# Environmental and Social Management Framework

**IDB Project “PROMOTING RISK MITIGATION INSTRUMENTS AND FINANCE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY INVESTMENTS IN ARGENTINA”**

## Objectives of the ESMF

This Environmental and Social Management Framework (ESMF) is a safeguard instrument that describes how the environmental and social impacts and risks of the Project will be managed and supervised when funding from GCF is accessed. The ESMF presents the general context of the Project, the expected impacts and risks of the sub-projects, the required mitigation measures as well as the capacity, roles and responsibilities, appraisal and supervision processes and resources available to manage the risks of the institutions involved in financing the sub-projects under the Project.

This provides guidance to first-tier local financial intermediaries (LFIs) and sub-project proponents[[1]](#footnote-1) on the process of how to screen, scope and assess sub-projects supported by the Project and manage environmental and social safeguard issues that arise during their implementation. It identifies the environmental and social management roles and responsibilities of the accredited entity, BICE, and the LFIs and other involved agencies including identification on any capacity building requirements. Finally, the ESMF presents broad description and overview of the environmental and social contexts relevant to the Project and the likely environmental and social risks and impacts including national policies and institutional arrangements.

The ESMF describes the process of screening, scoping and developing the specifications for environmental and social assessments of sub-projects as part of the overall environmental and social due diligence process. It also describes how to select and implement specific stakeholder and community engagement at the sub-project level and mechanisms for grievance redress. The ESMF also describes and establishes a methodological approach (workflow) to managing environmental and social risks and impacts in a structured way, on a continuous basis. An overview of institutional arrangements for managing the Project and the management procedures is also provided. The ESMF identifies applicable national regulations and policies and provides an overview of the environmental and social context for the country. The ESMF also provides key potential environmental and social issues for the sub-projects in the pre-construction, construction and operation stages. The sub-projects are likely to be small-scale and the potential adverse environmental risks and impacts are expected to be minimal and include air emissions, pollution, waste generation, occupational health and safety and local community nuisance. The sub-projects are not expected to disrupt and resettle local population, disturb and impair biodiversity. There are expected beneficial impacts to local economies through the creation of jobs and procurement of local services and materials. More detailed due diligence for each sub-project will identify potential impacts and develop site-specific mitigation measures.

The purpose of the ESMF is to:

* Guide the executing entities, local financial institutions, and sub-project proponents on the process of how to screen, scope and assess sub-projects and manage environmental and social safeguard issues that arise during implementation;
* Identify the roles and responsibilities related to environmental and social management of the Project and involved agencies including identification on any capacity building requirements; and
* Present broad description and overview of the environmental and social contexts relevant to the Project and the likely environmental and social risks and impacts including national policies and institutional arrangements.

The Inter-American Development Bank (IDB) will maintain supervision responsibilities in accordance with the Accreditation Master Agreement (AMA) and Bank’s policies and procedures with regards to the Project. At the sub-project level, relevant IDB environmental and social safeguards standards will be contractually required in accordance with IDB policies and procedures, the AMA and/or such other related arrangements.

## The ESMF follows the standards of IDB’s Environmental and Safeguards Compliance Policy (OP-703), those of other relevant IDB safeguards policies (see below) and, when relevant, sector guidelines and good international industry practice (GIIP) such as the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability and World Bank Group (WBG) Environmental, Health and Safety (EHS) Guidelines.

## Project Description and Objectives

The objective of the Project is to contribute to improve the efficiency in the production and use of energy Argentina, by increasing investments in energy efficiency (EE) and power production from renewable energy (RE) sources to reduce GHG emissions. The Project intends to scale up Small and Medium Enterprises (SME) investment in RE and EE by making available medium and long-term financing instruments tailored to meet the specific needs of these sub-projects, channeling funds through BICE, a local National Development Bank (NDB) and its network of first-tier local financial intermediaries (LFIs).

The proposed Project shall be executed via two components:

For **Component 1**, Green Climate Fund (GCF) grant resources (USD 3m) will finance third party expertise to provide technical assistance and develop non- financial mechanisms to support the implementation of the loans and reduce risks for developers, other end-beneficiaries, technical service providers, and commercial banks. These resources will help guarantee a sound and efficient Project, while also ensuring local capacity building so that a permanent mechanism remains in place after the conclusion of donor support. Resources for bridging information asymmetries, bankable sub-project structuring, dissemination and capacity building activities and other associated minor costs are also considered under this component.

For **Component 2**, GCF resources (USD 100m) are requested in the form of a concessional loan to be blended with local financial institutions’ resources for financing eligible sub-projects.[[2]](#footnote-2) BICE will use GCF loan resources along with its own resources to provide financial support to private developers either directly or via LFIs. By channeling GCF resources, BICE will increase its ability to provide financial conditions consistent with RE and EE investment costs, risks, cash flow profile and expected returns to make these ventures successful. Based on this, the Project intends to develop a portfolio of bankable sub-projects, familiarizing market actors (developers/SMEs banks, technology and service providers) with this type of investments, leveraging additional financing from the private banking sector, and mobilizing capital to grow the industry in the long term (demonstration effect).

The intended beneficiaries of the Project will be small and medium companies (SMEs)[[3]](#footnote-3) that invest in RE and EE projects. An improved efficiency in the use and production of energy will also enable final consumers to benefit from greater and better availability of cleaner energy at competitive prices, and will allow the government to downscale current subsidies for fossil-fuel based generation. Finally, communities should benefit from positive externalities associated to the environmental and economic impacts of the Project.

Eligible sub-projects will include (a) energy efficiency investments undertaken by SMEs (b) small scale renewable energy projects from SMEs focused on cogeneration projects from waste.

Within the spectrum of those eligible sub-projects, the feasibility study identified, among others, the following combination of technologies and sectors with higher potential for credit demand[[4]](#footnote-4):

* Cogeneration from waste issued from agricultural, commercial forestry, timber/paper, feedlots, pig farms and food processing operations and
* Energy efficiency in energy-intensive industry (chemicals, food processing, dairy and plastics).

For the Energy Efficiency sub-projects, the following 5 technologies have been identified and prioritized:

| **Project Type** | **Description** | **Technological improvement** |
| --- | --- | --- |
| Solar water heaters | Substitution of old water heating systems with solar water heaters allowing the reduction of energy consumption and/or fossil fuel consumption |  |
| Air conditioning | Substitution of old air-conditioning equipment with new energy efficient equipment that contain efficient, less polluting refrigerants (and no substances with high Ozone Depletion Potential) | - compression systems with high grade materials.  - compressors with frequency variation  - improvements in evaporation systems for thermal load management  - electronic expansion valve system  - refrigerant leak detection systems  - efficient, less polluting refrigerants  - dehumidification systems |
| Boilers | Replacement of old furnace/ boiler / water heater systems with new equipment consuming less fuel and/or energy. | - gas heat recovery systems  - condensate recovery systems  - completely automated safety and control devices  - continuous monitoring of oxygen and exhaust gases  - efficient fuel burners  - high strength construction and insulation materials |
| Refrigeration chambers | Substitution of old equipmentwith new energy efficient equipment that contain efficient, less polluting refrigerants (and no substances with high Ozone Depletion Potential) | - high efficiency evaporator fans  - high efficiency compression systems  - pressure, temperature, and humidity control systems  - high grade materials for refrigeration doors and insulation  - pre-cooling and ante-chambers for management of air and heat |
| Motors | Replacement of old motors with new equipment consuming less fuel and/or energy. | - materials with high magnetic properties  - better quality construction materials  - lamination and gap reduction  - improvements in wire size and materials  - high efficiency cooling systems and fans |

The feasibility study estimated the following indicative expected demand and average sizes of sub-projects[[5]](#footnote-5):

|  |  |  |  |
| --- | --- | --- | --- |
| **Technology** | **No. sub-projects targeted** | **Average power capacity per plant** | **Average size of sub-project (USD)** |
| Cogeneration |  |  |  |
| *Pig farms waste* | 449 [954] | 37.07kW | 75,000 |
| *Livestock (feedlot) waste* | 20 [43] | 194kW | 700,000 |
| *Agroindustry waste* | 168 [357] | 50kW | 175,000 |
| *Agricultural waste* | 12 [21] | 2.5MW | 5,000,000 |
| Energy efficiency | 598 [1,136] | NA | 69,000 |

## Environmental and Social Risk Category

Based on IDB’s Directive B.13 of the Environment and Safeguards Compliance Policy (OP-703), the Project is classified as a financial intermediary and as such is not categorized ex-ante according to its potential environment and social impacts and risks.

