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Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 04/29/2019 | Report No: ESRSC00448

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Argentina	LATIN AMERICA AND CARIBBEAN	P170329	
Project Name	Improving the Electricity Social Tariff in the Buenos Aires Province		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
«PRACTICEAREA»	Investment Project Financing		
Borrower(s)	Implementing Agency(ies)		

Proposed Development Objective(s)

The development objective is to strengthen the institutional capacity to administer the electricity social tariff scheme and improve its effectiveness in the Buenos Aires Province.

Financing (in USD Million)	Amount
Total Project Cost	150.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

This Project would support the Province of Buenos Aires' authorities with the design, implementation, and financing of social tariff for electricity. The Project will focus on improving the effectiveness of this program through better identification of beneficiaries and monitoring, and strengthening the administration capacity to handle the transition in the short term; while supporting institutional capacities to address ST reforms in medium term. The proposed lending instrument is a four-year investment project financing loan (IPF) that would finance ST under a disbursement link indicators (DLIs) component, and that would include a technical assistance component that would disburse under regular procurement methods. The Project is expected to comprise three components.

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D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The Project will be implemented at the Province of Buenos Aires level. The Project will include i) a component to finance social tariff (ST) subsidies through a scheme of disbursement link indicators (DLIs), where none of the disbursements are linked to carrying out any physical intervention; and, ii) a technical assistance (TA) component, which will finance capacity building activities and sectorial studies for the improvement of the ST scheme. Through the technical assistance component, the Project aims at founding the basis to revert the two main issues of the current ST scheme; namely, (a) that the eligibility criteria of the ST do not focus efficiently on the most vulnerable families by design, and (b) that the implementation arrangements face challenges to apply the eligibility criteria effectively. The Project will neither finance nor supports physical interventions. In this sense, the activities supported by the Project are not expected to have negative environmental impacts or risks. The main social impacts associated to the Project are positive.

D. 2. Borrower's Institutional Capacity

A Project Management Unit (PMU) will hold the fiduciary and environmental & social risk management responsibilities of the Project. This PMU will reside in the Provincial Directorate of Multilateral and Bilateral Financing (Dirección Provincial de Organismos Multilaterales y Financiamiento Bilateral, DPOMyFB), of the Ministry of Economy of the Province of Buenos Aires. The Directorate of Subsidies and the subnational regulatory agency (Organismo de Control de la Energía Eléctrica de la Provincia de Buenos Aires, OCEBA) will be responsible for Monitoring and Evaluation and for conducting the necessary studies to design an integrated proposal regarding Social Tariffs. The DPOMyFB's Environmental and Social team has experience working with World Bank Safeguards and has received training on the Environmental and Social Framework. However, the detailed institutional arrangement for Project implementation will be finalized during preparation. Accordingly, an assessment will be carried out prior to appraisal, to determine any actions needed to strengthen the borrower´s capacity to meet the objectives of the WBG Environmental and Social Standards.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) Moderate

Environmental Risk Rating Low

The proposed Project will neither finance nor support any physical intervention. No rehabilitation or construction of new infrastructure or other actions having risks or direct, indirect, cumulative or induced adverse impacts on the environment will be financed through the Project. Furthermore, the Project would entail valuable outcomes and recommendations for decision making related to the improvement in consumption behaviors in social tariff (ST) beneficiaries' households (energy efficiency).

Social Risk Rating Moderate

The social tariff was introduced to mitigate the impact of subsidy reform. Although the scheme has eligibility criteria and requirements, there are weaknesses in the current ST system (inclusion/exclusion errors), which could be affecting users in greater need and, in addition, leaving space for more efficient use of the resources. Therefore, the main social risks are associated to the potential exclusion of vulnerable people who qualify and are in most need of the social tariff. There is a formal grievance mechanism for users to complain if they haven't been included or if they

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have been taken out of the ST roster. The team will assess if the mechanism complies with the World Bank standards and make sure it is consolidated and effective to process grievances related to the ST scheme.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The social tariff was introduced to mitigate the impact of subsidy reform. Although the scheme has eligibility criteria and requirements, there are weaknesses in the current ST system (inclusion/exclusion errors), which could be affecting users in greater need and, in addition, leaving space for the more efficient use of the resources. An environmental and social assessment of the TA activities will be carried out following the ESF as part of Project preparation. Given the nature of activities under Component 2 and that no DLI is linked to any physical intervention, no environmental risk or adverse impact will be associated with these activities. The Project will support the ST for electricity in the Buenos Aires province of Argentina, by improving the effectiveness of its general design and implementation. In particular, this Project will strengthen the institutional capacity to apply targeting and monitoring mechanisms aimed at providing protection to vulnerable households and small community sport clubs (SCSC) in a fiscally sustainable way. Specifically, the TA component of the Project will aim at: a) developing the institutional scheme to manage the ST and establishing the necessary regulations, in line with the transfer of responsibilities from the federal to the provincial administration; b) strengthening the management of information and the targeting mechanisms to reach poor households; c) supporting institutional and management setting to asses eligibility of SCSC and; d) carrying out sectorial studies to improve, inter alia, consumption behavior (energy efficiency) in ST beneficiary households and institutional capacities at provincial regulatory agencies and at electricity distribution providers level. These activities involve many challenges and social issues, such as inter-institutional coordination (relevant federal, provincial and municipal agencies); participation of private companies and private or municipal cooperatives of electricity distribution; key stakeholders' identification and involvement in the context of the sensibility of the subject and the management of expectations. Regarding these aspects, a specific assessment will be carried out prior to appraisal to determine all coordination needs and identify key stakeholders. The stakeholder engagement plan will incorporate agreed actions and a plan for future participatory activities. Main social risks to be consider in the Social Assessment are associated to the potential exclusion of vulnerable people who qualify and are in most need of the social tariff.

