ARGENTINE REPUBLIC

WATER SUPPLY AND SANITATION DEVELOPMENT PROGRAM – PLAN
BELGRANO (P159928)

EXECUTIVE SUMMARY OF THE ENVIRONMENTAL AND SOCIAL
MANAGEMENT FRAMEWORK

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1. Introduction

1. The project development objective of the Water Supply and Sanitation Development Program – Plan Belgrano (PDSAPyS by its acronym in Spanish Programa de Desarrollo de los Servicios de Agua Potable y Saneamiento – Plan Belgrano) is to increase access to sanitation and water supply services and improve performance and sustainability of service providers in the provinces that are part of Plan Belgrano. The Plan Belgrano is aligned with the sector policy as defined in the National Water and Sanitation Plan (PNAPyS, by its Spanish acronym Plan Nacional de Agua Potable y Saneamiento), in which the foundations for the development of the sector are being proposed with the objective to reach 100 percent water coverage and 75 percent sanitation service coverage in urban areas by 2019. The proposed Program will set the conditions for the achievement of the UN Sustainable Development Objective 6 of “Ensuring availability and sustainable management of water and sanitation for all.”

2. Main goals of the Project are to (i) Increase coverage of water and sanitation services; (ii) optimize environmental, sanitation, and hygiene conditions through wastewater treatment; and (iii) improve water and sanitation service provider capacity.

3. This Executive Summary presents the results of the environmental and social assessment of the proposed Project and provides a description of: (i) the Project; (ii) the process of environmental and social assessment; (iii) the anticipated environmental and social impacts; (iv) the subprojects environmental and social eligibility criteria and environmental and social management framework; (v) the capacity building program for key stakeholders; and (vi) an overall environmental and social action plan.

2. Project Description

a. The Plan Belgrano Region and Sector Context

4. The Plan Belgrano region epitomizes marginalization, underdevelopment and extreme poverty in Argentina. Despite the economic recovery in Argentina and overall decrease in poverty levels, growth has historically been unequally distributed across the country and poverty is most prevalent in the North of the country. The region, which spans the Northeast and Northwest of the country (NEA and NOA, respectively), includes the nine provinces of Catamarca, Chaco, Corrientes, Formosa, Jujuy, Misiones, Tucumán, Salta and Santiago del Estero, which have been served by previous similar World Bank-financed Projects (First and Second Water Infrastructure Projects in the Norte Grande region), as well as La Rioja province.

5. It is estimated that 39.8 million people reside in urban areas nationwide (2015), of which 87 percent has access to piped water and 58 percent has access to improved sanitation services. There is no reliable data on wastewater treatment; however, some sources estimate it around 15 to 20 percent of the wastewater collected. Although historically sanitation coverage has been lower than water coverage, it is worth noting that in the last decade, the increase in sanitation coverage (6 percent) has been greater than water coverage expansion (4 percent), therefore contributing to reducing the gap. This is observed in all provinces, with the exception of Formosa, Misiones and Santiago del
Estero, where increased water coverage has not been accompanied by increased sanitation coverage.

6. Coverage gaps reinforce and affect more the most vulnerable. Only 73 percent of the population with unmet basic needs (NBI, by its Spanish acronym Necesidades Básicas Insatisfechas) has access to piped water, compared to 85 percent of those without NBI. In the case of sanitation, only 31 percent of the population with NBI, compared to 53 percent for the population without NBI. Due to the country’s economic instability, lack of investment holds back infrastructure development. Sector institutions have had difficulties in coordinating and organizing the sector in the absence of a national authority that established policies, a program and priorities, and the aggravating factor of cultural aspects and population’s lack of incentives: non-metered consumption, inefficient use of resources, and common perception that access should be free.

b. National Water and Sanitation Plan (PNAPyS)

7. The PNAPyPS was prepared by the Under Secretariat of Water Resources (MIOPyV) and sets the foundations for the development of the sector with the objective to reach 100 percent water coverage and 75 percent sanitation service coverage in urban areas by 2019. The Plan establishes mechanisms to reach this objective, the actions to be carried out, the timing (when), actors (who), and how they are expected to be financed. The PNAPyS outlines the sector’s institutional organization, coverage and quality aspects, operators and their management; as well as an investment plan and corresponding financing needs. To make up for coverage deficit, apart from the population growth expected in urban areas, works are required to serve 8.2 million more people with water supply services, and 8.9 million more people with sanitation services; which will demand investments on the order of US$ 22 billion.