Based on the environmental and social due diligence conclusions, the intended use of proceeds described above, and their potential environmental and social risks and impacts, this operation is classified as medium-risk level financial intermediation (FI-2). Sub-projects to be financed under the Project will only be those that are expected to have minimal to moderate environmental and social risks, equivalent to Category C and B. The environmental and social risks and impacts are expected to be small-scale, reversible, and readily mitigated using accepted industry practices. The Project will exclude sub-projects that (i) involve involuntary resettlement of people, (ii) have a potentially adverse impact on communities and/or indigenous people, or (iii) involve conversion or degradation of critical natural habitats or cultural sites (see Exclusion List on Appendix 1.). It is important to note that sub-projects eligible for financing under this Project are not greenfield projects: these are energy efficiency and renewable energy sub-projects to be implemented in existing built-up areas such as industrial or agricultural facilities. It is also worth noting that the IDB has been executing very similar EE projects in Mexico, and Colombia and is preparing project execution in El Salvador.

## Policy and Legal Framework

At the sub-project level, relevant IDB environmental and social safeguards standards will be contractually required in accordance with IDB policies and procedures, the AMA and/or such other related arrangements.

These include the IDB Environment and Safeguards Compliance Policy (OP-703); Natural Disaster Risk Management Policy (OP-704); Involuntary Resettlement Policy (OP-710); Operational Policy on Indigenous People (OP-765); Operational Policy on Gender Equality in Development (OP-761) and sector guidance documents.

All sub-projects shall comply with national, provincial and municipal applicable laws and all their requirements. In accordance with the environmental and social due diligence process described in this ESMF, applicable laws, their requirements and authorities with competent jurisdiction for each sub-project (mainly at provincial level), shall be identified and specified by the sub-project proponents and LFIs at the screening and scoping stage and further detailed during the assessment. Sub-projects’ environmental and social risks and impacts will be assessed for compliance with host country laws and regulations and the standards of applicable IDB safeguard policies and only those that meet the requirements, as presented in this ESMF, will be eligible for financing.

Argentinean environmental law is established at the national province and municipal levels, as a result of the federal organization in the Constitution, where Provinces have the legislative and enforcement authority.

The table below summarizes the current principal environmental laws in Argentina and the specific laws on climate change and renewable energy relevant to the Project:

|  |  |
| --- | --- |
| **Environmental management, protection and conservation** | |
| Section 41 National Constitution | Regarding environmental matters, it establishes that “…the Nation will regulate the minimum protection standards, and the provinces those necessary to reinforce them.”  Minimum budget laws set forth the basic guidelines for environmental management applicable to the entire national territory and set the legal foundations on which a state policy regarding protection of environment and sustainable development is built on, defining priority areas for public management and instruments aimed at achieving the objectives established by such environmental policy.  It also regulates the civil responsibility on environmental damage, establishing the duty of repairing it, in the sense that economic compensation of environmental damage is unacceptable, but it is the obligation of natural and legal persons who may have caused such damage to repair the environmental means that have been damaged. |
| Section 121 & 124  National Constitution | They establish that the provinces have the original dominion over the natural resources existing in their territory, and, therefore, may exercise all of the rights related to that dominion, including those related to the use. |
| Section 125  National Constitution | The provinces may enter into partial treaties for purposes of the administration of justice, of economic interests, and works of common benefit, with the knowledge of the Federal Congress; and may promote their industry, immigration, the construction of railways and navigable canals, the colonization of provincial-owned lands; the introduction and establishment of new industries, the imports of foreign capitals and the exploration of their rivers, by means of laws protecting these ends and with their own resources. |
| Section 31  National Constitution | Formal agreements between the States shall also be considered. That is, International Treaties in force constitute positive international law to those who are contracting parties, and in the cases specifically established in Section 31, are considered national law. |
| Law 25.675  2002 | General Environment Law provides minimum budgets to achieve a sustainable and appropriate management of the environment, the preservation and protection of biological diversity and the implementation of a sustainable development.  In this context, the Provinces can regulate the aspects provided for by national laws, even improve or enlarge them, but never breach them. Accordingly, it establishes an inter-jurisdictional coordination federal system for the implementation of environmental policies at national and regional level (Section 1°, Subsection j), implemented by the Environmental Federal Council (COFEMA). |
| Law 25.675 | It establishes the principles of the national environmental policies as well as the minimum budgets and environmental damage. The legal good protected by this Law is the environment. It also establishes precautionary measures in urgency and has a special civil responsibility regime. It lists the instruments of environmental policy and management, such as land-use planning, environmental education, environmental information, citizen participation and the Environmental Impact Assessment of projects, as useful tool to avoid or mitigate the environmental damage they may cause. The Law regulates these instruments in a general way, establishing the institutional framework throughout the regulation. It also establishes the minimum requirements that a sectoral scheme must have, either Provincial or Municipal.  Section 11 of the Law states that “…any work susceptible to substantially degrade the environment, some of its components, or affect the population’s quality of life…” is subject to the environmental assessment procedure. The sectoral scheme or that of the venue where the work is implemented defines the activities that are susceptible of producing an environmental impact that this Section addresses. Complementary, citizen participation must be a validity requirement for this procedure. |
| Law 25.831  2004 | The Free Access to Public Environmental Information Regime establishes the minimum budgets of environmental protection to guarantee the right to access to environmental information held by the State, at national, provincial and municipal level and as well as in the City of Buenos Aires; or the environmental information held by self-regulatory agencies and public service companies, either public, private or mixed entities. |
| Law No. 26331  2007 | Native Forests. It provides the minimum environmental protection budgets for the enrichment, restoration, conservation, exploitation and sustainable management of native forests and the environmental services they contribute to society, assimilating them as tangible and intangible benefits generated by the ecosystems of the native forest, which are necessary for the survival of the natural and biological system as a whole (water regulation, conservation of biodiversity, soil conservation and water quality, etc.). |
| **Climate change** | |
| Law 27270 and Decree 1033/2016 | Approval of the Paris Agreement |
| Law 24295 y Decree 2213/2002 | Approval of the United Nations Convention on Climate Change.  It recognizes that all countries, especially developing countries, need to have access to the resources needed to achieve sustainable economic and social development. It also acknowledges that developing countries, in order to move towards that goal, will need to increase their energy consumption, taking into account the possibilities of achieving greater energy efficiency and of controlling greenhouse gas emissions in general, inter alia, through the application of new technologies under certain conditions that make that an application economically and socially beneficial. |
| Order 248/2005 | Creation of the National Climate Scenarios Project  It adopts the national Project of Climate Scenarios, related to the fulfillment of the commitments emerging from the ratification of the United Nations Framework Convention on Climate Change. |
| Decree 891/2016 | Creation of the National Cabinet for Climate Change.  This body is chaired by the chief of Cabinet of Ministers and composed by holders of national ministerial portfolios who must propose a Plan of response to climate change together with sector plans. |
| Law 27137 amending law 25438 | Amendment to the Kyoto Protocol |
| **Renewable energy** | |
| Law 27191 (amending Law 26190) and Regulatory Decree 531/2016. | Regime of National Promotion for the Use of Renewable Sources of Energy destined to the production of Renewable Energy. It establishes the promotion the development of enterprises for the generation of electrical energy from renewable sources of energy. |
| Order 331/2016 | Creation of a National Strategy for Sustainable Production and Consumption: Organizational structure and actions of each involved agency. |

