



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 07-Jul-2023 | Report No: PIDA35999



BASIC INFORMATION

A. Basic Project Data

Country Argentina	Project ID P180092	Project Name Strengthening Food Programs for Vulnerable Populations	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 07-Jul-2023	Estimated Board Date 22-Aug-2023	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing	Borrower(s) Argentine Republic	Implementing Agency Ministry of Social Development	

Proposed Development Objective(s)

The development objective of the project is to improve the effectiveness and traceability of food programs implemented by the Ministry of Social Development.

Components

- Design improvement of food programs run by MDS
- Feed the Community program financing
- Food Benefit program financing

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	450.00
Total Financing	450.00
of which IBRD/IDA	450.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	450.00
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Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. With a gross domestic product (GDP) of US\$614 billion, Argentina was the third-largest economy in Latin America in 2022.** The country has 2.8 million square kilometers, and its population of about 46 million inhabitants¹ is highly urbanized, with 92 percent living in cities. The Buenos Aires Metropolitan Area alone constitutes 33 percent of the national population and generates more than 40 percent of GDP. Argentina is a federal state. Hence, its 23 provinces and the Autonomous City of Buenos Aires preserve their autonomy under the national government.
- 2. The middle class has historically been large, with social indicators generally above the regional average; however, persistent social inequalities, economic volatility, and underinvestment have limited the country's development.** The urban poverty rate reached 39.2 percent in the second semester of 2022, and 8.1 percent of Argentines live in extreme poverty. Childhood poverty, those under 15 years old, is at 54.2 percent. The high frequency of economic crises in recent decades—the economy has been in recession during 21 of the past 50 years—has resulted in an average annual growth rate of 1.8 percent, well below the world average of 3.6 percent and the regional average of 3.2 percent. Decades of underinvestment have led to sizeable gaps in capital stock relative to comparable countries, although capital spending as a percentage of GDP has improved in recent years. Such a volatile macroeconomic environment has hindered the country's ability to reduce poverty rates and infrastructure deficit and increase incomes.
- 3. The economy recovered from the Coronavirus Disease (COVID) crisis at a quick rate, reaching pre-pandemic activity levels by mid-2021.** Argentina's economy grew by 10.4 percent in 2021 and 5.2 percent in 2022, the largest increase in GDP since the 2010-2011 biennium, after the global financial crisis. Higher commodity prices and trading partners' growth, notably Brazil's, combined with public investments led to a robust growth recovery in 2021 and the beginning of 2022. However, since 2022 increasing macro imbalances and a more turbulent global context started slowing down the rhythm of GDP growth. The government has concluded the process of restructuring its debt in foreign currency (both local and external) with private creditors, significantly improving the maturity profile for the next five to eight years.
- 4. In March 2022, Argentine authorities reached an agreement with the IMF on an Extended Fund Facility (EFF) for a 30-month program and an amount of US\$45 billion to address the economy's macroeconomic imbalances and set the basis for sustainable growth.** This amount covers the remaining obligations under the 2018 SBA (US\$40.5 billion) and provided a small net financing support for reserves accumulation (US\$4.5 billion). The program sets a gradual fiscal consolidation path toward a zero primary deficit in 2025 (from 3 percent in 2021 to 2.5 percent of GDP in

¹ <https://www.censo.gob.ar>



2022, 1.9 percent in 2023, and 0.9 percent in 2024), a reduction of monetary financing of the deficit (eliminated by 2024), and the framework for monetary policy involving positive real interest rates, as part of a strategy to fight inflation.

5. **Inflation has been historically high and has accelerated since the outbreak of the Russian invasion of Ukraine, with likely increases in poverty rates.** Inflation rates, which were already stubbornly high in the immediate pre-pandemic period, slightly decelerated during the recessionary period that resulted from the lockdown measures and picked up again as the economy recovered. Coincidentally Russia's invasion of Ukraine, rates doubled, escalating from monthly growth rates of around three percent to eight percent since March 2022. This discontinuous and persistent increase implies that the y-o-y rate went up from 50.7 percent (January 2022) to 114.2 percent in May 2023, crossing the 100 percent mark for the first time in more than 30 years. Inflation rates for food items have been even higher than the overall CPI variation rate accumulated at 49.4 percent since January 2023, and 117.8 over the last 12 months.

6. **Over the past two decades, Argentina has experienced extreme events and widespread droughts across multiple regions, including in core agricultural areas.**² Argentina is vulnerable to a wide range of climate change impacts, which vary across its regions.³ Climate change will impact temperatures and rain patterns. As floods and droughts increase in both intensity and frequency, overflows and coastal floods become even more severe, and glaciers melt, water scarcity—and potentially wildfires—will increase. Although the scale of future climate change is uncertain, available data suggest that the country should prepare for more intense climate extremes. Hydric stress is expected in the north due to increased temperatures. In the east, climate change is forecasted to increase extreme precipitation and floods, decrease flow rates in the rivers of La Plata Basin, and increase sea levels in La Plata River. Water crises are expected in the west and melting glaciers in the southwest⁴. With 92 percent of the population living in cities, the urban poor people, especially residents of informal settlements, are particularly vulnerable to disasters. Informal settlements are often located on low-lying, flood-prone land and consist of structures easily damaged during floods and landslides. Argentina has a National System for Integral Risk Management (*Sistema Nacional para la Gestión Integral del Riesgo* – SINAGIR) to identify disturbances caused by climatic and geophysical hazards. The SINAGIR integrates and articulates the actions of all the agencies within the national government focused on risk reduction and management.

7. **Finally, there are gender gaps in earnings and agency among the beneficiaries of the food assistance programs supported by the project and access to the program by people with disabilities is challenging to measure.** Women face several barriers to seizing economic opportunities. Women are overrepresented among heads of poor households.⁵ Female heads of households spend three times more time in unpaid care work than men, which decreases their time available to pursue economic opportunities. There is currently no data to estimate the programs' coverage of people with disabilities, or barriers to access that they may be experiencing.

