



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 27-Jun-2019 | Report No: PIDISDSA27294



BASIC INFORMATION

A. Basic Project Data

Country Argentina	Project ID P171197	Project Name Matanza-Riachuelo Basin (MRB) Sustainable Development Project Additional Financing	Parent Project ID (if any) P105680
Parent Project Name Matanza-Riachuelo Basin (MRB) Sustainable Development Project	Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 15-Jul-2019	Estimated Board Date 29-Aug-2019
Practice Area (Lead) Environment & Natural Resources	Financing Instrument Investment Project Financing	Borrower(s) Argentine Republic	Implementing Agency Unidad Coordinadora General del Proyecto (UCGP), Ministry of Interior, Public Works and Housing

Proposed Development Objective(s) Parent

The overall development objective of the proposed APL program supports the Government's Integrated Basin Cleanup while simultaneously improving sanitary conditions along the banks of the La Plata River and providing a long-term and cost-effective solution for safe disposal of wastewater from the Buenos Aires Metropolitan Area (AySAs concession area). The two stage APL program that contributes to this objective and the allocation of works and activities under each APL has been specifically designed to ensure that APL-1 can be free-standing, with no stranded assets at the end of the first stage.

The project (APL-1) development objectives contribute to the overall program development objective by (i) improving sewerage services in the M-R River Basin and other parts of the Province and City of Buenos Aires by expanding transport and treatment capacity; (ii) supporting a reduction of industrial discharges to the M-R River, through the provision of industrial conversion grants to small and medium enterprises; (iii) promoting improved decision-making for environmentally-sustainable land use and drainage planning, and piloting urban drainage and land use investments, in the M-R River Basin; and (iv) strengthening ACUMAR's institutional framework for ongoing and sustainable clean-up of the M-R River Basin.

Components

- Sanitation
- Industrial Pollution Abatement
- Environmental Territorial Management
- Institutional Strengthening and Project Management

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PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	332.00
Total Financing	332.00
of which IBRD/IDA	245.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	245.00
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Non-World Bank Group Financing

Counterpart Funding	87.00
Borrower/Recipient	87.00

Environmental Assessment Category

A-Full Assessment

‘Have the Safeguards oversight and clearance function been transferred to the Practice Manager?’ No

Decision

Other Decision (as needed)

B. Introduction and Context

Country Context

Argentina has been engaged in a reform agenda to transform its economy, while confronting the challenge of unwinding macroeconomic imbalances and mitigating the social costs of the transition. In December 2015, the Government of Argentina (GoA) faced the challenge of pervasive macroeconomic imbalances, large microeconomic distortions, and a weakened institutional framework: large fiscal deficits, financial repression, monetization of the deficit, high inflation, and low investment, were accompanied by price controls, large and regressive subsidies, trade restrictions, and the rationing of foreign currency. The Government eliminated foreign exchange controls and moved to a flexible exchange rate regime, put in place an inflation targeting framework for monetary policy, initiated the process of realigning utility prices and reducing subsidies, and improved official statistics. The Government also initiated structural reforms to strengthen the competitiveness of the economy and remove distortions holding back private sector-led growth, including

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reducing export taxes and easing import controls. However, the country remained vulnerable to market sentiment and changes in global financial conditions.

Despite the reforms put in place by the GoA, the tightening of global financial conditions in the first part of 2018 brought to the fore Argentina's underlying vulnerabilities. Continued macroeconomic imbalances, with a primary deficit of 4.2 percent of GDP and inflation of 24.8 percent at end-2017, combined with high external financing needs given a current account deficit of 4.7 percent of GDP in 2017, made Argentina vulnerable to global financial turmoil. Accordingly, Argentina's financial markets came under sudden pressure in April 2018, with a large depreciation of the peso and a rise in the sovereign risk premium. The severe drought's impact on agricultural production and exports, together with a tightening of global financial conditions (U.S. dollar appreciation and an upward shift in U.S. interest rates) and a heightened increase in the perceived riskiness of the more vulnerable emerging markets were the initial drivers behind this turmoil. Events prompted the Government to seek IMF financial support in May 2018.

The Government reached an agreement with the IMF for a Stand-by Arrangement (SBA) of \$50B in June 2018, expanded to \$56.3B in October 2018 based on a frontloading of disbursements from 2020-2021 to 2018-2019 and a strengthened set of economic policies. The revised SBA included: (i) the acceleration of fiscal consolidation to achieve a primary balance in 2019 and a primary surplus in 2020; and (ii) the shifting from inflation targeting to a tight targeting of the monetary base and a commitment to a floating exchange rate within a wide nonintervention zone. Nominal volatility has subdued since the implementation of the revised SBA program. However, following a new round of financial volatility in early-2019, the IMF agreed with the government to allow for discretionary interventions in exchange-rate markets. The announcement of the new monetary policy framework further helped the Central Bank to stabilize the Peso, which reached in early-July 2019 a similar level as in October 2018, when the revised SBA was implemented.

The GoA is committed to address the key macroeconomic imbalances with the objective of creating an environment conducive to economic growth and employment creation. Going forward, Argentina aims to continue building a growth enabling policy framework to enhance credibility and support broad based growth and quality employment. In particular, the following policies will be important to permanently reduce inflation and put Argentina on a sustainable growth path: (a) increase public spending efficiency as well as its efficacy and reduce the fiscal deficit in line with SBA targets; (b) continue fostering the credibility of the Central Bank so that monetary policy can further anchor inflation expectations; (c) strengthen competitiveness and productivity through an improved business environment and investments in infrastructure and increasing competition in markets and improving the regulatory framework in sectors; (d) continue strengthening the credibility of official statistics; (e) continue improving the provision of public goods (including transportation, health, and education) and reducing regional disparities; and (f) expand and prioritize well targeted social assistance programs.