Other relevant environmental and social norms at the national level include:

* International treaties ratified by Argentina, such as: protection of cultural heritage, CITES, Convention of Vienna, Protocol of Montreal, Convention on Migratory Species, RAMSAR Convention, Basel Convention, UNFCCC, CBD, Kyoto Protocol, etc.
* Laws on national parks, conservation of wildlife and biodiversity, defense of forests, national parks, monuments, and natural reserves
* Law on air quality conservation and Argentinean Fund to promote CDM
* Law on protection of cultural heritage
* Law on promotion of preferred industries
* Laws on traffic, occupational health and safety and accidents and illnesses, prevention of risks at work
* Law on national regime for wind and solar energy
* Law on promotion of renewable sources for renewable energy generation

A more detailed analysis of local legislation relevant to eligible sub-projects, including a gap analysis of how the laws comply with IDB requirements, is part of the standard preparation of Loans by IDB and will be undertaken in the preparation of the Loan.

At the provincial level, each province’s Constitution and legal framework establishes specific requirements for environmental, social, health and safety matters regarding renewable energy developments, including the review and approval of the EIA and issuance of province-level permits. At the municipal level, other permits and authorizations are required, including public consultation requirements, waste management, construction permits, among others.

Compliance with national, province and municipal laws and regulations will be required for sub-projects financed under the Project. The environmental and social tools to be developed in the framework of this Project (see below) will be based on the local regulation and on the analysis of the gaps between the local regulation and IDB safeguards.

BICE has confirmed to the Project team that it is in compliance with Directive B.2 of IDB Environmental and Safeguards Compliance Policy (country laws and regulations), complying with all applicable legal and regulatory environmental, social, health and safety, and labor (ESHS&L) laws and regulations. BICE requires financial intermediaries to comply with applicable environmental legislation and regulation, prior to approving financing to operations and related activities.

The Project is also expected to comply with the applicable policies and practices of IDB as the entity accredited by the GCF to have the management systems in place to manage environmental and social risks and impacts that may arise from activities financed by the GCF. The applicability of the IDB policies is summarized in the table below:

| **Policy / Directive** | **Applicable Aspect** | **Compliance Rationale** |
| --- | --- | --- |
| **OP-703 Environmental and Safeguards Compliance** | | |
| B.1 Bank Policies | Compliance with applicable IDB policies | The Project triggers the following directives of IDB’s OP-703 Environmental and Safeguards Policy:  B.1 Bank Policies; B.2 Country laws; B.7 Supervision and Compliance; B.10. Hazardous Materials; B.11 Pollution Prevention; B.13 Flexible Investment.  The OP-102, Disclosure of Information Policy also applies for this Project.  Based on due diligence, it is not expected that OP-704 Disaster Risk Management, OP-761 Gender Equality, OP-710 Involuntary resettlement and OP-765 Indigenous Peoples will be triggered for this Project. |
| B.2 Country laws | Compliance with country laws and regulations | Compliance with country laws and regulations will be enforced through the different legally binding documents in the Project: between IDB and BICE, between BICE and the 1st Tier Bank, between the 1st Tier Bank and the sub-borrower. |
| B.3 Screening and Classification | Application of appropriate classification | Not triggered (B.13) |
| B.4 Other Risk Factors | Not triggered | Not triggered |
| B.5 ESA Requirements | NA | Not triggered (B.13) |
| B.6 Consultations |  | Given the profile of the expected portfolio and the eligibility criteria for sub-projects, we expect most sub-projects to be low risk (C category) and as such won’t require public consultation according to IDB safeguards. A classification tool will be designed and included in the Operating Regulations of the Project. For moderate risks sub-projects (B category), the public consultation will be realized in compliance with the IDB safeguards. High risk sub-projects (A category) will be excluded from the Project. |
| B.7 Supervision and Compliance | Internal supervision and reporting | The IDB will supervise the Project, the adequate provisions for annual reporting from the Executing Agency and for IDB supervision have been made in the Operating Regulations. |
| B.8 Transboundary Impacts | N/A | Not triggered |
| B.9 Natural Habitats and Cultural Sites | N/A | Not triggered. Sub-Projects having an impact on Natural habitats or Cultural Sites are excluded from the Project. |
| B.10 Hazardous Materials | Waste management | The sub-projects will follow Argentina local regulations. Furthermore, a set of specific requirements will be designed and included in the Operating Regulations of the Project for biogas sub-projects. |
| B.11 Pollution Prevention | Pollution control and CO2 emissions | The sub-projects will follow Argentina local regulations. |
| B.12 Projects Under Construction | N/A | Not triggered |
| B.13 Non-Investment and Flexible Lending Instruments |  | Triggered. During due diligence, the BICE institutional capacity and measures in place to mitigate potential environmental and social risks have been assessed. |
| B.14 Multiple Phase Loans | N/A | Not triggered |
| B.15 Co-Financing Operations | N/A | Not triggered |
| B.16 In-Country Systems | N/A | Not triggered |
| B.17 Procurement | N/A | Not triggered |
| **OP-710 Involuntary Resettlement** | N/A | Not triggered |
| **OP-765 Indigenous Peoples** | N/A | Not triggered |
| **OP-704 Disaster Risk Management Policy** | Hurricane and earthquake prone area | Not triggered |
| **OP-761 Gender Equality** | Avoiding gender discrimination within the Project or as a result of the Project. | Not triggered. When required, the public consultations will be carried out in compliance with the Bank's safeguards policies and procedures and will also ensure women's equitable access to the consultation processes.  It is important to remind that the applicable national legal framework integrates the issue of gender equality particularly in labor regulation. |
| **OP-102 Access to Information Policy** | Project information disclosure | The Project team will follow the Bank’s procedures as per OP-102. |

As assessed during the accreditation process to the GCF, IDB environmental and social safeguards are fully consistent with the interim GCF standards.

## Description of Potential Environmental and Social Impacts

**Description of Expected Positive Impacts**

As advanced before, the Project aims at promoting energy savings, renewable energy generation and GHG emission reductions. The main outcomes of the Project would be the percentage reductions in energy costs and GHG emissions of beneficiary firms relative to that of comparable, non-beneficiary firms. The intermediate outcomes of the Project would be (i) the percentage reduction in energy costs and GHG emissions of beneficiary firms over the life of the Project and (ii) an increase in the number of SMEs that gain access to investment finance for RE and EE sub-projects. Eligible sub-projects do not entail land acquisition or new construction.

Beyond the general positive impacts of the Project described above, it is expected that the market structuring efforts and risk mitigation tools to be piloted under the Project could also result in increased market confidence regarding the services provided by technical services providers as well as in a lower perception of risk by LFIs as well as SMEs on EE investment sub-projects, paving the way for future replication of the Project.

Additionally, it is estimated that the Project’s total benefits would extend far beyond environmental or economic gains. By lowering energy costs, resources can be re-invested in the business or invested elsewhere in the economy, resulting in additional jobs. First, a number of jobs would be created for the trade, installation, and manufacture of new technologies and equipment, and in industries supplying the clean energy sector. Second, job expansion in SMEs, where women tend to be more represented, offers additional opportunities for grater gender-inclusiveness.

