



Argentina

Client Perspectives on Elements of World Bank Support

Working Paper for
Development Results in Middle-Income Countries
An Evaluation of the World Bank's Support



CONTENTS

PREFACE.....	i
SUMMARY	ii
1. INTRODUCTION	1
2. THE RELEVANCE OF THE BANK WITH REGARDS TO ARGENTINA'S PRIORITIES.....	1
3. OVERALL EFFECTIVENESS OF BANK OPERATIONS IN ARGENTINA	5
3.1 Overall Perspectives	5
3.2 Strengths of the Bank	7
3.3 Bank Weaknesses	8
4. IMPORTANCE AND IMPACT OF THE WORLD BANK	11
5. THE COORDINATION OF SERVICES ACROSS THE BANK GROUP	13
6. THE USE AND SHARING OF KNOWLEDGE	15
7. ENGAGEMENT IN GLOBAL PROGRAMS	18
8. CONCLUDING REMARKS.....	20
ANNEXES	
Annex 1: List of Interviewees	22
Annex 2: Questionnaire	23
Annex 3: Opinion Survey – Evaluation of the World Bank in Argentina.....	26
Annex 4: Overview of Survey Results	29
Annex 5: Select Quotations	31
Annex 6: Argentina at a Glance	50
Annex 7: Bibliography	1
Annex 8: Acknowledgements	3

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PREFACE

The Independent Evaluation Group (IEG) of the World Bank has conducted an ‘Evaluation of the World Bank’s Support to Middle-Income Countries’. As a contribution to that evaluation, IEG commissioned national experts in several countries to undertake background research on the topic. The aim was to use a client perspective drawn from in-country consultations—to shed light on the experiences of the Bank with its Middle-Income Country (MIC) partners.

This working paper draws upon responses from a selection of interviews conducted in mid-2006 with in-country stakeholders and a review of the relevant analytical and evaluative material. It provides valuable insights into selected issues faced by many MIC clients, and has been used as a background to the IEG evaluation. As with any research of this type, there may be contrasting views from other commentators, and this report is not intended to be a comprehensive assessment of the Bank’s country program and nor should it be considered as a formal report of the type produced by IEG in its country assistance evaluations.

The findings, interpretations, and conclusions expressed here are those of the authors(s) and do not necessarily represent views of the IEG, or the Board of Executive Directors of the World Bank or the governments they represent.

SUMMARY

This report examines features of the World Bank's support to Argentina in recent years, using feedback from opinion-formers and other sources. It is not intended as a formal evaluation of the Bank's overall program, but rather to cast light on issues of relevance to the Bank's engagement in Middle-Income Countries such as Argentina.

If the World Bank's relevance is thought of as a function of the degree of coincidence or alignment between its work and the country's development needs, the Bank is generally considered as relevant by counterparts. This field study also finds that the fit between the Bank's agenda and Argentina's priorities is perceived as time-sensitive. As reported by interviewees, they were of the view that there was a less strong match between country and Bank priorities during the pre crisis years under review (1995-2000) than during the immediate post crisis years (2001-2003), a period in which the Bank's targeting seemed most responsive to Argentina's needs. After 2003 and to date, there are mixed opinions on this matter, pointing to some areas of agreement and to some of divergence.

Regarding the factors that enhance or hinder its relevance, given Argentina's GDP, the Bank as a purely financial institution is deemed a relatively small player without much leverage in absolute terms. Only under specific circumstances, when there are no other accessible sources of funding, is its relevance heightened in financial terms. Two other factors that challenge relevance were found. One refers to the politics of project approval, which at times is reported by respondents as allowing projects with debatable importance to the country to pass through the Bank's pipeline. The other refers to the Bank's field staff in Argentina, which is perceived by some as at times insufficiently attuned to the country's idiosyncrasies and to the political economy of project success.

The interviewees believe that to reclaim relevance in the country, the Bank should heighten its efforts to fine-tune priority-setting, and do so in favor of investments in human capital and productive infrastructure.

On the question of the effectiveness of the Bank's work in Argentina, there is no unequivocal stand among respondents. As we point out, there are probably two reasons for this finding. First, many people outside the Bank are unfamiliar with its portfolio in Argentina, and second, measuring effectiveness, and more so development effectiveness, is methodologically very difficult. Hence, we found that most interviewees were either unable or unwilling to make an all-encompassing evaluation of the Bank's effectiveness.

Other comments suggest that the Argentine government and the Bank share responsibility for the effectiveness of the latter's operations. A number of respondents explicitly stated that the government was also to blame for the lack of full efficacy and efficiency in Bank projects. They point to the public sector's institutional and organizational shortcomings as the main setback, as well other obstacles such as lack of adequate priority-setting and of political continuity. The main responsibility attributed to the Bank is using project design and approval criteria and an implementation model which have flaws that undermine the very effectiveness and sustainability of the Bank's projects.

ARGENTINA

Notably, the area of greater Bank effectiveness is crisis recuperation, and that of least effectiveness is the promotion of good government, as measured by its lack of effectiveness in reducing corruption and fostering better governance.

Most respondents agree in that the Bank's key overall strength is what is often labeled its "quality stamp", that is, its highly qualified technical and managerial support. This qualitative support is seen by respondents as a latent contribution to the improvement of government institutions and sustainability.

The Bank's quality support is useful in many ways. In the short term it compensates for the weak institutional capacities found in Argentina's public sector, thereby increasing the chances of successful project implementation. In addition, it is often used by the government to argue or lobby for internal project legitimating and support, and to shield projects against opposition once they have made it past the initial approval phase. By setting limits to undue discretion, the Bank's support can limit abuse, waste, mismanagement and outright corruption. Lastly, the Bank's stamp and presence can also isolate projects from politically induced fluctuations in policy priorities. This is particularly important in a country where institutions are weak, and shifts in policy choice have not been uncommon.

Among the many forms that the Bank's qualitative support takes are its best practices. According to our findings, however, these have become a double-edged sword: the misuse of one of the Bank's strongest possessions is also viewed as one of its significant liabilities.

According to the interviews we conducted, the Bank has two other shortcomings that are closely related and reinforce each other. They stem from two incentives that respondents believe, rightly or wrongly, to motivate the choices and actions of Bank officials and find fertile ground in client-country territories. The first is the rush to lend. The second is the rush to get things done. Combined they can impede the institution's development effectiveness.

Although some respondents viewed the rush to lending" as influenced by the Bank's own incentives, it is often met with an Administration's thirst for borrowing. Both inclinations feed on each other and can lead to projects which ultimately are lower in viability and performance than would be desired, partly because preconditions may be ignored in order to jump-start a project's approval. The rush to get things done is, respondents mentioned, a natural extension of the rush to lend into subsequent phases of the project cycle. Knowing the institutional and organizational shortcomings of Argentina's public administration the Bank has created and used special Project Implementation Unit (PIU) to execute projects. Paradoxically, although PIUs are created for their effectiveness they can become a barrier to project sustainability. The dynamics generated by this model of implementation allegedly discourage the transfer of knowledge and know-how that is necessary for good project management and continuation, and for building capacities in the public sector.

ARGENTINA

All else being equal, lending per se is not perceived as the most important component of its work and most respondents acknowledge that the Bank's financing becomes more significant when the country has no access to other sources of funding. The overall sense was that a rising or falling trend in lending (without going to extremes) would not materially change or affect its relative importance in the country.

With regards to the coordination among the Bank Group's units, most respondents are aware of the IFC's existence but are not familiar with its activities in Argentina. Interviewees from the business sector are generally more aware, more eloquent and quite positive about the IFC, including its coordination with the IBRD. Although there is no mention of its weaknesses, we believe that the lack of a more widespread knowledge about the organization points to failed institutional communications on its part.

In the section examining opinions on the importance, usefulness and delivery of the Bank's qualitative and non-financial assistance, i.e., its knowledge services, we report that respondents value and use them considerably. The Bank's objective information (hard data and statistics) are the most appreciated for their reliability. Another very important component of the Bank's knowledge services is the contact and access that the Bank provides to a global forum where international views are exchanged and sound feedback is received.

Some factors were found to inhibit greater demand of the Bank's knowledge services, namely, an abundant in-country production and consumption of knowledge and information, and the fact that among some audience segments there is still some negative sentiment towards the Bank (perhaps linked to the Bank's association with features of the IFI's prevailing negative reputation in Argentina).

Lastly, the results of our interviews indicate that knowledge and awareness about Global Programs supported by the Bank in Argentina is very limited and to some degree confusing, even among people somewhat close to the Bank.

Considering that problems such as bad image, lack of awareness and misconceptions are not uncommon among our findings, and more importantly, that they seem to be affecting the Bank's relevance and leverage in Argentina, our conclusions point to the need for addressing some of these issues through improved communications and strategies for engaging local stakeholders.

1. INTRODUCTION

1. This paper summarizes the findings of a study on the World Bank in Argentina conducted between May and July of 2006. Its purpose is to assess the perceptions and opinions of a sample of seventeen senior level individuals from different sectors of society on the Bank's role and performance in the country during the past ten years. It is a *field study* focused on the answers provided by the consultees to: (a) a semi-structured interview based on a questionnaire and (b) an administered written survey of closed-ended, multiple-choice questions. Bank documents and other written materials were reviewed as background for the analysis. The sample of interviewees is comprised of current and former government officials and members of Congress; scholars; labor union leaders; and representatives from the media, the third sector, the business community and international organizations, including the World Bank. In the case of some organizations consulted, more than one person participated in the interview. In such situations, we considered the group as a single interviewee and computed their responses as one.

2. To facilitate a candid exchange of ideas and opinions interviews were not recorded; instead a written registry was taken of what was said. The quotations cited throughout this paper are consequently not literal word-by-word transcriptions. The interviewees' comments and answers were processed, translated into English and edited to ease their comprehension, while keeping faithful to the meaning of their words.

3. Section 1 examines the relevance of the Bank's financial and non-financial services to Argentina's development needs as defined by the interviewees. Section 2 addresses the effectiveness of Bank operations, including main strengths and weaknesses. The third section is on the relative importance of the Bank's qualitative contribution versus the volume of its lending to Argentina. The degree of coordination between the Bank and the IFC, and the latter's impact on private sector development is assessed in Section 4. It is followed by an analysis of the use and transfer of the Bank's so called "knowledge services". In Section 6 we take a look at the perception about Argentina's involvement in Global Programs. We finish off with some concluding remarks and highlights.