8. It is estimated that there are 1828 water and sanitation service operators in urban areas in Argentina (23 have a provincial or regional scope; 19 of which are run by public (provincial) companies and serve 60 percent of the covered population, and 4 are run by the private sector, attending 10 percent of the covered population. The remaining 30 percent of the covered population is served by municipalities or cooperatives). In the NEA and NOA, there are about 20 public (provincial) and private operators that serve the urban areas. Key elements that should be reestablished are the operators’ autonomy and sustainability. At the moment, only a few of the NEA and NOA operators cover their operating costs and in many cases, services lack the quality and efficiency expected in a middle-income country such as Argentina. This situation puts the sustainability of investments planned by the government for the sector at risk.

c. Previous Actions taken in the NOA and NEA regions

9. Actions have been taking place in the NOA and NEA with the objective to fix historic inequalities between these regions and the rest of the country. These actions include infrastructure works to invigorate and integrate productive activities in these provinces in order to reduce the social and economic gap with the rest of the country.
10. In this sense, the Implementing Unit for Water Programs – Plan Belgrano (Unidad Ejecutora de Programas Hídricos – Plan Belgrano, UEP) has sound experience in the implementation of programs with external financing related to water and sanitation, including the First and Second Water Infrastructure Project in the Norte Grande region (IBRD loans 7992-AR and 8032-AR), the Development Program of the Norte Grande Provinces, Water and Sanitation Infrastructure (IADB 2776 OC-AR and 1843 OC-AR) and the Sanitation Programs I (CAF 8028) and II (CAF 8640). The First Norte Grande Infrastructure Project addressed deficiencies in water supply and urban drainage, while the Second Norte Grande Infrastructure Project focuses on financing sanitation infrastructure, without excluding water infrastructure.

2.1. Project Description and Components

11. In this context and in order to ensure the continuity of the established policies and the investments made, the national government has decided to design a new support strategy for the Northern provinces. World Bank financial support would complement the previous and the on-going actions, including operationalization of the PDSAPyS. As those, the PDSAPyS will support technical assistance efforts and capacity building for the operators and sector’s regional entities (policies, regulation and supervision). The PDSAPyS, together with the abovementioned multilateral development bank financed projects, will provide technical assistance for the service operators to improve their operational and institutional situation, as well as environmental and social management.

12. The national government, through UCPyPFE, has defined the type of water infrastructure investment subprojects for the NEA and NOA regions. All subprojects under de PDSAPyS will be identified, designed and assessed in terms of their environmental and social impacts during the Project implementation. Financing for these subprojects will become available to the provinces on a demand-basis and under compliance of technical, financial, economic, environmental and social eligibility criteria.

13. Subprojects will be eligible from the environmental and social assessment point of view, if compliant with the Environmental Social Management Framework (ESMF). In addition to these criteria, each subproject will have to comply with the environmental and social legislation in place in each province, as well as the World Bank environmental and social safeguards. Consideration for funding will be made on first-come, first-served, basis for those subprojects that are ready for implementation. Subproject proposals will be examined on the basis of: (i) consistency with Project objectives, in particular poverty reduction potential; (ii) compliance with all eligibility criteria; and (iii) level of subproject’s ownership and results of stakeholder consultation at the local level.

14. Works financed under the subprojects will be operated by the providers in charge of the services within the different provinces, who will commit to provide Operational and Management (O&M) funding, and operate the subproject in accordance with Project rules and a Management and Results Plan (Plan de Gestión y Resultados, PGR) to be prepared by the Province for the sustainability of the investments. During the preparation of each specific subproject, the relevant service provider will undertake a capacity and needs assessment and will benefit from an institutional and operational strengthening program.
financed under the Program to help address identified weaknesses in order to meet established targets.

a. Project Components

15. The proposed Project has three components: (i) Water supply and sanitation infrastructure; (ii) Improving efficiency and sustainability of service provision; (iii) Project management and supervision. They are described, as follows:

16. Component 1. Water supply and sanitation infrastructure (US$265 million, of which US$140 million financed by the Bank): This component is expected to finance investments required to expand existing networks to provide access to piped water to people who lack it, most of whom have NBI. Eligible subprojects may include the installation of transmission mains, pumping systems and new water treatment facilities. This component will also finance the improvement and expansion of sewers and other facilities to provide access to sanitation. Any subprojects would have to be identified as priority investments in the approved PGR of the corresponding operator. Moreover, this component will finance technical, social environmental inspections of each work, included in the ESMF. The totality of works to be financed must be aligned to the objectives of the National Plan PNAPyS, available at http://www.mininterior.gov.ar/plan/documentos.php.