² Climate Risk Profile: Argentina (2021): The World Bank Group.

³ Tercera comunicación nacional de la República Argentina a la Convención Marco de las Naciones Unidas Sobre el Cambio Climático. Secretaría de Ambiente y Desarrollo Sustentable de la Nación. Government of Argentina.

⁴ Country Climate and Development Report Argentina (2022). World Bank Group. Available at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/f8806192-1a48-5d12-a2af-252fbf268c95/content>

⁵ In the second semester of 2021, the proportion of indigent and poor female-headed households was high (51 percent and 47 percent respectively) compared to the total percentage of female-headed households (43 percent). National Institute of Statistics and Census of Argentina (INDEC). (2022).



Sectoral and Institutional Context

8. The social protection system represents 11 percent of the GDP in 2021 and it is implemented in an unbalanced fashion by the national and sub-national governments. Pensions account for the largest share of the social protection system, with approximately eight percent of GDP. Another sub-system, targeted at the first stage of the life cycle, provides almost universal coverage to children under 18 years of age with several family allowance programs, including the Universal Child Allowance⁶ (AUH) program, which spends approximately 1.2 percent of GDP. Other programs target the working age population through employment and unemployment insurance programs and vulnerable households using a heterogeneous set of programs. This last subset of programs that include food assistance programs represents 0.48 percent of GDP in 2022 (see Figure 1).

Figure 1: Expenditure of Social Protection programs, as percentage of GDP 2004-2021

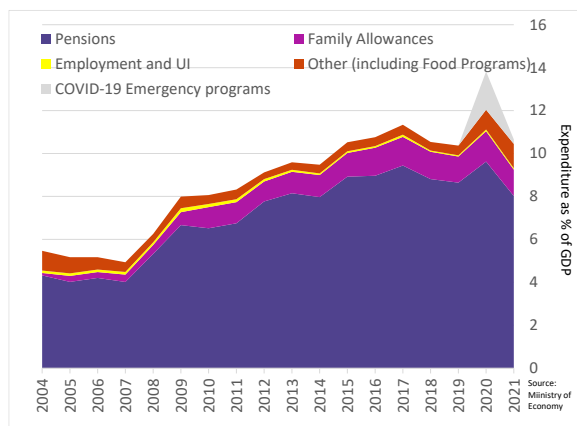
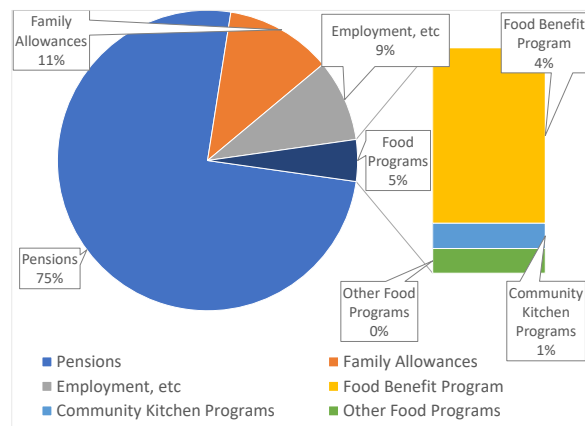


Figure 2: Composition of Social Protection Expenditure with a focus on Food Assistance Programs, 2021



9. The social protection system comprises a series of cash transfer programs that help reduce poverty rates. The coverage gaps on both ends of the life cycle are relatively small, as shown in Figure 3. Nevertheless, most expenditures focus on the elderly, which explains the lower poverty rates in age-group 65 and older (Figure 4). Poverty and extreme poverty rates are the highest among younger cohorts but would be even higher in the absence of these programs. Figure 3 schematically shows the incomplete expansion of the Food Benefit Program (FBP) called *Prestación Alimentar*, which overlaps with the AUH program that also supports households with children aged 15-17. Figure 4 shows that the poverty reducing effect of these programs for the age group 15-19 is much smaller than the observed for younger age groups where the FBP fully overlaps with the AUH program.

⁶ Most of the social protection response to the COVID-19 pandemic and the lockdown measures was structured around AUH. This document refers to AUH but this also includes other related programs such as AUE (Universal Pregnancy Allowance), AUHD (Universal Disable Children Allowance) and non-contributory pension (mother with more than 7 years).



Figure 3. Social Protection programs by life cycle stage and income (formality) level

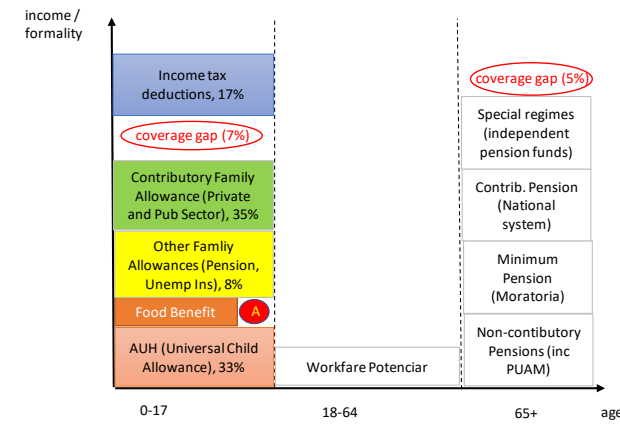
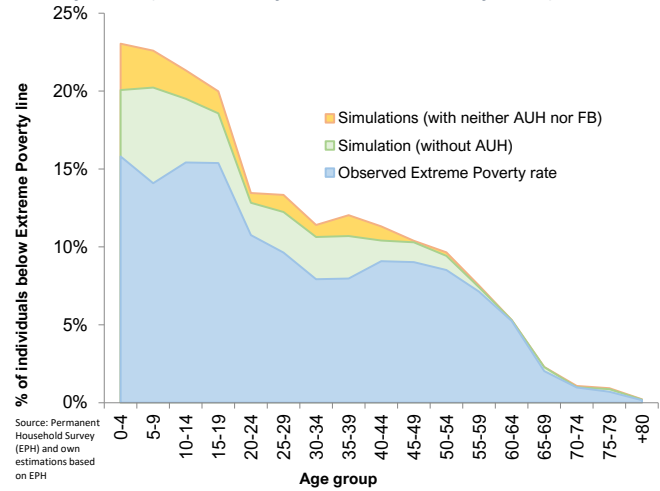