Sectoral and Institutional Context

The Matanza-Riachuelo (M-R), a tributary of the Rio de la Plata (La Plata River), has been considered as the most contaminated river basin in Argentina and the most visible environmental issue in the country. Over the past hundred years, the M-R River Basin has been used as an open sewer for the entire city of Buenos Aires and other adjacent municipalities. Pollution levels have increased steadily with urbanization in the metropolitan area of Buenos Aires and accompanying industrial growth within the basin.



The basin is home to Argentina’s largest concentrations of urban poor, with about 1.7¹ million of its 4.5 million inhabitants below poverty line, representing about 38 percent of the total population of the basin. According to the 2010 Census, about 880,000 people (19 percent of the basin’s population) reside in informal settlements, often in flood-prone areas and/or near open garbage dumps with access to deficient basic services

The acute environmental and social degradation of the M-R River Basin was a result of limited public infrastructure investment, poor environmental management, and lack of adequate urban and industrial planning. This situation had created serious health risks, especially for the highly vulnerable social groups who have demanded government action to address these deteriorating conditions.

C. Proposed Development Objective(s)

Original PDO

The PDO as stated in the Loan Agreement (LoA) of the MRB Sustainable Development Project, IBRD 7706-AR, is to: “(a) improve sewerage services in the M-R River Basin, and other parts of the PBA [Province of Buenos Aires] and the CBA [City of Buenos Aires] by expanding transport and treatment capacity; (b) support a reduction of industrial discharges to the M-R River, through the provision of CRI [Industrial Conversion Agreements by its initials in Spanish Convenio de Reconversión Industrial] Grants; (c) promote improved decision-making for environmentally-sustainable land use and drainage planning, and to pilot urban drainage and land use investments, in the M-R River Basin; and (d) strengthen ACUMAR's institutional framework for the ongoing and sustainable clean-up of the M-R River Basin.”²

Current PDO

The PDO as stated in the Loan Agreement (LoA) of the MRB Sustainable Development Project, IBRD 7706-AR, is to: “(a) improve sewerage services in the M-R River Basin, and other parts of the PBA [Province of Buenos Aires] and the CBA [City of Buenos Aires] by expanding transport and treatment capacity; (b) support a reduction of industrial discharges to the M-R River, through the provision of CRI [Industrial Conversion Agreements by its initials in Spanish Convenio de Reconversión Industrial] Grants; (c) promote improved decision-making for environmentally-sustainable land use and drainage planning, and to pilot urban drainage and land use investments, in the M-R River Basin; and (d) strengthen ACUMAR's institutional framework for the ongoing and sustainable clean-up of the M-R River Basin.”

Key Results

- Annual discharge of sewage adequately treated from the Riachuelo System (Left Margin Collector, Dock Sud Pretreatment Plant and Riachuelo Outfall) (Cubic meters/year)
- Volume (mass) of COD pollution load reduction achieved under the project (Tones/year)
- Number of enterprises in the matching grants program that have reduced their discharge loads according to their PRIs (Number)
- Development of a Flood Contingency and Emergency Response Plan for the Basin

¹ Using Unmet basic needs as proxy.

² It should be noted that the datasheet includes the Program and Project Development Objectives statements from the Project Appraisal Document (PAD), which is different from the PDO used in the LoA. As this Project Paper does not include a restructuring and tries to reconcile the differences, the PDO statement in this paragraph is the one used in the LoA.



- ACUMAR is fully staffed against its new organigram, operates with its own operating budget and is fully able to fulfill the functions vested in it by law.

D. Project Description

The Matanza Riachuelo Basin (MRB) Sustainable Development Project (parent project) supports the government's efforts to implement its MRB Integrated Cleanup Plan (Plan Integral de Saneamiento de la Cuenca Matanza-Riachuelo, PISA), which aims to improve water quality of the basin in the long term.

The project supports four components: (a) Sanitation, to support the expansion of transport and treatment capacity of sewerage services in the MRB and other parts of the Province and City of Buenos Aires; (b) Industrial Pollution Abatement, to reduce industrial discharges to the MRB; (c) Environmental Territorial Management, to improve decision-making for environmentally sustainable territory management in the MRB; and (d) Institutional Strengthening and Project Management, to strengthen institutional capacity of the MRB Authority (Autoridad de Cuenca Matanza Riachuelo, ACUMAR) for effective implementation of PISA and support project management activities.

The proposed AF will help the project to mobilize additional US\$332 million, US\$322 million for Component 1 and US\$10 million for Component 3, to finance ongoing and planned activities under the original loan. This financing gap was caused by (a) cost increases for works contracts under Component 1; and (b) budget constraints of the GoA for provision of counterpart financing. Without this AF, it is expected that the loan proceeds allocated to finance the works contracts under Component 1 will be fully disbursed before the end of calendar year 2019, bringing the total disbursement of the original loan to about 96 percent.

All activities under Component 1 and component 3 will be eligible for financing under the Additional Financing. For Component 1, the proposed AF will focus on the completion of three ongoing works contracts and two ongoing supervision contracts: (a) Left Bank Collector, (b) Riachuelo Outfall; (c) Sludge Treatment Plant of the Sudoeste WWTP; and (d) supervision contracts for (a) and (b). For Component 3, the proposed AF will focus on subcomponents on *Institutional Development for Flood Control* and *Investments in Basic Infrastructure to Support Territorial Development*.

