



Board of Executive Directors

Simplified Procedure

On or after 2 August 2017

PR-4490
18 July 2017
Original: Spanish
Public
Simultaneous Disclosure

To: The Executive Directors

From: The Secretary

Subject: Argentina. Proposal for a loan for the "Program to Strengthen the Statistical Capacity of Argentina's National Statistics and Census Institute (INDEC)"

Basic Information: Loan type Specific Investment Operation (ESP)
Borrower Republic of Argentina
Amount up to US\$50,000,000
Source Ordinary Capital

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Remarks: Management has determined that this loan proposal meets the requirements for presentation by Simplified Procedure, in accordance with Part III, Section 2 (paragraph 3.29(b)) of the Regulations of the Board of Executive Directors and document GN-1838-1, paragraph 2.

Reference: GN-1838-1(7/94), DR-398-17(1/15), GN-2884(2/17), CII/GN-341(2/17)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

**PROGRAM TO STRENGTHEN THE STATISTICAL CAPACITY
OF ARGENTINA'S NATIONAL STATISTICS AND CENSUS INSTITUTE (INDEC)**

(AR-L1266)

LOAN PROPOSAL

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2.	Monitoring and evaluation plan
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OPTIONAL	
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ABBREVIATIONS

AWP	Annual work plan
ICAS	Institutional Capacity Assessment System
IMF	International Monetary Fund
INDEC	Instituto Nacional de Estadística y Censos [National Statistics and Census Institute]
IRR	Internal rate of return
MEP	Multiyear execution plan
NPV	Net present value
OECD	Organisation for Economic Co-operation and Development
PEU	Project execution unit
PROSIP	Personnel Selection and Induction Program
SEN	Sistema Estadística Nacional [National Statistical System]
TASC	Tool for Assessing Statistical Capacity
UCA	Pontificia Universidad Católica Argentina

PROJECT SUMMARY

ARGENTINA PROGRAM TO STRENGTHEN THE STATISTICAL CAPACITY OF ARGENTINA'S NATIONAL STATISTICS AND CENSUS INSTITUTE (INDEC)

(AR-L1266)

Financial Terms and Conditions				
Borrower: Argentine Republic			Flexible Financing Facility ^(a)	
			Amortization period:	25 years
Executing agency: The Argentine Republic, acting through the National Statistics and Census Institute (INDEC)			Original WAL:	15.25 years
			Disbursement period:	5 years
			Grace period:	5.5 years
Source	Amount (US\$)	%	Inspection and supervision fee:	(b)
IDB (Ordinary Capital)	50,000,000	91	Interest rate:	LIBOR-based
			Credit fee:	(b)
Local	5,000,000	9	Approval currency:	United States dollars from the Ordinary Capital
Total	55,000,000	100		
Project at a Glance				
Project objective/description: To make INDEC-produced statistics more reliable, timely, and relevant to help improve public policy and private-sector decision-making and enable the public to make full use of its right to public information.				
Special contractual conditions precedent to the first disbursement of the loan:				
Entry into force of the program's operating regulations previously agreed upon with the Bank, including the guidelines for the Personnel Selection and Induction Program (PROSIP) (paragraph 3.6). See Annex III (paragraph 4.2) for special fiduciary conditions precedent to the first disbursement.				
Exceptions to Bank policies: None				
Strategic Alignment				
Challenges: ^(c)	SI	<input type="checkbox"/>	PI	<input type="checkbox"/>
			EI	<input type="checkbox"/>
Crosscutting themes: ^(d)	GD	<input type="checkbox"/>	CC	<input type="checkbox"/>
			IC	<input checked="" type="checkbox"/>

^(a) Under the terms of the Flexible Financing Facility (FN-655-1), the borrower has the option of requesting changes in the amortization schedule as well as currency and interest rate conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with relevant policies.

^(c) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).).

^(d) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 In 1968, with the maturation of Argentina's statistical capacity, the National Statistics and Census Institute (INDEC) was established as a government agency (Law 17,622), marking a milestone in the strengthening of the National Statistical System (SEN).¹ The 1990s saw improvements in the production and dissemination of statistics, establishing INDEC a leader among the region's statistical institutes.
- 1.2 However, from 2007 to -2015, INDEC's statistical capacities were significantly weakened, primarily due to other areas of government involving themselves in INDEC's institutional activities, the appointment of unqualified personnel to management positions, and a lack of investment in physical and technological infrastructure.² In this context, the information published by INDEC differed from the information presented by other institutions that produce statistical information, such as the Pontificia Universidad Católica Argentina (UCA) and the International Monetary Fund.³ For example, the poverty rate calculated by INDEC for 2012 was 5.4%; however, the UCA⁴ estimated it to be five times higher. (INDEC stopped publishing a poverty rate in 2013).⁵ INDEC also calculated inflation for 2014 at 23.9%, while private-sector calculations ranged from 31% to 39%.⁶
- 1.3 The new administration, which took office in December 2015, began a thorough process to transform INDEC to restore the credibility and integrity of national statistics and thus their effective use in public policy.⁷ In Decree 55/2016, issued on 8 January 2016, the government declared the SEN and INDEC were in a state of "administrative emergency." The implementation of this decree resolved pressing problems, such as the appointment of qualified professionals to positions of responsibility and the allocation of financial resources to address emerging needs. Between June and September 2016, INDEC began restoring the statistics-related institutional framework, reintroducing national accounts, the consumer price index, and employment and poverty statistics. In response to these actions, in November 2016 the IMF lifted the declaration of censure it had issued in February 2013. This program aims to help strengthen the transformation process by addressing structural challenges that continue to adversely affect the country's statistical capacity.

¹ The SEN comprises the statistical services of national bodies (ministries) and provincial and municipal governments, which have different responsibilities as agreed upon with INDEC, in accordance with the federal nature of the Argentine Republic. INDEC is the coordinating entity of the SEN.

² In 2016 INDEC invested 10.01 million Argentine pesos (US\$650,000) in the "capital goods (investment)" line item of the Statistical Service Program; in 2015 it invested 3.57 million pesos (US\$230,000); in 2014, 1.89 million pesos (US\$122,000); in 2013, 4.2 million pesos (US\$270,000); and in 2012, 6.3 million pesos (US\$400,000). Based on this, it can be concluded that INDEC's investment over the past four years has been minimal.

³ [Ámbito Financiero](#), accessed on 25 March 2017.

⁴ [La Nación](#), accessed on 25 March 2017.

⁵ [Clarín](#), accessed on 25 March 2017.

⁶ [La Nación](#), accessed on 25 March 2017.

⁷ The government set 100 priorities grouped into eight objectives, of which priority #83 is the restoration of government statistics as part of the objective of modernizing the Argentine State. <http://www.caserosada.gob.ar/objetivosdegobierno/>.

