the houses in the Barrio have access. Most of the local population concerns are related to housing conditions, mainly, sanitary risks (e.g. sewage overflows, rats, lack of bathroom, poor ventilation), poor accessibility, irrecoverable housing conditions and risk of housing collapse.

6. *Social challenges.* In addition to children and youth, other populations identified as largely vulnerable to poverty risks include women⁷⁵, seniors over the age of 60⁷⁶, tenants⁷⁷, immigrants⁷⁸, LGBTI⁷⁹ and people living under the Illia highway, as well as in blocks with precarious housing and limited access to basic services. In regards to the labor market, Barrio 31 is characterized by low employability, high levels of job insecurity and informality, and a higher unemployment rate than CABA. The unemployment rate reaches 14.2 percent⁸⁰, compared to 10.5 percent in CABA. Moreover, the majority of the Barrio's residents have informal jobs, a high of 51.2 percent, versus 26.1 percent in CABA. More women have informal jobs than men in Barrio 31 (57 versus 47 percent). They also have a higher unemployment rate (18 percent) and in general earn an income 25 percent lower than their male counterparts.

7. Barrio 31 also faces high levels of insecurity and violence, caused in large part by the presence of drug trafficking and consumption of illegal substances. Surveys held in the public space known as *Cancha de Lujan* showed an average "security perception" score of 2.84 (with 1 = very insecure, and 5 = very secure). Reasons behind this perception included the occurrence of robberies and violent fights (23 percent) and the presence of youth gangs (8 percent). Gender violence is also a prevalent theme in Barrio 31. Although there are no statistics on this issue within the Barrio, women participating in the focus groups

⁷⁵ Data from the socio-economic assessment show that women have more informal and insecure jobs than men – unregistered female workers represent 57 percent of total female workers, while in the case of male workers the number is 47%. Women also face other challenges in terms of access to health and violence against them (both at the interpersonal level and as victims of all types of crimes).

⁷⁶ 20 percent of people over the age of 60 live alone; 63 percent have some kind of chronic disease; and 19 percent face some kind of disability.

⁷⁷ Tenants' vulnerability is linked to their high exposure to an unstable informal housing market that allows property owners to make arbitrary decisions that may involve unexpected raises in rental costs, or even forced evictions.

⁷⁸ 57 percent of immigrants have informal and insecure jobs, and close to 40 percent of them work on short-term assignments. This generates not only negative outcomes in terms of labor stability, but also in access to health services.

⁷⁹ Lesbians, Gays, Bisexuals, Trans (including transvesties, transsexual and transgender) and Intersex. The Social Assessment shows that people belonging to any of these groups face discrimination based on their sexual orientation and/or gender identity. In particular, this has been identified as a challenge for Trans people, affecting their access to decent jobs, housing, and services such as health and education.

⁸⁰ This is also an area where gender inequality is significant, given that the unemployment rate for men in Barrio 31 is 11 percent (close to CABA's average).



expressed to feel more vulnerable than men given a larger possibility of being robbed or sexually assaulted.

8. *Citizen Engagement.* Barrio 31 has high levels of community participation. The neighborhood has a long-standing and very active internal political system,⁸¹ and civil society organizations⁸² also participate in different aspects of the neighborhood development. There is also a high level of attendance in all consultation processes organized by the Government of CABA.

Barrio Carlos Gardel (Municipality of Morón, PBA)

9. The Metropolitan Area of Buenos Aires (AMBA) has approximately 14.8 million inhabitants, from which roughly 17 percent live in slums and informal settlements. It is estimated that there are 819 informal settlements in AMBA.

10. Lack of access to formal housing is a long-standing issue in AMBA. In order to address the challenges linked to this issue, the Government at different levels (National, Provincial and/or Municipal) have implemented a series of policies to create housing complexes over the years. Many of these complexes were built during the 1970s and many of them present a high degree of deterioration. According to a recent assessment,⁸³ there are 80 housing complexes in AMBA with similar characteristics. One of these complexes is known as Presidente Sarmiento within Barrio Carlos Gardel, in the Municipality of Morón.