**Description of Potential Negative Impacts**

*Energy efficiency sub-projects*

These sub-projects consist of replacing old equipment with new and more energy efficient equipment. They happen in existing small-scale operations, most likely by SMEs and do not involve green field project. It is expected that the substitution of old technologies and equipment for new ones through the adoption of EE measures will result in energy savings and hence will have a positive impact on the environment and climate change by reducing GHG and other emissions. However, this type of project could have reduced benefits and/or limited adverse impacts on the environment if the substituted units are not withdrawn from circulation and are not properly disposed. The Project stipulates that replaced old equipment should be properly decommissioned and disposed to avoid GHG emissions leakages.

The potential negative environmental and social risks and impacts of the different types of EE sub-projects are described below:

| Project Type | Description | Associated Waste | Management | Associated costs and revenues | Potential environmental and social risks and impacts before management |
| --- | --- | --- | --- | --- | --- |
| Solar water heaters | Substitution of old water heating systems with solar water heaters allowing the reduction of energy consumption and/or fossil fuel consumption | Scrap | Decommission (based on a Decommissioning and Disposal Protocol) | Costs of disassembling and shipping. | Soil contamination and reduced solid waste storage capacity in sanitary landfills |
| Air conditioning | Substitution of old air-conditioning equipment with new energy efficient equipment that contain efficient, less polluting refrigerants (and no substances with high Ozone Depletion Potential) | Hazardous waste: ozone depleting substances (HCFC, CFC), and scrap | Final disposal of CFC or HCFC and commercialization of scrap | Costs of treatment by competent and approved third party | Release of ozone depleting substances to the atmosphere |
| Boilers | Replacement of old furnace/ boiler / water heater systems with new equipment consuming less fuel and/or energy. | Scrap | Decommission (based on a Decommissioning and Disposal Protocol) | Costs of disassembling and shipping. | Soil contamination and reduced solid waste storage capacity in sanitary landfills |
| Refrigeration chambers | Substitution of old equipment with new energy efficient equipment that contain efficient, less polluting refrigerants (and no substances with high Ozone Depletion Potential) | Hazardous waste: ozone depleting substances (HCFC, CFC), and scrap | Final disposal of CFC or HCFC and commercialization of scrap | Costs of treatment by competent and approved third party | Release of ozone depleting substances to the atmosphere |
| Motors | Replacement of old motors with new equipment consuming less fuel and/or energy. | Scrap | Decommission (based on a Decommissioning and Disposal Protocol) | Costs of disassembling and shipping. | Soil contamination and reduced solid waste storage capacity in sanitary landfills |

Key environmental risks and impacts expected to be generated from energy efficiency sub-projects are mainly those related to waste generation, soil contamination, and emissions. Further due diligence will be undertaken at the sub-project level and prior to funding consideration of sub-projects. To guide the sub-project proponents, LFIs, and BICE, a Decommissioning and Disposal Protocol will be designed and implemented during the Project implementation phase. The protocol will be based on the following principles:

* Replaced equipment will have to be handled in a technically appropriate manner to ensure that its disposal is (i) final, (ii) undertaken in accordance with all relevant national regulations and (iii) undertaken with the assistance of national licensed or certified waste management service provider.
* The Project verification scheme will include verification of compliance with the Project Decommissioning and Disposal Protocol.
* If for any reason a Project beneficiary fails to decommission and dispose any substituted equipment according to the Project Decommissioning and Disposal Protocol, it will be forced to repay the loan immediately and may be subject to regulatory sanctions as established in relevant laws and regulations of the country.

*Co-generation from agricultural waste sub-projects*

The identified sub-projects are small scale (2.5MW in average) and using secondary fuel sources only, more specifically agricultural waste from an existing operation. Eligibility criteria would require sub-projects to only use agricultural waste and to be calibrated to run mainly on the existing operation waste production. None of the sub-projects would include land acquisition for extension of the biomass production. The feasibility study did confirm that for small scale sub-projects, the purchase of external fuel would drastically hamper the economic viability of the projects, those projects will therefore only use waste biomass from existing operations.

Biomass sub-projects in general may generate a number of adverse environmental impacts on air and soil quality, biodiversity, water, land and a number of social impacts on employment, economy and food security. These impacts are mainly from fuel sources, the operation of the power plant, and from the associated facilities. The small-scale sub-projects targeted in this Project have limited potential negative impacts since the co-generation facilities will be installed within existing industrial plants, use biomass residues and will not use fuel sourced from biomass plantations.

* Land and Biodiversity: the sub-projects targeted would have no negative impact on land and biodiversity as only the use of secondary resources is eligible.
* Water: the sub-projects targeted do not involve additional production of biomass and therefore there would not be any increased use of groundwater. The financed operations would follow the Argentinian regulation, hence avoiding any impact on water quality through discharge of wastewater. Liquid effluents in this type of operation is in any case very limited.
* Air quality: the financed operations will comply with the Argentinian regulation. And the transport of resources should be minimal.
* Social impacts: the sub-projects use secondary resources e.g. agricultural waste that had no previous use. There should be no impact on communities for land use, source of income, or food security. The sub-projects could generate employment even if not in major number and the generation of clean energy definitely benefits the larger populations.

Therefore, the only potential environmental risk could come from the sub-project procedures for acquisition of additional waste, beyond the facility own waste, in those exceptional cases when additional supply is necessary. The project will aim to ensure that (i) those cases are exceptional, and that the co-generation plant is calibrated to run on the facility’s own waste, (ii) nothing else than agricultural waste is used. Specific environmental and social requirements will be imposed for those few sub-projects (see below) in order to mitigate these risks and ensure traceability of the waste supply in those exceptional cases, if any.

*Co-generation from biogas*

Those sub-projects have significant positive impacts, in addition to GHG emissions reduction, and can be crucial in the mitigation of those activities main environmental issues. By implementing a biogas facility, the target client can reduce its generation of solid waste and sludge from waste feed or animal waste and carcasses, reduce its release of potentially harmful effluents, reduce its impact on water system, reduce its potential negative impact on soil contamination. In Argentina, implementing a biogas operation can allow pig farms for example to comply with water management regulations. Nevertheless, those sub-projects must be executed with the appropriate caution to avoid potential risks such as soil and/or water contamination for example. Specific environmental and social requirements will be imposed for those sub-projects in order to mitigate these risks.

Due to the nature of the investments to be financed under the Project and its main beneficiaries, particularly existing small- and medium-sized enterprises, negative environmental and social impacts from the facilities other than those described above are not foreseen. All sub-projects eligible for support under the Project are classified as B or C, the Project will involve the development of a specific classification tool for cogeneration sub-projects (see below Mitigation Measures).

## Subproject environmental and social due diligence

The roles and responsibilities related to environmental and social due diligence is presented in Appendix IV of this ESMF.

**Screening and scoping of sub-projects**

Each sub-project will undergo a screening and scoping exercise to establish the appropriate level and extent of environmental assessment required. The ESMF outlines the procedures for screening environmental and social issues, risks, and impacts of each sub-project that may likely arise during implementation and for scoping the assessment and management of risks and impacts.

Screening is a high-level analysis to determine the level of environmental and social assessment required for a particular sub-project. The screening of sub-projects will identify potential environmental and social issues and safeguard preparation procedures to further assess potential impacts and design mitigation measures, as may be needed.

Screening is a vitally important tool for predicting and understanding potential environmental and social risks and impacts, and help determine significant issues for the Project, and focus what issues to monitor and prioritize during assessment and implementation. Through the screening process, any activities that could affect the environment or communities will be identified for more detailed analysis in the subsequent environmental and social assessment for each sub-project. The screening will also establish the basis for specifying further due diligence of the sub-projects.