- 1.4 As part of the process of repositioning Argentina in the international institutional landscape and bringing the country back in line with international standards, the government has stated its intent to seek to join the Organisation for Economic Co-operation and Development (OECD). To this end, INDEC must conform to and align itself with OECD-established good practices. The main purpose of using international standards is (i) to ensure that data from different sources are comparable, and (ii) to assure users that statistics meet an established technical standard. As part of the process to join the OECD, an evaluation will be conducted to assess the Argentine statistical system's standards compliance. The OECD's Committee on Statistics and Statistical Policy evaluates four basic aspects of statistical systems: (i) the legal and institutional framework for official statistics; (ii) statistical infrastructure (censuses, surveys, records, and classifications); (iii) quality of data and metadata, and comparability to their equivalent in other OECD countries; and (iv) the candidate country's capacity to incorporate itself into the OECD's presentation and reporting systems at the time of entry into the OECD.
- 1.5 The evaluation process is underway, and a final report with an action plan will be delivered and agreed upon in late July 2017. For Argentina, the main activities related to the action plan will be (i) review of mechanisms for institutional coordination between INDEC and the other SEN entities; (ii) possible inclusion of new initiatives for institutional communication between INDEC and the SEN (e.g., formation of statistical or advisory councils); (iii) development, adaptation, and publication of a National Code of Practices for Statistical Offices (to be valid for INDEC as well as all entities and offices that make up the SEN); (iv) institutional strengthening to improve methods, statistical quality, and statistical production processes; (v) better dissemination of INDEC's outcomes, outputs, and activities; (vi) survey of the impact of INDEC's activities on society as a whole; (vii) development of statistics that are internationally standardized and comparable, with the aim of adopting current international standards and promoting the exchange of information based on established good practices; and (viii) adoption of the Statistical Data and Metadata Exchange (SDMX) standard to support and facilitate providing statistical data through the OECD reporting system.
- 1.6 The **main problem** to be addressed by this program is the lag in the use of new statistical techniques, methodologies, human resources, and infrastructure, which has hindered the statistical production process.
- 1.7 The quality of statistical systems is commonly evaluated using the criteria of reliability, relevance, and timeliness.⁸ The reliability indicator is the rate of omission in the Population and Housing Census, which was 3% in 2010, compared to the

⁸ In accordance with international recommendations, INDEC itself generates the aforementioned indicators of statistical quality through teams that are separate from those doing the fieldwork. For example, the post-census survey is performed by a completely different field team than the one that performs the census work. "Reliability" ("accuracy") refers to potential sampling and nonsampling errors impacting the measurement of an indicator (e.g., errors in coverage, processing, etc.). "Relevance" refers to whether the indicators meet the actual information needs of users. "Timeliness" refers to production times for an indicator and to the frequency and punctuality of its publication. [See document.](#)

international standard of 2% or below.⁹ The relevance indicator is the overall nonresponse rate in the permanent survey of households, which in 2015 (fourth quarter) was 30.8%. As for timeliness, the latest Economic Census was conducted 13 years ago (compared to the 10-year frequency that international standards call for),¹⁰ and the time elapsed between the start of fieldwork for the Population and Housing Census and the publication of final national and provincial results in microdata was 36 months in 2010 (INDEC, Methodology Division).

- 1.8 There are major deficiencies in the institutional capacity of Argentina's national statistical system. In December 2016, the Bank's Tool for Assessing Statistical Capacity (TASC)¹¹ was applied to INDEC to identify key factors affecting statistical quality. This evaluation found that institutional capacity¹² is among the sectors with the greatest room for improvement,¹³ primarily in four areas: (i) physical infrastructure and technological capacity, (ii) human capacity, (iii) interagency coordination and operational planning, and (iv) data dissemination.
- 1.9 The [TASC](#) scored the quality of physical infrastructure a 44 out of 100. INDEC's current building is old and was designed for other purposes. Its work spaces have been adapted to an increase in personnel without proper planning. Moreover, the spaces where critical or sensitive data are processed are not located in a protected area of the building. The data center is not ventilated, and the facility does not have a backup power generator to ensure continuity of information technology services in the event of a blackout.
- 1.10 In terms of technology, INDEC's facilities and equipment are obsolete. In the report prepared by Argentina's Office of the Auditor General in conjunction with INDEC'S Information Technology Evaluation,¹⁴ the following problems were identified: (i) a platform that uses a variety of noncompatible systems, making it difficult to integrate statistical processes; (ii) limitations in the logical and physical security of

⁹ The main reason the 2010 Population and Housing Census fell short of international standards was the lack of a complete Registry of Residential Addresses. As a result, work was not properly assigned to census personnel, and the omission rate was ultimately higher than international standards. A technical review found that 1.1% of all households were repeats, a problem that was concentrated in certain parts of the country. This lack of reliability (or accuracy) also means that the master sampling framework based on the Population and Housing Census had coverage problems with direct ramifications for the accuracy of estimates derived from the sampling-based household survey performed by INDEC.

¹⁰ This was due to the fact that it took more than two years to eliminate errors in data entry (reading) and post-entry, complete coding and validation tasks, and develop programs to access census information and develop basic programs for analysis and consistency of census databases, as well as for the information technology unit to prepare a consolidated database for all census operations. In addition to these issues, a problem with the methodology was detected during analysis of the process's coverage when the census data was cross-referenced with official administrative records, delaying publication of the information even further, beyond the point at which preparations should have begun for the next Economic Census.

¹¹ The IDB developed the TASC methodology with technical support from the United States Census Bureau.

¹² This includes the following areas: legal and regulatory; data confidentiality and protection; organizational planning and structure; human, technical, and institutional resources; and coordination of stakeholders.

¹³ In the institutional capacity module, Argentina (43.3) scored below the average for Latin America (51.3). Source: TASC study, December 2016.

¹⁴ Source: Audit Report of the Information Technology Evaluation, Office of the Auditor General, October 2016.

information;¹⁵ and (iii) an Information Technology Division structure that fails to break down and separate certain duties and has vacancies in important positions. Compounding this is the fact that the website crashes when 400 or more users are using it at once.

- 1.11 Regarding human capacity, INDEC had 1,467 employees as of December 2016, 32% of whom have university degrees (undergraduate or graduate),¹⁶ 10% have a technical education, and the remaining 58% have had secondary or primary schooling. The employee profile in technical areas other than information technology and administration, i.e., those that specifically perform INDEC's methodological work and statistical production, is similar: 42.9% of 951 employees have a university education, while 57.1% have a technical, secondary, or primary school education. Technical personnel in specific areas like data visualization, thematic reports, errors in content and coverage, and sampling methodologies are also lacking.¹⁷ Also, the Gender Unit of the Sector Statistics Division, created in 2016 and crosscutting across INDEC, still lacks the capacity to ensure all INDEC personnel have a gender perspective.
- 1.12 Interagency coordination is one of the lowest-scoring areas on the TASC (27.6 out of 100).¹⁸ Problems include (i) lack of a national statistical development strategy to set the SEN's objectives and policies,¹⁹ and (ii) lack of a completed National Statistics Plan and code of good practices for the SEN.²⁰ As a result, INDEC's ability to play the role of the governing body of statistical production was limited, particularly at the provincial level, while efforts were redundant in some areas.²¹
- 1.13 Lastly, in terms of dissemination of statistics, despite having achieved a relatively sound [TASC](#) score of 61 out of 100, INDEC has been found not in full compliance with the publication and access to megadata and microdata defined as part of the legal framework for access to information and statistical confidentiality. This is primarily due to a lack of technical and human resources and a lack of effective

¹⁵ Contingency plans not finalized, a vulnerable data processing center, and policies and procedures not updated. Source: TASC study, December 2016.

¹⁶ Only 72 professionals have graduate educations (4.9% of all employees). Source: TASC study, December 2016.

¹⁷ This aspect is critical in areas such as the Statistical Methodology Division, which is responsible for sampling and administrative records and where two of the thirteen employees are mathematicians, three are administrative assistants, two are psychologists, two are geology teachers, one is a nutritionist, and three are government employees with a secondary education. The crosscutting scores in human and institutional resources, as determined by the TASC study, were 16.7 out of 100 for administrative records and 33.3 out of 100 for sampling. Source: TASC study, December 2016.

¹⁸ The average in Latin America for this index is 55.3 out of 100. The TASC study was conducted in 21 countries of Latin America and the Caribbean between 2012 and 2017.

¹⁹ This situation is reflected in the fact that the SEN has not worked in a coordinated manner. In some cases, the information produced by INDEC repeats what sector-specific ministries have produced, in addition to not being useful at the subnational level.