17. Component 2. Improving efficiency and sustainability of service provision (US$100 million, all financed by the Bank): This component will support the preparation of the PGRs, which are essential to determine priority investments. It will finance key non-structural measures included in the PGRs aiming at improving technical, commercial and financial performance of participating utilities by strengthening technical and financial management. The component is also expected to finance the Institutional Strengthening Plan for the management of social and environmental issues, and the due diligence of private sector participation schemes in at least two Plan Belgrano provinces and will also support the development of a sector information system that will incorporate some indicators used by the International Benchmarking Network for Water and Sanitation Utilities (IBNET), so that operators’ performance can be compared within Argentina, and with similar utilities in the region. It will support as well the development and implementation of the Investment Framework (IF), one of the key instruments envisioned to determine subproject eligibility and strengthen sector planning and transparent decision-making. Activities that could be financed, among others, are:

- Operators’ management improvement plans.
- Master plans studies, works executive projects, projects update, specific studies, environmental and social studies and assessments.
- Micro and macro metering plans, as well as procurement and/or installation of micro and macro meters.
- Non-metered water reduction plans.
- Energy efficiency measures implementation.
- Operators and provincial entities’ operative improvement plans.
- Communication and education plans focused in water and sanitation connections in households.
- Regional and international capacity for the national and provincial institutions.

18. **Component 3. Project Management and Supervision (US$10 million, all financed by the Bank):** This component would finance specialized independent technical, environmental and social supervision of the implementation of subprojects and other activities, as well as independent audits. It will also provide administrative and operational support to the UCPyPFE in the administration, monitoring, coordination, and supervision of project implementation.

3. Process and approach to environmental and social safeguards management

19. The safeguards approach under the Project was developed to accommodate this approach. In particular, the preparation of the instruments to address safeguards-related issues and policies included four key aspects: (i) scoping of potential subproject issues through an update of the rapid social assessment and an environmental analysis undertaken by previous similar Projects, (First and Second Water Infrastructure Projects in the Norte Grande region), adding La Rioja Province; (ii) adaptation of the Environmental Social Management Framework (ESMF), considering lessons learned during the implementation of the aforementioned Projects; (iii) update of the institutional assessment and capacity building program, including La Rioja Province and (iv) conducting meaningful consultations.

20. Given the framework nature of the Project, no individual subproject has been approved yet for financing under the Project. In order to be approved, all subprojects without exception would need to comply with the criteria established for inclusion in the Project, which include having background studies and consultation processes that meet Bank standards and comply with Bank safeguard policies.

3.1. Scoping activities

21. As part of the Project preparation, a scoping process was undertaken to identify the main potential environmental and social issues and the potential applicability of the World Bank's safeguards policies to the Project. The scoping activities included a Rapid Social Assessment of the Project that reviews the overall social context, and included: (i) diversity and gender; (ii) analysis of main stakeholders; (iii) institutional framework, including formal and informal rules; (iv) culture of participation; (v) social opportunities, risks and impacts, among them those related to social safeguards; (vi) mitigation and compensation measures and (vii) impacts on indigenous peoples.

3.2. Institutional Capacity Assessment

22. An assessment of the institutional environmental and social management capacity at the UCPyPFE and local provincial levels for Project implementation was conducted during Project preparation. A capacity building program was incorporated in the Project to be funded under components 2 and 3 to address the identified capacity gaps.
4. Anticipated environmental risks, impacts and benefits

4.1. Anticipated general environmental impacts of participating subprojects

23. Water and sanitation works involve a set of actions, whose impacts might result, depending on how they are managed, in effects of diverse magnitude and spatial extent. The following lists summarize a non-exhaustive verification list of some of the expected impacts.