Each sub-project will utilize a specific screening tool that will be developed during the project preparation phase and approved by the accredited entity before the GCF loan’s first disbursement, with consideration of the IFC Performance Standards and GCF ESSs. Sub-projects categorized as high-risk, or Category A, will not be considered for financing under this ESMF.

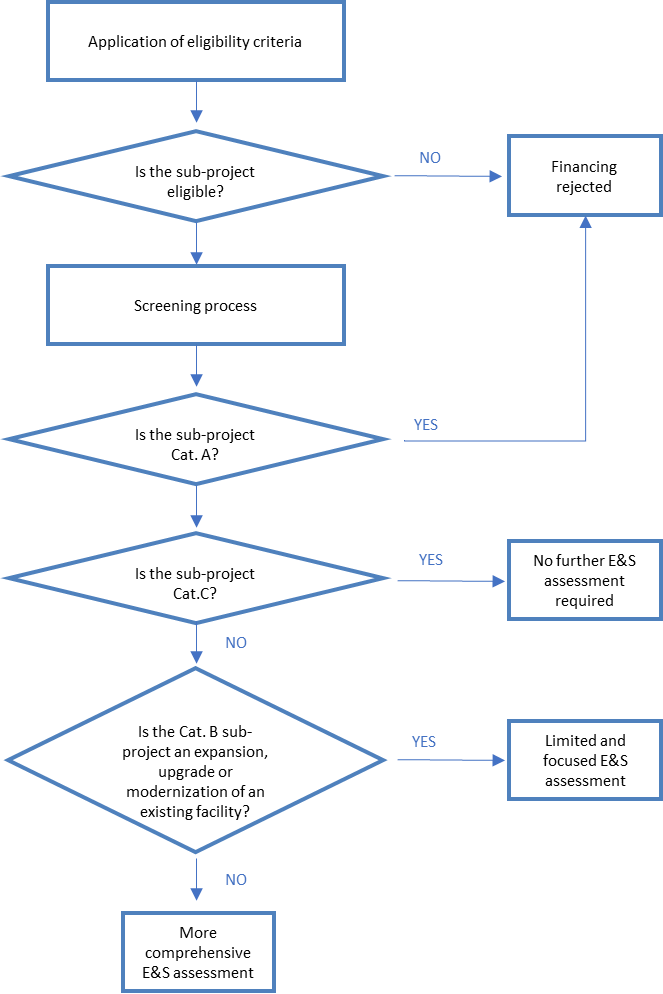
Scoping identifies the general approach and processes to assessing further the risks and impacts that are likely to be generated for each sub-project. The scoping process will determine the appropriate spatial and temporal considerations for the environmental and social assessments including information needs and make recommendations for suitable survey and research methodologies.

Relevant stakeholders such as government officials, non-government organizations (NGOs) and local communities may be consulted at the scoping stage and/or during the assessment to obtain information about each sub-project. Key issues for discussion may include potential environmental and social risks and impacts and linkages to local implementation issues as well as regulatory and policy requirements. Objectives of consultations during this stage would include:

* Identify stakeholder’s key environmental and social concerns;
* Identify some key mitigation measures to be incorporated in the design of the sub-project to reduce key risks; and
* Provide explanation of next steps including future site investigations and communication with communities.

The end product of the scoping process will be a guidance on how further due diligence will be conducted and the level of detail that is required.

**Figure 1:** Process flow for screening and scoping sub-projects



**Environmental and social assessment**

Sub-projects that are determined to have low to no environmental and social risks (Category C) will not require any further due diligence, consistent with the requirements of IDB and the GCF ESS standards. On the other hand, sub-projects that are determined to have moderate environmental and social risks (Category B) during the screening stage will be required to conduct more detailed due diligence appropriate to the types of environmental and social issues and risks identified. A purpose-fit environmental and social assessment may entail narrow focused assessment highlighting the issues and risks identified and providing measures to mitigate and manage such risks. The assessment methodology will be developed in accordance with good international industry practice, and the potential impacts will be identified in the context of the Project’s area of influence. The assessment should propose measures to minimize, mitigate, and offset adverse impacts in a manner relevant and appropriate to the nature and scale of the proposed sub-project. The sub-project proponent or the borrower client will have the responsibility to undertake such assessment guided by the environmental and social management system of the LFI and BICE and consistent with the requirements of IDB. The general procedure for environmental and social assessment is described below:

* *Sub-project description.* A sub-project description will be gathered as early as possible that describes all project activities that could impact on environmental and social components within the sub-project area of influence. Ideally the description will be prepared by the sub-project proponent team in association with the team. It will consider all project phases from pre-installation and pre-construction, installation and construction, operation and decommissioning. The description will be as detailed as possible in order to identify the environmental and social aspects resulting from project activities.
* *Analysis of alternatives.* An analysis of alternatives to the sub-project will include consideration of alternatives within project design. This should also include the ‘no-action’ or ‘no-go’ alternative for the project.
* *Establishment of baseline conditions.* Baseline data collection is the gathering of background data by the sub-project proponent team in support of the environmental assessment. The baseline data will be collected prior to development and as part of the design of the project, but may also occur throughout the life of the sub-project as part of ongoing monitoring of environmental and social conditions. Baseline information may be collected from secondary desk-based studies and literature reviews and supplemented with primary data identified in the screening and scoping stage and obtained from site surveys, validation and monitoring, along with consultation with affected communities and key stakeholders following the stakeholder engagement plan.
* *Assessment of risks and potential impacts.* The scale and significance of environmental and social risks and impacts will be assessed against the established baseline conditions. The assessment criteria will be based on good international industry practices and the requirements of the IDB. The component activities of the sub-projects will be assessed in terms of the magnitude, duration, spatial extent, and likelihood of occurrence and the significance of the sub-projects on the local communities, including livelihoods, health, culture and employment.
* *Mitigation Measures.* Measures to avoid, minimize, and mitigate, restore and compensate adverse environmental and social risks and impacts including actions to promote and enhance the outcomes will be identified following the identification and assessment of risks and impacts. Proposed mitigation measures will be recommended that will relate to specific risks and impacts and in the case of the energy efficiency and co-generation sub-projects will include control of air emissions, management of waste, and occupational health and safety. There are no foreseen impacts related to involuntary resettlement, displacement of people and adverse impacts on indigenous peoples – and therefore mitigation measures related to these risks and impacts are not expected. The mitigation measures will be clearly identified and linked to the environmental and social management plans (ESMP) of the sub-projects. The sub-project proponents have the responsibility of ensuring that appropriate and adequate mitigation measures are developed and implemented. The LFIs and BICE shall ensure that adequate resources are allocated to implement the mitigation measures. The accredited entity shall perform oversight and overall supervision of the implementation of the mitigation measures.
* *Monitoring and follow-up.* The environmental and social assessment including the ESMP shall include robust description of monitoring and follow-up actions. The monitoring and follow-up actions will consider the following:
* Continuation of the collection of baseline data throughout the lifecycle of the sub-projects;
* Evaluation of the implementation of mitigation measures, or compliance with project standards or requirements;
* Assessment of any unintended impacts that may not have been previously predicted; and
* Involvement of local communities in monitoring efforts through participatory monitoring ensuring that the collection and dissemination of monitoring data and results will be transparent and available to interested sub-project stakeholders.