²⁰ This situation is reflected in the fact that the SEN has not worked in a coordinated manner. In some cases, the information produced by INDEC repeats what provinces and other jurisdictions have produced. In the 2013-2014 period, surveys were conducted of approximately 55 national statistical services and 260 statistical operations, only 38 of which were carried out by INDEC. As of March 2017, no comprehensive update of this information had been performed, nor had any of the subnational statistical services and processes under provincial statistics offices been updated.

²¹ Source: TASC study, December 2016.

planning to transfer data to formats that the general public and interested institutions can use.²²

- 1.14 INDEC has made it a priority to conduct an Economic Census by 2021 and the Population and Housing Census by 2020, in order to generate quality information and statistics to improve public policies, facilitate private-sector decision-making, and promote the full enjoyment of the right to public information.²³ The preparatory activities for these censuses will be financed through this program, and they will be conducted with national resources to be provided in a timely manner in accordance with Argentine laws and regulations.²⁴
- 1.15 Although INDEC has begun preparatory activities for both censuses, it still faces technical and organizational limitations and a very tight schedule for conducting the censuses. The limitations include (i) a lack of specialized personnel for methodological design, configuration of indicators, and pre-census monitoring and evaluation; (ii) obsolescence of technological inputs, in both hardware and software, for analyzing and processing information;²⁵ and (iii) limited operational capacity of provincial offices for updating the sampling framework and performing pilot testing.²⁶
- 1.16 **Lessons learned.** The Bank has provided technical and financial support for conducting population and housing censuses and economic censuses in the region. Examples include Bolivia: Program to Support the Year 2000 National Population and Housing Census (1046/SF-BO); Ecuador: Support for the Population and Housing Census and Strengthening of the National Statistics System (1296/OC-EC); Suriname: National Population and Housing Census Program (1446/OC-SU); and Colombia: 2005 General Census Program (1671/OC-CO), for which the lessons learned remain relevant to this operation. The Bank has also been supporting a number of projects aimed at improving national statistics, such as (i) Paraguay: Program to Develop the National Statistical System through the 2012 Population and Housing Census (2542/BL-PR); (ii) Suriname: National Population and Housing Census and Household Budget Survey: Increasing the Use of Basic Statistics (2685/OC-SU); (iii) Honduras: Program to Support the 2012 Population and Housing Census and the Integrated System of Household Surveys of Honduras (2529/BL-HO); (iv) Venezuela: Strengthening of the National Institute of Statistics (INE) as the Lead Agency of the National Statistics System (SEN) (1831/OC-VE); and (v) Barbados: Modernization of the Barbados Statistical Service (2003/OC-BA).
- 1.17 On the basis of the experience from these operations, the following lessons have been taken into account in designing this operation: (i) dialogue between users and producers is important for ensuring that the data generated meets the needs of public policymakers and other users; (ii) efforts to strengthen statistical capacity are more likely to succeed when focused on supporting a specific operation, such as

²² Source: TASC study, December 2016.

²³ These censuses are also important for establishing an intercensus framework, which is needed for proper production of social and economic statistics.

²⁴ Such laws and regulations require issuance of a decree allocating the resources that are necessary and sufficient to finance census activities.

²⁵ Division of Population and Social Statistics, INDEC, 2016.

²⁶ Planning for the Population and Housing Census and the Economic Census, [INDEC](#), 2016.

preparation for a census, as opposed to support for a broad strategy;²⁷ (iii) proactive dissemination of statistical information to users (public at large, companies, and public sector) should be considered; (iv) innovations, both in methodology and in the use of information technology in data collection, are key; and (v) the institutional strengthening needed to ensure continuity in census activities, as well as to ensure the quality of statistical information and its uninterrupted dissemination, should be made a priority. The following were specifically included in this operation based on these lessons: (i) user satisfaction surveys, (ii) financing of both censuses as pillars of INDEC's crosscutting areas, (iii) an emphasis on transparency, not only in the outcomes of statistical work but also in data usability; (iv) discussion of best technology for conducting statistical work in a more informed way and with a time horizon beyond five years; and (v) the importance of piloting censuses to validate their data collection methodology, instruments, and technology for use in collecting data.

- 1.18 Although the production of statistics per se does not ensure their use by decision-makers who implement public policy,²⁸ legal entities (enterprises) and civil society are also adversely affected by statistical information that does not meet standards of quality (reliability, relevance, and timeliness). Examples include: (i) adjustments to estimated financial statements based on inaccurate inflation measurements; (ii) investment decisions adversely affected by erroneous GDP projections; and (iii) estimates of workers' purchasing power distorted by errors in inflation calculations.
- 1.19 **Strategic alignment.** The proposed operation is aligned with the Bank's country strategy with Argentina 2016-2019 (document GN-2870-1), as it contributes to the priority area of business climate improvement through the institutional strengthening of the government.²⁹ The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is aligned with the crosscutting area of strengthening institutional capacity and the rule of law, as it will bolster the institutional framework of the SEN (outcome indicator #3). The operation is included in the Operational Program Report 2017 for Argentina (document GN-2884), approved on 27 January 2017.

B. Objectives, components, and cost

- 1.20 **Objective.** To make INDEC-produced statistics more reliable, timely, and relevant in order to help enhance public policy, improve private-sector decision-making, and help the public make full use of its right to public information. The project will include three components:
- 1.21 **Component 1: Strengthen INDEC's institutional capacity (US\$29.9 million).** This component will focus on developing INDEC's internal capacities through the following subcomponents:

²⁷ IMF report titled "[Statistical Capacity Building: Case Studies and Lessons Learned](#)," edited by Thomas K. Morrison.

²⁸ Martín Alessandro, "La economía política de la capacidad estadística" [The political economy of statistical capacity] (IDB, August 2016), p. 21.

²⁹ IDB Country Strategy with Argentina 2016-2019, paragraph 3.09.

- 1.22 **Subcomponent 1.1: Upgrade building and information-technology infrastructure.** This will entail upgrading information and communication technologies, including computer equipment (servers, computers, printers, scanners, etc.) and networks and connectivity at INDEC's facilities, in accordance with a strategic plan for information and communication technology (currently being drafted), as well as remodeling physical workspaces to modernize them, thereby fostering work-related synergies.
- 1.23 **Subcomponent 1.2: Strengthen human capacities.** Financing will be provided for activities to hire staff for medium-term work through implementation of the Personnel Selection and Orientation Program (PROSIP). PROSIP will be the mechanism for selecting, hiring, and training young professionals, and it will consist of four modules: (i) recruitment, (ii) selection, (iii) training, and (iv) evaluation. The regulations for PROSIP will detail the procedures and tools to be used. The recruitment module will include (a) a survey of internal demand, (b) development of job profiles, (c) searches in databases or invitations to apply, and (d) vacancy announcements. The next module—selection—will include (a) preselection according to profile; (b) testing (technical, psychotechnical, and interview); (c) submission of the report on qualifications to the requesting supervisor; (d) interview of selected candidates by the supervisor; and (e) final decision by INDEC director. Lastly, the training and evaluation module will consist of (a) an orientation program; (b) a training program, and (c) use of tools for performance monitoring and evaluation. The selected candidates will work on medium-term tasks and will be compensated based on their individual work plans agreed upon with each division of INDEC. The selected personnel will be hired within the framework of Decree 2345 and will perform line duties within INDEC; their salaries will be commensurate with the salary schedules published in the aforementioned decree. The staff professionals receiving the best evaluations may subsequently be promoted to perform medium-term duties through a competitive mechanism that will also be part of PROSIP. This subcomponent will also finance the design and implementation of the Government Statisticians Training Institute, primarily for an e-learning system.
- 1.24 **Subcomponent 1.3: Improving coordination between INDEC and other entities in the SEN.** INDEC's capacity to function as a governing entity will be strengthened through the design and implementation of protocols on cooperation with other entities in the SEN. This will include (i) communication activities for better coordination among SEN entities; (ii) rules to strengthen INDEC as the governing body of the SEN; (iii) training of personnel in SEN member institutions; and (iv) mechanisms to monitor INDEC's coordination with other SEN entities.
- 1.25 **Subcomponent 1.4: Promote transparency, innovation, and good statistical practices.** Access to INDEC's information will be extended to the general public and users of statistical information through a strategic plan on access to public information. This includes (i) improving INDEC's website to expand active and passive access to the information generated, in accordance with current laws; (ii) informing users of the processes used to generate national statistics; (iii) designing and implementing a plan to promote a statistical culture in INDEC and the SEN; and (iv) implementing new and innovative mechanisms for data

