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ARGENTINA

PROMOTING RISK MITIGATION INSTRUMENTS AND FINANCE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY INVESTMENTS

(AR-L1280)

PROJECT PROFILE

This document was prepared by the project team consisting of: Maria Netto (IFD/CMF), Jefa de Equipo; Francisco Demichelis (CMF/CAR), Jefe de Equipo Alterno; Gloria Lugo, Alex Vasa, Enrique Nieto, Isabelle Braly-Cartillier, and Cecilia Bernedo (IFD/CMF); Filippo Berardi, Gloria Visconti (CSD/CCS); Edwin Malagon, Emilio Sawada (ENE/CAR); Alonso Chaverri-Suarez (LEG/SGO); Daniel Hincapie (ORP/ORP); Ana Maria Niubo, Marisol Pinto (FMP/CAR).

PROJECT PROFILE

ARGENTINA

I. BASIC DATA

Project Name:	Promoting risk mitigation instruments and finance for renewable energy and energy efficiency investments
Project Number:	AR-L1280
Project Team:	Maria Netto (IFD/CMF), Jefa de Equipo; Francisco Demichelis (CMF/CAR), Jefe de Equipo Alterno; Gloria Lugo, Alex Vasa, Enrique Nieto, Isabelle Braly-Cartillier, and Cecilia Bernedo (IFD/CMF); Filippo Berardi, Gloria Visconti (CSD/CCS); Edwin Malagon, Emilio Sawada (ENE/CAR); Alonso Chaverri-Suarez (LEG/SGO); Daniel Hincapie (ORP/ORP); Ana Maria Niubo, Marisol Pinto (FMP/CAR).
Borrower:	Republic of Argentina
Executing Agency:	*Banco de Inversión y Comercio Exterior S.A.* (BICE)
Financial Plan:	IDB (Green Climate Fund - GCF): US$100.0 million[1] Local: US$ 60.0 million Total: US$160.0 million
Safeguards:	Policies triggered: B.13 Classification: Not required

II. GENERAL JUSTIFICATION AND OBJECTIVES

A. Background and justification

2.1 **Economic context.** Following a long history of crisis and contraction, in 2016 Argentina changed its economic policy framework. As the government begun taking action to correct internal imbalances, country risk, access to international debt and inflation levels are now evolving positively. Growth projections for 2017 are at 2,7%, up from a -2,2% recession in 2016.[2]

2.2 **The local financial sector and credit availability.** Argentina's financial system shows limited risks on its overall activity, good levels of liquidity and

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[1] Green Climate Fund (GCF) approval for the use of resources for this operation is pending and expected to take place at the nineteenth meeting of the GCF Board, planned currently for February/March 2018. Use of such resources will be subject to the terms of such approval, the requirements set forth in document GN-2895, and the terms and conditions of the "GCF Accreditation Master Agreement between Green Climate Fund and Inter-American Development Bank" (AMA) dated August 29, 2017 (once it becomes effective) and a "Funded Activity Agreement" to be entered into between the Bank and GCF pursuant to Clause 6 of the AMA.

[2] Article IV Consultation with Argentina. IMF, 2016; *Relevamiento de Expectativas de Mercado*, Central Bank of Argentina; *Instituto Nacional de Estadística y Censos de la República Argentina* (INDEC).

solvency[3], and regulatory and supervision frameworks that are in line with international standards.

2.3 Nonetheless, financial intermediation remains low. Argentina's ratio of domestic credit to private sector (as a % of Gross Domestic Product - GDP) is well below peers in the region, standing at 14.7%, compared to 47.1% in Colombia and 37.4% in Peru.[4] The deposit structure especially restricts medium and long-term lending by financial institutions (FI), both to individuals and businesses. By the end of 2016, the bulk of deposits (99.3%) had maturities of less than one year.[5] Correspondingly, 92.8% of the system's portfolio is concentrated in loans of up to 1 year. Lending interest rates are significantly high (over 25% in 2016, up from below 20% in 2013) and large intermediation spreads of the banking system (over 10% in 2016), need to be monitored.