Figure 4. Extreme poverty rate by age group, observed and counterfactual (in absence of AUH and Food Benefit-FBP) – 2020



10. As inflation accelerates, the loss of purchasing power becomes more evident, even considering social protection benefits, which underlies the relevance of the indexation mechanisms. Pensions and family allowances⁷ are adjusted frequently according to a pre-established formula but still lost 22 percent in purchasing power between January 2020 and May 2023. Other social protection programs with discretionary increases result in even higher losses. As an example, over the same period, the minimum wage⁸ lost seven percent (see Figure 55).

11. Despite its strong social protection system with almost universal coverage on both ends of the lifecycle, the government launched a number of one-time payments (“bonos”) to reduce the impacts of external shock as a result of Russia’s invasion of Ukraine and the inflation on the purchasing power of households in 2022. During the COVID pandemic, social protection programs expanded through temporary programs in the form of one-time payments to top-up benefits of ongoing programs, and coverage expansion through temporary programs to reach households not covered by ongoing programs. Despite the quarterly benefit adjustments in 2022, pension and family allowance program beneficiaries received discretionary one-time payments to keep pace with inflation. Similarly, as experienced in 2020, with the economic slowdown due to the pandemic and lockdown measures, demand for food assistance increased.

12. Food assistance policy (*Política Alimentaria*) comprises a series of programs implemented by the Ministry of Social Development (MDS) with unequal coverage and budget allocations (see Table 1). The FBP is the largest and fastest growing food assistance program. It was launched as the *Tarjeta Alimentar* (Food Card) program in late 2019 as a cash transfer to final beneficiaries through an independent pre-paid credit card, restricted to food purchases, with a variable benefit amount depending on the number of children in the household.⁹ This flagship program of the current

⁷ The family allowance programs run by the National Social Security Administration (ANSES) cover 70 percent of all children younger than 18 years of age. These family allowance programs consist of a series of contributory and non-contributory programs that cover the children of formal salaried workers, those of Unemployment Insurance (UI) beneficiaries, and pensioners. A fourth non-contributory family allowance program covers the children of the unemployed or informal workers. The latter is called the Universal Child Allowance program (AUH, by its Spanish acronym) and it is similar in design to a conditional cash transfer program with co-responsibilities on health and education.

⁸ The *Potenciar Trabajo* program run by MDS pays half the minimum wages to 1.3 million beneficiaries. The calculations of the purchasing power losses do not take into account the temporary bonuses paid, for example, to pensioners.

⁹ Unlike the Food Card program, FBP benefits can be cashed out at ATMs as it uses the same pre-paid credit card as the AUH program, not restricted to food purchases. In this document, the FBP refers to a program implemented by MDS that provides direct cash transfer and not as a direct food



administration underwent two major design improvements that expanded its coverage and updated the benefit amount. Originally, the FBP targeted households with children below six years old that benefited from AUH. Following the strict lockdown, the coverage was expanded to households receiving AUH benefits with children under 15. Unlike AUH, the FBP did not include an indexation mechanism to periodically update the benefit amount. The benefit amount was first increased in April 2021 to compensate for losses in purchasing power over the previous 17 months. The FBP amount was again raised in April 2022, November 2022, and April 2023, by 50, 40 and 35 percent, respectively.

Figure 5. Benefit amount of Social Protection programs, in real terms (100=May 2023)

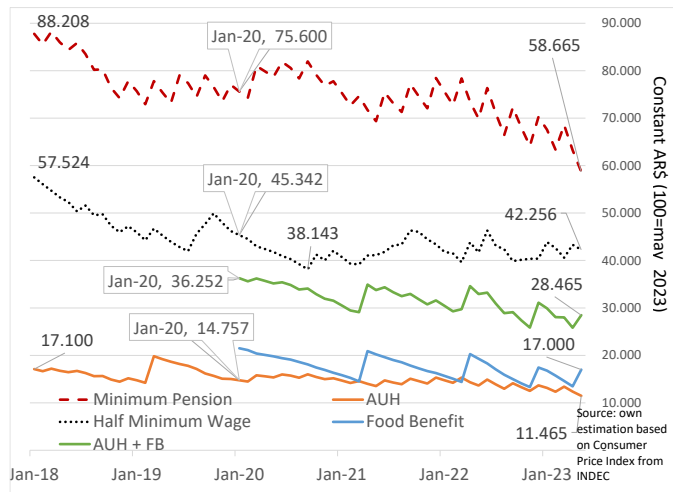


Table 1. Food assistance programs implemented by MDS, per type and recipient

	Program	type	recipient	comment
Direct cash transfer				
1	Food Benefit	cash transfer	final beneficiary	paid jointly with AUH, unrestricted use of resources
Indirect food programs				
2	Community Kitchens (traditional)	in-kind transfer	Civil Society Organization (CSO)	Staple 'dry' food centrally procured and distributed. Delivered as meals (eat-in and take-away), or food boxes.
3	Community Approach (aka UNDP)	cash transfer	CSO	Bank accounts. Manual reconciliation of food purchases
4	School Kitchens	cash transfer	Province	Complementary support to sub-national school feeding program
5	ProHuerta	services (training)	CSO	jointly run with Ministry of Agriculture and INTA
6	Feed the Community	cash transfer	Community Kitchen	Pre-paid Debit Card. Tracking of final beneficiaries