2. THE RELEVANCE OF THE BANK WITH REGARDS TO ARGENTINA'S PRIORITIES

4. This section addresses questions about the correspondence between the Bank's program in Argentina and the country's priority development goals, as well as the sources of the Bank's relevance for the country. This is assessed, first, by looking at the perceived fit or coincidence between the Bank's goals and Argentina's development objectives; then by understanding what factors, in respondents' views, increase or diminish the Bank's relevance.

5. Regarding the consistency between Bank goals and Argentina's development objectives a clear finding is that the match between the two is perceived as generally good. When respondents were asked in a survey (see Annex 3 and 4 for survey questions

ARGENTINA

and results) about the extent to which the Bank's work was aligned with Argentina's needs, 10 out of 14 valid responses were positive—the others judge the fit between the Bank's work and Argentina's needs as inadequate. When considering the Bank's responsiveness to changes in the country's needs, 10 out of 13 respondents gave a good opinion. And when asked directly about the Bank's relevance to Argentina's development, in 9 of the 14 responses, it is considered significant and valuable.

6. Another interesting finding is that the fit between the Bank's agenda and Argentina's priorities is definitely perceived as time-sensitive, meaning that for the pre crisis years under review (1995-2000) the perception is of less coincidence of priorities (between what the Bank promoted and what Argentina really needed) than during the immediate post crisis years (2001-2003), a period when the Bank's targeting really seems relevant to Argentina's fundamental priorities. Some people believe that during the second half of the 90's the Bank was overly involved in Argentina and lent too much to an undeserving Administration. Further, on the grounds of the perception among some respondents of the Bank's contribution to excess public debt and its support of the dollar peg and other free-market policies at that time, some interviewees believe either explicitly or implicitly that the World Bank, along with the IMF, is partly responsible for the crisis of 2001. The Bank's help in designing, financing and implementing much-needed social emergency programs immediately after the crisis, however, clearly overrides this negative judgment.

7. After 2003 and to date, there are mixed opinions on this matter, pointing to some areas of coincidence (i.e. social programs) and some of clear divergence (i.e. pricing of public utilities). In the words of different respondents:

“In the second half of the 90s the Bank's targeting was wrong. While its excuse was the financing of structural adjustment and reforms, reality is that the Bank was a (voluntary or involuntary) lender whose programs only served to finance the government's shortcomings. Since the 2001 crisis, in the face of the emergency and during the next 2 years, targeting has been much more adequate and the Bank's interventions more relevant to Argentina's true needs”

“The Bank played a much more responsive role in 2002 with the Heads of Household Program”

“A good example is the Heads of Household Program. It was appropriate, consistent with what the country was going through.”

“In the 2004-2006 period the Bank has been relevant, with interests aligned to those of government, except in public sector services; for example, concessions in the water sanitation sector. The Bank has been unable to come to terms with the government on the regulatory framework for these concessions, despite the fact that sanitation infrastructure is an urgent problem in vast urban areas.”

ARGENTINA

8. It is important to note that with regards to the 1990s, Bank documents assessing the relevance of Bank interventions in Argentina and the outcomes they produced (i.e. CAE 2000 by OED) state that the Bank's priorities and programs were appropriate, adequate, satisfactory and sustainable. As expressed above, this evaluation does not coincide with the findings from the interviews (even when considering the opinions of Bank staff members) who across the board are more negative about the relevance of the Bank's work in Argentina up to the year 2000. Conversely, the analysis of the Bank's work during and immediately after the crisis is deemed positive both in Bank documents and in the interviews, which clearly express that the Bank has been more relevant and has adequately addressed the country's true needs in that period. Not only are the interviews clear about this, but also the survey, where 10 out of 13 respondents definitely identify the Bank's support during the crisis as very significant and valuable.

9. The contrast between the somewhat negative opinions about the Bank's role in the 1990s, and the positive ones about its efforts during the crisis, begs the question of why the Bank seems so aligned with the country's needs, or in other terms, most relevant (in the sense of congruent priorities), during a crisis and not as much in normal times? The answer probably has to do with some of the following factors which interviewees highlighted:

“The Bank becomes more agile and responsive during urgencies”

“It contributes with ‘cold thinking’ in a time of turmoil, and has an available pool of talented individuals to work with, when others are leaving government or the country”

“In a context of distress, it acts with more flexibility and sensitivity to reach agreements and operate”

10. Thus, it would seem that respondents felt that the Bank is more willing and able to be a relevant or adequate source of support in dire times, making it more of a helpful partner in exceptional periods than under normal circumstances. Unfortunately, as argued by one of other consultees, this may not bode as well in terms of being able to make substantial and sustainable contributions to development. It is difficult in times of crisis to make any medium and long term plans to address more fundamental reforms and issues, even though the crisis always brings about opportunities.

11. Another point we attempted to understand were the factors that enhance or hinder the Bank's relevance, looking at financial, technical, and contextual elements. Our findings suggest that in a financial sense, given Argentina's GDP, the Bank is a relatively small player without much clout in absolute economic term (the Bank's loans account to less than 1% of the country's yearly GDP). Thus, in a normal situation it cannot make much of a difference to the country's development based on its financial resources, but it can in terms of its technical capacities and contributions. This of course changes in times of crisis, or when there is scarce access to credit (as in the post 2001 emergency or while the foreign debt was under renegotiation). In such cases, the Bank provides funding when

ARGENTINA

no one else does, something that makes it more relevant and valued. In the words of a former Secretary of State

“The Bank's financing is increasingly important to the extent that other sources of funding are not available”

12. Besides this point, most respondents have the impression that the relevance of Bank lending is falling, partly because of the country's healthy finances (surpluses the past few years) which have lead it to request less international credit, and partly because of its currently stressed relationship with the IMF and some G8 countries which has made the government less prone to ask for assistance abroad.

13. Two other factors that reduce relevance according to our interviewees; were aimed at the political economy of project approval, and at the characteristics displayed by Bank staff. Regarding the former, some respondents questioned the true value and usefulness of certain projects, in saying that:

“Sometimes the Bank promotes or approves projects that are not a high priority, yet these projects somehow become politically important because they find a sponsor in the Bank's management or in the Administration...it's the problem we know as "pet projects”

14. The other point is expressed as

"A factor that diminishes the Bank's relevance is that its in-country staff lack enough country-focalization. Although they are competent professionals they are not familiar with the country's social, economic, and political realities or with its idiosyncrasies"

15. Along with these, one last factor hindering the relevance of the Bank in Argentina relates to the issue of a somewhat negative public perception about the Bank and IFIs. The bad press that these have had in Argentina over the past half decade has placed the Bank at a disadvantage that complicates the willingness of other parties to reach agreement with it, use its knowledge services, and more generally, work together in finding common ground and consensus around development goals. As discussed above, in itself or due to its proximity to the IMF, the World Bank is at times seen as partly responsible for the debacle of 2001. This problem, along with the Bank's communicational shortcomings has damaged its public image. Furthermore, there is reason to believe that the Bank's actions (or lack thereof) were conducive to this problem, since some respondents compared its situation with that of the IBD, and the latter has not suffered the same problematic consequences in terms of its reputation in the country. Given that both are multilateral development agencies, the different outcome could at least in part be explained by their different actions, with the World Bank fairing worse off in public perception. We return to this point in the last section of this report.

ARGENTINA

16. Lastly, in considering how the Bank could regain relevance in Argentina, respondents shared their views expressing that efforts ought to be directed more specifically at giving priority to investments in human capital and infrastructure and long term development projects.

“To reclaim relevance the Bank must provide support in areas and issues where the State has limitations: long term reconstruction and development - which contribute to the country’s capitalization”

“To enhance its relevance the Bank ought to: (i) finance infrastructure to address the basic needs of the country (health and education), and (ii) not invest in structural reforms designed in Washington or based on documents and reports too detached from the country’s reality”

“To be more relevant the Bank should make its lending agenda totally consistent with the country’s development agenda. It must not lend according to its own interests or needs“

“I think the Bank should focus its work on poverty reduction, at the provincial and municipal level. It should focus on education and health with programs for vaccination, child nutrition and the like. Its main link to the country should not be its lending but its technical assistance and the country should pay specifically for that. The Bank should also keep an independent stand instead of trying to be a friend of the government”¹.

3. ELEMENTS IN THE OVERALL EFFECTIVENESS OF BANK OPERATIONS IN ARGENTINA

17. This section summarizes our findings regarding elements of the overall effectiveness of the Bank’s financial and non-financial operations in Argentina between 1995 and 2005, and the strengths and shortcomings that heighten or lessen its role as an effective player in the country’s development.

3.1 OVERALL PERSPECTIVES

18. Overall there is no uniform or unequivocal position among respondents on whether or not the Bank has been effective in achieving its goals in Argentina. They were doubtful and hesitant when confronted with the question and not one stated a clear and conclusive opinion on the Bank’s overall effectiveness even though several respondents understand and explain the difference between being effective in implementing a project and being effective as an agent of development.

“We must differentiate between effectiveness in implementation and development impact”

¹ opinion expressed by a non-government representative

ARGENTINA

19. Based on their comments, and knowing the complexities involved in the matter, we believe there are two reasons underlying the uncertainty:

20. First, most people outside the Bank are unfamiliar with its portfolio in Argentina. Rather, they know of a few specific projects, and are therefore unable or unwilling to make an all-encompassing evaluation of its effectiveness. In the words of one respondent:

“Whether or not projects are fully and well implemented, and whether or not they achieve desired results is unknown”

“If I had to give a yes or no answer, I would say some projects have been effective and others not”

21. Second, measuring effectiveness, and more so *development effectiveness*, is a very difficult task due to the methodological difficulties involved in the analysis of such an unsystematic and complex subject matter. One of the interviewees, an authoritative scholar, articulated the argument as follows:

“The rhetoric and the intentions are there but..... no one can say whether the World Bank has been effective or not in its operations. It’s too complex a question, among other things because of the methodological problems. For example, in evaluating its effectiveness, how do we separate the bank-effect from other intervening variables, like circumstances, institutions, or government? What is quite clear is that our country’s development depends on events that are only partially within the control of the Bank and partially within the control of government”.

22. In the quotation above there is also an allusion to another widespread opinion: the Argentine government and the Bank share responsibility for the effectiveness of the latter’s operations. For example, out of 14 respondents who mentioned this issue, 7 explicitly stated that the government was also to blame for the lack of full efficacy and efficiency when this has occurred. They point to the public sector’s institutional and organizational shortcomings as the main setback, not to the exclusion of other obstacles such as lack of adequate priority-setting and of political continuity. The main responsibility that respondents attribute to the World Bank is using project design and approval criteria and an implementation model which have flaws which undermine the very effectiveness of the Bank’s projects. This is an important issue that we will return to in the section below.