2.4 **The lack of long-term credit affects firms' capacity to invest.** An underdeveloped financial system,[6] combined with limited access to international capital markets, affects competitiveness of local firms[7]. Only 16% of Argentina's private sector financing needs is provided by the financial sector[8]. In the case of new technologies, unfamiliar risks intensify deficiencies in the availability of financing across all economic sectors, especially for Small and Medium Enterprises (SME), which face high transaction costs, and in many cases, lack appropriate collateral to comply with banking requirements. As SMEs employ approximately 65% of the country's labor force, the lack of credit not only produces a negative effect on investment, but also on job creation, posing a critical obstacle for SMEs to narrow technology gaps and boost productivity and growth[9].

2.5 Renewable Energy (RE) and Energy Efficiency (EE) innovation is directly impacted by the described financing gap. RE/EE projects involve high upfront costs, along with longer-terms to see a return on investments, making them incompatible with the conditions offered by the banking system. In addition, associated transaction costs (and therefore, interest rates) tend to be higher, mostly due to the lack of experience with this type of lending by local Financial Intermediaries (FI), who often have limited

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[3] *Informe de Estabilidad Financiera* (Central Bank, 2016).
[4] Data from 2015, World Bank Indicators, accessed February, 2017.
[5] Deposits by residual term at maturity. Financial Entity Report. Central Bank of Argentina, 2016.
[6] IMF Working Paper 16/5. IMF, 2016. Argentina's financial development ranks 65 (103 in terms of depth) out of 183 countries analyzed in 2013. The index combines data from depth, access and efficiency of financial institutions and financial markets.
[7] Country Report No.16/347. IMF 2016.
[8] IMF, World Bank and Ministry of Labor - Observatory of Employment and Business Dynamics (OEDE).
[9] Literature on this issue is extensive. See for example New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments, OECD, 2015; G20/OECD High-Level Principles on SME Financing, OECD, 2015; Financial Development in Latin America and the Caribbean: The Road Ahead, Policy Research Working Paper 2380, World Bank, 2012.

comprehension of the risks and opportunities of these projects, and no project-finance skills.

2.6 Financing is also necessarily dependent on a "bankable" project, but SMEs too struggle to understand the economics of these technologies without support from specialized third-party, and their capacity to prepare adequate business plans is limited, accentuating perceptions of risk by FIs.

2.7 **Significance of RE/EE investments.** The energy sector is essential to the proper functioning of any modern economy. In Argentina, RE and EE were not imperative during the last decade, mainly because of low tariffs and huge subsidies to the sector.[10] However, the Government is now striving to build a sustainable system in the medium-long run. Current legislation establishes that the share of RE shall increase to 20% by 2025 (up from the current 2%). In that direction, 59 RE projects (including solar, wind, biomass and biogas) have been awarded under the *Renovar* 1.0 and 1.5 tenders, expected to add 2,425 MW to the system.[11] Other specific goals have been established, such as to reduce final consumption of energy in 5.9% (vis-à-vis the Business as Usual (BAU) scenario), and an envisaged gradual adjustment in energy tariffs, especially in the industrial sector, is expected to require important investments in EE in the coming years.[12]

2.8 According to the Third National Communication on Climate Change, Argentina's GHG emissions are estimated at 429 M ton CO_2e; 43% of those emissions come from the energy sector.[13] The country's goal, as set forth in the first revision of its 2015 Nationally Determined Contributions (NDC),[14] is to reduce GHG emissions by 18% by 2030 with respect to projected BAU emissions for that year.[15] Furthermore, the government considers they could increase this reduction goal to up to 37%, if: (i) adequate and predictable international financing becomes available; (ii) support for transfer, innovation and technology development and capacity building; and (iii) support to the creation of capacities to spread good practices and effectively implement the proposed measures are provided.[16]

[10] Argentina's power supply is dominated by fossil fuels: 61% of installed capacity is thermal, 32% hydro, 5% nuclear, and only 2% wind and small hydroelectric. Electricity demand was 132,970 GWh in 2016 (increasing 3.2% annually in the last ten years), of which industrial and commercial sectors represent over 50%.