E. Implementation

Institutional and Implementation Arrangements

The project coordinating unit (UCGP) under the Ministry of Interior, Public Works and Housing (MIOPV) remains as the implementing agency of the Matanza Riachuelo Sustainable Development Project and the proposed AF.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project's area of influence (direct and indirect) is quite large. The project's area of influence involves the following (often overlapping) areas: (i) the entire Matanza-Riachuelo (M-R) Basin; (ii) the entire concession area of the water and sanitation utility of the Metropolitan Area of Buenos Aires (AySA); (iii) the reaches of the Lujan River, from the mouth of the Reconquista River to its confluence with the La Plata River; (iv) the reaches of the La Plata River between the coast and the outer limit of the so-called "Parana de las Palmas Flow Corridor"; (v) the coastal section of the La Plata River in the Dock Sud zone; and (vi) the discharge area to the La Plata River from the diffusion trench of the



Riachuelo Outfall (approximately from 10.5 to 12.00 kilometers from the river coastal zone in Dock Sud), and its mix and dilution plume.

Key considerations relating to the physical location and characteristics of the project area include the large number of poor and vulnerable communities that live in close proximity to the MRB and who are most exposed to the uncontrolled and untreated discharges; the specific water quality characteristics of the MRB and the La Plata River; and the international riparian issues relating to the La Plata River.

G. Environmental and Social Safeguards Specialists on the Team

Santiago Scialabba, Social Specialist
Leanne Farrell, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The AF will cover a financing gap of the project by supporting ongoing works and activities already foreseen and started under components 1 and 3. Therefore, the safeguard profile of the project after the AF remains the same: there is no change in Safeguards Policies triggered, there is no change in the Environmental Assessment (EA) Category, and there is no change in Safeguards Oversight (which is retained at the ESSA office).</p> <p>The project is classified as Category A according to World Bank Environmental Assessment OP/ BP 4.01 mainly based upon the large-scale sanitation civil works investments under component 1, for which potential environmental and social impacts are expected, both positive and negative, some of them significant, although adverse ones are not considered irreversible or non-mitigable. Works to be carried out under components 2 and 3 are expected to have impacts that are mostly positive and where adverse impacts may occur they are not assessed to be significant and expected to be temporary, local in nature, and able to be addressed with known mitigation measures. (Note 1: details on potential impacts associated with the project are presented below, in Section II - Key Safeguard Policy Issues and Their Management). Activities under component 4 such as institutional development and capacity building are not likely to generate adverse impacts. In fact, they are</p>

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designed to enhance the positive outcomes, long-term benefits and sustainability of the project.

EAs have been prepared for the project at two levels of analysis. At the overall project and river basin level, an Integrated EA (IEA) has been prepared that describes the regional environmental issues facing the MRB, the baseline environmental situation, the applicable legal and institutional framework guiding the management of the basin, the principal management strategies considered, and alternatives evaluated for different basin management approaches. In addition, the IEA provides a comprehensive description of the overall project components, their main environmental risks and benefits, and the measures to be employed during project implementation to ensure management of adverse environmental risks.

Complementarily to the IEA, and given that different works and interventions, with different levels of definition, in different areas of the MRB were envisioned under the project, specific EA instruments have been developed for each one of them in accordance with the World Bank's Environmental and Social Safeguards Policies.

(a) Component 1 (Sanitation): A seven-volume Environmental Impact Assessment (EIA) describes AySA's strategic corporate vision, the Integrated Plan developed for its concession area, baseline environmental conditions in the project's area of influence, and the applicable legal and institutional framework guiding AySA'S sanitation works. The EIA report from AySA considers realistic alternatives to each proposed work and values them in the context of AySA's medium-term investment plan ("Plan Director"). A comprehensive Environmental and Social Management Plan (ESMP) has been developed, spelling out institutional responsibilities for implementation of mitigation actions as well as supervision and monitoring of compliance with agreed mitigation measures. For example, all construction contractors are required to follow site-specific management plans agreed on and incorporated into all construction contracts. At the site-specific level, a detailed EIA report was prepared for each of the major civil works -agreed at appraisal of the original loan- that are being constructed under the project. After the "Decentralized Alternative" was approved by the Bank in 2011, AySA prepared an EIA for the investment in sanitation infrastructure prioritized by the GoA as part of such alternative: the sludge treatment plant (module) in the Sudoeste Wastewater Treatment Plant site (SW-STP). The SW-STP's EIA establishes detailed environmental baseline conditions; identify and assess potential environmental adverse impacts and risks based on the type and scope of physical interventions and site characteristics, as well as expected benefits; design appropriate mitigation, management, and monitoring measures; and present an



Environmental Management Plan (EMP) for the proper management of works during construction and operation stages.

(b) Component 2 (Industrial Pollution Abatement) and Component 3 (Territorial Management): Because most of the specific works investments to be made under these components were not identified by the time of the project's appraisal, it was not possible to ascertain with absolute certainty the nature or extent of the associated risks. Thus, for each one of these components an Environmental and Social Management Framework (ESMF) was developed. The ESMFs describe, among other issues (i) the eligibility criteria for works to be funded under the project; and, (ii) procedures for screening and scoping potential issues for all proposed investments and, where appropriate, developing management instruments and /or mitigation measures. Both ESMFs have been reviewed and improved as necessary by the time of the first project restructuring in 2015, according to the definitions reached for these components. In particular, a Tanneries Industrial Park (TIP) and an Industrial Waste Water Treatment Plant (IWWTP) were included under component 2. After the screening criteria, the proposed TIP and IWWTP resulted in an Environmental and Social Impact Evaluation (ESIA) with its corresponding Environmental and Social Management Plan; this instrument was given the Bank's No Objection on September 2015 and was published on October 2015.