23. The survey allows us to identify the development areas where the Bank is perceived to be more or less effective. Notably, the area of greater effectiveness is crisis recuperation - a finding consistent with our prior discussion on the relevance of the Bank. As seen in Annex 4, post-crisis recuperation received the highest overall scores: an average of 3.93 with 11 out of 15 scores above 4, that is, within the range of being effective (i.e., more or less effective, effective or very effective). The least effective area of Bank intervention according to respondents is the promotion of good government, as

ARGENTINA

measured by its lack of perceived effectiveness in reducing corruption and in fostering better governance.

24. In terms of the fight against corruption, more than half of the respondents (8 out of 14) said the Bank is ineffective or ineffective; and the average score was 2.57 (between ineffective and more or less effective). This is consistent with the fact that during the interviews, many individuals acknowledged that the Bank was usually able to keep its own projects clear of corruption (with some exceptions), but could not block wrongdoing beyond them. In terms of improving governance, 10 out of 15 respondents find the Bank rather ineffective and gave it an average score of 2.87.

25. We also asked the interviewees to rate the Bank's effectiveness in reducing poverty and in addressing inequality. In these areas, respondents are almost exactly divided into two groups, those who rate them in the ineffective range (1 to 3) and those who rate in within the effective range (4 to 6). The average rating in both social areas is unfortunately mediocre—3.47 and 3.13, and the most frequent scores are 3 and 4. In seeking explanations for this assessment of the Bank's performance one must consider the Bank's institutional characteristics as discussed in the following section as well as the very nature of the problem of poverty and social exclusion:

“Many of the problems addressed by the Bank, like poverty, have profound systemic causes and cannot be solved by implementing one or two projects”

26. Lastly, as an agent in the promotion of economic development, there is no definite or clear cut perception on the Bank's effectiveness either. In promoting sustainable growth, half the sample perceives it as very ineffective or ineffective and the other half as somewhat effective. In fostering private sector development, the rating is very similar.

3.2 STRENGTHS OF THE BANK

27. A clear remarkable finding is that not only do most interviewees agree on what the Bank's key strength is, but they also use the same expression to refer to it: its *“quality stamp”*. Ten out of 17 respondents strongly agree that the main competitive advantage of the Bank is that it provides clients with what we summarize as *highly qualified technical and managerial support*. Likewise, in the survey, all respondents rated the quality of Bank projects as acceptable, good or very good, and gave it the highest score among a list of 10 Bank attributes (3.50 where the highest possible score is a 5).

28. The Bank's quality stamp translates into projects which, besides financing, bring along robust quantitative diagnostics, careful planning, orderly management, controlled supervision, highly trained and committed professionals, and, for the most part, a corruption-free cycle-life. In the view of many respondents, these strong points serve several purposes. They indeed compensate for the weak institutional capacities found in Argentina's public sector, thereby increasing the chances of successful project implementation. On the other hand, they are often used by the government to argue or

ARGENTINA

lobby for internal project legitimating and support, and to shield it against opposition once projects have made it past the initial approval phase.

“The presence of the Bank in government projects is important, it makes a positive differencea project that has Bank support is not the same as a project that doesn’t have it”

“The Bank’s presence brings into projects discipline and methodology”

29. By setting limits to undue discretion, the Bank can limit abuse, waste, mismanagement and outright corruption. The Bank’s presence can isolate the project from politically induced fluctuations in policy priorities. This is particularly important in a country where institutions are weak, and shifts in policy choice have not been uncommon.

“The support of the Bank creates particular conditions and incentives around the projects. An important one is that they set limits to excess discretion in the way the Administration runs a program”

3.3 BANK WEAKNESSES

30. From the section above, we recall that many interviewees find that one of the most valuable assets of the Bank is its best practices. In the case of Argentina, access to such intellectual knowledge and operational discipline is highly appreciated. It seems, however, that the Bank’s best practices have become a double-edged sword in the view of some respondents (albeit a minority): the misuse of one its strongest possessions is also viewed as one of its greatest liabilities. It is well interpreted in the following quotations taken from three different interviews:

“A great flaw of the World Bank is that instead of searching for a good fit with the country’s needs and possibilities, it tries to replicate here best practices that have been successful elsewhere. Those best practices may or may not be feasible in Argentina and may or may not be of interest to the Administration”

“The country has a responsibility over this failure in that it accepts the Bank’s packaged solutions [best practices] simply because they are believed to come with a stamp of quality, without questioning them or adjusting them to our local reality... In this regard, the IDB has done a better job taking into account the political economy of project success, especially the importance of government in policymaking and policy implementation”

“One factor that hinders on the Bank’s effectiveness or impact is the application of pre-designed projects. The Bank tends to foster policies and projects that are based on different contexts and realities—this is the case

ARGENTINA

of its “best practices”, which are stylized and shaped after cross-country analyses”

31. Along with this weakness related to its best practices, according to the interviews we conducted, the Bank is perceived as having two other shortcomings that are closely related and reinforce each other. They stem from views among some counterparts about two incentives which may motivate the choices and actions of Bank officials and find fertile ground in client-country territories. The first is *the rush to lend*. The second is *the rush to get things done*. Combined they impede the institution’s development effectiveness. Either one or both were mentioned by almost every individual interviewed. Out of 14 respondents who had an opinion on this matter, 11 mentioned this perverse lending/doing dynamic *explicitly* when asked to assess either the Bank’s project-cycle, effectiveness or performance.

32. The rush to lend refers to the “lending culture” which several commentators have argued is or has been present among development banks. As stated by respondents, they are of the view that sometimes the Bank lends even where or when there is not enough preparation, and even if, knowingly or not, preconditions and benchmarks are unfeasible or unlikely to be met. Later on in the project cycle, this precedent may well complicate or obstruct good project performance.

“The Bank has gone ahead and lent too much where the proper preparation was not in place”

“There is a strong urge toward lending and disbursing in the Bank”

“Sometimes Bank officials place impracticable projects in the pipeline because they are subject to political pressure from high level government officials. They do so because they want to avoid the political cost and complaints that would come if they refuse”

33. The “rush to lend” is often met with an Administration’s thirst (or need) for borrowing. Both inclinations feed on each other and apparently add-up to sometimes low viability, low performing projects.

“Projects with incomplete or poor implementation records many times are flawed by design due to a sort of connivance whereby Bank officials who need to lend money –they work for a Bank after all—are met by Administration officials who need to borrow –they need the cash. So they both overlook many things, including factors such as a project’s viability. Later on, projects don’t get implemented as expected, disbursements are delayed, the country pays high commitment fees, and chances are, they will be renewed anyway”

34. A situation mentioned in several interviews is that projects which have legislative preconditions are placed in the agenda and eventually approved although the

ARGENTINA

Administration is aware that they may not be met because they depend on a separate, independent branch or level of government. This was allegedly the case of the Provincias Project.

“When an Administration is running a deficit and needs to borrow, it may ignore legal or legislative preconditions set in the design of a project in order to jump-start a project’s implementation despite being aware that those conditions are not under the control of the executing agency”

35. Some respondents suggested that the “rush to get things done” is an extension of the rush to lend into subsequent phases of the project cycle. Knowing the institutional and organizational shortcomings of Argentina’s public administration (mainly poor management and inadequate human resources) the Bank has created and used a project execution model whereby a special Project Implementation Unit (PIU), made up a select professional team with enhanced working conditions, is responsible for implementing Bank operations.

36. Although these PIUs are expected to be able to by-pass or overcome the Administration’s limitations, they end up creating problems of their own. Many times they tend to reproduce the same vices found in the bureaucracy in which they are inserted, as a result of their own political economy dynamics. For example, project renewal is favored in order to create or retain privileged jobs. In other instances, because of their special working conditions (higher salaries, special status, better office equipments, greater degree of autonomy, etc.) the PIUs are viewed by regular public servants with some distrust and antipathy. In consequence, the latter tend to isolate PIUs teams or, at best, to offer them suboptimal cooperation. In the opinion of those we interviewed, under such unhelpful conditions, the implementation of projects suffers drawbacks and delays although the job may still get done.

“The Bank keeps renewing projects because these people want to keep their jobs”

“The Banks has financed over 2600 consultants via the PIUs....it’s like a parallel public administration”

“The special status of these units produce tension with the permanent staff... no wonder there is no collaboration, no dialogue and no transfers of skills. It happened with the ANSES reform”

37. Further, a third problem exists. The dynamics generated by this model of implementation allegedly discourage the transfer of knowledge and know-how that is necessary for good project management and continuation, and for building capacities in the public sector. So, paradoxically, although PIUs are created for their effectiveness they can become a barrier to sustainable successful implementation.

ARGENTINA

“To overcome weaknesses within the State, the Bank uses external PIUs, which help to improve program management and implementation but at the cost of not building local capacity... this is far from desirable”

“The Bank is in an urge to make things happen. This may bring benefits in the short term but has costs and disadvantages in the long run. For example, Bank programs rely too much on consultants which help to achieve the objective, but this system de-capitalizes civil service and creates a long term problem of unsustainability”

“Because the Bank has been unable to institutionalize good project management practices, we can’t talk about sustainability over time”

38. The issue of project sustainability is a serious concern among our respondents. Just under half of interviewees mentioned it firmly, as a critical and noteworthy issue in the Bank’s ability to make a lasting difference on Argentina’s development.

“Is the Bank supporting the country’s development priorities or is it supporting projects that have a good PIU?”

4. IMPORTANCE AND IMPACT OF THE WORLD BANK

39. This section addresses the importance of the Bank’s qualitative contribution versus the relative significance of the volume of its lending. It also summarizes the interviews’ vision on the actual and desired level of Bank lending to the country.

40. We now return to the Bank’s strongpoint and main source of its importance in Argentina: the *quality of its lending services*, or as we have termed it, its qualified support, in the form of highly competent professionals armed with a toolbox of technical expertise, best practices, methods, and hard data.

“What matters is not the volume of loans but the quality of projects..... Quality is what can contribute to better institutions and to sustainability”

41. Does the *volume of lending* matter? It too matters but since quality is indispensable and has no substitutes, and volume is not always needed, the former is of greater relative importance. The individuals we consulted pointed to a logical outcome of this condition combined with Argentina’s growing savings capacity and balanced fiscal accounts:

“As Argentina is more and more able to achieve and maintain its primary surplus, the volume of its debt will diminish, but it will continue to need quality projects”

42. When asked about this, most respondents acknowledge that the Bank’s financing becomes more significant when the country has no access to other sources of funding. But it still holds that, all else being equal, lending per se is not perceived as the most

ARGENTINA

important component of its work. We construe from this that a rising or falling trend in lending would not materially change or affect the Bank's relative importance in the country.