13. **A set of indirect food assistance programs run by MDS are implemented through civil society organizations or provincial governments.** The largest indirect food program is the Community Kitchens Program (CKP), *Programa de Comedores Comunitarios*, implemented through civil society organizations and community kitchens¹⁰ with little traceability at the individual level. Following the approach of natural disaster response programs, the MDS procures, stores, and distributes staple food prepared as meals to be consumed at the centers or taken away to eat at home or elsewhere. The CKP was introduced during the hyperinflationary period in the late eighties and expanded during the economic and social crisis of 2001. Community kitchens are mostly located in poor urban neighborhoods, often vulnerable to climate impacts as well. Given their altruistic and inclusive nature, access to the kitchens is not restricted to the most at-risk individuals or households that are not reached by other social protection programs. As a result, the program is self-targeted and without a reliable mechanism to trace attendance at the individual level.¹¹ The overall demand for the program is self-regulated according to the economic situation, household purchasing power and food availability at the community kitchen. Prior to the COVID pandemic, most community kitchens processed food and

assistance program as was the case for its antecessor, the Food Card program.

¹⁰ Most CSOs are created spontaneously by neighbors, faith-based or politically oriented people to help vulnerable communities during deep economic crises. Beyond community kitchens, CSOs often provide other critical services in the communities, such as nurseries, small healthcare centers or shelters for victims of domestic violence; and several of them are currently running more than one community kitchen. The FCP will provide a single and independent pre-paid credit card to each CSO to procure food for community kitchens serving the local population.

¹¹ CSOs usually sign a Memorandum of Understanding with MDS to participate in the CKP that include, among others, the requirement to report a list of "regular" beneficiaries that dine or pick up meals at the center. The list is not verified by MDS or updated during the validity of the MoU, which usually is twelve months.



prepared meals to be consumed at the dining centers or taken away home. The excess demand and shortage of volunteers during the lockdown resulted in the distribution of food boxes to beneficiaries. In principle, the composition of those food boxes was determined by MDS, but in practice, community organizations distributed boxes of dry staple food based on availability, demand, frequency of reposi...

Figure 6. Food programs implemented, budgeted (2018-2022) and executed (as of Nov 2022). as % of GDP.

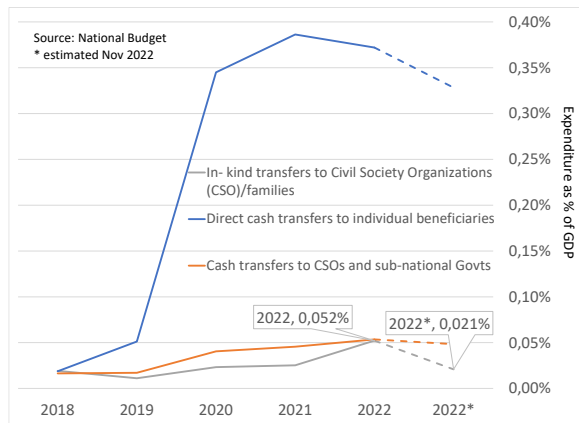
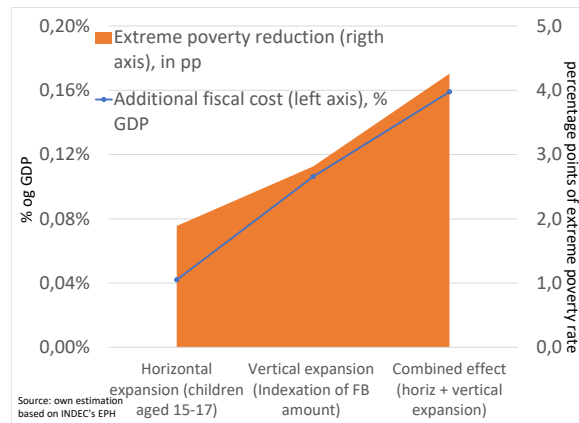


Figure 7. Simulation of the horizontal (coverage) and vertical (benefit amount) of the FBP. Additional cost and extreme poverty results.



14. The Community Approach, Abordaje Comunitario, which started under the 2002 World Bank project that supported the Social Investment Participatory Fund (FOPAR)12 remains in place on a smaller scale and is supported by the United Nations Development Programme (UNDP). This program is implemented through cash transfers to bank accounts of pre-screened CSOs' for the exclusive purpose of buying food13. Besides financing food expenditures, this program also supports the cost of kitchen supplies and equipment such as utensils, ovens, or fridges. This labor-intensive indirect food program has nutritional standards, implemented through negative lists of food items (low nutrition content), verified when reconciling expenditures and receipts and usually done manually. This program has positive outcomes for gender equality, with 90 percent of community kitchens run by women.

15. Finally, the School Kitchen Program, Comedores Escolares, is a relatively low-scale initiative that transfers resources to provincial governments to complement programs implemented at the subnational level. Unlike social protection, health and education programs are not run by the national government, as they were decentralized to the provinces with the constitutional reform in 1994. Although MDS still runs a budget line to support the School Kitchens program as part of the National Food Policy, the contribution is relatively marginal to the volume of resources invested by the provinces running public sector schools. In March 2023, the government launched the Feed the Community Program (FCP) or Alimentar Comunidad,14 that aims at modernizing and improving transparency of decentralized mechanisms, some of which have been facing challenges with the growing demand at community kitchens.

12 Fourth Social Protection Project, AR-4398, approved in 1998

13 A proportion of these transfers can be used to buy cleaning products, which is also promoted by training courses, to ensure hygiene and food safety standards at the community kitchens.