An updated screening procedure for component 3 was cleared by the Bank in December 2015; the only adjustment incorporated was a clarification on the potential investments in basic infrastructure to improve urban infrastructure in low-income urban areas -drainage, water and sanitation- (for example, the adjusted screening procedure clearly stated that they included household connections to existing sewage networks). Complementarily, the UCGP developed General Technical Specifications on Socio and Environmental Management for Water and Sanitations Woks, which were cleared by the Bank in June 2015, to be incorporated in the bidding documents of the investments in basic water and sanitation infrastructure under component 3. Application of the ESMF of component 3 resulted in the establishment of general and project-specific environmental and social technical specifications for the three defined interventions in basic infrastructure in low-income areas (Villa 21/24 in the City of Buenos Aires, and low-income neighborhoods in the municipalities of Cañuelas and Marcos Paz).

From the starting of the different works under each component, the safeguards aspects are being managed through the implementation of the subprojects-specific environmental and social management plans (ESMPs). As it is further explained in Section II below, the ESMPs were (in



the case of the finalized works in Cañuelas) and are being implemented in a satisfactory manner to the Bank.

As part of the project preparation process, extensive stakeholder consultation has been undertaken using formal as well as informal methodologies. The project EIAs have been made available through the MRB Authority (ACUMAR) and AySA websites as well as through the Bank's Infoshop (now, World Bank external Website). Information on the project has been made publicly available through public disclosure events and workshops. Informal focus group discussions have been conducted with NGOs, local governments, affected people and beneficiaries at various points during preparation and appraisal. The consultation process for the different components and investments continued during project implementation. (Note 2: details on the consultation process as well as social assessments associated with the project are presented below, in Section II - Key Safeguard Policy Issues and Their Management).

Works under the project and their implementation status are as follows:

Component 1: Sanitation

1. The Left Bank Collector of the MR River (Lot 1) has a contract execution rate of 50.3%. The Tunnel Bore Machine (TBM) for Section 2 of Lot 1 started operation in June 2018. A total of 2422 meters of constructed tunnel has been certified. Complementary works are progressing as scheduled. The TBM for the Baja Costanera Bypass Collector (Section 3 of Lot 1) is expected to resume operations in late June 2019.
2. The contract execution rate of Subaquatic Outfall (Lot 3) is 55% with 6.5 km of constructed tunnel certified. The TBM for this outfall has maintained normal operation since October 2017.
3. The Sludge Treatment Plant contract for the AySA's Sudoeste Wastewater Treatment Plant has completed 87% of its civil works and 39% of its electromechanical works.

Component 2: Industrial Pollution Abatement

1. The bid opening for the Industrial Wastewater Treatment Plant was held in March 2019. Bid evaluation is in process.
2. The contracts for the construction of the Tannery Industrial Park and the joint supervision of the Tannery Industrial Park and the associated Industrial Wastewater Treatment Plant started in October 2018. The contract execution rate for the construction of the Industrial Park is 4.3%.

Component 3: Environmental Territorial Management

1. Works for the expansion of the water supply system in Cañuelas were completed in April 2017.



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		<p>2. Works for the improvement of water, sanitation and drainage infrastructure in Villa 21-24 have a contract execution rate of 47% as of June 2019.</p> <p>3. Works for the expansion of the water supply and sanitation in Marcos Paz have a contract execution rate of 94% as of June 2019.</p>
Performance Standards for Private Sector Activities OP/BP 4.03	No	The project does not support any Private Sector Activity as defined in the policy. Then, the policy is not triggered.
Natural Habitats OP/BP 4.04	Yes	Within the project’s area of influence there are five known terrestrial ecological reserves and no existing aquatic reserves. Based on studies conducted by the GEF funded project “Proyecto de Protección Ambiental del Rio de la Plata y su Frente Maritimo” (commonly known as FREPLATA), priority areas for protection of aquatic biodiversity have been identified but these areas are far from the immediate impact zone and not likely to be affected by the project. Given that the project aims to contribute to the significant improvement of water quality conditions in the MRB and in the coastal areas of the Rio de la Plata, it is expected to have significant positive impacts on the natural riverine habitats found in the project area. An area of the receiving waters in La Plata River will be degraded as a result of the discharge from the wastewater treatment plant via the outfall. Models developed for the outfalls indicate, however, that the discharge plume is expected to be fully contained within a relatively small area of the receiving waters. The pollution is not expected to affect downstream coastal areas designated as conservation areas.
Forests OP/BP 4.36	No	This policy is not triggered since the project will affect neither forests nor forest-dependent communities, nor will it involve changes in the management of forests.
Pest Management OP 4.09	No	The project will not procure nor will it lead to increased use of pesticides. Therefore, no action is required under this policy.
Physical Cultural Resources OP/BP 4.11	Yes	Preliminary site evaluations for proposed civil works construction do not show any evidence of cultural property that would require mitigation or management measures. However, since many of the proposed works entail excavations and soil movement, a potential exists for the accidental discovery of physical cultural resources. Thus, the policy is triggered. The necessary mitigation measures have been considered within OP/BP 4.01 and the specific EA instruments - e.g., ESMPs with “chance finds” procedures; all construction contracts include a chance finds clause that require contractors to halt construction if any underground cultural property sites are encountered during construction. Site specific management plans for any cultural property identified by chance finds procedures will be developed before construction can start up again.
Indigenous Peoples OP/BP 4.10	No	Indigenous peoples, as defined in the policy, have not been identified in the project area. Therefore, this policy is not triggered.