24. Impacts during the construction phase: During construction, the main potential environmental impacts will be temporary and typical of the construction of large-scale civil works such as the expansion of sanitation systems. Possible impacts and risks include the following: (i) temporary disruption to local traffic flows; (ii) temporary loss of access to recreational, residential and commercial areas during the construction period; (iii) dust and noise; (iv) production of waste and construction debris; (v) occupational emergencies; (vi) erosion and siltation; (vii) chance archeological finds; and (viii) alteration of the topography and the hydrologic cycles, (ix) soil compacting, (x) accidents with heavy construction equipment, and (xi) impacts associated to the influx of workers. With appropriate prevention, mitigation and supervision measures, these impacts are considered moderate and temporary and readily manageable. The management of construction impacts will be the responsibility of contractors and specific environmental measures will be specified within the construction contract.

25. Impacts during the operational phase: During the operational phase, the main environmental impacts and risks relate to: (i) the risk of poor operation resulting in environmental and human health effects from the wastewater discharges (e.g. potential localized impacts on fisheries caused by effluents); (ii) the potential environmental and human health risks associated with the management and disposal of continuously generated bio-solids and sludge; (iii) odor and noise nuisances; (iv) health and safety risks, and (v) greenhouse gases emissions.

26. Cumulative Impacts: The cumulative benefits to the region will depend on the combined effectiveness of all the various programs in the NEA and NOA, the growth and development trends in the different basins as well as other development projects currently being developed or planned. Negative cumulative impacts should be carefully considered, particularly in those subprojects constructed in arid or semi-arid areas, as well as in endorheic and arheic basins, where water sources and receiving bodies (such as aquifers and wetlands) can be subject to multiple competing uses, and particularly vulnerable to pressures, not only from the works to be constructed under the current operation, but also from other existing and/or planned stressors.

4.2. Environmental safeguards policies triggered

27. **Environmental Assessment (OP 4.01).** The Project has been classified as a Category A following the Environmental Assessment safeguard policy (OP4.01), in consideration of the impacts and mitigation programs needed as part of the construction and rehabilitation of large scale water supply and wastewater treatment systems which are anticipated to be funded under the project. In addition to this, the categorization process takes into
account: (i) the social and environmental sensitivities of the project area, (ii) the types of proposed investments, (iii) the weak provincial, municipal or utilities capacities; and (iv) the unknown extent and precise location of future investments.

28. **Natural Habitats (OP/BP 4.04).** The screening process and environmental analysis undertaken highlighted that discharges from new wastewater system subprojects could occur in wetlands or important riparian areas, and that new or expanded water supply system subprojects could put some water sources under considerable pressure. That would require careful design accounting for cumulative impacts, contingencies and links to important natural habitats. The Environmental and Social Management Framework prepared for the Project includes provisions to understand the applicability and ensure compliance with this policy.

29. **Pest management (OP 4.09).** Some pesticides could be required during the opening of new works sites or during the maintenance of new infrastructure. Some aquatic weed control products might be required during operation of water and wastewater treatment plants. Products to be procured could include defoliators, soil sterilizers, herbicides, pesticides, disinfectants or polymers. The ESMF includes specific requirements to ensure that all construction contracts and infrastructure operation manuals include measures to manage pesticides following Bank’s policy.

30. **Physical Cultural Resources (OP/BP 4.11).** It is possible that the civil works constructed under the Project may directly or indirectly affect physical cultural property, mostly in cities. These could include known local structures or sites of historic or cultural importance. The ESMF includes specific requirements to screen for these impacts and includes mitigation measures.

31. **Safety of Dams (OP/BP 4.37).** This policy is triggered as the Project may finance projects that include the construction of new dams, or could rely on the performance of an existing dam or a dam under construction (DUC) such as water supply systems that draw directly from a reservoir controlled by an existing dam or a DUC; hydraulic structures downstream from an existing dam or a DUC, where failure of the upstream dam could cause extensive damage to or failure of the new Bank-funded structure; and water supply projects that will depend on the storage and operation of an existing dam or a DUC for their supply of water and could not function if the dam failed. The ESMF includes appropriate guidance to identify and manage impacts when identifying these types of subprojects during implementation.

