

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/CSC - Southern Cone
▪ TC Name:	Sustainability as an instrument for the development of strategic productive sectors
▪ TC Number:	RG-T3223
▪ Team Leader/Members:	Joseph Christopher Milewski (CSD/RND) Team Leader; Jennifer Doherty Bigara (CSD/CCS) Alternate Team Leader; Viviana Alva Hart (CSD/RND); Francisca Maria Rojas (CSD/HUD); Ramon Juan Espinasa (INE/INE); Ricardo Quiroga (CSC/CSC); Onil Banerjee (CSD/RND); Laura Natalie Rojas Sanchez (CSD/RND); Lisa Sofia Restrepo (CSD/RND); Monica Clara Centeno Lappas (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	28 Feb 2018
▪ Beneficiary:	CSC Countries
▪ Executing Agency:	Inter-American Development Bank (IDB)
▪ IDB funding requested:	US\$400,000.00
▪ Local counterpart funding:	US\$50,000.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Env, Rural Dev & Disaster Risk
▪ Unit of Disbursement Responsibility:	Country Office Argentina
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and Innovation; Climate change; Environmental sustainability

II. Objective and Justification

- 2.1 The objective of the TC is to carry out a comparative study of competitiveness and environmental and social sustainability of critical productive sectors (e.g., mining and forestry) in Argentina, Chile and Uruguay. Specifically, the TC will identify the extent to which productive practices and current environmental and social regulatory frameworks promote better levels of production and marketing while contributing or not achieving adequate environmental and social performance. Methodologically, the indicators to be evaluated for the countries of the region will be contrasted with a benchmark or "standards" of a developed country that has a strong mining and forestry industry in its productive system (eg Canada), in conjunction with initiatives of responsibility Social. They will be accompanied by successful case studies in the region where models responsible for productive, environmental and social / community development are analyzed
- 2.2 When it extractives and climate change the need to mainstream sustainability consideration to build a sustainable development and foster green growth. In order to promote sustainable practices, it will be key to identify and ensure the implementation of technological development progresses and avoid the development of "stranded" infrastructure and practices. This TC intends to build a business case for sustainable extractives in two specific sectors so as to serve as pilot examples to be replicated in other sectors and potentially trigger a Policy Based Loan on sustainable production in

Argentina and additional opportunities in LAC countries with similar economic activities that will require the inclusion of sustainability guidelines for more productivity.

III. Description of Activities and Outputs

- 3.1 The Technical cooperation will have the following components, outputs and activities: Component 1: Development of a Sustainability Methodology for the mining and forestry sectors. This component will allow for the development of an innovative methodology providing data and sustainable production models, it will focus on modelling the opportunity cost for the mining and forestry sectors of a business as usual scenario compared to a sustainability scenario, gathering the main data sets that will allow to build the models and a comparative analysis of the environmental legal framework. The models will include a dimension on opportunities to align green growth objectives and NDCs and recommendations to foster investments through a solid enabling environment
- 3.2 Component 2: Sustainability Analysis of the mining sector. Based on the Sustainability Methodology for the mining activity, and its implementation in Argentina and Chile, also drawing from examples in other neighboring countries such as Peru, Bolivia and Brazil, a report will be produced to highlight the sector's potential, opportunities and challenges, showcasing emblematic cases from the point of view of environmental and social sustainability. In parallel, a critical review of mining environmental and social legislation will be carried out, including the associated re-distributive mechanisms canon, royalties, taxes and fees.
- 3.3 Component 3. Sustainability Analysis of the forestry sector. Based on the Sustainability Methodology for the forestry sector and implementation in Argentina, Chile and Uruguay, a report will be produced to specify the national guidelines required to ensure sustainable production and will include a specific analysis on how to achieve improvements in the design of social housing construction. For example, considering the Argentine government, it established a 10% goal wood material in social housing construction, but demand has yet to adapt to the needs of the market and understand the mitigation opportunities. An example that can benefit from notable experiences in Uruguay and Chile.
- 3.4 Component 4. Analysis of good practices and benchmarking. This component will integrate the results of the previous components, proposing mechanisms, practices and normative proposals - both on the command and control side and incentives - that allow the sustainable development of these sectors to be promoted.

IV. Budget

Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1	60,000	10,000	70,000
Component 2	120,000	15,000	135,000
Component 3	120,000	15,000	135,000
Component 4	100,000	10,000	110,000
Total	400,000	50,000	450,000

V. Executing Agency and Execution Structure

- 5.1 The Bank will be the Executing agency, based on a leadership in CAR (RND and CCS) and a team of country specialists in all countries involved.

- 5.2 The Bank will be the Executing Agency as it will require a creative, coherent and transparent leadership, and acting as an honest broker. Additionally, all country specialists will ensure country involvement and empowerment.

VI. Project Risks and Issues

- 6.1 The risks involved are: coordination among countries, access to data and constructive collaboration with the private sector. To mitigate these risks the team is composed of country specialists in all the countries involved, including HUD and CCS, seeking data and time commitments from all counterparts (in kind co-finance) and will partner with IDB Invest to ensure close collaboration with local private stakeholders.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".