collection,³⁰ entry, and processing (data analytics). Financing will also be provided to help INDEC comply with the recommendations contained in OECD reports, such as (i) promoting the restructuring of internal processes including compliance with OECD recommendations on producing and analyzing statistical information based on international standards and innovations; and (ii) updating and implementing the Code of Statistical Good Practices based on OECD principles.

- 1.26 **Component 2: Update the sociodemographic statistical database (US\$12.4 million).** This component will finance preparatory activities for the National Population and Housing Census to be conducted in 2020, through (i) conceptual preparation through workshops, specialized consultancies, a personnel training plan, workshops with civil society, design of communication campaigns, and a plan for disseminating census information with a gender perspective and a focus on representing specific populations, such as persons with disabilities, native peoples, Afrodescendants,³¹ and migrants; (ii) preparation and performance of fieldwork for building the georeferenced registry of residential addresses in Argentina; (iii) design and execution of pilot testing and an experimental census to validate the methodology³² of the primary census survey and complementary surveys;³³ (iv) mobilization of INDEC personnel for cartographic updates; (v) training of population census personnel; (vi) procurement of technological equipment for provincial statistical divisions to provide support in preparing the Population and Housing Census; and (vii) campaigns to raise awareness among the population regarding the census to be implemented. The census is expected to comply with the United Nations' Principles and Recommendations for Population and Housing Censuses, Statistical papers Series M, No. 67/Rev. 3, New York, 2015.
- 1.27 **Component 3: Updating of the economic statistical database (US\$10.2 million).** This component will contribute to the preparatory activities for the Economic Census to be performed by 2021, including (i) design, fieldwork, and analysis to update the georeferenced directory of economic units in Argentina through the provincial statistical offices; (ii) economic indicators with new methodologies and with a gender perspective, calculated and disseminated;³⁴ (iii) mobilization of personnel; (iv) training of personnel for the Economic Census; and (v) activities for designing special economic surveys and collecting data for them.

³⁰ With support from the Bank, INDEC conducted the first National Victimization Survey, which was the first large-scale effort to collect data using tablet computers.

³¹ United Nations (2011). Toolbox for Inclusion of Indigenous and Afrodescendant Peoples in Population and Housing Censuses.

³² INDEC is considering whether to conduct the 2020 Population and Housing Census as a *de facto* census (as it has done thus far) or a *de jure* census (as is done in Brazil, Colombia, Mexico, and elsewhere).

³³ Including the post-census operation in accordance with the literature: Eckman, S. and Kreuter, F. (2013). "Undercoverage Rates and Undercoverage Bias in Traditional Housing Unit Listing." *Sociological Methods & Research*, 42(3), 264-293.

³⁴ Including a gender focus in view of the 2017 United Nations guidelines and the guidelines of the Sixth World Forum on Gender Statistics, held in 2016, regarding the development of statistics on ownership of assets and entrepreneurial activity from a gender perspective. [See UN Guidelines 2017.](#)

C. Key outcome indicators

- 1.28 **Expected outcomes.** The project is expected to have an impact on the use of INDEC statistics by the government, the private sector, and civil society. The following outcomes are expected: (i) reduced omission rate in the Population and Housing Census; (ii) reduced overall nonresponse rate for the Permanent Household Survey (related to the sampling framework developed on the basis of the census); (iii) restored regularity in the scheduling of the Economic Census; and (iv) less time between the start of fieldwork for the Population and Housing Survey and the publication date of final national and provincial results in microdata.
- 1.29 **Beneficiaries.** The program's beneficiaries will be the Argentine people, enterprises, the public sector, all of which will use quality statistical information for their daily activities (purchasing power, accounting, investment and spending decisions, etc.). The use of quality information will reduce transaction costs (less time spent searching for reliable statistics, less money spent producing alternative statistics, etc.) for the general public, enterprises, and the public sector, and will allow for more effective scaling of investments and greater efficiency in social expenditure.
- 1.30 **Economic evaluation.** The program is expected to be socially profitable despite using quite pessimistic assumptions to project usage of INDEC statistics. The benefits will include increased use of quality statistics by public entities, enterprises, and civil society, as well as improved investment decision-making and allocation of resources to social programs. The outcomes are a net present value (NPV) of US\$13.4 million (at a social discount rate of 12%) and an internal rate of return (IRR) of 22.7%. Lastly, the risk analysis (Montecarlo method) indicates a 90.32% probability of a positive NPV, which means that the project may be deemed socially viable in view of the assumptions and their margin of variability (see [1.A Report](#) and [1.B Spreadsheets](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The total cost of the program will be US\$55 million, to be financed with a specific investment loan of US\$50 million from the Bank's Ordinary Capital and a local contribution of US\$5 million. The disbursement period will be five years. The executing agency is planning to execute all project activities in four years.³⁵ Table 1 shows the budget by component. For more details, [see itemized budget and disbursement table.](#)

³⁵ The executing agency's request assumes that the project's final activities can be carried out parallel to execution of the censuses, but its progress will be evaluated during execution.

Table 1. Budget by source

Expenditure category	IDB (US\$)	LOCAL (US\$)	TOTAL (US\$)
Component 1. Strengthen INDEC's institutional capacity	26,686,000	3,302,000	29,988,000
Subcomponent 1.1: Upgrade building and information-technology infrastructure	19,643,000	1,187,000	20,830,000
Subcomponent 1.2: Strengthen human capacities	2,960,000	1,375,000	4,335,000
Subcomponent 1.3: Improve coordination between INDEC and other entities in the SEN	1,273,000	503,00	1,776,000
Subcomponent 1.4: Promote transparency, innovation, and good statistical practices	2,810,000	237,000	3,047,000
Component 2. Update sociodemographic statistical database	10,846,000	1,534,000	12,380,000
Component 3. Update economic statistical database	10,150,000	120,000	10,270,000
Program administration	2,318,000	44,000	2,362,000
Program management	2,083,000	44,000	2,127,000
Monitoring and evaluation	70,000	0	70,000
Auditing	40,000	0	40,000
Contingencies	125,000	0	125,000
TOTAL	50,000,000	5,000,000	55,000,000
%	90.0	10.0	100.0

Table 2. Tentative disbursement timetable (US\$)

	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
IDB	15,376,140	17,932,514	11,727,514	4,338,598	625,000	50,000,000
% per year	31%	36%	23%	9%	1%	100%

B. Environmental and social risks

- 2.2 There are no environmental or social risks associated with the activities proposed for this operation in accordance with the Bank's Environment and Safeguard Compliance Policy (OP-703). As a result, this has been classified as a category "C" operation.