[11] *Renovar* 2.0 (in process) is expected to add more renewable capacity to the system.

[12] Law 27191, approved in 2015, contains a new regime to promote RE and an EE Law is underway. Specific sub-secretariats of RE and EE have been created at the Ministry of Energy showing the importance of these topics for the current administration.

[13] Argentina's Third National Communication to the UNFCCC. This figure represents an 80% increase from 2000 levels, as reported in the Second National Communication.

[14] NDCs are climate actions countries intend to take under the international agreement adopted in December 2015 at the Conference of the Parties (COP21) in Paris. UNFCCC, 2016.

[15] First Revision to its Nationally Determined Contribution. Republic of Argentina, 2016.

[16] Industrial energy efficiency and competitiveness, Working Paper 05/2011, United Nations Industrial Development Organization (UNIDO), 2011.

2.9 The government is committed to addressing the issue through policy development and a well-designed regulatory framework that can create incentives to scale up private sector initiatives. But attracting more RE/EE investments requires also financial mechanisms, along with capacity-building and information exchange.

2.10 The problem that the program intends to address is the lack of medium and long-term financing for SMEs where a significant potential for RE/EE investments has been identified.[17]

B. Intervention proposed and program objectives

2.11 The objective of the program is to contribute to improve the efficiency in the production and use of energy in Argentina, by increasing SME investments in RE/EE[18] to reduce GHG emissions.

2.12 Green Climate Fund (GCF)[19] concessional resources will be channeled by IDB through the *Banco de Inversion y Comercio Exterior* (BICE), Argentina's national development bank, and blended with BICE's own resources to provide long-term financing for biogas, biomass and EE sub-projects by SME.[20] Financing may be delivered through first-tier FIs regulated by the Central Bank or directly to sub-projects.[21]

2.13 The inclusion of local financial actors into the design of this program aims at capitalizing from their knowledge of the local business, while familiarizing them with the sector. Capacity building and training in project financing and risk assessment can also reduce resistance to RE/EE and have positive spillover effects to other type of projects and other FIs. Over time, the program is expected to have an important transformational impact as it is expected that FIs will be encouraged to further support these investments, once demonstration of its viability and profitability has occurred.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

3.1 The proposed program consists of a single component of financial intermediation in the form of a sovereign guaranteed global credit

[17] A Feasibility Analysis undertaken for BICE and IDB (Magallon, 2017) identified a significant potential for RE/EE investments in Argentina's SME industrial sector (over US$2 billion), linked to modernization of equipment and substitution of energy sources, using biomass and biogas.

[18] In the context of this program, SME is defined as per Argentine's government classification of PYME (*Resolución General* 103-E/2017 of the Ministry of Production) and RE/EE refers to the subset of biomass, biogas and EE sub-projects. See footnote 18.

[19] The GCF provides funding to promote mitigation and adaptation to climate change. The IDB is accredited by the GCF to manage these resources, under the terms established in the AMA approved by the IDB Board (GN-2895) (see footnote 1). The program has Argentina's National Designated Authority's non-objection.

[20] The Feasibility Analysis produced a list of technologies and subsectors that the program is likely to support. This list will serve as a basis to develop a pipeline of sub-projects. See footnote 18.

[21] Direct lending is expected only on sub-loans larger than US$5 million.

investment operation to be executed by BICE. Financing for the program includes US$100 million in reimbursable resources from the GCF, plus US$60 million from BICE (local counterpart). BICE is expected to use all GCF funding for providing sub-loans in any of the technologies eligible (see ¶2.12).[22] Additional GCF grant resources (US$3 million) will finance technical cooperation (TC) activities to support the structuring of various mechanisms that will complement the provision of loans and improve BICE, FIs, technology providers and SME technical capacities.[23] Disbursement of reimbursable funds will be made over a period of 5 years and based on rediscounting of eligible expenses from the executing agency.