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Involuntary Resettlement OP/BP 4.12	Yes	<p>Specific resettlement impacts covered by the policy were not identified by the time of project preparation. However, a Resettlement Policy Framework (RPF) was prepared for the project given that: a) works under component 1 are of high complexity (both in terms of technical and location aspects); and, b) civil works involved in potential sub-projects under component 2 and 3 (but mainly in connection with sanitation and flood risk management) may affect a small number of houses in low-income areas or even informal settlements, or potentially restrict the use of private land. Among other things, the RPF spells out eligibility criteria, forms of compensation, and dispute resolution mechanisms that are available to potentially affected people and specific guidance to prepare Resettlement Action Plans prior to the start of the works, if such works involves impacts covered by the policy. The RPF was reviewed by the Bank team by the time of the first restructuring (2015) and considered appropriate. As the proposed AF will support ongoing works and activities already foreseen and started under the original loan, there is no change to the RPF prepared for the project. Risks associated to OP 4.12 related impacts, linked to some projected complementary road works under the project’s Lot 3 contract, are being managed according to the RPF. An Abbreviated Resettlement Action Plan was prepared to mitigate any potential impact that the secondary road works related to the Riachuelo Treatment Plant may cause on three identified households and a firm (see Section II – Key Safeguard Issues and Their Management for details).</p>
Safety of Dams OP/BP 4.37	No	<p>The project will not support the construction or rehabilitation of dams nor will it support other investments which rely on the performance of existing dams. Therefore, the policy is not triggered.</p>
Projects on International Waterways OP/BP 7.50	Yes	<p>Since the sub-aquatic outfall (the Riachuelo Outfall at Dock-Sud) will discharge to the Rio de la Plata, a bi-national waterway shared with Uruguay, OP 7.50 is triggered. Notification to Uruguay has been made through the bi-national “Comision Administradora del Rio de la Plata” (CARP). On Aug 13, 2001, Argentina’s then Ministry of Infrastructure and Housing submitted a request to CARP to authorize construction of an outfall at Dock Sud. CARP replied on May 23, 2002, that it had “no objections” to the works, as long as several conditions were met (analysis of possible algae blooms in the diffuser area, establishment of an environmental monitoring & control program, determination of the types of wastewater that would be discharged and definition of pre-treatment standards for industries, etc.). On Sept 11, 2008, AySA, through the then Sub-secretariat of Water Resources in the Ministry of Planning, Public Works and Services presented an updated submission to CARP. Subsequently, on January 28, 2009, Argentine representatives gave a presentation of the project before CARP and answered questions from Uruguayan</p>



		representatives. After that, the Argentine government received a reply from CARP, which did not express an objection to the proposed project
Projects in Disputed Areas OP/BP 7.60	No	The policy is not triggered because the project will not be implemented in areas known to involve disputed areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed AF will cover financing gap for ongoing and planned activities under Components 1 and 3 of the project. For Component 1, the proposed AF will focus on the completion of three ongoing works contracts and two ongoing supervision contracts: (a) Left Bank Collector, (b) Riachuelo Outfall; (c) Sludge Treatment Plant of the Sudoeste WWTP; and (d) supervision contracts for (a) and (b). For Component 3, the proposed AF will support (a) development and implementation of Strategic Environmental Plan; (b) feasibility studies of critical macro-drainage investments; (c) establishment of an integrated flood early warning system; (d) additional investments in household connections to the water and sanitation infrastructure for low-income households and communities. As the AF loan will support ongoing and planned activities under the project, AF will not change safeguard issues and potential impacts of the project. As such, the project maintains an environmental risk Category A after the AF.

Overall, the environmental benefits of the project are expected to outweigh the environmental costs of the project. Its expected benefits include: (a) improved quality of life for MRB inhabitants; (b) improved sewerage and drainage services in the MRB and other parts of the City and the Province of Buenos Aires by enhancing and expanding the coverage of the sewerage network, especially in poor and marginalized areas; (c) improved environmental quality of rivers and tributaries crossing the urban area through investments in industrial pollution control and management; and (d) improved urban living conditions associated with territorial development and flood risk management in the MRB. The project poses potential environmental risks during both the construction and operation phases. A summary of all potential environmental impacts, risks, mitigation and management measures is presented in Annex 10 of the project's PAD. During the construction phase, the main environmental risks and potential adverse impacts are related to the large-scale, complex civil works to be carried out under component 1 (Sanitation). These risks and potential adverse impacts include dust and noise emission; handling and disposal of hazardous materials at construction sites; potential of erosion and sedimentation near sensitive water bodies; handling and disposal of excavation materials from underground works; large amounts of soil movement; local disruption of traffic flows; and occupational health and safety issues. During construction there will also be risks associated with the re-suspension of river sediments during potential (although not envisioned) dredging operations. None of the adverse potential impacts have been assessed as irreversible or non-mitigable.

Works under component 1 do not anticipate any significant negative impact on physical cultural resources; however, the ESMPs include (and, accordingly, related contracts include) procedures and requirements associated to chance find management.

During the operational phase, potential environmental risks will include those associated with the increased contamination of the Rio de la Plata due to the operation of the sub-aquatic outfall; nuisance noise and odor associated with the wastewater treatment plant operations (although it will be located in the Dock Sud zone, in an isolated area quite far from the closest houses and urbanization); and disposal of the solid wastes generated by such treatment plant.

Environmental risks associated with components 2 (Industrial Pollution Abatement) and 3 (Environmental Territorial Management) are, by their nature, much less significant. Adverse impacts will mostly associate with small- and medium-

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scale construction of civil works. Such impacts are mainly noises; vibration; exhaust emissions from machinery; dust emission and dispersion from excavation activities; disruptions in normal urban movement (traffic and pedestrian); and safety issues. None of these potential impacts is anticipated to be significant.