43. This is consistent with the responses given in the third set of questions of the survey. There, one can easily see that they practically all believe the Bank is important to Argentina because (a) it can improve the technical quality of government programs by providing access to expert information and specialized knowledge, and (b) it can improve the design and management of government programs by safeguarding them against certain risks (for example, financial management and procurement process are better when the Bank is involved). For a majority of respondents, 8 out of 13 valid responses, the liquidity provided by the Bank is not a source of its importance to the country.

44. Other reasons for the importance of Bank projects are, in descending order, that they give credibility to government actions and programs (10 out of 15 respondents); that they encourage discipline and transparency in government (9 out of 15 respondents); and that they foster a greater focus on poverty and social sectors (7 out of 15 respondents).

45. As perceived by a substantial majority of those interviewed, the Bank is diminishing its exposure in Argentina. This perception is consistent with the data, summarized in the Box below. Between 1996 and 2006, Bank lending to Argentina fell as measured by total lending volume in the period, number of loans approved per year, and the dollar size of individual loans. This trend is particularly marked by the years following 2002.

46. Those we consulted are, for the most part, well aware of the reasons why this Administration is borrowing less from the World Bank. In their view, there are three major reasons: less external financing is sought because Argentina is using its primary surplus to pay-off the debt and finance its domestic spending; there is less political affinity with the Bank, which along with the IMF has been demonized since the collapse of the economy in 2001; and that the Administration is trying to detach itself from loans tied to unwanted non-financial conditions as those of institutions with strong G8 influence. The Bank's lending rates are nonetheless perceived as competitive, although 4 respondents point to the Bank's high administrative and consulting expenses and one said the "list price" of Bank loans is lower than the effective price if commitment fees, employee time and other transactional costs are taken into account.

47. Lastly, when asked what the desired level of lending should be, a substantial proportion of respondents said or implied that the country should borrow *responsibly* - only to its borrowing capacity, *selectively* - preferably for social and productive infrastructure, and *temporarily* - only as long as it needs to.

"The only criterion on the desired level of lending should be the country's borrowing need and capacity"

ARGENTINA

“Argentina must borrow to finance investments in education and health, and in productivity enhancing programs including transportation”

“How much borrowing? We should borrow what we need to borrow not what the Bank wants to lend”

Box 1: A note on Bank lending to Argentina during the past decade

In general, throughout the past decade, there was a falling trend in the number of projects approved: between 1996 and 2000 an average of eight projects were approved each year, while between 2003 and 2006 yearly approvals amounted to four projects. The variation in new project approvals between 1996 and 2006 was - 33%. The volume of lending also fell in the 10 year period under consideration. The average size of loans in the initial sub-period was US\$200 million compared to US\$160 million in 2003-2006. Lending volume fell by 47% between 1996 and 2006. It is noteworthy that Bank loans were pro-cyclical until 2003.

5. THE COORDINATION OF SERVICES ACROSS THE BANK GROUP

48. This section analyzes and sums up respondents’ perspectives on the coordination of services provided by the Bank Group’s arms in Argentina. Out of five arms, our focus fell on the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC). Information has been sought of the extent of respondents’ awareness of the IFC country activities, of the coordination the two arms have achieved in their country operations, and of institutional strengths and weaknesses.

49. Most of the respondents are aware of the IFC’s existence but are not familiar with its activities in Argentina. Three out of 15 interviewees do not know about the IFC at all. Interviewees from the business sector (one being a client with a long-standing relation with the IFC and the other a leader of a business association with specific knowledge of some IFC sponsored projects) are evidently more eloquent and positive on the IFC’s role, as will be shown later on.

50. Among those respondents who express an opinion on the IFC, perceptions on its coordination with the IBRD are either vague or ambiguous, except for two business sector interviewees who show satisfaction with both the IFC’s operations in Argentina and its coordination with the IBRD. Vagueness can be attributed to how little the IFC is known outside private sector actors. Ambiguity has a more complex explanation. The central argument is, we believe, a misperception about the IFC’s role and its relation with the IBRD. In the words of one respondent:

ARGENTINA

"There is a misperception in government that the Bank and IFC are one and the same, but they are not. The IFC is set up not to be influenced, despite the lobbying efforts at the top".

51. Another respondent from the public sector goes further in this direction and states that the IBRD's relevance has been recently hampered because of the perception that it has defended IFC-sponsored projects in privatized utility companies. This consultee believes the Bank has linked the progress of important country loans to the renegotiation of the contractual terms of the IFC's operations thus placing the commercial interests of the Bank Group ahead of the country's long term development needs. In essence:

"The relationship has been traumatic because the IFC was involved in concessions that have been problematic, so....it hasn't been easy".

52. This problem among some audiences about the role and link of the Bank and IFC is also evident in the perception of another knowledgeable respondent:

"The World Bank tries to convince everyone that there is no relationship with the IFC, as if they were separated by a curtain (or Chinese wall), but they are not"

53. Interviewees identify strengths and weaknesses in the IFC. Strengths include its political independence, transaction-based and consensus-oriented activities, responsiveness and qualified professionals. In highlighting the IFC's independence one respondent states:

"The IFC is well staffed with qualified professionals. And it has no political colors, it is truly independent"

54. Although none of the respondents mention any specific weakness, the fact that among the sample of opinion-formers very little was known about the IFC or its activities in Argentina may indicate that more or better communication of its role and operations could be of benefit.

55. The IFC's contribution to private sector development is hard to ascertain from the respondents' points of view. Its activities are clearly transaction-oriented and it works on a project-by project basis. Under these conditions, the IFC helps bringing in investors for the projects it finances and helps to improve the investment climate of that particular transaction:

"The IFC is a transaction-based organization and as such it is a key player for particular investors to go in to the country. The IFC helps reduce frictions and makes deals happen".

ARGENTINA

56. In consequence since its focus is not on the "Big *Development* Picture" it seems difficult to evaluate the IFC's precise contribution to private sector development. Even more so, to poverty reduction:

"The IFC, MIGA, ICSID are focused on consolidating globalization and only indirectly on poverty reduction, so this sets them far from some basic issues such as fighting corruption "

57. Nevertheless, the survey shows a favorable rating of the Bank's support to the private sector development. Seven out of 12 rate its effectiveness on this account as either very effective, moderately effective or effective while only 5 ratings are in the range of ineffective to very ineffective.

58. In sum, in general respondents lack a clear perception about the coordination among World Bank Units, specifically between the IFC and the IBRD.

6. THE USE AND SHARING OF KNOWLEDGE

59. This section examines opinions on the importance, usefulness and delivery of the Bank's qualitative and non-financial assistance in terms of advice, expertise and technical support and overall knowledge services, and its contribution to enhancing local public sector capacity. Interviewees' suggestions are gathered as to how the Bank can improve its knowledge sharing and usefulness. We find that most of the results of the survey are consistent with the data gathered from the interviews.

60. Overall the Bank has played a supportive role over the last ten years in Argentina, in financial assistance as well as in technical advice and delivery of knowledge services. This is clearly stated in bank documents, a fact also acknowledged by the great majority of interviewees, who admit making regular use of the Bank's expert knowledge production. Examples of two commonly used publications are "World Development Indicators" and the Bank's World Development Report. One respondent goes even further and states that its knowledge services are of even higher importance than the Bank's financing services.

61. At the same time, there are mixed opinions about the degree to which these knowledge services are actually used to their full potential. For some respondents the Bank is an intensively used source of reliable information, relevant to development and mainly employed to contrast locally produced data and information. Nonetheless for several others, there is still a suboptimal use of these knowledge services, with at least three types of reasons being mentioned:

62. (a) In-country production of knowledge and information is abundant and of good quality. One respondent puts it this way:

ARGENTINA

"I do not think the Bank should spend any money in research or in writing papers, we have universities for that, but it should become a sort of global statistics database".

63. Likewise, in the Argentina Country Assistance Evaluation Report (July 2000) the quality of local research institutions' reports is alluded to in reference to the Economic and Sector Work (ESW) section:

"The Bank's ESW on Argentina has been of very high quality... It could be argued that much of this work is somewhat superfluous in that local research institutions can and do reports of the same quality..."

64. (b) The internal consumption of Argentina's knowledge production is so extensive that there is a common cultural belief that the country is self-reliant on this account.

65. (c) The Bank's current negative image and reputation in Argentina is apparently another barrier inhibiting greater knowledge service demand. Lately, some respondents reported a perception of more distance between the views of the Administration and the Bank. This may be due to political factors and/or and by communication shortcomings which have led public opinion to identify the Bank with the IMF and thus make the Bank co-responsible for Argentina's economic crisis of 2001.

"These are BIG BAD BANK years. The Bank has a bad public image everywhere, but here it has been really bad. If something could be done, the Bank could be more upfront about its mistakes and more open to critique"

66. A possible consequence of this negative perception is that some people may be actually using the Bank's knowledge services without openly admitting it. As stated by one respondent:

"In my work, I mostly use the World Bank's Indicators; they grant credibility and seriousness.....however, the Bank's knowledge services have been losing relevance.... Nowadays to quote the Bank is almost like quoting the devil"

67. On the positive side, all interviewees admit accessing the Banks' knowledge services, mostly through its web page. For 5 respondents the most valued and used knowledge products of the Bank are hard data reports (statistics), which they find more reliable than up-dated:

"We use its stats to verify locally produced data. They are reliable, although not always the most up to date, we use them because they give trustworthy support"

68. Reliability and credibility are the two most appreciated qualities of the Bank's statistics:

ARGENTINA

"It's the most intensively used source of information. It is trustworthy, reliable and relevant to our work"

69. Another very important component of the Bank's knowledge services is the contact and access that the Bank provides to a global forum where international views are exchanged and sound feedback is received. This is an especially valuable asset for a relatively isolated country like Argentina. In a respondent's opinion:

"The knowledge services, and the access to policy dialogues and international best practices that we would otherwise not be able to tap.....we don't even know of best practices in Brazil"

70. In considering the extent to which the Bank's knowledge and expertise on development issues is transferred over to the local public administration, and whether this transference enhances or not development actors' and institutions' capabilities, opinions are not very positive. Across different sectors -academia, government and multilateral organizations- the prevailing perception is that the transfer of knowledge and expertise seems to have occurred at an individual level but not systematically or institutionally.

"The Bank's knowledge and know-how on program design and management is transferred on to individuals locally, but it has not been institutionalized"

71. Some interviewees state that the Bank's knowledge transference isn't any better because it is not really a top Bank priority, possibly because it is not an impediment to program planning, management and implementation (...the Bank can still make things happen without worrying about knowledge transfer).