C. Fiduciary risks

- 2.3 In the process of designing the program, INDEC's institutional capacity was analyzed using the Institutional Capacity Assessment System ([ICAS](#)), which found a medium level of fiduciary risk in procurement: potential delays in bidding processes, for which the mitigation measure entails identifying flows of coordination in the program's [Operating Regulations](#) and providing the project execution unit (PEU) with sector specialists capable of developing bidding rules with the required technical quality, as well as with fiduciary specialists to help efficiently manage procurement activities. Other fiduciary risks identified at the risk workshops as entailing a medium level of risk are (i) technical difficulties in making building improvements, which may have an adverse impact on the program's costs and

scope. To mitigate this risk, a procurement strategy will be designed for intervention in the building improvements, including a contingency plan to avoid stoppages in INDEC's operations during execution; and (ii) the PEU's lack of experience in carrying out programs financed by international organizations. To mitigate this risk, a number of training and technical assistance activities will be carried out by the Bank to strengthen the PEU's capacities within INDEC.

D. Other project risks

- 2.4 The following medium-level risks have been identified as possibly having an adverse effect on the program. In public management and governance: (i) A change of administration and leadership at INDEC during the operation could have an adverse impact on program management, scope, and outcomes. As mitigation measures, awareness and training workshops will be held to bring the new officers in line with the program's objectives and scope; another element mitigating this risk is the crucial importance of a properly functioning statistics sector for Argentina's application to join the OECD; (ii) methodological and operational discrepancies in conducting the Population and Housing Census and the Economic Census could cause delays in these censuses beyond the projected dates. To mitigate this risk, the proposal is to monitor preparation of the presidential decree governing the performance of censuses. Monitoring is also to be conducted for the signing of agreements with timetables approved by INDEC's officers and other actors in the SEN and the private sector to ensure operational synergy between work teams; and (iii) resistance to change among current INDEC personnel regarding incorporation of new personnel could delay actions to strengthen INDEC and the quality of its statistics. As a mitigation measure, training will be provided to INDEC and external actors for implementation of the plan to foster a statistical culture.
- 2.5 **Sustainability.** Maintaining the production of quality statistics is one of Argentina's most significant commitments Argentina as part of its process of applying for entry to the OECD. This provides a significant framework of sustainability to ensure the continuity of the actions carried out as part of this project over the medium and long terms. Performance of the censuses that are the focus of this project in accordance with the highest international standards clearly underscores this commitment. The project aims to achieve a situation where statistics are commonly used and regularly demanded not only by policymakers but also by the private sector and civil society.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Argentine Republic. The executing agency will be INDEC, which is under the Ministry of Finance. INDEC will be responsible for project execution and will maintain a direct relationship with the Bank. The program is aligned with INDEC's current legal mandate and administrative and operational structure. Under current law, INDEC is the entity responsible for planning, coordinating, promoting, and seeing through to completion all activities related to official statistics.³⁶

³⁶ Law 17,622.

- 3.2 **Project execution unit (PEU).** The PEU will be part of INDEC, the entity responsible for executing all planning, financial management, procurement, and monitoring activities. INDEC's PEU will consist of a technical team that, at a minimum, will include the following roles: (i) a general coordinator, (ii) a monitoring and evaluation specialist, (iii) a financial specialist, and (iv) a procurement specialist. The PEU will be under INDEC's Technical Division, which will coordinate with INDEC's other areas on the technical aspects of program activities, will ensure implementation of the Bank's procurement procedure, and for administrative-financial management will rely on INDEC's institutional structure, to be described in the program's Operating Regulations.
- 3.3 **General coordinator.** The PEU will be managed by a general coordinator hired specifically for this role who will work under the supervision of INDEC's technical director and will be responsible for (i) ensuring the technical coordination of INDEC with internal and external entities in the SEN, in the framework of general and specific interagency agreements for implementation of this program in its various components; and (ii) monitoring program activities and outputs. At the administrative level, the PEU will handle (i) communication with the Bank; (ii) disbursement requests; (iii) contracting and procurement proposals; (iv) reports on the use of resources; and (v) submittal of annual work plans, procurement plans, and progress, audit, and evaluation reports to the Bank. The PEU will also carry out control measures to ensure appropriate use and transparency of the funds for which it is responsible.
- 3.4 **Fiduciary agreements and requirements.** The primary fiduciary measures for the operation have been agreed upon (Annex III). These measures address (i) the exchange rate to be used, (ii) audits, (iii) procurement methods and thresholds, in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9), both of which were approved in March 2011; (iv) all procurement activities must be included in the procurement plan approved by the Bank through the Procurement Plan Execution System and the procurement methods and thresholds established therein, as described in Fiduciary Agreements and Requirements (Annex III); and (v) the financial supervision plan.
- 3.5 Project activities will be programmed through a [multiyear execution plan](#) (MEP) (which will include details on program execution as a whole). The annual revision of this plan will be included in the [annual work plan](#) (AWP). The MEP will be amended each year in view of actual progress in the program. The annual revisions of the MEP and the AWP must be submitted to the Bank for approval.
- 3.6 **Operating Regulations.** To ensure successful execution of the program, and to mitigate institutional capacity risks over the life of the program, the PEU will provide evidence that the program's Operations Regulations previously agreed upon with the Bank have entered into force, including the guidelines of the Personnel Selection and Orientation Program (PROSIP). Because the institution does not have guidelines in place specifically governing the execution of projects with external financing, the Operating Regulations will detail the operation's execution strategy and will include, *inter alia*, (i) the project's organizational structure; (ii) technical and operational arrangements for execution; (iii) the system for programming,

monitoring, and evaluating outcomes; (iv) guidelines for financial, auditing, and procurement processes; (v) PROSIP's operational guidelines; and (vi) detailed information on the duties of the PEU and other relevant INDEC offices in the processes planned for the program. The annexes to the Operating Regulations, will include, at a minimum, (i) the project's results matrix, (ii) fiduciary agreements and requirements, (iii) the monitoring and evaluation plan, and (iv) the itemized budget.

- 3.7 **Retroactive financing and recognition of expenditures.** The Bank may provide up to US\$10 million (20% of the proposed loan amount) in retroactive financing against the loan proceeds, and recognize up to US\$1 million (20% of the estimated amount of the local contribution) in eligible expenses incurred by the borrower before the approval date of the loan for engaging consultants, training, and/or procuring equipment, provided that requirements substantially analogous to those set forth in the loan contract have been met. These expenditures must have been made after the date on which the project profile was approved by the Bank (5 May 2017), but under no circumstance may expenses incurred more than 18 months before the loan was approved by the Bank's Board of Executive Directors be included.
- 3.8 **Disbursements.** The Bank will transfer resources to an exclusive account for the program, which will be opened by INDEC. Disbursements will be made in the form of advance payments³⁷ to cover liquidity needs in accordance with the financial plan for a period of up to 180 days. In addition, payments or reimbursements of payments may be made directly to suppliers.
- 3.9 **Auditing.** The project's financial statements audited by Argentina's General Audit Office or an independent auditing firm acceptable to the Bank will be requested within 120 days after the end of each fiscal period or after the date of the last disbursement.