3.2 The program is aligned with the objectives of Improvement of infrastructure for investment and Inclusion and inclusive financial development and SME financing of the IDB Country Strategy for Argentina (2016-2019) (GN-2870-1). It is also consistent with the Institutional Strategy Update 2010-2020 (AB-3008), aligned with the challenge of productivity and innovation, by promoting and supporting the use of modern, efficient, and sustainable technologies to reduce use of energy, and with the cross-cutting theme of Climate Change, through the use of CRF indicators given the expected reduction in GHG emissions, as well as with Bank's priorities as set out in its Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy (GN-2609-1), and with the SME and Financial Access/Supervision Sector Framework Document (GN-2768-3), the Sustainable Infrastructure for Competitiveness and Inclusive Growth Strategy (GN-2710-5) and the Institutions for Growth and Social Welfare Strategy (GN-2587-2). Following the joint MDB approach on climate finance tracking, an estimated 100% of IDB funding for this project will be invested in climate change mitigation activities and will contribute to the IDBG's climate finance goal of 30% of operational approvals by year's end 2020. Finally, the program will be aligned and apply lessons learned from operation AR-L1249[24]. The program will be jointly prepared by IFD/CMF, INE/ENE and CCS/CSD (triple booking).

IV. ENVIRONMENTAL SAFEGUARDS AND FIDUCIARY SCREENING

4.1 As per IDB Directive B.13 of the Environment and Safeguards Compliance Policy (OP-703), the program does not require classification. Program risks and potential impacts will be managed through the implementation of an Environmental & Social Management Framework (ESMF), to be fully integrated in the program Operating Regulations. While risks at the

[22] Sub-projects to be financed will be deemed eligible based on conditions established in the Operating Regulations, to be agreed between IDB and BICE.

[23] GCF grant resources to finance this TC will be complemented by in-kind resources from BICE (US$600,000) and IDB grant resources (US$250,000). For EE sub-projects, TC activities will apply the Energy Savings Insurance (ESI) model, currently being piloted in Colombia and Mexico, and being developed in El Salvador. See TC ATN/CF-15453-RG.

[24] The program intends to have specific milestones to assess gender inclusion.

sub-project level are expected to be low, the ESMF will provide a framework for the assessment, monitoring and management of individual sub-projects and overall portfolio, in accordance with IDB policy. The ESMF will also integrate all applicable Argentine systems and norms.

4.2 The executing agency, BICE, is a development bank that promotes economic development and job creation, supporting investments and foreign trade through export and import financing. Over its nearly 25 years of operation, BICE has succeeded in becoming a source of long-term financing in Argentina's financial system. Recently, it has been developing its own capacity to manage resources specifically directed towards clean energy initiatives.[25] Since this is the first time BICE will execute a loan with IDB a fiduciary institutional assessment will be undertaken in preparation of the Proposal for Operation Development (POD). Further, the TC resources referred in ¶3.1 will also support institutional capacity of BICE to execute the program.

V. RESOURCES AND TIMETABLE

5.1 Distribution of the POD for Quality and Risk Review (QRR) is expected on February 16, 2018. Consideration of the Loan Proposal by the Executive Board of Directors is expected by May 30, 2018. An estimated US$100,000.00 administrative budget and 1.22 FTEs are required to complete preparation of the proposal (see Annex V).

[25] BICE currently manages sector-specific funds such as the FODER, created by the government to provide guarantees and debt financing to RE projects.

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Safeguard Policy Filter Report

Operation Information

Operation		
AR-L1280 Promoting risk mitigation instruments and finance for renewable energy and energy efficiency investments		
Environmental and Social Impact Category	High Risk Rating	
B13	{Not Set}	
Country	Executing Agency	
ARGENTINA		
Organizational Unit	IDB Sector/Subsector	
Energy	FINANCING FOR ENVIRONMENTAL SUSTAINABILITY	
Team Leader	ESG Primary Team Member	
MARIA E. NETTO DE A. C. SCHNEIDER	{Not Set}	
Type of Operation	Original IDB Amount	% Disbursed
Loan Operation	$100,000,000	0.000 %
Assessment Date	Author	
11 Dec 2017	ceciliabe Project Assistant	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	15 Dec 2017	
QRR (Estimated)	16 Feb 2018	
Board Approval (Estimated)	{Not Set}	
Safeguard Performance Rating		
{Not Set}		
Rationale		
{Not Set}		