14 MDS Resolution 230/2023 created Alimentar Comunidad on February 22 and published it in the Official Gazette on March 8, 2023.



16. **The implementation of the CKP is seriously challenged by the indirect effect of inflation.** A significant amount of the budget allocated to the CKP (68 percent) was not executed¹⁵, unlike other food assistance programs. By November 2022, less than half of the budget was executed. Many bidding processes in 2021 and 2022 were not awarded or canceled, sometimes with fines, due to the four to six-month lag time between the presentation of bids and the final payment. While food prices increase significantly in this period, the procurement process is regulated by strict reference prices. Consequently, community kitchens have experienced a significant reduction in the availability of staple food to serve the communities.

17. **This project aims to improve the design of the FBP and the FCP, thus strengthening the overall food assistance program by introducing a new decentralized food assistance program that will progressively replace the outdated and inflation-incompatible food procurement used by the CKP.** The introduction of digital means of payment and other IT improvements will improve the transparency of the food assistance policy- making its expenditure traceable. Regarding the FBP, the government would introduce an instrument to periodically update the FBP benefit amount and avoid losses in purchasing power, and also would expand the coverage to children aged 15 to 17 years old under the AUH program to avoid potential disincentives to the health and education co-responsibilities, an age range at which the school drop-out rates are even higher.¹⁶ Additionally, the government would improve the effectiveness and transparency of the CKP which is currently under-executed due to inflation-incompatible mechanisms and low levels of accountability. The introduction of a decentralized procurement approach through pre-paid credit cards will expedite the budget execution and will improve resource allocation across community kitchens over time by exploiting information-based bottom-up criteria that will result from the use of these digital payment tools. Finally, this new approach will gather the information at the individual level (e.g., through national ID), improving the traceability and transparency of food assistance programs and allowing the integration of these programs with the rest of the social protection system. The specific description of the approach and the project is explained in detail below.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

18. The project development objective is to improve the effectiveness and traceability of food assistance programs implemented by the Ministry of Social Development.

Key Results

19. **The key results and performance indicators will be refined during the appraisal of the project in coordination with government counterparts.** The following key results indicators are hereby proposed to measure the achievement

¹⁵ Given the declared economic emergency, the budget line MDS-26 that finance food programs, cannot be reallocated to finance other MDS activities, and can only be re-allocated within these set of food assistance programs. The closing budget figures are normally-redistribute spreading the under-execution figures across other food assistance programs. In 2022, this reallocation reduced the under-execution from 63 percent in November, to 20 percent in December. Other programs increased their under-execution figures to 50 percent, accordingly.

¹⁶ As of November 2022, the food benefit was basically equivalent to the benefit received from the AUH program. In other words, an eligible household would get double the cash amount. A family with a child that turned 15, would lose the food benefit or half the benefit compared to the previous month, even though family responsibilities don't change until the child turns 18 years. Households with children between 15 and 17 years old receive lower cash transfer than households with younger children. The drop-out rate is higher in secondary than primary school and increases as children get closer to 18 years old.



of the project development objective:

- i. The benefit purchasing power of the Food Benefit program, to measure its effectiveness in reducing extreme poverty.
- ii. The benefit purchasing power of the Feed the Community program, to measure its effectiveness in reducing extreme poverty.
- iii. Number of beneficiaries of AUH aged 15-17 years that receive a benefit from the FBP, to measure its effectiveness in reducing extreme poverty (the indicator will be reported disaggregated by gender).
- iv. Number of active pre-paid credit cards used by community kitchens through the FCP, to measure the effectiveness to execute the budget allocation of the decentralized food assistance program.
- v. Number of beneficiaries that participate in the FCP and whose identity is being tracked through digital tools, to measure the improvement in the traceability of the decentralized food assistance program (the indicator will be disaggregated by gender).

D. Project Description

20. **The proposed project would improve the effectiveness and traceability of two food assistance programs: FBP and the FCP).** The project will introduce an instrument to periodically update the FBP benefit amount to avoid losses in purchasing power and expand the coverage of the food benefits to households participating in the AUH program with children between 15 and 17 years of age. In this way, it will be possible to mitigate food insecurity, including climate-induced in a higher number of households, and likewise, avoid potentially conflicting disincentives with the education co-responsibility of AUH for an age group where school dropout is high. Moreover, this project also aims to progressively replace part of the centralized procurement of staple food with a decentralized method allowing community kitchens to buy food locally, thus reducing GHG emissions from transport. The benefits of the operational model are the improvement of the nutritional content of meals based on the possibility of adding fresh food; and the reduction of the negative carbon footprint derived from the current distribution of centrally procured food. Additionally, by improving the traceability of the food assistance programs implemented through community kitchens, the project will introduce a tool to replace the discretionary criteria currently used to distribute the procured goods, with a bottom-up approach driven by traceable demand at the community kitchens, thus enhancing the traceability of the program. To achieve this, the project would support the following three components:

Component 1: Improve food assistance programs managed by MDS (US\$10 million)

21. **This component aims to improve and strengthen the design, capacity, and quality of Argentina's two main food assistance programs.** This component will provide technical assistance to MDS in two FBP specific areas: an instrument to update the benefit amount periodically and the extension of coverage to children aged 15 to 17 under the AUH program. The benefit updating instrument would serve as a fast response procedure by temporarily increasing the amount of the benefit for poor and vulnerable households in the wake of disasters and climate shocks.¹⁷ This will help reduce the vulnerability of households and ensure food security during crises, particularly for female-headed households. In these cases, the FBP will temporarily increase the benefits of families affected by an emergency. The same criteria will apply for per capita transfers to the community kitchens under the FCP. The increase is activated

¹⁷ E.g. shocks related to extreme weather conditions affecting beneficiaries in a particular area.



by a climate or other disaster, allowing the program to adjust the value of transfers to the affected population.