32. **Forests. (OP/BP4.36).** Some subprojects could affect small fractions of native forest in the locations of the wastewater treatment plants (particularly riparian forests are usually deemed as high conservation value forests in local legislation). In these cases the EA to be undertaken for each future subproject will analyze this issue in depth, and the EMP will determine the specific management measures and eventual compensation measures following the ESMF guidelines. If the relevant forest were to involve natural habitats, these would be analyzed as per the requirements of OP 4.04.

33. **Projects on International Waterways (OP/BP 7.50).** This policy is triggered as the subprojects to be considered for funding may be located on waterways that form part of
the La Plata Basin river basin, which originates in Argentina, Bolivia and Brazil, and flows through Argentina, Paraguay and Uruguay. This system comprises an international waterway for purposes of The World Bank's OP 7.50 paragraph 1.

5. Anticipated social risks, impacts and benefits

5.1. Anticipated general social impacts of potential subprojects

34. The Project’s Social Analysis (SA) anticipates an overall positive social impact of the project by directly benefiting about 220,000 people as the result of supporting increased access to W&S and improve the efficiency of their service providers as well as the W&S infrastructure investments, because it will focus on the ten poorer northern provinces of the country. The Project targets provinces, where the largest share of the national population with NBI lives, where W&S coverage is the lowest, including increased urban poor affected by damage from environmental health problems associated with urban and indoor air pollution, noise, inadequate water supply, and sanitation and hygiene that are equivalent to about 3 to 4 percent of GDP.

35. Associated to the above described social positive impacts, others are: (i) decreased exposure to multiple disease vectors associated with poor environmental health and sanitation of poorer households; (ii) decreased costs of treating these waterborne diseases contributing to decreased morbidity and mortality caused by them; and (iii) increased direct and indirect employment creation and multiplier effects in the supply chain of goods, supplies, equipment, services and income generation, contributing to growth of local economies in the construction phase of W&S infrastructure works.

36. Related to potential downstream negative impacts, the PGRs will include a social dimension to assess the scope and address negative impacts. Provisions of this social dimension might include: (i) social inclusion measures such as affordability of W&S services studies to avoid or mitigate financial stress in already poor households due to metering and/or changing of tariffs in the services provision, add as one of the criteria for subproject eligibility or incentives to prioritize investments in areas where more vulnerable social groups such as informal urban settlements, IPs including those of forced severance are, all to avoid barriers for their access because of, among others, their geographical location; (ii) gender-informed decisions on certain activities to avoid or mitigate potential risks of gender disparities in W&S access and governance between men and women; and (iii) a citizen engagement system for transparency, participation and improving service delivery through a communication strategy, a feedback and claims redressing mechanism and public commitments. All the three mechanisms to enable beneficiaries and stakeholders provide systematically feedback for improving results or solving claims or conflicts throughout the project cycle. Issues would comprise service standards, consumption norms, allowed interruptions of service provision; levels of and rules for establishing prices and tariffs, including; advanced information about changes in prices and tariffs; rights and obligations of consumers, service providers and regulatory authorities, procedures and forms of conflict resolution, performance of service providers, etc.)
37. **Other negative and mostly temporary impacts to people and communities associated to the construction phase of the W&S infrastructure works:** will be managed according to the Environmental and Social Management Framework of the Project.

38. The project would also include indicators to allow tracking the progress of social measures implementation during the project lifecycle.

### 5.2 Social Safeguards triggered by the Project

39. **Indigenous Peoples (OP/BP 4.10).** An Indigenous Peoples Planning Framework (IPPF), as part of the ESMF of the Project, was prepared by the GoA based on Argentine law and the World Bank Indigenous Peoples Policy (OP/BP 4.10) since there are around 200,000 people\(^1\), who self identify as indigenous (Census 2010) in the ten provinces of the Belgrano Project’s area.

40. This IPPF will guide elaboration of any Indigenous Peoples Plan (IPP) that is identified during implementation of the Project. The Framework is also built from the two Norte Grande\(^2\) IPPFs that have been successfully implemented by GOA. IPPs of the Norte Grande’s Project (Pampa del Indio and Wichi) that showcase full adherence to principles and procedures of successful preparation and implementation of the NGH’s IPPF are being described in the Belgrano IPPF.