Safeguard Policy Filter Report

Potential Safeguard Policy Items

[No potential issues identified]

Safeguard Policy Items Identified

B.1 Bank Policies (Access to Information Policy– OP-102)

The Bank will make the relevant project documents available to the public.

B.2 Country Laws and Regulations

The operation is expected to be in compliance with laws and regulations of the country regarding specific women's rights, the environment, gender and indigenous peoples (including national obligations established under ratified multilateral environmental agreements).

B.7 Supervision and Compliance

The Bank is expected to monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations.

B.13. Noninvestment Lending and Flexible Lending Instruments

Ex-ante impact classification may not be feasible for this type of operation. This includes: policy-based loans, Financial Intermediaries (FIs) or loans that are based on performance criteria, sector-based approaches, and conditional credit lines for investment operations.

Recommended Actions

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.

Additional Comments

Por ser una operación de intermediación financiera, de acuerdo con la Política de Medio Ambiente y Cumplimiento de Salvaguardias del Banco (OP-703), Directiva B.13, esta operación no puede ser clasificada ex-ante

ENVIRONMENTAL & SOCIAL STRATEGY (ESS)		
Operation Name:	Promoting risk mitigation instruments and finance for renewable energy and energy efficiency investments	
Operation Number:	AR-L1280	
Prepared by:	Isabelle Braly-Cartillier – IFD/CMF	
Operation Details		
IDB Sector:	IFD/CMF	
Operation type:	Loan Operation (Financial Intermediation)	
Impact classification:	B.13 (FI-3 to be confirmed during due diligence)	
E&S risks indicator:	NA	
Disaster risk indicator:	NA	
Borrower:	*Banco de Inversión y Comercio Exterior S.A. (*BICE)	
Executing Agency:	*Banco de Inversión y Comercio Exterior S.A.* (BICE)	
IDB Loan US$ (and total project/program cost):	IDB (Green Climate Fund - GCF): BICE: Total:	US$100,000,000[1] US$ 60,000,000 US$160,000,000
Associated Policies and Safeguards:	OP-102, OP-703 (B1, B2, B3, B7, B13) – to be confirmed during due diligence	
Operation Description		

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 private investment in RE and EE by making available financing instruments tailored to meet the specific needs of these projects, channeling funds through BICE, a local National Development Bank (NDB) and its network of Financial Intermediaries (FI).

The intended beneficiaries of the Project will be private developers of RE and small-and medium sized companies and industrial end-beneficiaries for 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.

Eligibility will be determined by BICE and the IDB, according to a pre-established set of conditions to be specified in the program's Operating Regulations (OR).

A feasibility analysis has identified significant investment opportunities for each of the following type of project:

[1] Formal approval by the GCF is pending and expected to take place at the nineteenth meeting of the GCF Board, planned currently for February/March 2018

Technology	No. Projects targeted	Average power capacity per plant	Average size of sub-project (USD)
Biogas			
Pig farms	*449*	37.07kW	75,000
Livestock (feedlot)	*20*	194kW	700,000
Agroindustry	*168*	50kW	175,000
Biomass	12	2.5MW	5,000,000
Energy efficiency	598	NA	69,000

For the Energy Efficiency projects, the following six technologies have been identified and prioritized:

- Electric motors
- Solar Water heaters
- Efficient boilers
- Refrigeration systems
- Air conditioning
- Cogeneration

Potential ESHS risks and impacts

As advanced before, the program aims at promoting energy savings and Green House Gas (GHG) emission reductions.