11. Barrio Carlos Gardel is formed by the Presidente Sarmiento Housing Complex (*Conjunto Habitacional*), a residential area known as *Plan Federal Barrio Carlos Gardel*, the Prof. Dr. A. Posadas National Hospital and other complementary buildings. The neighborhood's origins trace back to the late 1960s, with the arrival of displaced families from *villas* that had been eradicated in the capital city and other areas of Gran Buenos Aires, who were waiting to be transferred to permanent housing. A series of "Monoblocks" were later built in an adjacent plot, and became known as the *Conjunto Habitacional Presidente Sarmiento*. Through the years, the neighborhood's social cohesion weakened, opening space for criminal activities such as robberies and drug dealing. In 2003, Barrio Carlos Gardel was identified as one of the three most dangerous neighborhoods in the country⁸⁴. During this time, 400 policemen were sent to the neighborhood to end the illegal sale of autoparts. The social assessment was conducted for Barrio Presidente Sarmiento (31 monoblocks), for which the document refers to as Barrio Carlos Gardel as it is commonly called by its residents.

12. *Socio-demographic characteristics.* Based on data from the 2010 National Census of Population, Households and Housing, the population of Carlos Gardel was 7,740. Between 2001 and 2010, it is estimated that the number of households grew by 12 percent, yet the number of houses in the neighborhood increased only by 6 percent, causing greater levels of overcrowding (61 cases, or 36 percent, documented in 2010). Currently the population is estimated to be around 10,000 residents. In

⁸¹ The internal political system in Barrio 31 is conformed by 129 delegates representing their blocks. They are organized in nine sector boards, and a Neighborhood Council –integrated by 10 delegates–.

⁸² There are more than 70 civil society organizations in Barrio 31.

⁸³ Proyecto ReHabitatar

⁸⁴ According to the Secretariat of Homeland Security of the Ministry of Justice, Security and Human Rights of Argentina.



terms of population distribution, children aged 0 to 4 years are the largest population group (32 percent), and seniors aged 65 and over represent 6.2 percent of the neighborhood's population (compared to 14.9 in Morón). In contrast to Barrio 31, only 3.2 of Barrio Carlos Gardel's residents were born outside Argentina – the majority in neighboring countries and Peru. Educational attainment is low; only 11.7 percent of people over the age of 25 completed secondary school and 43.9 percent completed primary education. One possible explanation of school dropout is the prevalence of teenage pregnancies, as the average age of first time mothers is 15 years.