B. Summary of arrangements for monitoring of outcomes

- 3.10 **Monitoring.** To monitor and evaluate project execution, a system focusing on two levels will be used: (i) execution of project activities, and (ii) achievement of output and outcome indicators set forth in the [results matrix](#). Program monitoring will consist of the following instruments: (i) results matrix, (ii) MEP, (iii) AWP, (iv) monitoring and evaluation plan, (v) procurement plan, (vi) program risk management matrices, (vii) progress monitoring reports, (viii) semiannual progress reports, (ix) audited financial statements, (x) terms of reference for consulting contracts, and (xi) administration missions or monitoring/inspection visits. An annual joint meeting between the executing agency and the Bank will be held to discuss the following aspects, *inter alia*: (i) progress in activities identified in the AWP, (ii) degree of fulfillment of indicators set forth in the results matrix for each component, (iii) the AWP for the following year, and (iv) the procurement plan and potential changes in budget allocations for each component. The features of each instrument, as well as other aspects of program monitoring, are detailed in the [monitoring and evaluation plan](#).
- 3.11 **Midterm and final evaluation.** The results matrix and the monitoring and evaluation plan will be used to evaluate the project. The project calls for a midterm evaluation and a final evaluation. The midterm evaluation will be conducted when at least 40%

³⁷ In accordance with operational policy OP-273-6.

of the funds have been disbursed or two years have elapsed since the loan contract entered into force (whichever occurs first). The main objectives of this evaluation are to review all activities programmed for up to that time, along with any deviations and their causes, and to propose corrective measures, in addition to verifying midterm outputs, emergence of risks identified in the corresponding matrix, and implementation of measures to mitigate these risks. The final evaluation will be performed when at least 90% of all funds have been disbursed, and its objectives will be to verify progress toward the targets for each expected outcome and toward the outputs for each component. The final evaluation will also include a review of implementation of the OECD action plan, as well as a new TASC exercise.

- 3.12 **Ex post evaluation.** An economic evaluation of the project will be conducted on an ex post basis using actual data to determine the following benefits: (i) social benefits of the use of funding by government agencies to produce statistics; (ii) social benefits associated with reduced transaction costs for enterprises; (iii) social benefits associated with reduced transaction costs for individuals; (iv) social benefits associated with errors in scaling investments; and (v) social benefits related to errors in targeting social programs. Lastly, evidence of the external and internal validity of the vertical logic and validation of the key assumptions used in estimating vertical logic during implementation will be updated. An analysis will be conducted to determine the portion of the vertical logic at which the project did not work, what changes in conditions occurred, which risks materialized, and their effects on the attainment of outcomes. The program's vertical logic will also be redesigned to make it consistent with the outcomes and outputs achieved by the project.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Institutional Capacity and the Rule of Law	
Country Development Results Indicators		
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2870-1	(i) Improvement in business environment; (ii) Government Institutional Strengthening
Country Program Results Matrix	GN-2884	The intervention is included in the 2017 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		
3. Evidence-based Assessment & Solution	Evaluable	
3.1 Program Diagnosis	7.8	
3.2 Proposed Interventions or Solutions	2.4	
3.3 Results Matrix Quality	2.4	
3.3 Results Matrix Quality	3.0	
4. Ex ante Economic Analysis	10.0	
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis	4.0	
4.2 Identified and Quantified Benefits	1.5	
4.3 Identified and Quantified Costs	1.5	
4.4 Reasonable Assumptions	1.5	
4.5 Sensitivity Analysis	1.5	
5. Monitoring and Evaluation	7.5	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	5.0	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Low	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	C	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Accounting and Reporting, External Control.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Gender Equality		
Labor		
Environment		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan		

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

The objective of the operation is to improve the reliability, timeliness and relevance of statistics produced by the National Institute of Statistics and Censuses (INDEC) to contribute to the improvement of public policies, private decision making and full exercise of the right to information by the public. To this end, it is proposed: (i) strengthening the institutional capacity of the INDEC (Component I); (ii) updating the sociodemographic statistical database (Component II); and (iii) updating the economic statistical database.

The main problem that this program seeks to address is the delay included in the use of new techniques, methodologies, human resources and statistical infrastructure, which hinders the statistical production process. The specific problem identified is the low reliability, relevance and timeliness of the statistical system. In general, these problems are adequately specified and quantified. However, the determinants of these problems were not adequately quantified.

The POD clearly identifies the potential beneficiaries of the project. The project's vertical logic is clear and well specified. The link between interventions and problems has been adequately established. However, the evidence of external or internal validity of the proposed solutions is incomplete.

The Result Matrix is adequately constructed and contains the required elements for monitoring the project results. The proposed impact, outcomes and output indicators are SMART.

The POD documentation includes an ex ante Economic Analysis where the economic benefits have been clearly quantified and the costs reflect real resource costs to the economy. The estimated Net Present Value (NPV) is US\$ 13.72 million and the Internal Rate of Return (IRR) 22.7%. The assumptions used are clearly presented and a sensitivity analysis has been performed undertaking variations in key assumptions. The POD documentation includes an ex post economic evaluation proposal using the same methodology to recalculate the IRR and the NPV.

The program includes an adequate monitoring and evaluation plan. The program proposes to carry out a Post Census evaluation, the proposal is considered adequate.

The POD documentation includes a risk matrix. Five risks were classified as Medium. Mitigation measures were identified, adequate monitoring indicators are proposed.

RESULTS MATRIX

Project objective:	To make statistics by the National Statistics and Census Institute (INDEC) more reliable, timely, and relevant in order to help improve public policy, improve private-sector decision-making, and enable the public to make full use of its right to public information.
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EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline year	Year 4	Final target	Means of verification	Comments
Indicator #1: Use of INDEC statistics by the government	Percentage of government entities using INDEC statistics ¹	20 ²	2016	90	90	INDEC report based on Google Analytics Monthly qualitative and quantitative report on INDEC's impact in the media	Under the responsibility of the Dissemination Division and the Information Technology Division Report on services requested by phone and in person.
Indicator #2: Use of INDEC statistics by enterprises	Percentage of enterprises using INDEC statistics ³	20	2016	70	70	INDEC report based on Google Analytics Monthly qualitative and quantitative report on INDEC's impact in the media	Under the responsibility of the Dissemination Division and the Information Technology Division.
Indicator #3: Use of INDEC statistics by civil society	Percentage of civil society using INDEC statistics ⁴	20	2016	70	70	INDEC report based on Google Analytics Monthly qualitative and quantitative report on INDEC's impact in the media	Under the responsibility of the Dissemination Division and the Information Technology Division The wage-earning population in the private sector (approximately 9.24 million people) has been taken as 100%.

¹ The universe of government agencies is assumed to include the 24 ministries and their respective sub-entities, the 22 provinces, and at least one municipio per province. It is also assumed that every government agency has a planning office that uses statistics.

² The baseline and targets will be defined during the first year of the project, as only benchmark information is available thus far.

³ The universe of enterprises is assumed to include all enterprises (some 600,000), though attention will be paid to differences in size (large, medium-sized, and small enterprises, as well as microenterprises). The use of INDEC's outputs by enterprises varies; the most widely used indicator is the consumer price index, which is used for accounting purposes.

⁴ The universe of civil society is assumed to include only the 9 million Argentines who earn wages in the private sector (only approximately 47% of the economically active population, or only 20% of the total population). Uses of the statistics vary. They can be used for tax purposes, education, job performance, etc.

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Base-line year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
OUTCOME: Improved quality of INDEC statistics in terms of timeliness, relevance, and reliability										
Indicator #1: Rate of omission in Population and Housing Census	Percentage	3%	2010				1.9%	1.9%	Baseline extracted from the internal evaluation report on the Population and Housing Census Target to be verified through the post-census survey associated with the 2020 census	FEATURE: RELIABILITY The target value (1.9%) is established in the United Nations' international recommendations for population and housing censuses.
Indicator #2: Overall rate of nonresponse for the Permanent Household Survey (related to the sampling framework being developed for the census)	Percentage	30.8%	2015				20%	20%	Final report on Permanent Household Survey	FEATURE: RELEVANCE
Indicator #3: Years elapsed since last programmed economic census	Years	13	2017				0	0	Baseline: Last previous economic census was in 1994. Target: Verified through the 2019 economic census through project progress reports.	FEATURE: TIMELINESS Conducting the Economic Census will ensure an optimal frequency of 10 years throughout the horizon for program evaluation. After this period, it will be subject to intervention with other investments.