Areas where reliance on the Borrower's E&S Framework may be considered:

The Project will not make use of the Borrower's E&S Framework but will comply with all national legal requirements.

ESS10 Stakeholder Engagement and Information Disclosure

As per the electricity tariff legal framework, consultation with the public is mandatory when there have been changes or updates in tariff schemes. Thus, regulatory agencies involved in the Project have experience in carrying out information disclosure and stakeholder exchange. Nevertheless, a specific assessment will be carried out prior to appraisal to determine the coordination needs among the organizations of different levels and incumbencies as well as the identification of key stakeholders, including those from vulnerable groups, for a proper engagement throughout the project cycle. The SEP will also benefit from seeking advice from knowledgeable specialists on how to

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improve data collection and to better target vulnerable groups (including indigenous peoples, afro-descendants, people with disabilities, LGBTI, etc.). The SEP will incorporate agreed actions and a plan for future participatory activities. Actions will also aim at developing a consolidated and effective Grievance Mechanism for the ST scheme.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The Project will be mainly implemented by staff from the DPOMyFB, the Provincial Directorate of Subsidies and the OCEBA (Government Civil Servants). Local consultants could be hired to perform specific tasks (Direct Workers). Appropriate occupational health and safety measures related to the activities foreseen under the project (administrative-related tasks in an indoor environment) will be applied to all type of project workers. Consultant contracts will reflect appropriate labor and working conditions as per ESS2.

ESS3 Resource Efficiency and Pollution Prevention and Management

The outcome of E&S screening did not identify any potential risks and/or impacts relevant to ESS3.

ESS4 Community Health and Safety

The outcome of E&S screening did not identify any potential risks and/or impacts relevant to ESS4

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The outcome of E&S screening did not identify any potential risks and/or impacts relevant to ESS5

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The outcome of E&S screening did not identify any potential risks and/or impacts relevant to ESS6.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Argentina is a multicultural country with a notable presence of indigenous and afro-descendants populations, and the majority of these populations live in urban areas. Indigenous people (2.54 percent of the population) traditionally live in rural communities in the provinces of Salta, Jujuy, Chubut, Neuquén, Tierra del Fuego, Chaco, Formosa, Santa Fe, Tucuman, and Mendoza. However, more than 80 percent of the indigenous population in Argentina lives today in urban areas, with the largest concentration living in the Buenos Aires Metropolitan Area. This is due to numerous factors, including new and improved access to basic services as well as improved market opportunities. The main challenge related to these groups is linked to the lack of reliable data and to unidentified drivers of exclusion. For that reason, these groups will be part of the stakeholder engagement process, and relevant recommendations that may result from their participation will be taken into consideration for the final design of the activities and Project

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implementation. As part of the Social Assessment and prior to Appraisal the Borrower will engage with the Provincial Indigenous Affairs Council (CPAI) to set up an outreach strategy focused on these groups.

ESS8 Cultural Heritage

The outcome of E&S screening did not identify any potential risks and/or impacts relevant to ESS8.

ESS9 Financial Intermediaries

The Project will not involve the use of Financial Intermediaries.

C. Legal Operational Policies that Apply

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

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

N/A

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B. Proposed Measures, Actions and Timing (Borrower's commitments)

Actions to be completed prior to Bank Board Approval:

The borrower will carry out an Environmental and Social Assessment prior to Appraisal, to assess the risks associated to the proposed activities under the TA component, incorporate mitigation measures, and propose actions to improve the design or implementation of the TA activities. The Borrower will also develop a stakeholder engagement plan, which will include consultations to indigenous peoples' representatives and other stakeholders, and which will be conducted during project preparation and throughout implementation. The plan will be consulted and disclosed prior to Appraisal.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The SEP will be updated following the final definition and timing of the activities under the TA component. Also, other actions could be identified to be implemented by the Borrower under this component, if activities finally involve, for example, pilot programs targeted at active eligible users based on consumption behaviors. Details on issues to be addressed in the Borrower's Environmental and Social Commitment Plan (ESCP) will be provided prior to appraisal.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 16-May-2019

IV. CONTACT POINTS

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VI. APPROVAL

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