22. Regarding the FCP, this component will support the implementation of a new decentralized food provision mechanism for community kitchens, strengthen the capacity of MDS to manage and implement the program, and enhance the capacity of participating community kitchens. This component will support the following activities:

23. **Improve the national registry of community kitchens (*Registro Nacional de Comedores: RENACOM*)** to (i) guarantee that the registry accurately identifies the institutional capacity and training needs of community kitchens, ensuring food safety standards and nutritional content; and (ii) introduce mechanisms to keep this registry up to date given the fluidity of CSO-led initiatives that are highly dependent on social and economic conditions. The improvement of the registry will also allow to better identify vulnerable areas to climate impacts to improve the targeting and deployment of benefits.

a. **Develop and launch a pre-paid credit card for the exclusive purpose of purchasing food.** This card is to be used by community kitchens for the decentralized purchase of food and to ensure timely replenishment and continuity in the flow of funds to produce meals and feed the most vulnerable, including the climate vulnerable population. Because these populations are extremely vulnerable to suffering from price spikes, it is intended to reduce their vulnerability to climate-driven food insecurity. The pre-paid credit card will also allow the government to audit the use of funds, reduce paperwork, and monitor transactions, particularly quantities and prices of goods procured.

b. **Create a Business Intelligence Unit (BIU) to manage the information and financial flows of decentralized food provision and traceability of beneficiaries and build strong data analytics capacity to process the additional information on the progressive expansion of the program.** The BIU will: (i) replace top-down criteria to distribute the funds among community kitchens with a bottom-up method to allocate budget and replenish the pre-paid credit cards according to the use of funds and demand from beneficiaries; (ii) monitor information just-in-time, drawing heat maps, detecting deviations in either price or quantities and carrying out error and fraud controls to ensure transparency and accountability in the use of funds; and (iii) gather feedback and include criteria to distribute funds or other non-cash types of support to community kitchens and replenish and update the benefits allocated to community kitchens. The BIU is also expected to manage information associated with climate impacts to final beneficiaries, to define a temporary increase of benefits and per capita transfers when required.

c. **Deploy digital devices to track beneficiaries of community kitchens.** Devices, such as digital scanners, will be used to track records to improve the traceability of the funds used by the community kitchens until they reach the final beneficiaries of the meals and food items. This tool is also expected to contribute to: (i) the identification of those beneficiaries lacking national IDs (either physical or on record); and (ii) allow the interoperability of this program with other social protection programs. That will enable the program to improve the identification of beneficiaries with disabilities and those in most climate vulnerable locations, track their inclusion/exclusion from the program and provide outreach when needed.

d. **Evaluate a selected group of community kitchens** and test several features of the FCP, such as the use of the different digital payment and data-gathering devices through the information management system, identify shortcomings and provide recommendations to the design of the digital tools and the content and scope of the information to be collected. The first stage is expected to be completed by program effectiveness to allow for the progressive expansion of this alternative decentralized implementation of the FCP. The World Bank team will provide technical assistance to both the design and implementation of the first phase. The project will support the process evaluation of the first phase for the subsequent expansion of the FCP.

e. **Enhance the capacity of community kitchens to deliver assistance.** The project will support the improvement



of the conditions of canteens participating in the FCP, including energy efficient refrigerators¹⁸, kitchen equipment, and furniture. This component may include capacity-building activities on issues identified by the leaders of the community kitchens, but also training and awareness raising on the prevention of gender-based violence, integral sex education, emergency protocols (including response to climate related shocks), economic autonomy, and other women's rights¹⁹. This assistance will be conditional on an assessment of the initial capacities of the community kitchens, as well as on satisfactory performance in the fulfillment of accountability of the use of funds and in the provision of the information on the beneficiaries' demand.

f. **Support to a series of soft components** that are necessary to fill in gaps that might be encountered during the expansion and deployment of the decentralized food provision method over the territory, especially in remote or less densely populated areas. This component will also finance activities designed to ensure that digital means of payment are not a barrier to those selling locally produced goods, such as small farmers, vegetable producers, etc.

24. **This component also aims to strengthen MDS capacity to implement food assistance programs.** This component will provide support to the General Directorate of Special Projects and International Cooperation (DGPEyCI), part of the Secretariat for Administrative Management at the MDS. This component will support the Financial Management (FM), Procurement, Environmental and Social (E&S), and monitoring and evaluation functions. The DGPEyCI has proven experience and capacity in implementing projects financed by international financial institutions, including the World Bank-financed Children and Youth Protection Project (P158791) implemented jointly with the National Social Security Administration (ANSES).

Component 2: Feed the Community Program (US\$86 million)

25. **This component will support the decentralized implementation of the FCP and finance cash transfers to pre-paid credit cards of community kitchens to be used exclusively for food purchases.** This mechanism will replace the discretionary top-down distribution criteria with a bottom-up process that more fairly allocates resources following food demand and CSO effectiveness in catering to the community. The nutritional content of meals should improve as fresh food items will be among the eligible items. Reducing the amount of 'dry' food procured centrally will lower carbon emissions, as fewer items will require transportation from two MDS warehouses to the community kitchens nationwide. The decentralized purchase of food will also reduce the stock of food stored either at MDS warehouses or community kitchens, freeing resources to expedite the progressive expansion of community kitchens under this traceable method. Finally, the component is expected to increase gender equality considering that more than 90 percent of the community kitchens are run by women who will strengthen their agency through access to economic resources and technical assistance, thus strengthening their role as community leaders. The disbursements will be linked to results through Performance Based Conditions (PBC).