Indicators	Unit of measure	Baseline	Base-line year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
Indicator #4: Time elapsed since start of fieldwork for the 2020 National Census of Population and Households and the date of publication of final national and provincial outcomes in microdata	Months	36	2010				24	24	Baseline: Notification of availability of microdata to provinces Target: Publication of microdata on website. Internal evaluation report on Population and Housing Census.	FEATURE: TIMELINESS

OUTPUTS

Outputs	Unit of measure	Base-line	Base-line year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
<u>Component #1: Strengthen INDEC's institutional capacity</u>										
Subcomponent 1.1: Upgrade building and information-technology infrastructure										
Output #1: Logical and physical security improved (TIR I)	Computing center	0	2017				1	1	Program progress report	
Subcomponent 1.2: Strengthen human capacities										
Output #2: Personnel selected for medium-term tasks	Number of professionals hired in support areas	0	2017	81	28	26	13	148	Report by Human Resources Division on completion of personnel selection process through PROSIP system	

Indicator	Unit of measure	Base-line	Base-line year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
Subcomponent 1.3: Improve coordination between INDEC and other entities in the SEN										
Output #3: Cooperation protocols with entities in the SEN designed and implemented	Protocols	0	2017			3		3 ⁵	Program progress report	Statistical confidentiality Nomenclatural geographic codes ⁶
Subcomponent 1.4: Promote transparency, innovation, and good statistical practices										
Output #4: Strategic plan for access to public information implemented	Plan	0	2017				1	1	Program progress report	
Output #5: Compliance with OECD recommendations	Percentage	0	2017				50%	50%	Report on compliance with recommendations prepared by the Planning Division on the OECD report	
Component #2: Update sociodemographic statistical database										
Output #1: Experimental 2019 survey of population, households, and housing carried out	Census	0	2017		1			1	Internal evaluation report on experimental census of population and housing	
Output #2: Argentine registry of residential addresses (ADRA) updated	Registry	0	2017		1			1	Internal report on update of ADRA	

⁵ Subject to revision.

⁶ Subject to revision.

Indicator	Unit of measure	Base-line	Base-line year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
Component #3: Updating of economic statistical database⁷										
Output #1: Large Enterprise Survey expanded	Survey of enterprises improved and expanded	500	2017	150	150	150	200	1,150	Internal report on Large Enterprise Survey (web application)	
Output #2: Updated directories of enterprises and economic actors, with statistical usage	Directory	0	2017		1			1	Internal report on updated directory of enterprises and economic agents	
Output #3: Economic indicators based on new methodologies and with a gender perspective, estimated and disseminated	Indicators	0	2017		6			6	Program progress report	<i>Pro-Gender</i>
Output #4: Special economic surveys disseminated	Published survey	0	2017		2			2	Program progress report	

⁷ If no midterm indicators are identified, this is because no such indicators exist and therefore the final target for the output is the overall outcome.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Argentina
Project number: AR-L1266
Name: Program to Strengthen the Statistical Capacity of Argentina's National Statistics and Census Institute (INDEC) of the Republic of Argentina
Executing agency: Project execution unit (PEU) of INDEC, under the Ministry of Finance
Prepared by: Ana Niubó (FMP/CAR) and Brenda Álvarez Junco (FMP/CAR)

I. EXECUTIVE SUMMARY

- 1.1 The Program to Strengthen the Statistical Capacity of the National Statistics and Census Institute will be executed by INDEC through a PEU.
- 1.2 The Bank used the Institutional Capacity Assessment System (ICAS) to evaluate the executing agency's capacity to plan, execute, and implement actions to control resources, and the Bank determined that the executing agency has enough operational, technical, and human capacity for satisfactory execution of the program.
- 1.3 INDEC has no experience in executing loans with multilateral organizations.
- 1.4 The program does not include financing from other multilateral organizations.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

- 2.1 The fiduciary systems to be used in program execution are the Integrated System of Financial Information (SIDIF) and the Integrated Information and Accounting System (UEPEX).
- 2.2 For procurement-related actions, the PEU will use the Bank's policies for centralized purchases and will verify implementation of these policies for purchases made at the provincial level.

III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES

- 3.1 The risk analysis (including an analysis of fiduciary risks) was conducted in view of the ICAS report. On that basis, the executing agency was found to have a low level of risk. However, it is deemed to have a medium level of risk in procurement activity, as shown in the following table.
- 3.2 On the basis of the ICAS, the method of supervision for financial management and procurement management has been determined. The initial method of supervision

may be changed during program execution in view of the evaluations that will be conducted.

Table 1. Institutional capacity and fiduciary risk			
Institutional capacity		Satisfactory	Tool: ICAS
Fiduciary risk		Low	Tool: ICAS
Type of risk	Risk	Rating	Mitigation measures
Financial management	Delays in financial management	Low	*Training in IDB financial policy *Training in UEPEX
Procurement	Delays in bidding processes	Medium	Specify in the program's Operating Regulations the flow of coordination between the program coordination unit (PCU) and the project execution unit (PEU).
			Provide the PCU with sector specialists capable of developing bid packages with the required technical quality
			Provide the PEU with fiduciary specialists to contribute to efficient procurement management

IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

4.1 To streamline negotiation of the contract by the project team and particularly by Legal, following are the agreements and requirements to be considered as applicable in the Special Provisions or in the Sole Annex, which may be updated or amended during program execution, as applicable, and with prior documentation and authorization from the Bank.

4.2 **Special contractual conditions precedent to the first disbursement of the Bank's financing, to be fulfilled by the borrower through the executing agency.** INDEC does not have an office dedicated specifically to executing investment projects that crosscut the institution. Because this requires coordination with the line function fiduciary areas (finance and procurement), and in order to guarantee project execution, the Operating Regulations of the PEU to be created must provide for staff positions for specialists who work specifically in managing loan resources. To mitigate fiduciary risks over the life of the project, the executing agency will provide evidence that INDEC has included in the PEU the basic fiduciary positions set forth in the program's Operating Regulations. The PEU will be established through issuance of an administrative resolution by INDEC or the Ministry of Finance, the basic fiduciary positions will be (i) a general coordinator, (ii) a monitoring and evaluation specialist, (iii) a financial specialist, and (iv) a procurement specialist.

A. Disbursement management

4.3 The executing agency must submit the financial planning for the program in accordance with the guidelines agreed upon between the Bank and the country. The minimum percentage required to replenish the advance will be 80%.

- 4.4 The exchange rate applicable for accountability will be the rate stipulated in Article 4.10(b)(i) of the loan contract. To determine the equivalency of expenditures incurred in local currency, chargeable against the local contribution or the reimbursement of expenditures chargeable against the loan, the agreed exchange rate will be the rate in effect on the first business day of the month of the payment. Given the limitations of the UEPEX system, the exchange rate applied for conversion of disbursements into local currency will be used for expenditures made with IDB funds and with local counterpart funds ("pesification").

B. Financial supervision

- 4.5 In order to maintain flexibility and be able to adjust the loan portfolio to the audit capacity of the Office of the Auditor General (AGN), it is recommended that both the AGN and independent firms should be contractually eligible to conduct program audits.
- 4.6 The Financial Plan will be the report required for financial supervision, in addition to those required for processing disbursements and for the annual audit.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The fiduciary agreements and requirements in procurement set forth the provisions applicable to execution of all procurement activity for the project.