72. The knowledge services provided by the IFC were also evaluated. A business leader stated that the technical assistance on corporate social responsibility and environmental procedures that come attached to its project financing is effective because the IFC's technical assistance is followed by close monitoring. He acknowledges that his company's first steps in environmental protection procedures followed an IFC loan of 1992, and that this first impulse gave way to the more sophisticated guidelines being used to date:

"Between 1990 and 1995 the company was just starting to work on managerial environmental themes and at that moment the IFC's contribution was great"

73. A large majority of interviewees (12 out of 17) offer suggestions to improve the Bank's knowledge services delivery and consequently increase its use in Argentina. Most suggestions point to the development of formal training programs, both in-country and in Washington DC. These should be open not only to current project coordinators but also to potential leaders. The Bank should take advantage of these training activities to create affinity, rapport and goodwill of participants towards the Banks' programs and development goals.

ARGENTINA

"The Bank could improve its effectiveness if it did better groundwork, educating key actors so they become reform-minded"

"The training should be very open, not only to current project coordinators but also to those who could become leaders in the future, otherwise you get there too late"

74. A second group of suggestions point to the increase in the number of seminars, lectures, meetings, etc., so as to make knowledge sharing more interactive or participatory. Underlying these suggestions is the perception that the knowledge transference to local capabilities does not happen simply or automatically through the project implementation process. Rather, it requires deliberate, strong and sustained efforts over time. The IDB is reported as being more effective than the Bank on this:

"Knowledge transfer could improve by organizing more seminars, something the IDB does, and the Bank is lacking"

75. The results of the survey confirm what respondents have expressed all throughout the interviews. In a scale of 1 to 5, ranging from very inadequate to very good, respondents were asked to assess the usefulness of Bank reports, research, seminars, publications, etc. Twelve out of 14 respondents give the Bank a good score (acceptable or better). Only two evaluate usefulness as inadequate.

76. In sum, although the majority of interviewees use the Bank's knowledge services, their utilization is suboptimal, and the Bank's statistics and global dialogue are the most valuable aspects of its knowledge services.

7. ENGAGEMENT IN GLOBAL PROGRAMS

77. The present section dwells on the Bank's involvement in informing and engaging its Argentine constituents in global programs. Based on the interviewee's opinions and perceptions, it answers questions on the awareness about global programs relevant to the country, as well as the Bank's effectiveness in helping Argentina get involved in them.

78. The overall results of our interviews indicate that knowledge and awareness about Global Programs supported by the World Bank in Argentina is definitely very limited and to some degree confusing, even among people close to the Bank. Out of 15 (non-Bank staff) senior level interviewees, less than 5 had any degree of certainty or insight into what these programs are (some of whom confused them with other international programs), and generally couldn't ensure whether Argentina had any involvement with them. Only one person interviewed (see box below) has detailed information on a specific program. More generally, the Bank is not acknowledged as a strong promoter of global programs in the country. In fact, one of the more knowledgeable people on these matters said:

ARGENTINA

“I know of these programs but I never discussed these issues with colleagues at the Bank”

79. Among those who had some superficial information about global programs, the Global Environmental Facility was the most known, with only one person being aware of the Carbon Finance Program. Regarding the GEF, we collected two very different opinions that might bear witness to the gap in perceptions between the WB staff and local “clients”. On one hand, Bank documents and staff express that the organization has effectively facilitated Argentina’s involvement in such programs, and helped the country secure their resources. On the other hand, two other very different opinions stated that:

“I know only of the GEF, particularly of the difficulties Argentina has found to participate and benefit from it. It places too many requisites for sums of money that are interesting but not great, so that at times it has not been cost-effective to invest time in trying to get this kind of support....it may be more convenient to put the same effort into a loan operation.”

“As a grant it is welcome, but it is more aligned with the objectives of the donors than those of the alleged beneficiaries. Some concern should be placed on the fact that they might become tools of extortion or pressure for recipient countries to contract consultants and services from donor countries or to push foreign agendas and interests.”

80. We can note from source documents that Argentina has been involved over the past 10 years with the GEF in 6 individual programs, 1 regional-scope program and 1 global-scope program, totaling Bank contributions of over U\$100 million, country commitments of U\$125 million, and GEF concessions of U\$60 million, which all together amount to almost U\$380 million in investments.

81. Among the suggestions received on this issue, respondents said that the Bank should have more flexible and tailored processes to help access these programs, and that it should strengthen its efforts to get more organizations to become familiar with global initiatives, particularly through more effective communications with civil society and interested parties or sectors.

Box 2: The Argentine-German Chamber of Commerce and its interest in a partnership for the promotion of the Carbon Finance Program in Germany

The Argentine-German Chamber of Commerce, a representative of Germany's Ministry of Economy and German private sector in Argentina, plays an active role helping the local business community become involved in social responsibility and environmental actions. In April, 2006, it took part in a seminar organized by the Fundación Bolsa de Comercio de Buenos Aires, Secretaría de Medio Ambiente y Desarrollo Sustentable and the World Bank, on "Opportunities in the International Carbon Market."

Thanks to this seminar, the staff of the Argentine-German Chamber of Commerce became acquainted with the Bank's Carbon Finance Program (CFP) and with officials working in the Bank's Carbon Finance Unit (CFU) who were also present. CFP provides resources for projects aimed at reducing greenhouse gas or carbon emissions by facilitating the purchase and marketability of such emission reductions.

As a result of these new contacts and exchanges, the Argentine-German Chamber became very interested in making Clean Development Mechanism (CDM) projects known in and in doing so through a partnership with the Bank's CFP. CDMs, as they are known, are a mechanism created by the Kyoto Protocol whereby developing countries receive assistance in achieving sustainable development by permitting industrialized countries to finance projects to reduce greenhouse emissions in developing countries and receive credit for doing so.

Following the aforementioned seminar, the Chamber sought the Bank's advice on how it could carry on specific initiatives. As per the Bank's suggestions, the Chamber then contacted its field office in Buenos Aires and is currently waiting on its feedback and support.

This case provides a good example of how the Carbon Finance Program operates and how it can benefit partners. It also shows the potential of seminars and other interactive initiatives that foster CDM projects and more generally, global programs. We see, for example, that through a partnership between the Bank, BCBA and the Chamber, resources and best practices could be leveraged from German businesses to the benefit of their Argentine counterparts. This could, in turn, open opportunities for bilateral investment and trade, thereby contributing to the development of the private sector in Argentina.

One example of an important CDM project currently being developed in Argentina is the "Landfill Gas Recovery at the Norte III Landfill, Buenos Aires" (Landfill gas recovery with electricity generation and no capture or destruction of methanol in the baseline scenario).

8. CONCLUDING REMARKS

82. Assessing the World Bank's relevance and performance on the basis of people's perceptions and opinions is a challenging task. Can someone's awareness and judgment be separated from their subjectivities and surrounding circumstances? Probably not.

83. Argentines are well informed and opinionated citizens, particularly in matters confronting their nation. Through this study we have found that they have strong views on the country's public policies and their development outcomes, and that their perception of the Bank is greatly influenced by the fact that they believe it had an important role in the country's recent financial, socio-economic and political difficulties. Unfortunately, Argentina's recent history is marked by crisis and instability, and some of the negative fallout from that is associated with the Bank in some respondent's perceptions.

ARGENTINA

84. Many interviewees point to the Bank's actual and lasting contributions to the country's wellbeing. They acknowledge its help during the crisis; so much so that some believe that without the Bank's support to the Heads of Households Program – a safety net of US\$5 billion worth of income transfers to almost 2 million impoverished Argentines– the country would have “exploded”. They also appreciate the Bank's symbolic and operative (albeit short-term) effect on improving government projects by means of enhancing their design, technical soundness, management and control. Interviewees also give immense credit to the Bank's excellence in producing knowledge and information of the highest available value. Its Quality Stamp is without doubt among the Bank's greatest assets and value added for clients.

85. These merits seem nonetheless cast in some shadow by elements of a negative reputation for the Bank among some audiences. Why is there a bad image which comes across strongly with some respondents? According to our study this occurs for several reasons. The Bank was tarnished with some bad reputation because it is associated with the IMF in their joint responsibility for having financed and supported reforms that are perceived to have been bad for the country (the Bank's sponsorship or support of the currency convertibility symbolizes this phenomenon, and in the words of one interviewee “is mud in its shoes”). Further, this bad image is exacerbated by the fact that the Bank and international financial institutions IFIs are currently undergoing public scrutiny and questioning around the world. In the local arena this is worsened by the current Administration's public demonizing of the IMF and, sometimes together with it, the Bank. These are no doubt days of less popularity for the Bank, or, as expressed by an interviewee: “Big Bad Bank years...”

86. We believe there is a significant communication challenge lying ahead of the World Bank in Argentina, but one worth addressing. Investing in improving perceptions and creating goodwill within the communities it serves will, at a minimum, make it better known and help spread the understanding that the Bank does not operate in a vacuum and cannot by itself bring about development; and, at best, give the Bank the credit it deserves for its actual and potential contributions to Argentina.

ANNEX 1: LIST OF INTERVIEWEES

This field assessment conducted interviews with development practitioners across a spectrum of in-country institutions. Most of the counterparts were at a senior level—typically playing a significant role in the organization’s management team. The sample also includes some counterparts with practical operational roles. The interviews were drawn from the following diverse range:

Dirección Nacional de Proyectos con Organismos Internacionales
(Ministry of Economy and Production)
Ministry of Social Development
Universidad Católica de Córdoba
Universidad de San Andrés
Argentine-German Chamber of Commerce
Inter-American Bank of Development
World Bank Staff
Foro Sector Social (Forum of NGOs)
Cronista (Main Newspaper)
Unión del Personal Civil de la Nación
Instituto para el Desarrollo Empresarial de la Argentina
Pan American Energy

On occasion, the references in the working paper appropriately are associated with particular institutional vantage points, which allow the reader to see the richness of the debate. Noting this, the appendix therefore does not identify respondents by name.

ANNEX 2: QUESTIONNAIRE

1. THE RELEVANCE OF THE WORLD BANK, WITH REGARDS TO ARGENTINA'S PRIORITIES

- As it pertains to its most recent operations in Argentina: has the WB's targeting been consistent with its stated strategic choices and priorities for the country? Please refer to distinct periods of time if you need to (before 2004, 2004-2005, since 2006). If preferred, the respondent may first indicate what he or she believes are Argentina's top development goals, followed by what the WB's stated and actual priorities are, to the best of his or her knowledge.
- What are the key determinants of the WB's relevance to Argentina's development? Does the availability of other sources of financing and support affect its relevance? How? What would have to happen or change for its relevance to be enhanced in the future?