Due to the nature of the investments to be financed under the program and its main beneficiaries, particularly existing small- and medium-sized enterprises, negative environmental and social impacts from the facilities other than from the disposal of old equipment themselves are not foreseen and sub-projects should all be of category "C". It is worth mentioning that the Program will apply an extended exclusion list including all activities excluded from IDB financing and 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. It is also important to note that projects eligible for financing under this program are not greenfield projects: they are EE projects to be implemented in existing industrial or agricultural facilities.

A pre-analysis of potentially eligible technologies and sub-projects, along with the lessons learned from the due diligence done for similar Energy Saving Insurance (ESI) projects in Colombia, Mexico and El Salvador allowed the identification of the following potential negative impacts. Those would be confirmed during the Program preparation phase.

Energy Efficiency projects - 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. Projects do not entail land acquisition or new construction. 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. This inappropriate disposal of replaced equipment is the main potential negative impact identified and should be mitigated with the adoption of a disposal protocol to be integrated in the Program. Replaced equipment will have to be handled in a technically appropriate manner to ensure that its final disposal is undertaken in accordance with all relevant national regulations and with the assistance of national licensed or certified waste management service provider. If for any reason a program beneficiary fails to decommission

and dispose any substituted equipment according to the program's 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.

Biomass projects -– the identified projects are small scale (2.5MW in average) and therefore, the only potential environmental risk which could come from the size of the co-generation project and the proper calibration to the existing on-site agricultural waste is limited. The feasibility study did confirm that small scale projects could not involve external waste supplying as the transport would make the project economically unviable. Nevertheless, specific care must be given to the project procedures for acquisition of additional waste, beyond the facility own waste, in those exceptional cases additional supply is necessary. The objective is to make sure that (i) those cases are exceptional and that the co-generation facility is calibrated to run on its own waste, (ii) nothing else than agricultural waste is used. Specific Environmental and Social (E&S) requirements will be imposed for those few projects in order to mitigate these two identified risks.

Biogas projects – those projects have a lot of positive impacts as – in addition to GHG emissions reduction – they 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 projects must be executed with the appropriate caution to avoid potential risks such as soil and/or water contamination for example. Specific E&S requirements will be imposed for those projects in order to mitigate these two identified risks.

Due to the nature of the investments to be financed under the program (see above) 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.
For the small-scale co-generation projects, a special analysis of (i) the exact nature of the project and (ii) existing local applicable regulations will be done. Specific attention will be given to the sub-projects procedures for agricultural waste sourcing. The objective is to only have Category "C" projects eligible to the program.

Data gaps and due diligence strategy

Consistent with the approach to financial intermediation operations, the Bank will conduct the analysis of the proposed program at two levels; one at the corporate level, specifically BICE's ability to manage and apply the Bank's environmental and social safeguards, identifying the capacity and expertise of areas within the entity to allow safeguards to be applied to projects and investments to be financed with IDB resources. The other level is in the analysis of specific projects or investments. In this case and in coordination with BICE, management tools will be defined to verify the environmental performance and therefore the eligibility of the sub-borrowers and identify the impacts and risks of each type of project to promote the rational use of natural resources for those who request funding.

In any case, during the environmental and social analysis of the program the following topics will be analyzed:
a) Normativity applicable to the project.
b) Institutional capacity of BICE in the management of environmental and social risks.
c) Confirmation of FI-3 categorization.

d) Management procedures to be applied by BICE to assess eligibility and mitigate the potential environmental risks of projects that promote the rational use of natural resources, including due treatment of the disposal of equipment that goes out of circulation.

The results of the analysis of the operation will be summarized in the Environmental and Social Management Report that will define the environmental and social requirements of the program. This set of requirements (E&S Management System or ESMS) will be integrated into the program's OR.

Opportunities for IDB additionality (if relevant)

No opportunities for additionality was identified at this stage.

Table Annex 1: Compliance with IDB policies and safeguards

To be prepared during due diligence.

Other Annexes (if any)

N/A.

INDEX OF SECTOR STUDIES

Studies	Date	References and Links
Feasibility Analysis: Green Financing Program for BICE	March 2017	BICE Feasibility Analysis

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