



Luxembourg, 14.10.2022

Environmental and Social Data Sheet

Overview

Project Name:	ARGENTINA - TRANSMISSION NETWORK INVESTMENTS FL
Project Number:	2022-0186
Country:	Argentina
Project Description:	Expansion and modernisation of the electricity transmission network with increasing integration of renewable electricity generation capacity.
EIA required:	The sub-projects under this operation may require an ESIA under the relevant national legislation or as determined by the EIB on a case-by-case basis.

Project included in Carbon Footprint Exercise¹: No

Environmental and Social Assessment

Environmental Assessment

The Federal Programme for Regional Electricity Transport, the “Programme”, aims at strengthening, expanding and modernising the network infrastructure for transmission of electricity in all the provinces of Argentina.

The Programme was subject to a Strategic Environmental and Social Assessment (SESA) in line with the Inter-American Development Bank’s (IaDB) Standards. The preparation of an Environmental and Social Management Framework (MGAS)², as well as of an Environmental and Social Management System (SGAS)³ were required by IaDB. The SGAS sets out the initial selection procedure, categorisation and scope of the individual sub-projects and the MGAS establishes the guidelines for the appropriate environmental and social implementation and outcomes of the individual sub-projects.

The Promoter, the Administration Committee of the Trust Fund for Federal Electric Transportation that is dependent on the Ministry of Economy/the Energy secretariat, has presented to the Bank a tentative list of 22 sub-projects, all included under the Federal Programme for Regional Electricity Transport. The Project is expected to comprise between 8 and 13 of these sub-projects, with individual investments ranging from US\$13 million to US\$80 million. The SESA included a sample of 14 sub-projects out of the 22 sub-projects for which ESIA studies had been carried out as per the requirements of national legislation.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

² MGAS is the Spanish acronym

³ SGAS is the Spanish acronym



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Due to the nature of this operation, the environmental, climate and social (ECS) risks and impacts of final sub-projects are not fully known at this stage. Therefore, the Bank's ECS requirements and standards will be included in the legal documentation signed between the Bank and the Promoter. The Bank will carry out ECS due diligence for all sub-projects prior to authorising the use of funds in final sub-projects.

The individual sub-projects under this Framework Loan (FL) will primarily include high voltage transmission lines (220 kV and length more than 15km, likely to have significant environmental and social risks and impacts and where the preparation of an ESIA report will be required under the national legislation), as well as other sub-projects (lines and substations below 220 kV and upgrade measures). As confirmed by the Promoter, all individual allocations are subject to an ESIA, including a climate risk assessment, in line with the national regulatory framework.

Potential environmental and social impacts of the sub-projects include: land degradation and soil erosion, vegetation clearance, disturbance during construction and noise and dust nuisance during operation. Construction works within the right of way may lead to a temporary loss of access to land or property as well as crop and tree destruction. The Promoter has the capacity and is committed to implementing the necessary mitigating measures and standard environmental management procedures (e.g. minimisation of damages and disturbance, construction of facilities to contain oil leaking from transformers of grid infrastructure, soil restoration, traffic management measures, appropriate waste collection procedures, etc.) for design and construction complemented by specific procedures and methods for any river crossing, restoration of sensitive ecological areas, and other specific procedure for the protection of endangered and vulnerable species.

The sub-projects will be structured to meet the EIB E&S Standards and an ESIA will be prepared for all sub-projects under the Project. The Bank will review the ESIA's, as well as other relevant documentation such as stakeholder engagement plan (SEP), resettlement action plan (RAP), biodiversity action plan – as and when applicable – prior to the Bank's approval of the sub-project. In line with the requirements of the EIB Standard 4 on Biodiversity and Ecosystems, the Promoter will be required to ensure that none of the sub-projects has a significant adverse impact on any site of nature conservation importance, nor on critical habitats. Sub-projects with significant ECS adverse impacts will not be eligible for EIB financing.

Currently, two such sub-projects have the finalised updated ESIA report: Catamarca and Rio Negro-Neuquén (public consultation/hearings already carried out). According to the documentation available, out of the two, the Catamarca sub-project is compliant with the Bank's Environmental and Social Standards and requirements, however, final confirmation shall follow when the sub-project is formally presented the Bank.