2. THE OVERALL EFFECTIVENESS OF BANK OPERATIONS IN ARGENTINA

- What are, as far as you know, the most important benefits and achievements of the WB's operations in terms of: (a) the country's needs/development goals, (b) the Bank's programming and loan objectives, (c) MDGs, (d) other criterion?
- What do you think are the WB's overall key strengths and weaknesses? Examples?
- Why do you think some approved projects have poor or incomplete implementation records?
- How would you rate the WB's planning and management methods during the planning, pre approval, approval, and disbursement phases? Please be as specific as you can in identifying strengths and weaknesses.
- How would you rate the WB's loan conditions and financial terms?

3. IMPORTANCE AND IMPACT OF THE WORLD BANK

- In your opinion, to what extent does the WB's importance to Argentina depend on the quality and volume of its projects?
- How do you think that a falling/rising lending can change or affect its relative importance in the country?

ARGENTINA

- In your opinion, in the past 10 or 5 years: has the WB's lending to Argentina gone up or down? What do you think produced such increase/decrease in lending?
- What do you think the trend should be (increase or decrease lending to Argentina)? Why?

4. THE COORDINATION OF SERVICES ACROSS THE BANK GROUP

- Are you familiar with the WB's private sector arm, the IFC, and its role? Do you think their operations and services are complementary? Do they support or facilitate each other's work? Or do they seem to be conflicting or isolated from each other?
- For Chamber of Commerce representatives: As it relates to helping private sector development and the investment climate:
 - Do WB units work coordinately? Do they create synergies? For example, do you know of any joint projects? Or, at a minimum, do you think they are aware of each other's pipeline and/or operations?
 - Does this coordination (lack of) affect the Bank's goal of promoting private-sector development and improving the investment climate in Argentina?

5. THE USE AND SHARING OF KNOWLEDGE

- Do you or your staff/advisors use the WB's knowledge services? How much or how often? Or, are the WB's knowledge services among the sources of knowledge/expertise that you or your staff consult with regularly?
- How much weight does the WB's knowledge/expertise carry in your decision-making and work or that of your staff?
- Do you believe the WB's knowledge and expertise about development issues somehow "transfers over" to the country in a way that it enhances the capabilities of its development actors and institutions? If so, how? If not, why? How could this sharing or transfer be improved in the near future?
- Do you know of any knowledge-based partnership of any sort?

6. ENGAGEMENT IN GLOBAL PROGRAMS

- Are you aware of global programs supported by the WB? (e.g., GEF, HIV, Tuberculosis, Malaria)?

ARGENTINA

- How relevant are such programs to Argentina? Are you aware of the benefits that these programs bring to Argentina?
- Has the WB helped Argentina's development agents know, participate in and benefit from such programs? Has the WB represented and defended Argentina's interests in those initiatives?

ARGENTINA

ANNEX 3: OPINION SURVEY – EVALUATION OF THE WORLD BANK IN ARGENTINA

Please respond to the following survey considering that we are interested in your perceptions and opinions. Ask for any clarification that you may need. Thank you for your valuable help.

How would you rate the World Bank in terms of the following characteristics?

	Very inadequate	Inadequate	Acceptable	Good	Very Good
Quality of WB projects (loans)	1	2	3	4	5
WB's fit to Argentina's needs	1	2	3	4	5
WB's responsiveness when Argentina's needs change	1	2	3	4	5
WB's relevance to Argentina's development	1	2	3	4	5
Usefulness of WB reports, research, seminars, publications, etc.	1	2	3	4	5
Relationship between WB staff and government officials in Argentina	1	2	3	4	5
Relationship between WB and civil society representatives	1	2	3	4	5
The ease of access to WB support	1	2	3	4	5
The WB's image or reputation among Argentina's opinion leaders	1	2	3	4	5
The WB's support during the crisis	1	2	3	4	5

ARGENTINA

2. How effective has the World Bank been in helping Argentina in the following development areas?

	Highly ineffective	Ineffective	Moderately ineffective	Moderately effective	Effective	Highly effective
Crisis recovery	1	2	3	4	5	6
Poverty reduction	1	2	3	4	5	6
Fostering sustainable growth	1	2	3	4	5	6
Addressing inequality, exclusion	1	2	3	4	5	6
Improving governance	1	2	3	4	5	6
Reducing corruption	1	2	3	4	5	6
Supporting the private sector	1	2	3	4	5	6

ARGENTINA

3. Which of the following statements describe why the Bank's projects are important to Argentina?

They provide the government with cash for discretionary spending	Yes	No
They give credibility to government actions and programs	Yes	No
They improve the technical quality of government programs by providing access to expert information and specialized knowledge	Yes	No
They improve the design and management of government programs (for example, financial management, procurement process)	Yes	No
They encourage discipline and transparency in government	Yes	No
They encourage a greater focus on poverty and social sectors	Yes	No

ANNEX 4: OVERVIEW OF SURVEY RESULTS

(1) Overall performance of the World Bank in Argentina (1=Very inadequate, 2=Inadequate, 3=Acceptable, 4=Good and 5= Very Good)

	Number of valid answers or scores	Number of scores between 1 and 2	Number of scores between 3 and 5	Mode/frequency of mode	Average score
Quality of WB projects (loans)	12	0	12	3 and 4/6	3.50
WB's fit to Argentina's needs	14	4	10	3/5	3.14
WB's responsiveness when Argentina's needs change	13	3	10	4/6	3.31
WB's relevance to Argentina's development	14	5	9	4/6	3.29
Usefulness of WB reports, research, seminars, publications, etc.	14	2	12	3/8	3.29
Relationship between WB staff and government officials in Argentina	13	3	10	4/6	3.15
Relationship between WB and civil society representatives	13	3	10	4/7	3.08
The ease of access to WB support	12	2	10	4/6	3.42
The WB's image or reputation among Argentina's opinion leaders	13	5	8	2, 3 and 4/4	2.85
The WB's support during the crisis	13	3	10	4/6	3.46

ARGENTINA

2) Effectiveness of the World Bank in helping Argentina in the following development areas (1= Highly ineffective, 2=Ineffective, 3=Moderately ineffective, 4=Moderately effective, 5=Effective, 6= Highly effective)

	Number of valid answers or scores	Number of scores between 1 and 3	Number of scores between 4 and 6	Mode/ Frequency of mode	Average score
Crisis recovery	15	4	11	4/7	3.93
Poverty reduction	15	7	8	4/6	3.47
Fostering sustainable growth	15	8	7	4/7	3.00
Addressing inequality, exclusion	15	9	6	3 and 4/5	3.13
Reducing corruption	14	12	2	2/7	2.57
Improving governance	15	10	5	2 and 3/4	2.87
Supporting the private sector	12	5	7	4/4	3.67

3) Features that describe, or not, why the Bank's projects are relevant in Argentina

	Number of valid answers	Number of Yes answers	Number of No answers
They provide the government with cash for discretionary spending	14	5	9
They give credibility to government actions and programs	15	10	5
They improve the technical quality of government programs by providing access to expert information and specialized knowledge	15	14	1
They improve the design and management of government programs (for example, financial management, procurement process)	14	14	0
They encourage discipline and transparency in government	15	9	6
They encourage a greater focus on poverty and social sectors	15	7	8

ANNEX 5: SELECT QUOTATIONS

THE RELEVANCE OF THE WORLD BANK, WITH REGARDS TO ARGENTINA'S PRIORITIES

- 1) *"In the second half of the 90s the Bank's targeting was wrong. While its excuse was the financing of structural adjustment and reforms, reality is that the Bank was a (voluntary or involuntary) lender whose programs only served to finance the government's shortcomings. Since the 2001 crisis, in the face of the emergency and during the next two years, targeting has been much more adequate and the Bank's interventions more relevant to Argentina's true needs"*
- 2) *"The Bank played a much more responsive role in 2002 with the Heads of Household Program"*
- 3) *"A good example is the Heads of Household Program. It was appropriate, consistent with what the country was going through."*
- 4) *"In the 2004-2006 period the Bank has been relevant, with interests aligned to those of government, except in public sector services; for example, concessions in the water sanitation sector. The Bank has been unable to come to terms with the government on the regulatory framework for these concessions, despite the fact that sanitation infrastructure is an urgent problem in vast urban areas"*
- 5) *"To reclaim relevance the Bank must provide support in areas and issues where the State has limitations: long term reconstruction and development - which contribute to the country's capitalization."*
- 6) *"The Bank's relevance will improve if policy making in the public sector improves ... the bank should reconsider its heavy use of external consultants who don't institutionalize and if it was better known"*
- 7) *"Should the Bank should be involved in financing social security systems/pension funds or should it favor investment in infrastructure, for example? Obviously the latter"*
- 8) *"To reclaim relevance the WB's lending should focus on public sector reform and infrastructure, including productive sector"*
- 9) *"To enhance relevance the Bank ought to: (i) finance infrastructure to address the Basic needs of the country (health and education),and (ii) not invest in structural reforms designed in Washington or based on documents and reports too detached from the country's reality"*

ARGENTINA

- 10) *"To be more relevant the Bank should make its lending agenda totally consistent with the country's development agenda. It must not lend according to its own interests or needs"*
- 11) *"I think the Bank should focus its work on poverty reduction, at the provincial and municipal level, it should focus on education and health with programs for vaccination, child nutrition and the like. Its main link to the country should not be its lending but its technical assistance and the country should pay specifically for that. The Bank should also keep an independent stand instead of trying to be a friend of the government"*
- 12) *"A factor that diminishes the Bank's relevance is that its in-country staff lack enough country-focalization. Although they are competent professionals they are not familiar with the country's social, economic, and political realities or with its idiosyncrasies"*
- 13) *"A great flaw of the World Bank is that instead of searching for a good fit with the country's needs and possibilities, it tries to replicate here best practices that have been successful elsewhere. Those best practices may or may not be feasible in Argentina and may or may not be of interest to the Administration"*
- 14) *"Another source of relevance is that the Bank promotes or approves projects that are not a high priority to the government as a whole, yet these projects somehow become politically important because they find a sponsor in the Bank's management or the Administration...its the problem we know as "pet projects "*
- 15) *"Key determinants of the Bank's relevance in Argentina are the quality of both its policy dialogue and its projects"*
- 16) *"Access to, more availability of, and alternate sources of funding also affect its relevance. Argentina has begun to recover its saving capacity, however, it's not enough to meet its investment needs, and therefore, any additional financing is important "*
- 17) *"The Bank's financing is important to the extent that other sources of funding are not available"*
- 18) *"The quality of its projects is a result of the technical expertise in project design and management and of good quality control during project implementation"*
- 19) *"Project design safeguards such as those mentioned (financing, technical and managerial expertise, other Bank procedures) are least important"*
- 20) *"To reclaim relevance the Bank must provide support in areas and issues where the State has limitations: long term reconstruction and development -that does contribute to the country's capitalization"*

