



Project Summary Information

Project Name	Tierra del Fuego Energy Transition Support Project
Project Number	P000654
AIIB member	Argentina
Sector/Subsector	Energy
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Under Preparation
Objective	To establish wind power generation capacity in Tierra del Fuego Province.
Project Description	<p>The Province of Tierra del Fuego (“the Province”) is an insular territory located in the south of the country. The provincial network is isolated from the national electricity grid SADI (“Sistema Argentino de Interconexión”) and made up of city grids (Rio Grande and Ushuaia), which results in a fragile network requiring specific consideration for green transition. The current energy mix of the Province is made up of 100 percent fossil fuel, specifically natural gas, which is scarce and costly. The current stock of electricity generators in the province is generally obsolete and inefficient and has urgent needs for maintenance and rehabilitation.</p> <p>The Province has rich wind resources and therefore great potential for wind generation. However, to date, no wind energy project has been materialized. Given the disconnected status of local grids, wind farms need to be built together with modernized and more flexible thermal plants, so that both thermal and renewable generations can be duly integrated. By implementing such a plan, the Province can diversify its energy supply mix, improve energy efficiency, reduce gas consumption and achieve its goal of clean energy transition.</p> <p>AIIB will support the construction of a wind park located in Río Grande. The AIIB loan is expected to finance: (1) the procurement, transportation, and installation of eight wind power turbines, with an individual capacity of 4.2 MW for each turbine and a total installed capacity of 33.6MW; (2) the interconnection line to the 33Kv local electric power distribution system (including fiber-optic cable network); (3) project feasibility studies..</p>

Expected Results	The Project will add 33.6MW of wind power capacity. It is expected that 50,856 tCO ₂ e of Greenhouse Gas Emissions (GHG) will be avoided.
Environmental and Social Category	B
Environmental and Social Information	<p>Environment and Social Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including the Environment and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), apply to the Projects. ESS 1 (Environmental and Social Assessment and Management) is triggered for the Project. Based on the potential environmental and social impacts, the Project is assigned Category B.</p> <p>Instruments. An Environmental Impact Assessment (EIA), including social assessments, is under preparation in line with Argentinian regulations and AIIB's ESP requirements. As per AIIB's ESP requirements, the Project includes as environmental and social (E&S) instruments an Environmental and Social Management Plan (ESMP) and a Stakeholder Engagement Plan (SEP) to manage its E&S risks and impacts.</p> <p>Environmental Aspects. The Project is expected to generate direct and indirect adverse impacts on biodiversity during construction, operation, maintenance, and decommissioning, manifested through dust emissions, habitat fragmentation, light spill, noise, solid waste, wastewater, etc. The major impacts include bird and bat collision-related fatalities, noise, and shadow flickering during the operational phase. In addition, the location of operational turbines may represent a barrier to the migratory species. Adverse impacts can also result from associated facilities, particularly overhead transmission lines and access roads. These impacts are assessed and appropriate mitigation measures are included in the ESMP. The spatial context around the project site was also assessed to analyze the potential impacts on avifauna, including one Key Biodiversity Area (KBA), Reserva Costa Atlántica de Tierra del Fuego, within 10 km of the Rio Grande wind farm site and the Transmission Line, and a Biodiversity Risk Assessment and Management Plan will be prepared. In addition, the ESMP includes mitigation measures, such as the birds adaptive management plan named as Adaptation Resource Management Plan (ARM), whose intention is to provide a procedure that involves the collaboration and guidance of specialists to evaluate management measures and control to avoid and minimize avian mortality.</p> <p>Climate Change Risks and Opportunities. The GHG emission avoidance from renewable energy generation will be estimated in the climate risk assessment as part of the ESIA. The Project contributes to Argentina's NDC to reduce GHG emissions and increase the uptake of renewable energy¹. Based on the activity type (wind power generation), AIIB's entire</p>

¹<https://unfccc.int/sites/default/files/NDC/2022-05/Actualizacio%CC%81n%20meta%20de%20emisiones%202030.pdf>

	<p>financing for the Project can be counted as climate mitigation finance². A climate vulnerability assessment will integrate adaptive measures into the project design to mitigate climate risks (floods, storms, etc.).</p> <p>Social Aspects. The land where the Project will be developed is located in an unpopulated area currently owned by the Salesian congregation and that will be leased to the Province on voluntary basis. Therefore, the construction of the Project will not lead to the physical displacement. Economic displacement is also not expected. The construction of the overhead transmission line may lead to limited economic displacement. During the E&S due diligence (ESDD), it was confirmed that no indigenous people land or activities would be affected by the Project.</p> <p>Stakeholder Engagement, Consultation, Information Disclosure and Monitoring. During the SEP preparation, meaningful consultations and stakeholder engagement were conducted with local communities. The English version of E&S instruments (ESMP and SEP) and the Non-Technical Summary (NTS) both in Spanish and English were disclosed online³ and the hard copies will be available in the project area. In addition, the documents are posted on the Bank's website⁴. E&S monitoring reports will be prepared based on agreed format by the Project Implementation Unit (PIU) every six months during construction work and annually after that. The Bank will carry out field-based E&S monitoring missions annually.</p> <p>Community and Occupational Health and Safety, Labor and Employment Conditions. As part of the ESMP, the mitigation of community health and safety risks will be defined in the Occupational Health and Safety Management Plan (OHSMP) to be prepared at the start of the construction and operational phases, including a Worker Influx Management Plan. In addition, the EPC Contractor and O&M provider will prepare a Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) Prevention and Response Action Plan, Human Resources Policy (and related procedures), Retrenchment Plan, and Human Rights Policy.</p> <p>Project Grievance Redress Mechanism. The PIU will establish and operate a project-level Grievance Redress Mechanism (GRM) for the local communities and a project-level GRM for Project workers. The public consultation and disclosure process should disseminate information both in Spanish and English about the project level GRM and the Project-affected People's Mechanism (PPM) of AIIB.</p>
<p>Cost and Financing Plan</p>	<p>Total Project Cost: USD71.5m</p> <p>AIIB loan: USD65m</p>

² According to the joint MDB common principles for climate mitigation finance tracking.

³ <https://www.tierradelfuego.gob.ar/programa-de-apoyo-para-la-transicion-energetica/>

⁴ <https://www.aiib.org/en/projects/details/2023/proposed/Argentina-Tierra-del-Fuego-Energy-Transition-Support-Program.html>

	Government of Argentina: USD6.5m	
Borrower/Investee Company/Counter party/Guaranteed entity	Tierra del Fuego Province	
Guarantor	Republic of Argentina	
Estimated date of loan closing (SBF)/Estimated date of last disbursement (NSBF)/ Estimated Date of first disbursement (Fund)	June 2029	
Contact Points:	AIIB	Borrower
Name	Gabriel Giacobone	Silvia Beatriz Perez
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Date of Concept Decision	04/05/2023	
Date of Appraisal Decision	08/30/2023	
Estimated Date of Financing Approval	September 22, 2023	

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanisms (GRMs) or AIIB Management's processes. Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assistyou/index.html
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