Apart from the works and measures included or to be included in the individual sub-projects, each of the interventions in the Programme is designed to include measures to ensure climate resilience and adaptation. The Programme foresees the allocation of funds for reforestation of 1,210 ha with native species, to be defined with each province's forestry authorities, as part of Argentina's effort to reduce the GHG emissions. This measure will also lead to the enhancement of biodiversity in degraded areas with native trees and species. This component has not yet been developed in the current version of SESA, however, the Promoter has clarified that these measures will be incorporated in the final version.

Climate Assessment

The operation intends to generate environmental benefits by supporting sustainable energy infrastructure: i.e., by increasing the transportation of renewable electricity, by



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decommissioning the fossil fuel-based generation and by reducing losses in the electrical network, as well as by the reforestation of degraded areas using native species, therefore also helping to mitigate climate change. The operation has been assessed for its Paris alignment and it is considered to be aligned against low carbon and resilience goals in line with the policies set out in the Climate Bank Roadmap and with the EIB's Energy Lending Policy.

Since the middle of last century, changes were noticed in the Argentinian climate, especially in the eastern parts of the country, as well as an increase in the occurrence of extreme events, as in floods, extreme winds, forest fires, prolonged droughts, heat waves. Without mitigation measures, these are likely to intensify in the future. SESA includes information regarding the vulnerability of the sub-projects to changing climate hazards. Furthermore, all individual sub-projects are subject to a climate risk assessment, which will be reviewed by the Bank.

Social Assessment

The envisaged sub-projects may give rise to: livelihood and other impacts to pastoralists and community members benefitting from ecosystem services in the sub-project area, risks to nearby communities due to project induced traffic, impacts of noise, dust, labour risks including risks related to the presence of security personnel and the influx of labour force during construction. The Promoter will secure the right-of-way, as necessary. The main mitigation, compensation and monitoring measures to address these risks and impacts will be considered in the respective sub-project Environmental and Social Management Plan (ESMP), and in the respective SEP and RAP, Livelihood Restoration Plan (LRP), where applicable.

The Promoter will be required to ensure that the identified social impacts and risks for each sub-project are assessed and managed in compliance with national law and requirements and the Bank's Environmental and Social Standards.

Sub-projects may require the acquisition, lease or easements of land and it is expected that the implementation of the sub-projects under this Project will not lead to any involuntary physical displacement. The Promoter will seek to secure voluntary agreements for the land and/or easements required for all sub-projects' assets. The Promoter will ensure that affected persons are all treated with respect, assisted through the legal process, and compensated fairly. Where land acquisition has been temporarily required for construction purposes, this land will be returned to the original landowners following the implementation of reinstatement measures. The vast majority of adverse livelihood impacts of the sub-projects' land acquisition activities will be short term and derive primarily from disturbances caused by construction. Impacts include temporary loss of and reduced access to agricultural or grazing land, and impacts on community assets and infrastructure. A Livelihood Restoration Plan for each sub-project, where applicable, will be developed to address the livelihood impacts caused by the respective sub-projects with the aim of restoring livelihoods to pre-sub-project levels and, where possible, improving them through a variety of additional benefits, such as employment opportunities, skills training, supporting the diversification of livelihood income sources through the reforestation programme, etc. Sub-projects with physical displacement and/or adverse impact on indigenous people and traditional communities and their livelihoods will be excluded from EIB financing.

Public Consultation and Stakeholder Engagement

laDB has provided support for the preparation of MGAS, SGAS and SESA, as well as in the update of the ESIA's for the first two sub-projects Catamarca and Rio Negro-Neuquén (to meet



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lenders' E&S requirements), including relevant stakeholder engagement. All these documents have been made publicly available.

As part of the ESIA process, the Promoter will ensure that meaningful stakeholder engagement for each of the sub-projects is carried out consistent with the requirements of EIB Standard 2 on Public Participation and Stakeholder Engagement. For each of the sub-projects, a stakeholder engagement plan will be developed which defines the scope and direction of engagement activities during the construction and operation stages. Its specific objectives are to (i) describe planned stakeholder engagement (SE) during the respective sub-project construction phase and (ii) ensure regular, accessible and transparent consultation with affected project stakeholders. It provides a framework for the development of constructive long-term relationships based on a two-way dialogue and communication as well as ongoing stakeholder identification, analysis, mapping and prioritisation, consultation and engagement, risk and issue identification, and information sharing. At sub-project level, the Promoter will ensure that comprehensive grievance mechanisms, both for communities and for the workforce (including EPC contractor and sub-contractors), are in place during both implementation and the entire operation period of the sub-projects. Stakeholder engagement activities will be conducted in compliance with national legislation and with the Bank's relevant E&S standards.