A. Procurement execution

- 5.2 The Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9), both of which were approved in March 2011, will apply.
- 5.3 Of the country subsystems approved by the Bank, the reporting system will be used.
- a. **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services¹ under the project that are subject to international competitive bidding (ICB) will be executed using the standard bidding documents (SBDs) issued by the Bank. Those subject to national competitive bidding (NCB) will be executed using country bidding documents agreed upon with the Bank. The sector specialist is responsible for reviewing the technical specifications of procurements during preparation of the selection processes. No direct contracting is envisaged.
 - b. **Selection and contracting of consultants.** Consulting services contracts generated under the project will be executed using the standard request for proposals (SRP) issued by or agreed upon with the Bank. The project sector specialist will be responsible for reviewing the terms of reference for the contracting of consulting services. No single-source selection is envisaged.
 - c. **Selection of individual consultants.** Individual consultants will be selected based on their qualifications to perform the job, and will require a comparison of

¹ Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9), paragraph 1.1: Nonconsulting services are treated as goods,

at least three candidates in accordance with document GN-2350-9, Section V, paragraphs 5.1 to 5.4. For renewal of the service contracts of consultants in the PEU, the approval by the program's general coordinator of the performance evaluation will be sufficient provided that performance was deemed at least satisfactory. The executing agency will submit to the Bank the list of consultants who are performing tasks and who will continue to carry out project activities, in which case single-source selection may be used in accordance with Section V, paragraph 5.4(a) of the aforementioned policies. The project sector specialist will be responsible for reviewing the terms of reference for the contracting of consulting services.

- d. **Advance procurement/retroactive financing.** The Bank may retroactively finance, as a charge against the loan proceeds, up to US\$10 million (20% of the proposed loan amount under the first individual operation), and recognize as a charge against the local contribution up to US\$1 million (20% of the estimated amount of the local contribution), in eligible expenditures incurred by the borrower prior to the date of loan approval in the categories of consulting services, training, and/or procurement of equipment, provided that requirements substantially analogous to those established in the loan contract have been met. Such expenditures must have been incurred on or after the project profile approval date (5 May 2017), but in no case more than 18 months prior to the date on which the loan was approved by the Bank's Board of Executive Directors.

Table 2. Thresholds for international bidding and international shortlists (US\$ thousands)

Works			Goods			Consulting services	
International competitive bidding	National competitive bidding	Shopping	International competitive bidding	National competitive bidding	Shopping	International publicity consultants	100% national shortlist
≥25,000,000	< 25,000,000 ≥350,000	< 350,000	≥ 1,500,000	< 1,500,000 ≥100,000	< 100,000	>200,000	≤1,000,000

Table 3. Main procurement items

Activity	Type of bid	Estimated date	Estimated amount US\$000
Works			
INDEC building upgrade	NCB	October 2018	5,400,000
Goods			
Procurement of software and license renewal for three years	ICB	November 2017	2,569,000
Procurement of PCs, laptops, printers, scanners, tablets	ICB	June 2019	2,955,963
Nonconsulting services			
National logistical service	ICB	October 2017	2,821,520
Legal training plan for DGAJ personnel. Training	Shopping	July 2018	281,000
Consulting services			
Supervision of building upgrades	QCBS	October 2018	324,000
National survey of user satisfaction aimed at users of INDEC-produced information	LCBS	November 2017	60,000

B. Procurement supervision

- 5.4 Procurement processes will be subject to ex ante supervision, with the exception of processes that involve shopping and individual consultants, which will be subject to ex post supervision. The ex post review visits will be carried out every 12 months. The ex post review reports will include at least one physical inspection visit chosen from the procurement processes subject to ex post review. At least 10% of the reviewed contracts will be physically inspected during the program.

Table 4. Ex post review thresholds

Shopping	Individual consultants
<100,000	<50,000

Note: The thresholds established for ex post review are applied on the basis of the executing agency's fiduciary execution capacity and may be modified by the Bank to the extent that this capacity changes.

C. Special provisions

- 5.5 **Measures to reduce the likelihood of corruption.** The provisions set forth in documents GN-2349-9 and GN-2350-9 on prohibited practices will be followed (lists of firms and individuals prohibited from participating in processes financed by multilateral institutions).

D. Records and files

- 5.6 Documentation of procurement processes will be kept in the offices of the DNV, as the entity responsible for program procurement. For ex post reviews, records and files of all documentation generated in procurement processes will be kept duly collated, classified, and updated.

VI. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL MANAGEMENT

A. Programming and budget

- 6.1 The executing agency's budget contains programmatic categories and other classifications by object of expenditure (sections): personnel costs, consumer goods, nonpersonnel services, capital goods, transfers, financial assets, debt service and reduction of other liabilities, and other expenses. Depending on their economic nature, the items may be current expenditures, capital expenditures, or financial applications. The internal sources of financing include the national treasury, own funds, specific allocations, and internal transfers.
- 6.2 The PEU is responsible for formulating and programming the annual budget for the program, and handles procedures for obtaining the funds. As the need arises for additions or reallocations of budget line items, the CEU requests the respective revisions and arranges for their approval. Budgetary appropriations are executed through accrued quarterly and monthly commitment installments, which are allocated by the National Budget Office of the Ministry of Finance.
- 6.3 No problems are anticipated in terms of budgetary management, timeliness of local counterpart funds, or delays affecting execution.

B. Cash flow and management of disbursements

- 6.4 The National Treasury transfers the local counterpart funds to the PEU, crediting an account opened by the program for the exclusive use of this loan, as this is a program cofinanced with Bank funds.
- 6.5 Disbursements will be based on a detailed financial plan, the format for which has been agreed with officials of the Ministry of Finance and the Office of the Cabinet Chief.

C. Accounting, information Systems, and reports

- 6.6 The CEU will use the UEPEX system as the financial management system. Accounting will be on a cash basis, following International Financial Reporting Standards when applicable in accordance with established national criteria. The required financial reports will be (i) financial execution plan for up to 180 days following the request for an advance; (ii) audited annual financial statements, as stipulated in Article 7.03 (a) of the General Conditions of the loan contract; and (iii) other reports as requested by the fiduciary specialists.

D. Internal control and internal audit

- 6.7 The national internal control body is the Sindicatura General de la Nación [General Accounting Office] (SIGEN). Internal audit of each executing agency is conducted through the Unidad de Auditoría Interna [Internal Audit Unit] (UAI). The UAI, reporting directly to the Minister, is responsible for conducting audits and making recommendations in accordance with the powers conferred under Law 24,156 (Financial Administration Act).

E. External control: external financial audit and project reports

- 6.8 In 2011 the Bank concluded a diagnostic assessment of the governmental audit practices of the AGN, in accordance with the Bank's guide for determining the level of development of public financial management systems. The evaluation concluded by validating the AGN as the auditor for Bank projects.
- 6.9 In order to retain flexibility and to adjust the loan portfolio to the capacity of the AGN, it is recommended that both the AGN and independent firms should be contractually eligible to conduct audits of the program.

F. Financial supervision of the project²

- 6.10 The initial financial supervision plan reflects the risk and fiduciary capacity evaluations performed on the basis of onsite and desk reviews planned for the program, and includes the scope of operational, financial, and accounting activities, compliance and legality, frequency, and identification of the parties responsible.
- 6.11 In addition to the reports required for processing disbursements and the annual audit, a financial plan will be requested for the program's financial supervision.

² See the Financial Management Policy for IDB-financed Projects (OP-273-6); Annex I, Application of Financial Management Principles and Requirements; requirement 4, Financial Supervision.

G. Execution mechanism

6.12 The details of program execution are found in the draft operating regulations and in the program for operation development.

H. Other agreements and requirements for financial management

N/A.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-____/17

Argentina. Loan ____/OC-AR to the Argentine Republic
Statistical Capacity Strengthening Program for the
National Statistics and Census Institute (INDEC)
of the Argentine Republic

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Statistical Capacity Strengthening Program for the National Statistics and Census Institute (INDEC) of the Argentine Republic. Such financing will be for an amount of up to US\$50,000,000 from the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2017)