ARGENTINA

- 21) *"As to the key determinants of the Bank's relevance in Argentina...the current situation matters, for example at present Argentina has a primary surplus and positive foreign exchange market so under such circumstances the country should apply international financing to structural reforms and not to deficit as it has done in the past"*
- 22) *"The great question is: what happens to operations after the Bank leaves? Poverty must not depend on permanent external financing, it should be financed by the country"*
- 23) *"Argentina is in no urgent need for international financing, so it should use financing to fund policy goals defined internally, and only for high quality projects, but not to fund financial crisis"*
- 24) *"As long as there is 30% poverty, education, basic infrastructure problems, the Bank will be important and relevant"*
- 25) *"Consistency has varied over time depending on the policy agenda of the administration, managerial capacity, and personal relationship with the Bank's upper management, for example during the Menem Administration these conditions were met"*
- 26) *"The presence of the Bank in government projects is important, it makes a positive differencea project that has Bank support is not the same as a project that doesn't have it"*
- 27) *25. "The support of the Bank creates particular conditions and incentives around the projects. An important one is that they set limits to excess discretion in the way the Administration runs a program"*
- 28) *"The Bank's relevance is mostly related to the international context, i.e. foreign credit markets, and the internal situation or "mood", for example the current social and political mood questions the IFIs' excess involvement and public exposure during the 90s, so much so that they are now demonized. It is a lot about perceptions! "*
- 29) *"We are a small player in Argentina. One thing is the effectiveness of each program in particular ...Programs' impact is something different ...in this aspect it matters whether you are a big or small player because that will affect leverage"*
- 30) *"Advice and dialogue... we listen to them and discuss development issues, something that Argentina is very interested in doing and appreciates because it is isolated- we provide a sounding board, and feedback "*

ARGENTINA

- 31) *"During the crisis the Bank showed empathy towards Argentina's urgent needs, as shown by the Head of Household program. This empathy then phased away. I didn't see it again, nor do I see it today"*
- 32) *"To be more relevant the Bank should truly be at the government's service ...its lending agenda should be totally consistent with the country's development agenda. It must not lend according to its own needs"*

THE OVERALL EFFECTIVENESS OF BANK OPERATIONS IN ARGENTINA

- 33) *"We must differentiate between effectiveness in implementation and development impact"*
- 34) *"Whether or not projects are fully and well implemented, and whether or not they achieve desired results is unknown"*
- 35) *"If I had to give a yes or no answer, I would say some projects have been effective and others not"*
- 36) *"The rhetoric and the intentions are there but..... No one can say whether the World Bank has been effective or not in its operations. It's too complex a question. Among other things because of the methodological problems. For example, in evaluating its effectiveness, how do we separate the bank-effect from other intervening variables, like circumstances, institutions, or government? What is quite clear is that our country's development depends on events that are only partially within the control of the Bank and partially within the control of government".*
- 37) *"Many of the problems addressed by the Bank, like poverty, have profound systemic causes and cannot be solved by implementing one or two projects"*
- 38) *"The presence of the Bank in government projects is important, it makes a differencea project that has Bank support is not the same as a project that doesn't have it"*
- 39) *"The support of the Bank creates particular conditions and incentives around the projects. An important one is that they set limits to excess discretion in the way the Administration runs a program"*
- 40) *"A great flaw of the World Bank is that instead of searching for a good fit with the country's needs and possibilities, it tries to replicate here best practices that have been successful elsewhere. Those best practices may*

ARGENTINA

or may not be feasible in Argentina and may or may not be of interest to the Administration”

- 41) *“The Bank’s presence brings into projects discipline and methodology*
- 42) *“The country has a responsibility over this failure in that it accepts the Bank’s packaged solutions [best practices] simply because they are believed to come with a stamp of quality, without questioning them or adjusting them to our local reality... In this regard, the IDB has done a better job taking into account the political economy of project success, especially the importance of government in policymaking and policy implementation”*
- 43) *“One factor that hinders on the Bank’s effectiveness or impact is the application of pre-designed projects. The Bank tends to foster policies and projects that are based on different contexts and realities—this is the case of its “best practices”, which are stylized and shaped after cross-country analyses”*
- 44) *“The Bank has gone ahead and lent too much where the proper preparation was not in place”*
- 45) *“There is a strong urge toward lending and disbursing [in the Bank] ”*
- 46) *“Sometimes Bank officials place impracticable projects in the pipeline because they are subject to political pressure from high level government officials. They do so because they want to avoid the political cost and complaints that would come if they refuse”*
- 47) *“Projects with incomplete or poor implementation records many time are flawed by design due to a sort of connivance whereby Bank officials who need to lend money –they work for a Bank after all—are met by Administration officials who need to borrow –they need the cash. So they both overlook many things, including factors such as a project’s viability. Later on, projects don’t get implemented as expected, disbursements are delayed, the country pays high commitment fees, and chances are, they will be renewed anyway”*
- 48) *“Is the Bank supporting the country’s development priorities or is it supporting projects that have a good IU?”*

The Banks has financed over 2600 consultants via the PIUs....it’s like a parallel public administration”

ARGENTINA

- 49) *“When an Administration is running a deficit and needs to borrow, it may ignore legal or legislative preconditions set in the design of a project in order to jump-start a project’s implementation despite being aware that those conditions are not under the control of the executing agency”*
- 50).. *“The Bank keeps renewing projects because these people want to keep their jobs”*
- 51). *“The special status of these units produce tension with the permanent staff... no wonder there is no collaboration, no dialogue and no transfers of skills. It happened with the ANSES reform”*
- 52). *“To overcome weaknesses within the State, the Bank uses external Implementation Units, which help to improve program management and implementation but at the cost of not building local capacity... this is far from desirable”*
- 53) *“The Bank is in an urge to make things happen. This may bring benefits in the short term but has costs and disadvantages in the long run. For example, Bank programs rely too much on consultants who help to achieve the objective, but this system de-capitalizes civil service and creates a long term problem of unsustainability”. “Because the Bank has been unable to institutionalize good project management practices, we can’t talk about sustainability over time.*
- 54) **THE IMPORTANCE AND IMPACT OF THE WORLD BANK** *As Argentina is more and more able to achieve and maintain its primary surplus, the volume of its debt will diminish, but it will continue to need quality projects”*
- 55) *“Argentina is in an unusual favorable situation, it has a fiscal surplus and little need for external financing, thus an opportunity is presenting itself: this is the great quality opportunity“*
- 56) *“The trend should be towards more lending, but specially for basic infrastructure and investment “*
- 57) *“The only criterion on the desired level of lending should be the country’s borrowing need and capacity”*
- 58) *“Argentina must borrow to finance investments in human capital and in productivity enhancing programs, including transportation”*
- 59) *“How much borrowing? We should borrow what we need to borrow not what the Bank wants to lend”*

ARGENTINA

- 60) *“What matters is not the volume of loans but the quality of projects... quality is what can contribute to better institutions and to the sustainability”*
- 61) *“The presence of the Bank in government projects is important, it makes a differencea project that has Bank support is not the same as a project that doesn't have it”*
- 62) *“What really matters is the Bank's quality stamp. That stamp is often used by governments internally to legitimize its choices before economic agents, to justify and defend its actions when faced by opposite groups, and even to say certain things as attributed to the Bank. Without such a stamp, governments perhaps would rather borrow from the private market because international financing has additional costs, such as conditions, slow and rule-ridden processes, losses in degrees of control over hiring, etc. ”*
- 63) *"The margin thesis: Everybody involved plays the game and uses that maneuverability strategically, as one would use insider information so to speak. Everybody knows that the Bank's conditions are not set <in stone> they allow room for maneuver, so they are often much treated as a formality. This dynamic or mind set not only affects project design: it also has an impact on project implementation, as monitoring becomes essentially formal (everyone is better off if the loan is disbursed so we use margins to find the means to that end). The evaluation of the Bank projects' suffers as well".*
- 64) *"In judging the Bank's effectiveness or impact since 2000, one must bear in mind that in the pre-crisis years Argentina was an example of policies that the Bank wanted to showcase. The Bank not only stood by Argentina, it publicly and enthusiastically supported it. Nowadays, it is being judged for having supported failed policies, although it really was not the main responsible”*
- 65) *"The Bank has a stigma which is based in a great ignorance of what it is and in the fact that it is blamed, along with IMF, of some things that happened in the country"*

THE COORDINATION OF SERVICES ACROSS THE BANK GROUP

- 66) *"The WB tries to convince everyone that there is no relationship with the IFC, as if they were separated by a smoke curtain, but they are not"*
- 67) *"The IFC is well staffed with qualified professionals. And it has no political colors, it is truly independent. "*

ARGENTINA

- 68) *"The relationship has been problematic because the IFC was involved in concessions that have been traumatic, it hasn't been easy"*
- 69) *"There is not much room for cooperation between the Bank and IFC because they are different organizations"*
- 70) *"The Chinese wall between them (IBDR-IFC) works pretty well, although at the shareholder level there are no walls"*
- 71) *"The IFC is a transaction-based organization and as such it is a key player for particular investors to go in to the country"*
- 72) *"The IFC helps reduce frictions and makes deals happen"*
- 73) *"There is a misperception in government that the Bank and IFC are one and the same, but they are not. The IFC is set up not to be influenced, despite the lobbying efforts at the top "*
- 74) *"The relationship has been traumatic because the IFC was involved in concessions that have been problematic, so....it hasn't been easy"*
- 75) *"The World Bank tries to convince everyone that there is no relationship with the IFC, as if they were separated by a smoke curtain, but they are not"*
- 76) *"The IFC is well staffed with qualified professionals. And it has no political colors, it is truly independent"*
- 77) *"The IFC is a transaction-based organization and as such it is a key player for particular investors to go in to the country. The IFC helps reduce frictions and makes deals happen".*
- 78) *"The IFC, MIGA, ICSID are focused on consolidating globalization and only indirectly on poverty reduction, so this sets them far from some basic issues such as fighting corruption "*
- 79) *"They have worked coordinately in the nineties and have thus reinforced mutual errors. The ICSID trials prove the errors that have been committed"*