During preparation, it was identified that some civil works involved in certain sub-projects may affect a small number of houses in informal settlements, or potentially restrict the use of private land. As the exact scale and zone of influence of such impacts (if any) were not identified, a Resettlement Policy Framework (RPF) was prepared. Among other things, the RPF spells out eligibility criteria, forms of compensation, and dispute resolution mechanisms that will be available to potentially affected people and specific guidance to prepare Resettlement Action Plans prior to the start of the works, if such works involves impacts covered by the policy.

Foreseen works and complementary interventions in components 2 and 3 do not anticipate any significant negative impact on physical cultural resources. However, any environmental analyses, as part of the corresponding ESMFs, specifically includes consideration of physical cultural resources. All sub-projects' ESMP and related construction contracts will include procedures and requirements related to chance find management. Some of the identified potential impacts of project activities are of a social nature. For the works contracts, temporary social impacts expected during the construction phase include restriction of access to some public areas, increased transit of trucks to the trenches and collector sites etc. For large works under component 1, the proposed construction methods - mainly pipe jacking and tunneling - have been explicitly designed to avoid potential resettlement issues and minimize such social impacts. In addition, pipe routes have been selected to be located in public areas and will not impact private property.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

As mentioned above, the long-term environmental impacts of the project are expected to be positive. There would be some adverse but limited impacts associated with the operation of the treatment plant and subsequent discharges into the La Plata River. The pollution loads are expected to affect a relatively small area of the La Plata River, which has very high dilution factors. As the project's area of influence is under intense urbanization and industrial development, the long-term success of the project will be determined, to a certain extent, by how successful governments will be able to control future growth and industrialization in highest risk areas and to regulate pollution from existing and future industries.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

A variety of technical alternatives were considered for the sanitation component (Component 1). These included the level of wastewater treatment, the length of the proposed outfall, and the location of the wastewater treatment plant. A summary of the description of the alternatives and the reasons for rejection of those that were not selected is presented in Annex 12 of the PAD.

In addition, during the negotiations of the original loan, the Government and the World Bank agreed that prior to the construction of the proposed right bank collector (CMD), the Government would carry out a prefeasibility study of alternatives through the water and sanitation utility of the Metropolitan Area of Buenos Aires (AySA). The prefeasibility study was carried out in 2010 and, instead of the construction of the CMD, recommended the alternative of advanced secondary treatment in four wastewater treatment plants from which effluents will be discharged into the M-R River to meet the water quality standards set by ACUMAR ("Decentralized Alternative"). An Expert Panel convened by the Bank reviewed the Prefeasibility Study of this alternative and agreed that the decentralized alternative was acceptable to the Bank.

One important technical issue of the project is the choice of a preliminary wastewater treatment plant coupled with the discharge of treated effluents into the La Plata River through a long subaquatic outfall. The decision to choose a lower over a higher level of wastewater treatment was questioned at stakeholder meetings but was deemed as a meaningful strategy because such treated effluents will be further processed by high oxygenation capacity of the La Plata River. The option of having a higher level of treatment (secondary) and a shorter outfall would not be fully justifiable (or



sustainable) as it would be significantly more expensive and probably unaffordable both in terms of its capital investment as well as its operation and maintenance costs. Furthermore, the final result of the secondary wastewater treatment option is equivalent, in terms of risks to humans and to the environment, to the selected preliminary wastewater treatment design. These conclusions are partially based on the findings of mathematical modeling of the impacts of the various alternatives on water quality of the La Plata River, and are consistent with the recommendation of the World Health Organization (WHO) that, from the public health standpoint of human exposure to wastewater, additional wastewater treatment beyond preliminary does not reduce health risks. That is to say, the health risk associated with a system comprised of preliminary treatment followed by an effective outfall is at the same level as that from a system comprised of secondary treatment followed by an effective outfall. The risk referred in the WHO report is related to human exposure through bathing, which is not exactly the potential risk related to the discharge of preliminarily treated wastewater into the La Plata River. However, as the main risk of effluent discharge is imposed by pathogenic organisms, the exposure risk measure of WHO serves as a reasonable proxy for this project.

For the industrial pollution component (Component 2), two alternatives were considered: (a) a high level of treatment of all industrial wastes and discharge of the effluents, except those which contain toxic matters, to the M-R river, and (b) a lower level of treatment of all industrial wastes and discharge of the effluents, except those which contain toxic matters, to the municipal sewerage network for further processing together with domestic wastewater. Alternative (a) was rejected since it was found, through mathematical modeling, that even after a high level of treatment, the discharge of industrial effluents to the M-R River will still render it anaerobic. Alternative (b), however, will be able to help achieve aerobic conditions of the river and recover its water quality. Based on this analysis, the GoA prioritized under the first project restructuring in 2015 the construction of an Industrial Wastewater Treatment Plant in the Lanus Municipality (as part of component 2) that will enable treatment of 78 percent of tannery effluent in the basin. The IWWTP will allow a proper treatment of the effluents with toxic matter as well as of the effluents with organic matter, which will be further processed with domestic wastewater.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The environmental risks, impacts, and benefits of the project have been analyzed at two different levels using two closely related environmental assessment approaches. The environmental impacts (both positive and negative) have been assessed through: (a) a detailed 7 volume EIA conducted for specific works proposed under Component 1; and, (b) separate Environmental and Social Management Frameworks (ESMFs) prepared for activities to be carried out under component 2 - Industrial Pollution Abatement and component 3 – Environmental Territorial Management. In addition to the site-specific EIA and the EMFs, an Integrated Environmental Assessment (IEA) has been prepared which serves two purposes: first, it summarizes the main findings of the more detailed EIA reports; second, the IEA presents the overall regional context and strategic goals for the long-term recovery and management of the MRB in its entirety.