41. Specifically, the IPPF describes the methodology of when and how to prepare and implement a culturally adequate IPP, institutional arrangements and responsibilities (as described in the ESMF), and specific procedures for some key aspects including: (i) for any infrastructure subproject where IPs are present in its area of influence, a social assessment will be carried out to assess benefits and risks and define the need for a specific IPP which will be preceded by free and informed consultations of possible affected IP. A group that has lost "collective attachment to geographically distinct habitats or ancestral territories in the project area"; because of forced severance will also be eligible for coverage under this IPPF (this might include a technical judgment); (ii) measures to ensure that IP obtain adequate social and economic benefits generated by the subproject as appropriate or to prevent, reduce, mitigate or compensate negative effects; and (iii) a guidelines for communication: both dissemination and consultation with IP and Indigenous Agencies/organizations within the participating provinces; (iv) a respectful to IP’s culture monitoring and grievance redress system; and (v) adequate measures to address any risks of institutional arrangements as lessons of the current NGH Projects and the institutional capacity assessment for those instances that will be involved in the IPPs carried out and described in the ESMF.

42. The GoA conducted and duly documented: (i) a virtual public consultation (via e-mail) on the draft terms of reference to update the current NGH RPF and IPPF for the Belgrano Project; and (ii) two face-to-face consultation in the provinces of Chaco and La Rioja in July,

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\(^1\) This the official data of the last Census carried out in 2010. There are differences in the number of Indigenous Peoples in these areas. Details are explained in the IPPF. The Project will address this by carrying out due disclosure and consultation at local level when an IPP will be prepared.

\(^2\) First and Second Water Infrastructure Project in the Norte Grande region (IBRD loans 7992-AR and 8032-AR).
2016. Consultations have confirmed that broad community support was attained for the Project among key stakeholders, including provincial and municipal governments and indigenous organizations.

43. **Involuntary Resettlement (OP/BP 4.12).** A Resettlement Policy Framework (RPF), as part of the ESMF of the Project, was prepared by the GoA based on Argentine law and the World Bank Involuntary Resettlement (OP/BP 4.12) in the that the need for resettlement arises during Project’s implementation. Gaps between the national legislation and the provisions of OP/BP 4.12 will be completed with these ones.

44. Indeed, the RPF will cover direct economic and social impacts that both result from any subprojects and are caused by the involuntary taking of land resulting in relocation or loss of shelter; lost of assets or access to assets; or loss of income sources or means of livelihood, whether or not the affected persons must move to another location. For the purposes of the RPF, “involuntary” means actions that may be taken without the displaced person's informed consent or power of choice.

45. All potential subprojects of the Project will be screened to identify potential involuntary resettlement. Any resettlement required as a result of this screening will follow the guidelines of the RPF for the Project.

46. The RPF will guide the Borrower to prepare Resettlement Action Plans (RAPs) as required. The Framework covers physical displacement, impact on building structures, and possible loss of income. The RPF is based on principles of the Bank’s OP 4.12 including inter alia: (i) freedom of choice of the compensatory measure; and (ii) compensation at replacement cost when appropriate and finalized before starting of civil works; (iii) a suitable interaction and redress mechanism; and (iv) adequate measures to address any risks of institutional arrangements as lessons of the current Norte Grande Projects and the capacity assessment carried out as described for the ESMF and IPPF.

47. The GoA conducted and duly documented: (i) a virtual public consultation (via email) on the draft terms of reference to update the current NGH RPF and IPPF for the Belgrano Project; and (ii) two face-to-face consultation in the provinces of Chaco and La Rioja in July, 2016. Consultations have confirmed that broad community support was attained for the Project among key stakeholders, including provincial and municipal governments and indigenous organizations.

6. **Eligibility Criteria and Environmental and Social Management Framework (ESMF)**

6.1. **Eligibility and Readiness criteria**

48. Subprojects for Project financing will need to meet environmental and social eligibility and readiness criteria, including environmental and social assessments as required. In addition, each subproject must comply with the applicable environmental laws in the relevant province as well as the safeguard policies of the Bank. Specifically, subprojects must comply with the following criteria:
i. The subprojects must present an environmental and social impact assessment, as well as other necessary studies (e.g., cumulative impact assessment) acceptable to the provincial environmental authority and the UEP, and in compliance with World Bank safeguards. The Environmental Impact Assessment (EIA) must incorporate the results of at least two public consultations, prepared following the guidelines in chapter 7 of the ESMF.