**Environmental and Social Management Plan**

For Category B projects, the mitigation and monitoring measures proposed within the environmental and social assessment will be detailed within a sub-project specific ESMP. The ESMP will present the sub-project proponent’s commitments to mitigate and continuously monitor risks and impacts through the mitigation hierarchy. The level of detail and complexity of the ESMP will be appropriate to the sub-project’s potential risks and impacts. Specific management plans may be developed responding to specific environmental and social issues, for example, waste disposal protocol, waste management plan, air emission control and management, emergency preparedness and response plan, and others as may be deemed necessary. The ESMP will also set out the responsibilities for implementing and monitoring measures contained in the ESMP for the various phases of sub-project implementation.

## Institutional Environmental and Social Capacity

BICE has started a process to build capacity on the management of environmental and social risks in its portfolio. Some of their staff have been trained on those topics last year in Uruguay, in a course developed by the IDB, ALIDE and the BROU.

BICE has recently piloted an ESMS, compliant with the World Banks safeguards, for a multi-sectorial credit line to Small and Medium Enterprises (<https://www.bice.com.ar/es/banco-mundial/> ).

The environmental and social due diligence concluded that BICE has the capacity to apply the ESMF and manage a portfolio with the environmental and social risks magnitude assessed for this Project.

BICE will appoint an Environmental and Social Coordinator for the duration of the Project who will be responsible for the application of this ESMF.

Furthermore, trainings on this ESMF will also be provided to the participant LFIs.

## Key environmental and social considerations:

For this Project, and within the framework of eligibility requirements established for the sub-projects in agreement with IDB, the Bank will contractually require BICE to manage the Project taking into consideration the following:

1. The sub-projects shall comply with all applicable environmental, social, health and safety, and labor regulatory requirements of Argentina.
2. BICE will confirm that LFIs participating in the Project and the sub-projects financed through this Project comply with all applicable environmental, social, health and safety, and labor regulatory requirements of Argentina.
3. To strengthen its capacity to discharge its environmental and social responsibilities, BICE will appoint an Environmental and Social Coordinator for the duration of the Project.
4. The IDB exclusion list will be Integrated into the(see Annex I) loan approval process. It is worth noting that this list excludes, among others, sub-projects that (i) involve involuntary resettlement of people, (ii) have a potentially adverse social impact on communities and/or indigenous peoples, (iii) involve conversion or degradation of critical natural habitats or cultural sites.
5. For energy efficiency sub-projects, the sub-project shall adopt and implement a Decommissioning and Disposal Protocol for replaced equipment and materials acceptable to the IDB, to be presented by BICE and approved by the IDB as a condition prior to first disbursement. The protocol must ensure that any equipment replaced is not reused and is appropriately disposed. It will include the necessary description of each party responsibility. Once approved, said Protocol will be part of this ESMF and as such will apply to BICE, the participating LFI and each respective sub-project proponent as pertinent to their respective responsibilities.
6. For co-generation sub-projects, a sub-project risk classification tool will be developed. The tool will be based on the IFC Converting Biomass to Energy: A Guide for Developers and Investors and will be in line with the IDB safeguards. It will be presented by BICE and approved by the IDB as a condition prior to first disbursement. Once approved, said tool will be part of this ESMF. BICE will be responsible to classify the co-generation sub-projects. Only B&C category sub-projects will be eligible for financing.
7. For co-generation category B sub-projects, contract an external consultancy with resources from Component 1 to realize an Environmental and Social Impact Assessment, and ensure that all sub-projects to be financed with resources from the Project comply with the IDB safeguards (including the necessary stakeholders’ consultation - during sub-project preparation phase – and according to the IDB guidelines, and the implementation of a sub-project grievance mechanism). The first three B category cogeneration sub-projects will need no-objection from the IDB.
8. BICE shall perform compulsory site-visits for sub-projects above US$1m (E&S coordinator)
9. BICE shall implement a grievance mechanism at the Project level.
10. For Category B sub-projects, the sub-project proponents shall implement a grievance mechanism at the sub-project level.
11. BICE shall provide an Annual Environmental and Social Compliance Report (ESCR) with information on the guaranteed portfolio and any particular risk issues identified, mitigation measures agreed with clients as well as compliance status.

The IDB will supervise the ESHS and labor aspects related to the use of the proceeds of the Project, as necessary either by an IDB in-house specialist or with external consultants, hired by the IDB. To this end, BICE will provide and facilitate access by IDB to all relevant documentation, personnel and sub-projects facilities. If necessary, IDB and BICE will agree on corrective actions or measures necessary to address impacts and risks and/or to enhance their management. It is worth mentioning that in addition to the supervision of sub-projects during their execution, the disbursements for sub-loans under the Project will be on a ‘portfolio justification’ basis. Upon receipt of the portfolio to be re-discounted, as condition for disbursement, the IDB will check compliance with this ESMF to confirm their eligibility.

The processes contained in the ESMF is presented in the diagram below.

**Figure 2:** ESMF process flowchart

**Environmental and Social Management Framework (ESMF)**

**Each potential sub-project**

No specific environmental assessment required

Consultation

Consultation

Consideration of further mitigation

**Subproject-specific environmental and social assessment**

**Subproject-specific screening and scoping**

**Subproject-specific ESMP**

Subproject-specific Environmental and Social Management Plan (ESMP)

Mitigation

Impact prediction and evaluation

Baseline Studies

Scoping

Screening

Category B - Impacts likely

Category C - No significant impacts likely

## Stakeholder engagement

Stakeholder engagement forms a key component of the environmental and social due diligence process for the Project. Stakeholders are persons or groups who are directly and/or indirectly affected by a sub-project, as well as those who may have interests in a sub-project and/or the ability to influence its outcome, either positively or negatively. Stakeholders may include locally affected communities or individuals and their formal and informal representatives, national or local government authorities, civil society organizations and private sector organizations. Stakeholder engagement will be an iterative process undertaken throughout the lifecycle of the sub-projects and will involve informed consultation and participation. The purpose of the stakeholder engagement is to ensure that all key stakeholders are involved early in the design of the sub-projects and remain involved throughout the implementation of the sub-projects. Stakeholder engagement is a mechanism to capture the views and concerns of the stakeholders including government, civil society, communities and vulnerable population. The stakeholder engagement process aims to build and maintain constructive and collaborative relationships with stakeholders throughout the duration of the sub-project and ensuring that stakeholders are engaged in a culturally appropriate manner and that relevant and understandable information is provided in a timely manner.

**Figure 3:** Outline of a stakeholder engagement process (SEP) for the Project is presented in the flowchart below.

Review and update SEP

Set engagement objectives

Measure and report progress

**Stakeholder Engagement**

Identify and assess stakeholders

Develop SEP and associated documents

Implement SEP

Assess the SEP

Project-level stakeholder engagement was undertaken between BICE and the relevant government authorities and stakeholders. During the screening and scoping as well as assessment stages, each Category B. sub-project will identify further activities to engage the communities and stakeholders to inform sub-project design and as part of measures to mitigate for potential impacts on the local communities.

Stakeholder identification will be an important step in the stakeholder engagement to determine the parties who should be engaged. Stakeholders may hold varying levels of interest and influence on the Project that can change depending on the issue, the process of engagement and the impacts. Potentially vulnerable groups will be identified through consultation and investigations during screening and scoping; and where such groups are identified, measures will be developed to ensure they are appropriately engaged and their interests considered as part of the Project. The measures will be reflected in sub-project stakeholder engagement plan (SEP). The SEP outlines the process for engaging stakeholders and communities potentially affected by a sub-project. The SEP relates to managing and implementing consultations which occurs initially during the scoping, baseline investigations and the assessments, and with stakeholders and affected communities to elicit their views and issues on the sub-projects.

The objectives of the SEP are to:

* provide timely and relevant information about the sub-project, process for any further assessments, development of mitigation measures, criteria and decision-making, and implementation of the sub-projects;
* provide opportunities for feedback from a broad range of stakeholders, particularly those most likely to be affected by sub-project activities; and
* ensure early identification of potential environmental and social issues including implementation of mitigation measures to inform the sub-project design and implementation.