The seven-volume EIA of component 1 was prepared under the general direction of the AySA Environmental Management Unit using independent environmental engineering consultants for key aspects of the analysis. These assessments, which were coordinated with associated modeling and other technical evaluations, have confirmed the overall environmental viability of the project activities. The EIA provides a thorough assessment of the project's potential environmental impact during the construction and operational stages for the project's main civil works. The EIA for component 1 includes specific volumes on the general conditions and background of the project; a description of AySA's corporate Master Plan (Plan Director); the proposed Riachuelo preliminary treatment plant; the pumping stations; the Riachuelo sub-aquatic outfall; as well as the Left Bank Collector. In addition, each site-specific EIA includes baseline data, legal and institutional capacity assessments, an Environmental and Social Management Plan and site-specific management measures. The Integrated Environmental Assessment was prepared under the overall guidance of ACUMAR and corresponds to a regional, basin-wide assessment of environmental risks and benefits. The IEA describes the baseline conditions of the MRB, the legal and institutional setting and the strategic challenges and options that underpin the choice of the specific project components and investment activities. This IEA was used to evaluate the regional strategic objectives of the project (including infrastructure works that belong to the PISA but that will not be financed through the project) and to provide a clear rationale for the project components that respond to



these objectives. The IEA also describes the structure of the project as a whole, including a detailed description of the environmental risks and benefits of the three project components and the institutional arrangements for implementing the Environmental Management Plan (EMP) for the project.

At the site-specific level, a detailed EIA report was prepared for each of the major civil works under component 1, including those corresponding to the decentralized alternative prioritized by the GoA. Components 2 and 3 have been managed through the application of their corresponding ESMFs. It resulted in an ESIA for the TIP and the IWWTP and the establishment of general and project-specific environmental and social specifications to the three defined interventions in basic infrastructure in low-income areas (Villa 21/24 in the City of Buenos Aires, and low-income neighborhoods in the municipalities of Cañuelas and Marcos Paz).

From the starting of the different works under each component, the safeguards aspects are being managed through the implementation of the subprojects-specific environmental and social management plans (ESMPs). The UCGP has systematically submitted (at least once every six months) advance reports on the implementation of the ESMPs of the works under execution, as well as of the AySA's Social Management Plan, in a satisfactory manner to the Bank. Also, systematic monitoring meetings, some of them specifically convened to discuss safeguard issues, and frequent supervision visits to works sites confirm that the social and environmental management of all subprojects have been so far implemented and monitored in full compliance with safeguards instruments. The ESMPs were (in the case of the finalized works in Cañuelas) and are being implemented in a satisfactory manner to the Bank.

ESMPs included Occupational Health and Safety (OHS) programs, which, then, has been implemented as part of the plans. Also, Argentinian applicable legislation on OHS requires a stand-alone OHS Plan in place, under the responsibility of a professional and the supervision of an Insurance Occupational Risks firm. As explained above, the Bank team performs a close supervision of OHS aspects, as part of the systematic review of advance reports on ESMPs, the periodic monitoring meetings, and the frequent visits to works sites. Despite the size and technical complexities of the project, there had not been severe OHS issues or accidents, or other significant adverse social or environmental events. The project has recently incorporated the new Bank requirement on reporting and management of incidents (Environmental and Social Incident Response Toolkit (ESIRT)), which was formally reflected in the third restructuring (approved by the Bank on April 29, 2019). So far, the project had one serious OHS incident, which has been handled by following ESIRT requirements. The AF will sustain all safeguards requirements of the project and will require the Borrower to timely report any incident to the Bank.

Social Assessment Process. Given the complexity of the project, two complementary social assessments (SAs) were prepared for ACUMAR and AySA during project preparation. ACUMAR's social assessment was a basin-wide study, describing the social base line conditions of the MRB; identifying stakeholder perceptions, positions, and influence on the project; highlighting the existing communication channels; pinpointing the overall social impacts; and assessing various social risks of the project. AySA's social assessment, on the other hand, explored the opinion of stakeholders about the proposed infrastructure works to be carried out by the company.

Both SAs were developed based on available project information and consultations with relevant stakeholders. The SA teams carried out a total of 45 meetings with stakeholders including representatives of community organizations, NGOs, the industrial sector, provincial and municipal officials, professional associations and members of academia. Stakeholders also participated in workshops, including those for the presentation of the TOR's for the EIAs and the draft EIAs themselves.

Based on the review of the Social Assessment carried out during the project preparation, AySA prepared an updated and improved Social Management Plan that comprises four components: i) Social participation; ii) Stakeholder Analysis; iii) Communication; and, iv) Independent Monitoring. The new AySA Social Management Plan received the Bank No Objection in January 2015. All environmental and social instruments are published in the AySA Website, as well as all the reports associated to the different social communication activities. Also, AySA systematically submit to the Bank, twice a year, the advance reports on the implementation of its Social Management Plan. Complementarily, ACUMAR launched its Strategic Communication Plan in 2015, which established the guidelines for improved (in terms of transparency, responsiveness and openness) interaction with and communication to the public. It has been implemented



through an updated and upgraded Website, developed in modules and finalized in 2018, that includes, among other aspects, Open Data and a functional Grievance Response Mechanism (GRM).

During project implementation, risks associated to OP 4.12 related impacts, linked to some projected complementary road works under the contract of Lot 3 appeared and managed according to the RPF. Specifically, an Abbreviated Resettlement Action Plan (ARAP) was finalized in July 2019 to mitigate the impacts of an access road on three households and a firm. The ARAP includes compensatory measures for the affected households and the firm. The ARAP has been disclosed accordingly.

