

Environmental and Social Data Sheet

Overview

Project Name:	FONPLATA REGIONAL FRAMEWORK LOAN
Project Number:	2016-586
Country:	Regional - Latin America
Project Description:	The Framework Loan aims at supporting multi-sector projects targeting extreme poverty and climate change resilience in the sub-region eligible for Fonplata financing, which comprises the River Plata Basin (i.e. part of Argentina, Bolivia, Brazil, Paraguay and Uruguay).
EIA required:	This is a multisector Framework Loan operation. Some schemes may require an EIA under the relevant legislation
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The purpose of this framework loan is to co-finance, together with the regional development fund FONPLATA, projects of small size in urban and rural areas. The main objective is to promote regional development in the river Plate basin area. The project will focus on fighting social deprivation and extreme poverty, and on increasing climate resilience. The area has been affected by extreme weather events, such as floods in the rivers Plate, Parana, Uruguay and Paraguay in 2013 and 2015, but also by draught periods provoked by a series of strong “el niño” waves with major negative impacts on the living conditions of the most vulnerable population. The climate scenarios in the area estimate an increase in strong rainfalls and longer drought periods and a general rise of temperatures of more than 2 degrees.

The project will comprise small schemes of urban development, including sustainable transport, urban parks and pedestrian areas, anti-flood measures and energy efficiency, and renewal energy, drinking water provision, basic services provision and social infrastructure, cultural heritage and rural accessibility in remote areas. All projects are in line with FONPLATA Institutional Strategic Plan.

This will be the first operation with FONPLATA. The institution is willing to enhance its environmental and social risk management capacity to meet EU standards. To assist FONPLATA and the final beneficiaries, the Bank will provide two types of TA. The first one will be financed by the Bank. The TA will involve the review and completion of FONPLATA's social and environmental screening tool and the test of the enhanced tool to verify that all schemes to be covered meet the Bank's standards. This TA will also involve the training of FONPLATA's personnel.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO2e/year absolute (gross) or 20,000 tons CO2e/year relative (net) – both increases and savings.

Luxembourg, 18.12.2017

The second TA will be medium term and it will focus on the upgrade of FONPLATA's procedures for environmental and social due diligence as well as transparency and, especially, to promote climate action components and activities among FONPLATA and the final recipients of the financing. The TA will also address gender issues.

Schemes having any impact on special protection areas will have to provide evidence of the compliance with the EIB's Environmental and Social Standards and the individual promoters will have to provide evidence of the compliance with the EIB's guidelines with regards biodiversity and environment preservation. No EIB's funds will be allocated before this evidence is presented and approved by the EIB.

The individual promoters will have to carry out a Climate Risk and Vulnerability Assessment to identify the vulnerabilities to climate change and appropriate measures to mitigate those risks should then be identified in both the schemes' design and management, providing funds from LAIF are obtained to support such CRVAs. Each project will then be required to include selected climate adaptation measures to improve the project climate-resilience.

Social Assessment, where applicable

FONPLATA, the financial intermediary, is a multilateral organisation made up of five countries: Argentina, Bolivia, Brazil, Paraguay and Uruguay. Its main mission is to support the integration of member countries to achieve a harmonious and inclusive development within and between the geographic areas of influence of the river Plate basin through credit operations and non-reimbursable resources to the public sector.

FONPLATA's objective is to contribute to reducing socio-economic disparities and favouring the complementarity and synergy of the efforts of national development institutions and other development agencies through medium and small-scale projects to be implemented in delimited geographical areas.

FONPLATA will apply EIB's standards with regards to involuntary resettlement, vulnerable and indigenous population, health and safety and labour conditions

Public Consultation and Stakeholder Engagement

FONPLATA will ensure that individual promoters involve stakeholders, including project-affected groups and NGOs, as early as possible in the project preparation process and ensure that their views and concerns are made known to decision makers and taken into account.

Additionally, the TA will work on enhancing the procedures to engage stakeholders and ensure that adequate grievance mechanisms are in place

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Conclusions and Recommendations

Overall, the net environmental and social impacts are expected to be positive. The Project will contribute to enhance the climate resilience of the river Plate region and improve life standards of social deprived population. In addition, it will raise awareness of climate change impacts among FONPLATA and regional public administration and will build up the capacity to address these issues.

FONPLATA is well established in the area. The institutional capacity of individual promoters will benefit from the application of EIB's Environmental and Social Standards. At the same time, the EIB will provide TA to technically the promoters to elaborate and implement climate adaptation measures taking into account the climate vulnerability context.

FONPLATA will:

- i) Provide E&S information in its reporting to the Bank during the implementation of the FL.
- ii) Apply EIB's standards with regards to involuntary resettlement, vulnerable and indigenous population, health and safety and labour conditions
- iii) Enhance its current procedures on stakeholders engagement and grievance mechanisms

Therefore, the Project is acceptable to the Bank in environmental and social terms.

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