Stakeholders will be assessed according to their levels of interest and influence to the Project, as shown in Figure 3.

At the Project level, consultations have been held throughout 2017 with government officers, executing agency (BICE), commercial banks and technology providers to understand investment and financing challenges, in order to define the relevance of seeking GCF support and the relevant financial instruments and technical cooperation activities and to fine-tune the Project design (see list in Appendix III.).

The IDB itself has a general site where information requests can be made: <http://www.iadb.org/en/information-request,18885.html>. Upon reception of queries, a ticket will be opened, and the questions internally directed to the relevant department at IDB. An indication will be given to the person submitting the query on the timeframe needed to provide a response.

BICE has a similar information request system: <https://www.bice.com.ar/es/contacto/> . It will also implement a grievance mechanism at the Project level.

At the pipeline development stage, during Project execution, there will be another project-adequate stakeholder engagement to inform and train actors (LFIs and sub-project proponents in particular) on the ESMF and its main features (disposal protocol, categorization tool etc.)

## Grievance Mechanism

A mechanism for affected communities and stakeholders to lodge their grievance or complaints about the Project and the sub-projects as well as provided with resolution and redress will be established consistent with the requirements of the GCF ESS standards particularly in relation to assessment and management of environmental and social risks and impacts and labor and working conditions. The grievance mechanism will be designed to receive and facilitate resolution of issues, concerns and complaints about the Project and in particular on the environmental and social risks and impacts and how these are mitigated and managed in the sub-projects. The design of the mechanism will be scaled to the level of risks and impacts of the sub-project and will aim seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate, readily accessible, at no cost, and without retribution to the party that originated the issue or concern. The mechanism will not also impede access to judicial or administrative remedies and will be complemented by the accredited entity’s own grievance redress mechanism. The sub-project proponents of Category B sub-projects, the LFIs, BICE and the accredited entity will ensure that the affected communities are informed about such mechanism in the course of the stakeholder engagement process.

**Proposed Grievance Mechanism**

It is important to note that the proposed grievance mechanism will be at two levels:

* BICE and participating LFIs will have a grievance mechanism covering all sub-projects financed with resources from the Project.

Sub-project proponents will have to implement a sub-project related grievance mechanism only for Category B sub-projects.

At the sub-project level, the proposed grievance redress mechanism will cover the various phases of each Category B. sub-project, including the planning, construction or installation, and operation. As sub-projects that will lead to involuntary resettlement will not be eligible under this Project, grievance redress related to resettlement process is not envisaged. Similarly, as the sub-projects are not likely to have adverse impacts on indigenous peoples nor located in indigenous peoples territories, grievance redress related to indigenous peoples and communities requirements is not planned.

Complaints and disputes arise mainly from misunderstandings or lack of information regarding the sub-project itself, the perceived risks and impacts, mitigation, management and compensation, or general social tension and dynamics within the communities. Most of these issues can often be resolved by good faith discussion, arbitration, or mediation by local authorities. Therefore, many disputes can be resolved through purposive communication; and through arbitration, appealing to local authorities.

Each affected persons or groups of persons will be free to register grievances to sub-project proponents, LFIs, BICE or the accredited entity as outlined in the procedure presented below. This mechanism will include three main steps:

* The registration of the complaint or dispute;
* The amicable resolution of the complaint; and
* Use of mediation if necessary. However, some issues may only be able to be resolved through a formal legal process.

**Recording of grievances**

The Category B. sub-project proponents, LFIs and BICE will have the responsibility to record complaints arising from the sub-projects and will use the following means to receive and register grievances:

* Provision of a dedicated phone number to receive complaints, issues and concerns on the sub-projects and the Project;
* Provision of a comment box / complaints register at the sub-project area once the installation or construction have started;
* Verified oral complaints given to the representatives of the sub-project proponents, LFIs, or BICE will also be used to receive complaints

External complaints relating to the environmental and social impact of the Project received will be recorded by BICE and the summary of the grievances received and when they were settled will be part of the report to the accredited entity and to the GCF covering the relevant monitoring period. Such information will be used to improve the ESMF and the process for stakeholder engagement by the sub-project proponent, LFIs, BICE and the accredited entity.

# Appendices

Appendix I. Excluded Activities List

Appendix II. List of IDB Policies

Appendix III. List of stakeholders involved in the Project preparation phase- stakeholder engagement

Appendix IV. Roles and responsibilities (in progress)

# **Appendix I. Excluded Activities List**

The IDB does not finance projects or companies involved in the production, trade, or use of the products, substances or activities listed below.

* Those that are illegal under host country laws, regulations or ratified international conventions and agreements
* Weapons and ammunitions
* Tobacco[[6]](#footnote-6)
* Gambling, casinos and equivalent enterprises[[7]](#footnote-7)
* Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)[[8]](#footnote-8)
* Radioactive materials[[9]](#footnote-9)
* Unbonded asbestos fibers[[10]](#footnote-10)
* Forestry projects or operations that are not consistent with the Bank’s Environment and Safeguards Compliance Policy[[11]](#footnote-11)
* Polychlorinated biphenyl compounds (PCBs)
* Pharmaceuticals subject to international phase outs or bans[[12]](#footnote-12)
* Pesticides/herbicides subject to international phase outs or bans[[13]](#footnote-13)
* Ozone depleting substances subject to international phase out[[14]](#footnote-14)
* Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
* Transboundary trade in waste or waste products[[15]](#footnote-15), except for non-hazardous waste destined for recycling
* Persistent Organic Pollutants (POPs)[[16]](#footnote-16)
* Non-compliance with workers fundamental principles and rights at work[[17]](#footnote-17)

The Project will also exclude activities that:

* projects that could have significant adverse environmental and social impacts (Category A.)
* involve involuntary resettlement of people
* have a potentially adverse social impact on communities and/or indigenous people
* involve conversion or degradation of critical natural habitats or cultural sites
* have potentially adverse transboundary impacts

**Appendix II. List of IDB Safeguards Policies**

IDB’s Safeguard Policies are publicly available on IDB’s website located at:

<http://www.iadb.org/en/topics/sustainability/about-us,19563.html>

The following safeguards are available:

* [Environment and Safeguards Compliance Policy](http://www.iadb.org/document.cfm?id=665902) and [Guidelines](http://www.iadb.org/document.cfm?id=35597106)
* [Natural Disaster Risk Management](http://www.iadb.org/document.cfm?id=35004515) and [Guidelines](http://www.iadb.org/document.cfm?id=360026)
* [Involuntary Resettlement](http://www.iadb.org/en/about-us/involuntary-resettlement,6660.html) and [Guidelines](http://www.iadb.org/document.cfm?id=362003)
* [Indigenous Peoples](http://www.iadb.org/document.cfm?id=2032081) and [Guidelines](http://www.iadb.org/document.cfm?id=1442307)
* [Gender Equality in Development](http://www.iadb.org/document.cfm?id=35428399) and [Guidelines](http://www.iadb.org/document.cfm?id=38154638)
* [Access to information Policy](http://www.iadb.org/document.cfm?id=35167427) and [Guidelines](http://www.iadb.org/document.cfm?id=37532979)

**Appendix III. List of stakeholders involved in the Project preparation phase- stakeholder engagement**

Ministries/Public agencies

* Ministry of the Environment and Sustainable Development - Lic Prem D. Zalzman, Director of New Technologies for Sustainable Development
* Undersecretariat of ER/ Probiomasa; Sebastian Kind, Maximiliano Morrone, Mauro Soares -
* Undersecretariat of EE; Marco Bergel, Andrea Heins (telephone)
* Undersecretary of Bioindustry, Secretary of Added Value Ministry of Agroindustry; Mariano Lechardoy (telephone)

Financial Institutions

* BICE – Patricia Castro, Rodrigo Mignone, Ricardo Bebczuk, Rodolfo Alba, Francisco Vila, Vanina Messere, Rafael Robles, Fernando Devoto
* Banco Galicia – Ignacio Badaloni; Corporate Banking
* Banco BBVA – Augusto Buda; Investment Banking.