Component 3: Food Benefit Program (US\$352.875 million)

26. **This component aims to improve the design and coverage of the FBP.** A series of improvements to the program are being considered, some of which require bills to be passed as legislation. The first is the adoption of an instrument to periodically update the FBP benefit amount will protect the purchasing power of beneficiaries. A rapid

¹⁸ It is expected that during project implementation close to 25 percent of community kitchens will receive energy efficient refrigerators for an approximated total cost of US\$1 million. This is expected to generate a substantial reduction in net energy consumption (up to 45 percent) through the use of the best available technology (e.g. inverter refrigerators).

¹⁹ These topics have been identified as relevant by community kitchen leaders in a survey conducted by the MDS in 2022. In all cases, they requested receiving training for the staff working in the community kitchen.



response mechanism will be introduced to allow for temporary increases in benefits for poor and vulnerable households affected by climate and other disasters. This component will finance a one-time PBC, which will be authorized against the effective implementation of the benefit amount updating instrument. In addition, the government plans to expand the coverage of the program to include children aged 15 to 17 years old that receive a benefit from the AUH program. A second continuous PBC would disburse against the implementation policy reform. Disbursements will be linked to results through PBC and will disburse equivalent amounts on a quarterly schedule along the lifetime of the project. The program prioritizes women as beneficiaries expanding women’s agency and is also expected to help reduce the time they dedicate to the care of their children.²⁰

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

27. **The combined environment and social risk are rated Moderate.** The environmental risk is Low. The project does not finance land acquisition and does not include remodeling, rehabilitation, or construction of new infrastructure. The project’s actions will be carried out within facilities, and will not intervene in sensitive or protected areas, nor will its actions or effects put biodiversity or cultural heritage at risk. The overall risks and potential adverse impacts on the environment are likely to be minimal or negligible. Furthermore, the project would result in valuable outcomes such as (i) reducing the carbon emissions from transport by purchasing food locally instead of using two centralized distribution centers; and (ii) strengthening the food management and meal planning capacity of the community kitchens, thus promoting the delivery of meals with higher nutritional content adapted to local needs. Based on available information to date, the project will finance basic computer equipment and provide education and training for the use of software and hardware as part of an upgrade of information technology resources in the MDS. In addition, it will include the purchase of furniture and other equipment (e.g., energy efficient refrigerators) for community kitchens participating in the FCP. The potential replacement of obsolete equipment and appliances would potentially generate waste that needs to be properly managed and disposed, but also generate additional energy savings.

28. **The social risk rating is moderate.** As stated above, the proposed project would improve the effectiveness and traceability of two food assistance programs implemented by the MDS. In addition to the positive outcomes mentioned above, by improving the traceability of the food assistance programs implemented through CSOs, it will introduce a tool to replace the discretionary criteria currently used to distribute the procured goods, with a bottom-up driven

²⁰ The expansion of the FBP to cover children between 15 and 17 will enhance the nutrition of those children, which is expected to have positive effects on their health and education. Considering that female heads of households spend three times of unpaid care work than men, these effects are expected to increase economic opportunities for women by reducing the time they will dedicate to the care of their children



approach, based on the traceable demand at the community kitchens. In this sense, the project is expected to have only positive social impacts on the vulnerable and systematically excluded groups and zero negative social effects. The main social risks are associated with the potential exclusion of vulnerable groups from participating in the benefits of the FBP and with possible weaknesses related to the communication, participation, and engagement capacity of the MDS. These risks are being assessed as moderate/low in the draft Environmental and Social Assessment (ESA), which incorporates mitigation measures and actions to improve the FBP design and/or implementation. Moreover, the ESA has informed the Stakeholder Engagement Plan (SEP), which covers risks related to potential exclusion in the participation of vulnerable groups through the planning and implementation of proper strategies of information disclosure and consultation in a timely and culturally appropriate manner. Advanced draft versions of the ESA and the SEP were disclosed in the country on June 16, 2023, and on the World Bank external website on June 19, 2023. In addition, the MDS has an active Grievance Mechanism (GM) in place with different channels to address questions, complaints, and grievances. It is called *Sistema Integrado de Comunicación Institucional* (SICOI), and it allows the MDS to have integrated records of the communications received and the follow-up of each case until it is responded to and resolved. The Project's Environmental and Social Risk Summary (ESRS) summarizes the relevant Environmental and Social Standards (ESS) and provides a detailed analysis of the relevance of each at the time of appraisal (as listed in the Data Sheet).

29. **The risk of sexual exploitation, abuse, and sexual harassment is low.** The Country has a solid legal framework focused on Gender-based Violence (GBV) prevention and has a national referral pathway protocol for GBV service provision and an active GBV working group. Additionally, project activities are not expected to give rise to opportunities for individual project actors to sexually exploit or abuse beneficiaries. Also, the project is not expected to finance infrastructure works and therefore has no risk of labor influx. Despite these considerations, and in particular for the community kitchens that are predominantly female-dominated spaces, the ESA has identified potential measures to help reduce these types of risks, and (i) strengthen the capacities of women and the LGBTI+ population in the development of communal work in community kitchens, (ii) assess and characterize the type of vulnerabilities that community kitchens' beneficiaries may have, and (iii) promote the application of the existing protocols and networks to identify and tackle situations of GBV.

E. Implementation

Institutional and Implementation Arrangements

30. **The project will be implemented by the MDS which would provide the overall oversight of food assistance programs execution.** The Food Benefit Program (FBP) will be implemented by the National Directorate of Food Security (*Dirección Nacional de Seguridad Alimentaria* or DNSA) under the Secretary of Social Inclusion (SISO). The DNSA, under the SISO, would be responsible for improving the design and coverage of the FBP. The Feed the Community Program (FCP) will be implemented by a Coordination Unit under the Secretary for the Coordination of Social Policy (*Secretaría de Articulación de la Política Social: SAPS*). The Coordination Unit will be responsible for launching and improving the FCP supported by Component 2. DNSA and Coordination Unit of SAPS will be staffed by a project coordinator and technical staff appointed by the MDS.