THE USE AND SHARING OF KNOWLEDGE

- 80) *"Relevant and important knowledge is that which refers to best international practices"*
- 81) *"Access is mainly by the web page which has considerably improved recently due to electronic progress in the country during the past 10 years"*

ARGENTINA

- 82) *"For knowledge services delivery to improve there needs to be a greater appetite for them"*
- 83) *"They are important but not to Argentina, we have got 36 universities"*
- 84) *"Bank's knowledge services are very important, even of higher importance than financing"*
- 85) *"Bank's knowledge is not used enough because in Argentina we believe we know it all!"*
- 86) *"It's the most intensively used source of information. It is trustworthy, reliable and relevant to our work. We use its stats to verify locally produced data"*
- 87) *"They are reliable, although not always the most up to date, we use them because they give trustworthy support"*
- 88) *"These are BIG BAD BANK years. We have bad public image everywhere, but here it has been really bad. If something could be done, we could be more upfront about our mistakes and more open to critique "*
- 89) *"I do not think the Bank should spend any money in research or in writing papers, we have universities for that, but it should become a sort of global statistics database"*
- 90) *"The Bank's ESW on Argentina has been of very high quality... It could be argued that much of this work is somewhat superfluous in that local research institutions can and do reports of the same quality..."*
- 91) *"These are BIG BAD BANK years. The Bank has a bad public image everywhere, but here it has been really bad. If something could be done, the Bank could be more upfront about its mistakes and more open to critique"*
- 92) *"In my work, I mostly use the World Bank's indicators, they grant credibility and seriousness...however, the Bank's knowledge services have been losing relevance.... Nowadays to quote the Bank is almost like quoting the devil"*
- 93) *"We use its stats to verify locally produced data. They are reliable, although not always the most up to date. We use them because they give trustworthy support"*
- 94) *"It's the most intensively used source of information. It is trustworthy, reliable and relevant to our work"*
- 95) *"Seminaries are a good pattern"*

ARGENTINA

- 96) *"The knowledge services, and the access to policy dialogues and international best practices that we would otherwise not be able to tap.....we don't even know of best practices in Brazil"*
- 97) *"The Bank's knowledge and know-how on program design and management is transferred on to individuals locally, but it has not been institutionalized"*
- 98) *"Strength has not been institutionalized- a situation now aggravated by the fact that these are anti-bank years"*
- 99) *"I don't know whether or not they are transferred over to the Public Sector"*
- 100) *"To increase transfer, the Bank should be more active in the formal training of local officials"*
- 101) *"To improve transfer/delivery: dialogue!"*
- 102) *"By being involved we provide quality control and technical expertise"*
- 103) *"There is weakness in public sector institutions, not at the individual level but as a system"*
- 104) *"There is a huge asymmetry between what the Bank does what it has and offers and what is perceived as. It has an immense communication problem"*
- 105) *"It is not a real concern for the Bank... formal training of government staff is not a priority in Washington DC"*
- 106) *"Between 1990 and 1995 the company was just starting to work on managerial environmental themes and at that moment IFC's contribution was great"*
- 107) *"The Bank could improve its effectiveness if it did better ground work, educating key actors so they become reform-minded"*
- 108) *"The training should be very open, not only to current project coordinators but also to those who could become leaders in the future, otherwise you get there too late"*
- 109) *"Knowledge transfer could improve by organizing more seminars, something the IDB does, and the Bank is lacking"*

ENGAGEMENT IN GLOBAL PROGRAMS

- 110) *"I know of these programs but I never discussed this issues with colleagues at the Bank "*

ARGENTINA

- 111) *"Argentina has a quite a lot of GEF and CARBON–FINANCING activity"*
- 112) *"I know only of the GEF, particularly of the difficulties Argentina has found to participate and benefit from it. It places too many requisites, for sums of money that are interesting but not grate, so that at times it has not been cost/effective to invest time in trying to get this kind of support....it may be more convenient to put the same effort into a loan operation"*
- 113) *"In spite that I know the Bank quite well...I do not know these programs specifically"*
- 114) *"GEF: it is a good thing that they are grants"*

"As a grant it is welcome, but it is more aligned with the objectives of the donors than those of the alleged beneficiaries. Some concern should be placed on the fact that they might become tools of extortion or pressure for recipient countries to contract consultants and services from donor countries or to push foreign agendas and interests"

OTHER GENERAL, OVERARCHING TOPICS

- 115) *"Institutions (included the Bank) function better during normal times, not in the middle of a crisis. During a crisis, disbursements are usually interrupted, and that disrupts everything "*
- 116) *"There has been a total loss of credibility and reputation of IFIs, where the most harmed has been the IMF and the least harmed is the IDB, thanks to the relationships (goodwill) built by its Former President Iglesias "*
- 117) *"The Bank is not independent. Its direction is controlled by the G8, and thus by the United States. This undermines its neutrality. Its consulting firms and consultees are biased"*
- 118) *"There are two great myths about International Financing Institutions (IFIs). One, found in the literature, states that they are overly powerful. The other myth judges IFIs as either angels or demons, guilty or guilt-free of borrowing countries' development failures. Perhaps, the combined result of both beliefs is that more often than not their importance has been greatly magnified"*
- 119) *"Consultation process: You can conduct consultations, and say you did, but did you really listen? Were people really free to say the truth? These consultations do not take place in a format or climate of trust, or candidness "*

ANNEX 6

Annex 6: Argentina at a Glance

Annex Table 1. Economic and Social Indicators, 2000 - 2005

Series Name	Argentina						Argentina	Chile	Brazil	Mexico	LAC	Russian Federation	Turkey
	2000	2001	2002	2003	2004	2005								Average 2000-2005
Growth and Inflation													
GDP growth (annual %) ^{1/2/}	-0.8	-4.4	-10.9	8.8	9.0	9.2	1.8	4.2	2.8	2.6	2.3	6.7	4.6
GNI per capita, Atlas method (current US\$) ^{1/}	7,490	7,030	4,060	3,680	3,590	4,200	5,008	4,915	3,080	6,092	3,498	2,330	2,892
GNI per capita, PPP (current international \$)	11,850	11,483	10,300	11,307	12,526	..	11,493	9,560	7,504	9,088	7,178	8,146	6,798
GDP per capita growth (annual %)	-1.8	-5.4	-11.8	7.8	7.9	..	-0.7	2.5	1.4	1.1	0.8	7.4	2.9
Inflation, consumer prices (annual %) ^{1/2/}	-0.9	-1.1	25.9	14.8	4.4	9.6	8.8	3.1	8.3	5.7	..	15.6	32.3
Composition of GDP (%)^{1/}													
Agriculture, value added	5.1	4.9	10.8	11.0	10.4	9.3	8.6	4.2	5.8	4.0	6.8	5.8	13.4
Industry, value added	28.1	27.0	32.4	34.7	35.6	35.2	32.2	41.2	20.6	26.6	26.4	35.4	23.6
Services, etc., value added	66.9	68.1	56.8	54.3	54.0	55.5	59.3	54.6	73.6	69.4	66.8	58.8	63.0
External Accounts													
Exports of goods and services (% of GDP) ^{1/}	10.9	11.5	27.7	25.0	25.3	24.1	20.8	34.5	16.6	28.9	23.0	37.1	28.6
Imports of goods and services (% of GDP) ^{1/}	11.5	10.2	12.8	14.2	18.1	22.6	14.9	31.1	14.6	30.8	21.7	23.5	31.8
Current account balance (% of GDP) ^{1/}	-3.2	-1.2	8.5	5.9	2.2	-0.1	2.0	-1.3	-1.3	-2.0	..	11.5	-2.7
Total debt service (% of exports of goods and services)	70.8	42.3	16.5	37.9	28.5	..	39.2	28.9	75.4	24.8	30.8	11.8	40.1
External debt (% of GNI)	53.3	58.9	158.5	136.6	117.4	..	104.9	59.5	46.8	23.7	43.2	49.8	67.6
Total reserves in months of imports	6.3	4.3	5.3	5.7	5.8	..	5.5	6.5	5.4	2.9	5.3	6.6	4.7
Fiscal Accounts (% of GDP)													
Current revenue, excluding grants ^{1/}	19.4	18.7	17.6	20.5	23.5	23.6	20.6	21.8	..	22.5	..	36.5	..
Expenditure, total	17.0	17.1	..	..	..	..	17.1	22.5	..	15.9	..	23.8	44.5
Overall budget balance, including grants ^{1/}	-2.4	-3.2	-1.5	0.5	2.6	1.5	-0.4	0.4	3.7	-0.7	..	3.1	-11.7
Gross domestic savings ^{1/}	15.6	15.5	26.9	25.9	26.3	21.3	21.9	26.5	22.4	19.6	20.5	34.1	19.4
Social Indicators													
Health													
Life expectancy at birth, total (years)	..	..	74.3	74.5	74.6	..	74.5	76.4	68.7	73.6	70.8	65.6	68.4
Immunization, DPT (% of children ages 12-23 months)	66.0	82.0	88.0	89.0	90.0	..	83.0	98.5	98.0	90.0	88.3	96.3	79.8
Improved sanitation facilities (% of population with access)	..	..	..	..	..	..	..	92.0	75.0	77.0	74.5	87.0	83.0
Improved water source (% of population with access)	..	..	..	..	..	..	..	95.0	89.0	91.0	88.9	96.0	93.0
Mortality rate, infant (per 1,000 live births)	17.0	..	..	..	16.2	..	16.6	9.5	34.0	24.0	27.7	17.0	35.5
Education													
School enrollment, preprimary (% gross)	60.1	60.9	61.5	..	..	..	60.8	63.2	62.0	77.3	60.5	90.9	6.8
School enrollment, primary (% gross)	117.8	117.5	117.8	..	..	..	117.7	101.4	148.7	110.3	122.8	113.6	92.6
School enrollment, secondary (% gross)	96.7	99.3	99.1	..	..	..	98.4	87.2	107.6	76.1	84.8	95.0	76.1
Population													
Population, total (million)	36.8	37.3	37.6	38.0	38.4	..	37.6	15.6	174.5	100.8	526.4	144.1	69.6
Population growth (annual %)	1.1	1.0	1.0	1.0	..	..	1.0	1.2	1.2	1.4	1.4	-0.5	1.6
Urban population (% of total)	89.5	89.7	89.9	90.1	90.3	..	89.9	86.6	82.4	75.2	76.2	73.3	65.8

1/ WB Regional databases

2/ Data for 2005 is from the IMF's World Economic Outlook, April 2006

Source: World Bank Development Indicators (April 2006 update) for all indicators excluding those noted.

ARGENTINA

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