Project Developers and Technology Suppliers

* Isla Power (Photovoltaic), Antonio Antonopoulos
* El Sol ingeniera – Luis Scholand (Consultants)
* Turbomaquinarias – Eng. Carlos D. Weihmüller (president), José M. Menica / Edgardo Vescovo (Capstone)
* Solartec S.A. – Fernando J. Salgado; Suppliers of FV systems and solar water heaters.
* MAN Diesel & Turbo – Diego Biancotti; Suppliers of cogeneration equipment
* Ifbio –Juan Pablo Corbella, Eng. Mauro Barberis - Biogas Plants
* Fiasa; Daniel Lisei, Daniel Sanz, (Thermosolar Suppliers)
* AGVE – Juan Benassi, Developer of biomass plants
* Tecnored - Eng. Horacio Germán Pinasco, Biomass Plants

Other

* National Securities Commission – Daniel Ibañez
* CAME (Adviser)/ Jinko Solar (BD) – Luz María Barbero
* Alejandro Motta – Investor and consultant; green entrepreneurship in Rosario

The Project preparation considered existing BICE environmental and social practice and included consultation of BICE accredited financial institutions on environmental and social safeguards, among other things to ensure that sub-project proponents and LFIs would be comfortable with the Project ESMF requirements. Further down the preparation process, the ESMF was presented to BICE for revision and their comments and suggestions were integrated into this document. BICE in its revision confirmed to have processes for consultations and grievance and that the role and responsibilities requested from LFIs in this ESMF were in line with the type of relation and agreement they have already with LFIs.

The pipeline of sub-projects to be financed with resources from the Project will only be identified during Project execution phase but the market assessment has been a way to consult **potential** sub-project proponents. Main features of the ESMF were mentioned during the assessment of market demand with potential clients and stakeholders (including for instance specific requirements to appropriately dispose of the replaced equipment), and no issues were identified at this level. As stated above in the document, at the pipeline development stage, during Project execution, there will be another project-adequate stakeholder engagement to inform and train actors (LFIs and sub-project proponents in particular) on the ESMF and its main features (disposal protocol, categorization tool etc.)

Appendix IV. Roles and responsibilities

This table is a summary of the ESMF. It will be finalized with the validation and implementation of the Project operating manual.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **IDB** | **BICE** | **LFI** | **Sub-project proponent** |
| Compliance with Argentinian law |  | x | x | x |
| Appoint an Environmental and Social Coordinator for the duration of the Project |  | x |  |  |
| Integrate the IDB exclusions list in the loan approval process |  | x |  |  |
| Development of Decommissioning and Disposal Protocol |  | x (with the support of the IDB and/or an external consultant contracted with resources from the Project) |  |  |
| Validation of Decommissioning and Disposal Protocol | x |  |  |  |
| Application of Protocol |  | To be determined | | |
| Screening of sub project vs. exclusion list |  |  | x |  |
| Screening of sub-projects versus eligibility criteria |  |  | x |  |
| Development of classification tool for co-generation projects |  | x (with the support of the IDB and/or an external consultant contracted with resources from the Project) |  |  |
| Validation of classification tool for co-generation projects | x |  |  |  |
| Application of classification tool for co-generation projects |  | X |  |  |
| B category cogeneration projects assessment and management | Non-objection for first 3 | (with the help of an external consultant contracted with resources from Component 1.) |  |  |
| Supervision | Supervision of executing agency as per IDB safeguards and processes | On-site visits for sub-projects above USD 1m  Supervision of LFIs as per BICE own policies and processes  environmental and social reporting to IDB | Supervision of sub-borrowers as per FI own policies and processes |  |

1. Sub-projects proponents are the final beneficiaries of the Project, the final borrowers, those SMEs looking for financing through LFIs [↑](#footnote-ref-1)
2. Please also see Annex 2 for detail. [↑](#footnote-ref-2)
3. For the purpose of this Project, the definition of SME will follow Argentine’s government classification of SMEs, as per Resolución General 103-E/2017 of the Secretaría de Emprendedores y de la Pequeña y Mediana Empresa, under the Ministry of Production. Under this resolution, firms are classified by size based on their level of sales, with distinctions by economic activity. SMEs are firms with sales of up to $760 million Pesos or $250 million Pesos for the industrial and services sectors, respectively. Within this range, small firms constitute those with sales up to $64 million Pesos or $21 million Pesos, for the industrial and services sectors, respectively. [↑](#footnote-ref-3)
4. Please also see section IV Environmental and Social Risks for the disposal protocol to mitigate environmental risks. [↑](#footnote-ref-4)
5. This table is indicative for potential market demand. Actual uptake of the financing line depends on several factors including creditworthiness of projects and SMEs. [↑](#footnote-ref-5)
6. This does not apply to project sponsors who are not substantially involved in these activities. “Not substantially involved” means that the activity concerned is ancillary to a project sponsor’s primary operations. [↑](#footnote-ref-6)
7. This does not apply to project sponsors who are not substantially involved in these activities. “Not substantially involved” means that the activity concerned is ancillary to a project sponsor’s primary operations. [↑](#footnote-ref-7)
8. [www.cites.org](http://www.cites.org) [↑](#footnote-ref-8)
9. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where it can be demonstrated that the radioactive source is to be trivial and/or adequately shielded. [↑](#footnote-ref-9)
10. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is<20%. [↑](#footnote-ref-10)
11. GN-2208-20, Environmental and Safeguards Compliance Policy, dated 19 January 2006, approved by the Board of Executive Directors on 19 January 2006. [↑](#footnote-ref-11)
12. Pharmaceutical products subject to phase outs or bans in United Nations, Banned Products: Consolidated List of Products Whose Consumption and/or Sale Have Been Banned, Withdrawn, Severely Restricted or not Approved by Governments. (Last version 2001, www.who.int/medicines/library/qsm/edm-qsm-2001-3/edm-qsm-2001\_3.pdf) [↑](#footnote-ref-12)
13. Pesticides and herbicides subject to phase outs or bans included in both the Rotterdam Convention (www.pic.int) and the Stockholm Convention (www.pops.int). [↑](#footnote-ref-13)
14. Ozone Depleting Substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized ‘ozone holes’. The Montreal Protocol lists ODSs and their target reduction and phase out dates. The chemical compounds regulated by the Montreal Protocol include aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents. (www.unep.org/ozone/montreal.shtml). [↑](#footnote-ref-14)
15. Defined by the Basel Convention (www.basel.int). [↑](#footnote-ref-15)
16. Defined by the International Convention on the reduction and elimination of persistent organic pollutants (POPs) (September 1999) and presently include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, as well as the industrial chemical chlorobenzene (www.pops.int). [↑](#footnote-ref-16)
17. Fundamental Principles and Rights at Work means (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) prohibition of all forms of forced or compulsory labor; (iii) prohibition of child labor, including without limitation the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities), persons under 18 from working at night, and that persons under 18 be found fit to work via medical examination; (iv) elimination of discrimination in respect of employment and occupation, where discrimination is defined as any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national extraction, or social origin. (International Labor Organization: www.ilo.org) [↑](#footnote-ref-17)