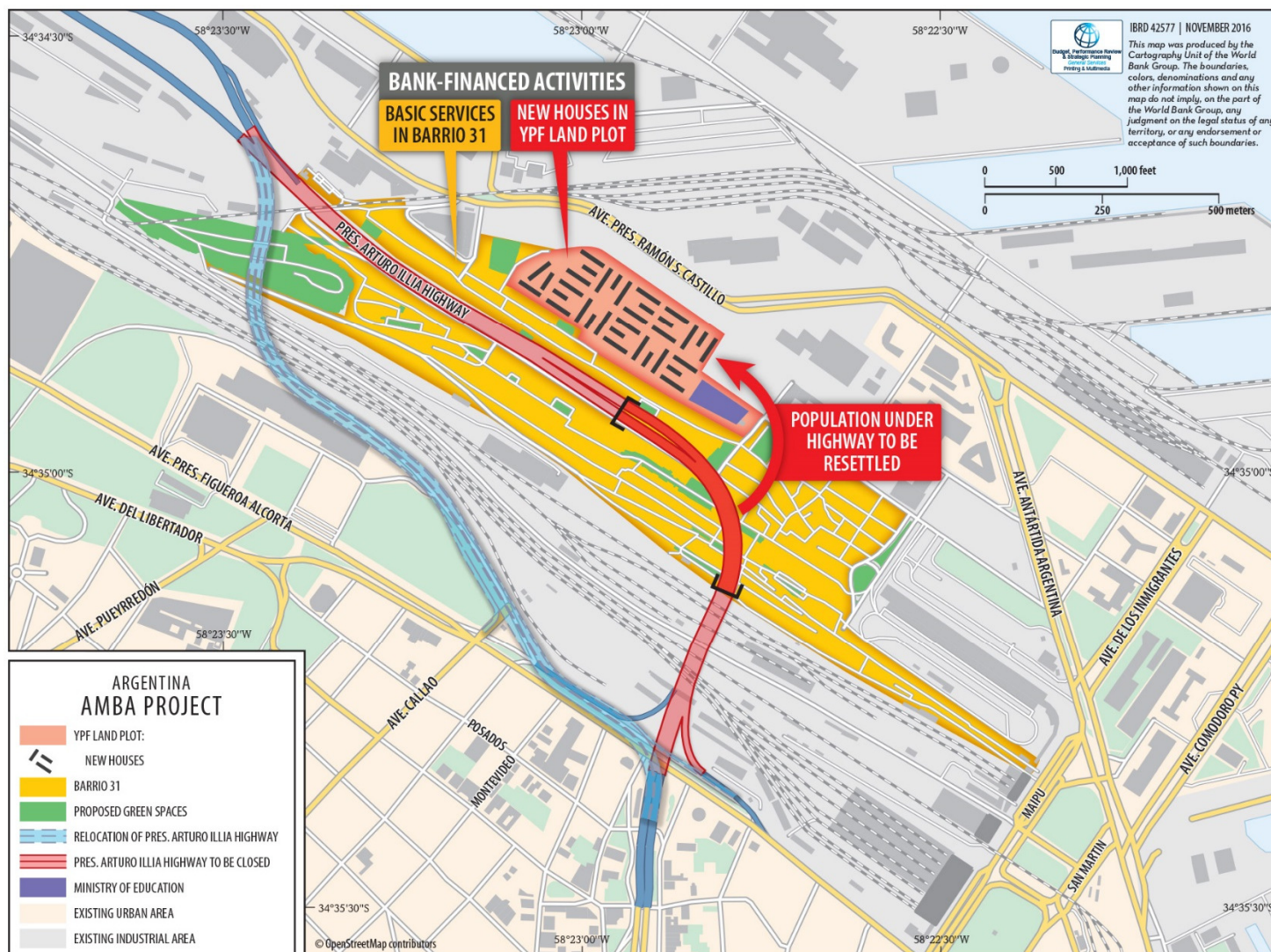
13. *Living conditions.* The percentage of households suffering from at least one Unmet Basic Need in 2010 was 7.2, more than double the percentage in Morón (3.5 percent). Most of these cases were related to situations of critical overcrowding. Homes with 5 and more people represent 34.2 percent of the total. In addition to overcrowding, main living issues are related to inadequate and low quality infrastructure, poor accessibility (which negatively affects the quality of life of seniors and people with mobility disabilities), and encroachment of public space by informal expansion of houses. In terms of access to basic services, 4 percent of homes lacked access to sewage network, and 6.9 to the water network, visibly lower than in Morón (44.6 and 20.1 percent, respectively). The gas distribution network poses serious health and safety threats, given the existence of obsolete infrastructure and lack of maintenance. Poor mobility within the neighborhood is a significant issue given that Morón is the municipality with the second highest percentage of people with disabilities in Gran Buenos Aires, and Barrio Carlos Gardel is the most affected population.

14. *Social challenges.* Unemployment and crime are two prevalent issues in Barrio Carlos Gardel. Unemployment rate for people 14 years and older is 11.6 percent, compared to 6 percent in Morón. The situation is graver for the youth; 28.7 percent of people aged between 18 and 30 years neither study nor work (referred to as “ninis”, *ni estudia ni trabaja*), double the amount in Morón. Similarly to Barrio 31, there is high consumption of illegal drugs in the neighborhood, predominantly among the youth. This consumption has been tied with the occurrence of criminal activities, including car stealing and auto parts disassembling, as well as shootings. The number of gender violence cases appears to be lower in the Barrio than in the rest of Morón, yet this could be due to the lack of incentives to file a report. Another challenge is related to the existence of small informal settlements at the ground level in areas designed to be public spaces. These settlements have informal connections to the different public services networks (e.g. gas, water and electricity) that have a negative impact on the quality of such services.

15. *Citizen Engagement.* The Social Assessment identified a low level of organization among local civil society. In addition, there is a lack of public spaces that could facilitate citizen engagement and/or opportunities for community driven development. The Social Assessment highlighted the need to generate this kind of spaces to promote bonding among neighbors and reinforce the sense of community.



ANNEX 7: MAP OF PROJECT ACTIVITIES AND COMPREHENSIVE ACTION PLAN INTERVENTIONS





ANNEX 8: BUENOS AIRES METROPOLITAN AREA MAP