31. **The Secretary of Management and Administration (*Secretaría de Gestión Administrativa, SGA*), through the General Directorate of Special Projects and International Cooperation (DGPEyCI) will be responsible for overall**



administrative and fiduciary matters such as financial management and procurement and environmental and social risks management. DGPEyCI is the central fiduciary agency of MDS that manages external financial resources and provides support to all projects. The DGPEyCI was created by MDS Resolution 723/2020. The DGPEyCI has conducted financial management and procurement functions over the last six years for Component 4 of the World Bank-financed Children and Youth Protection Project (P158791). The SGA, through the DGPEyCI, will be responsible for the overall FM aspects including the project's budget formulation and execution; managing the Designated Account and requesting disbursements from the Loan, including the reporting of DLIs, and documenting expenditures to the World Bank; maintaining the project's accounting records; and preparation of interim financial reporting and project annual financial statements required by the World Bank; and complying with project's external auditing arrangements. The DGPEyCI will also be responsible for the overall procurement aspects including management of the procurement processes; monitoring contract administration, and processing payments to suppliers and consultants.

32. **The financial instrument of this project is an investment development financing (IPF) with direct investments, PBCs and twenty percent retroactive financing.** Component 1 is a traditional investment component that will transfer resources to a designated account administered by DGPEyCI. Components 2 and 3 will reimburse FBP and FCP expenditures against results linked to PBCs. Disbursements will be authorized after PBC targets have been achieved and are within the stipulated disbursement plan. The PBCs are designed as critical milestones for the achievement of the PDO and foster the adoption of more effective mechanisms to protect benefits in an inflationary context, as well as transparency to the indirect food assistance program and its integration with other social protection programs. Finally, twenty percent retroactive financing of the Loan amount becomes disbursed upon achievement of the targets set out in PBC3.

33. **PBC1 is designed as independent, single disbursements, while PBC2-4 will follow a quarterly disbursement schedule, and are tentatively defined as follows:**

- a. PBC1: Implementation of an instrument to periodically update the FBP benefit amount.
- b. PBC2: Number of beneficiaries of AUH between 15 and 17 years old receiving FBP benefits.
- c. PBC3: Number of active pre-paid credit cards used by community kitchens through the FCP.
- d. PBC4: Number of beneficiaries in the FCP that are identified and tracked through digital tools.

34. **Eligible expenditures.** All four PBCs will reimburse eligible expenditures of the FBP and FCP programs and will disburse against evidence that targets have been met according to the disbursement schedule set forth in the Loan Agreement. The first three PBCs will reimburse expenses associated with Component 3. PBC 4 will reimburse expenses associated with Component 2. Authorization to disburse will be approved according to the verification protocol included in the Operations Manual of the Project.

35. The first PBC will reflect the improvements in the design of the FBP and is designed as a one-time disbursement of US\$30 million. The PBC1 disbursement will be authorized against the effective implementation of an instrument to periodically update the FBP benefit amount. Similarly, the disbursement linked to PBC2 will be authorized once the FBP coverage is effectively extended to AUH beneficiaries between 15 to 17 years old. The nine quarterly targets for PBC2 are included as disbursement conditions in the Loan Agreement of this project and are expected to disburse a total amount US\$90 million. The remaining two PBCs will reflect improved implementation of the FCP. PBC3 is expected to disburse US\$232,875 million in nineteen tranches once targets are met, according to the disbursement scheduled



included in the Loan Agreement as disbursement conditions. PBC3 will reimburse the expenditures incurred under the FBP, several of which were already underway before effectiveness. The first disbursement under PBC3 will reimburse up to twenty percent of the total Loan amount. This disbursement can be requested upon signing of the Loan Agreement and once agreed targets have been verified according to the verification protocol for PBC3. Finally, PBC4 is expected to disburse up to US\$86 million in eleven tranches once targets have been verified according to the agreed protocol for this disbursement condition. The amount to be disbursed in each quarter progressively increases along with the expected expansion of the FCP program to be reimbursed. The first disbursement of PBC4 is scheduled to take place from year two onwards and will reimburse expenditures under the FCP against targets that reflect the expansion and traceability of the program.

36. **PBC1, PBC2, and PBC4 are backed by specific expenditures required to achieve it, and PBC3 reflects the relationship and complementarity between the FBP and FCP.** The complementarity of these programs is evident as both are financed through the same budget line (MDS-26). The FBP pays a monthly benefit directly to the bank accounts of the final beneficiaries taking advantage of the targeting of the AUH program, where beneficiaries are the children of unemployed or informal workers earning less than the minimum wage. Neither program reaches households with children older than 18 years or don't meet the eligibility criteria for AUH (e.g., incomplete documentation or foreigners with less than two years of residence in Argentina). The indirect FCP complements FBP by supporting CSOs that can provide meals to individuals and households not covered by the direct cash transfer program; when the food benefits are not enough, families can eat or pick up meals at the CSOs. As inflation rises, purchasing power falls, poverty increases, and the demand for food at the community kitchens increases, highlighting the relevance and complementarity of the FBP and the indirect FCP under food assistance policy of Argentina.

37. **Three out of four PBCs will reimburse expenditures of the FBP or the FCP against the achievement of targets and improvements in the design and implementation of these programs.** A fourth PBC is priced as sharing expenditures between FBP and FCPs to encourage the expansion of the FCP through the lifetime of the project. Hence, PBC3 will disburse the expenditure incurred under the FBP, against the achievement of targets of the FCP, given that both activities are closely related to the food assistance policy in Argentina. None of the four PBCs will reimburse in excess of the expenditure required to achieve the full results of this operation. PBCs 2,3 and 4 are scalable.

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