The Borrower's capacity to implement and achieve a successful environmental and social management as required for the project has been considerably improving during project implementation. While, at the beginning, ACUMAR has some staff with very strong environmental and water resource management credentials, it did not have a stand-alone unit responsible for safeguards tasks under the project. A subcomponent under component 4 was specifically designed to support any key activities identified in ACUMAR's institutional strengthening plan and proved to be vital in the creation of needed capacities. Within AySA, standalone environmental and social units with staff appointed to carry out a variety of corporate environmental functions existed at the time of project preparation. These units had already quite strong capacity with respect to project preparation tasks. Further, AySA has further strengthened its team with a full range of skills necessary to carry out all the tasks related to project implementation.

The project is in full compliance with its environmental and social safeguards instruments. Compliance with the safeguards policies has been systematically rated Satisfactory throughout project implementation to date. Several field visits to works sites and meetings to specifically discuss on safeguards issues take place systematically. Counterpart teams at UCGP, ACUMAR and AySA with the support of independent supervision firms) have demonstrated to have appropriate capacity to carry out the environmental management of the works, including Occupational Health and Safety aspects, in accordance with the safeguard instruments established for the project.

Social performance of this project is also Satisfactory. The different institutional social teams involved in the project (AYSA's social communication and community action team, ACUMAR's Social Participation Team, the City of Buenos Aires Housing Institute, etc.) have been able to work together to handle potential complex social situations, diminish or avoid conflicts and promote community participation related to project's works. All environmental permits are up to date. The UCGP systematically submit (at least once every six months) advance reports on the implementation of the AySA's Social Management Plan, in a satisfactory manner to the Bank.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

As part of the project preparation process, stakeholder consultation and information disclosure has been carried out using formal as well as informal methodologies. Information on the project and its components has been made publically available through stakeholder consultation and workshops. Informal focus groups discussions have been conducted with NGOs, local government, affected people and beneficiaries at various points during preparation and appraisal. In addition, household and individual surveys done by the economic evaluation team have been used to disseminate information and gather stakeholder perceptions.

ACUMAR and AySA are also establishing social expertise within their organizational structure. These teams have been established to lead efforts at stakeholder in constant contact with the local communities. ACUMAR, for example, has established a network of approximately 300 community and environmental NGOs that are part of its broader communications strategy relating to issues facing the MRB. This network provides an opportunity for information disclosure not just on the project but on a wide array of development issues facing the basin.

As mentioned above, two social assessments have been also conducted for the project (details above). The most important finding from the social assessments was that the project (as well as the sanitation component alone) will have a positive social impact on the population in the MRB as well as in the Buenos Aires Metropolitan Area. The investments will contribute to improving the quality of life of the basin population by improvements in the environmental



conditions, as well as by increasing the capacity of the sewerage systems.

During project preparation, a first major consultation event was held in Buenos Aires on July 10th 2008, for the scoping of the terms of reference for the EIA. A second round of formal public disclosure of the advanced draft EIA report was conducted on November 7, 2008. The draft EIA reports are already available to the public through the AySA and ACUMAR websites, by posting of hard copies in ACUMAR as well as through the World Bank's InfoShop. Most of the identified stakeholders have taken part of these events. The seven-volume EIA final report is published in AySA's website. Another important event to highlight, is the presentation of the Final Report prepared by the Bank's Expert Panel on the Prefeasibility Study of the Alternative to the Right Bank Collector to the Cuerpo Colegiado, which took place in October 2013.

During project implementation, the EIA reports that were prepared by AySA for each of the different civil works of component 1 prioritized by the GoA that correspond to the decentralized alternative, had a consultation meeting convened by AySA and targeted to relevant stakeholders. Also, as it was mentioned above, AySA prepared a comprehensive Communication Plan, as part of a broader Social Management Plan, implementation of which will be monitoring by an independent entity.

In addition, ACUMAR and other involved agencies are implementing the communication plans developed as part of the Environmental Assessment of other prioritized works under components 2 and 3, such as (a) the construction of an Industrial Treatment Plant in the Lanus Municipality; (b) the improvement of the water & sanitation and drainage infrastructure in a low income settlement in the City of Buenos Aires; and (c) the improvement of the water and sanitation systems in low-income neighborhoods in the of Marcos Paz (works in Cañuelas have already finished). A special mention is the implementation of the stakeholder communication plan in Villa 21/24, which has involved periodic meetings with neighbors, community representatives and local NOGs in so called "working tables" ("mesas de trabajo"). Representatives from ACUMAR, the City of Buenos Aires, the UCGP, the supervision firm, among others as required, receive and respond the concerns of the community. This close interaction has allowed an adequate implementation of the works in a sensitive social context. In addition, based on a community requests, AySA has adjusted its internal technical norms in a way that will allow to reach with the provision and operation of the water supply service to more neighbors than originally planned. In this regard, AySA has been working together with ACUMAR to ensure proper articulation of ACUMAR's communication strategy in order to foster participation and to bring more information to stakeholders (one of the main finding of the social assessments).

Finally, both ACUMAR and AySA have their own GRMs in place. The GRMs are accessible to project-affected people through different modalities (telephone, email and institutional websites). In case of AySA, complaints can be presented in-person at the worksites or AySA Headquarters. In case of ACUMAR, complaints can also be made at its Headquarters. The project has handled many concerns and complaints of different types, such as request of information to disturbances for works in the surface. ACUMAR and AySA reported systematically to the Bank on the claims received and the way they are managed. ACUMAR and AySA have followed their GRM procedures to address claims received in a satisfactory manner to the Bank.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

The World Bank Policy on Disclosure of Information



Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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