Other Environmental and Social Aspects

In terms of organisational capacity, the Promoter has a team, Environmental and Social Department, comprising one manager and four experts, with responsibilities related to E&S due diligence and monitoring, implementation of environmental management plans and occupational health and safety plans. In addition, for the follow-up sub-projects, the promoter benefits from the IaDB technical assistance in preparing the necessary documents (MGAS, SGAS, SESA, as well as upgrade of the individual ESIs). Considering the number of the individual sub-projects and their various levels of E&S complexity, the Promoter's team would benefit from reinforcement, with two additional full-time dedicated specialists (a social specialist and an environmental specialist).

Considering the above, the Promoter's capacity, if reinforced, to implement this operation in compliance with the EIB's Environmental and Social Standards is deemed acceptable. The Promoter is in the process of establishing an internal Environmental and Social Management System (ESMS), as part of the requirements to be met for the financing of its sub-projects. This system will be based on existing procedures, used by the Promoter in the implementation of previous similar programmes financed by other MDBs. The promoter has experience in applying international E&S standards, in addition to the required national ones.

Conclusions and Recommendations

The Promoter is fully aware of the Bank's E&S requirements and will be capable to implement them after improvement measures are in place. The legal, environmental and social obligations under the national laws of the country and the Promoter's upcoming ESMS provide comfort and support the fulfilment of the EIB's E&S standards under this operation.

Within the framework of the MGAS, the promoter will carry out the relevant ESIs for the respective sub-projects. The ESIs and associated studies of EIB supported sub-projects will be reviewed ex-ante by the Bank prior to any funds being disbursed. The investments targeted by the operation are not expected to have significant residual social and/or environmental impacts and risks, provided that all respective mitigation and remedial measures are implemented in full.



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The following conditions and undertakings will be included in the legal documentation of the Operation.

- Prior to the first disbursement, the Promoter shall submit its ESMS, acceptable to the Bank. It should also provide evidence on its reinforced team (a full-time dedicated social specialist and an environmental specialist) as part of its Environmental and Social Department, with responsibilities in the management of the Programme.
- The Promoter shall maintain during the construction and operation of the Project an integrated project management structure as defined in its ESMS.
- The Promoter shall ensure that all sub-projects financed under this Operation are structured to be in compliance with national legislation and the EIB's Environmental and Social Standards.
- The Promoter shall ensure that the sub-projects (including all works performed by the contractors) are carried out in accordance with the provisions contained in the respective ESIA documents and associated management and action plans, including resettlement action plans, livelihood restoration plans, biodiversity action plans, etc.
- As part of the Stakeholder Engagement Process and consistent with its stakeholder engagement plan, the Promoter shall make available to the project-affected communities and stakeholders the ESIA and associated studies.
- The Promoter shall maintain a grievance mechanism for addressing complaints not resolved by the sub-project level grievance mechanisms and/or for addressing concerns and/or complaints on the Programme itself.
- For sub-projects that may have an impact on a nature conservation site, the promoter shall obtain confirmation from the competent nature conservation authority, or an equivalent confirmation satisfactory to the Bank, that the sub-project does not have a significant negative impact on any such site. Such confirmation should be delivered to the Bank before the funds are allocated. Sub-projects with significant impacts on critical habitats and sub-projects located in the area of UNESCO World Natural Heritage, are not eligible for EIB support.
- Sub-projects with (i) significant negative residual environmental and/or social impacts, (ii) requiring physical resettlement and/or (iii) with significant impact on indigenous people and traditional communities are not eligible for EIB support. Should there be any economic displacement in any of the sub-projects, then the sub-project specific RAP and/or LRP shall be submitted, acceptable to the Bank.
- The Promoter shall monitor and report to the Bank on the compliance with EIB E&S Standards of each of the sub-projects including relevant E&S impact indicators, with a periodicity and scope defined in the legal documentation.

In view of the above findings and with appropriate conditions in place, the Operation is acceptable for EIB financing in environmental and social terms.