ii. The EIA must include mitigation measures and programs for the construction and operation phases. For those subprojects that require involuntary resettlement or that affect indigenous peoples, the subproject shall include specific provisions in a Resettlement Action Plan (RAP) or an Indigenous Peoples Plan (IPP).

iii. All costs associated with the implementation of ESMFs, IPRs or IPPs or any other mitigation measures will have budgets assigned to them and be funded under Component 1 of this Project.

iii. The subproject must demonstrate sustainability from its environmental and social assessment, including prevention from: (a) permanent negative impacts in critical natural habitats (e.g. protected areas, areas relevant for conservation) or that affect cultural heritage; (b) negative impacts on endangered or threatened species; (c) negative environmental impacts that cannot be mitigated at acceptable levels; and (d) social costs unacceptable to the UCPyPFE, or the relevant governmental authority, or that surpass the resilience capacity of the affected community.

6.2. Environmental and Social Management Framework

49. Following GoA’s legislation and Bank’s environmental and social safeguard policies, the GoA has developed an Environmental and Social Management Framework (ESMF), which covers the Environmental Assessment process and includes an Indigenous Peoples Planning Framework (IPPF), a Resettlement Policy Framework (RPF), and a Communication Framework for dissemination and consultation. Once specific subprojects are developed, they will be required to follow the procedures outlined in the ESMF to ensure they meet eligibility criteria and are compliant with safeguards policies applicable to the subproject.

50. The ESMF is an instrument (organized in 9 chapters, comprising the IPPF and RPF) that presents impact issues related to the PDSAPyS, which consists of a series of investments which impacts cannot be determined until subprojects details are identified. It sets principles, procedures and guidelines for the environmental and social impact assessments, and provides guidelines to determine measures and plans to reduce, mitigate and/or compensate for any adverse impacts and strengthen positive ones. The ESMF includes an IPPF and a RPF.

51. The ESMF is directed towards the subprojects that could be co-financed by the Project and which definition and final design, would be developed during project implementation, after World Bank’s approval. The ESMF addresses those environmental and social aspects to be considered during subprojects identification, preparation, analysis and assessment, implementation (e.g. construction) and follow up (e.g. operation), proposed during PDSAPyS. The ESMF defines as well, the institutional responsibilities and lays out the instruments and procedures to apply in the environmental and social assessments and management plans.
52. The environmental and social assessment of some of the eligible subprojects could have a different scope according to their nature, complexity, risks and potential impacts, defining different levels of complexity. Therefore, the ESMF lays out the guidelines to determine impacts extent and risk level from application of preliminary environmental and social assessment forms (FEPAS) to Environmental and Social Impact Assessments (ESIAs), and cumulative impacts assessment for subprojects that do require it; as well as the minimum contents for environmental and social management plans.

53. Subprojects’ environmental and social aspects will be governed by the ESMF, based on the World Bank’s safeguards and argentine normative. The ESMF (i) determines the World Bank’s safeguards policies that apply to the Project; (ii) defines the subprojects environmental and social screening and classification methodology; (iii) defines the required studies according to the subprojects’ environmental and social category; (iv) defines the internal and external environmental and social management instruments; (v) defines the environmental and social management procedures and institutional responsibilities according to the subproject’s category, including communication guidelines (dissemination and public consultations of environmental and social management frameworks and subprojects, and conflict resolution system); and (vi) defines the guidelines to follow for capacity building during the Project implementation.

54. The ESMF also provides guidelines to assess and manage the potential downstream impacts of non-structural measures to be conducted under Component 2 (such as planning, metering, etc.). For that purpose, two tools are to be used: the Expedited Environmental and Social Assessment (ESAex) and the Terms of Reference for Strategic Environmental and Social Assessments of Water and Sanitation Director Plans and other analytical works.

55. The ESMF has been designed for internal use of the executing unit, and by extension, for the use of provincial and other institutions with responsibilities in the execution of the Project. At the same time, it is a public document that allows anyone interested in the environmental and social management of the Project to inquire about it. Moreover, the ESMF was prepared under a flexibility basis, in a way it can respond to new needs or requirements as they arise from consultations and implementation of subprojects financed by the PDSAPyS. Therefore, the ESMF might be periodically updated. However, any change should count with the prior World Bank’s no objection, which will be reflected in the loan agreement between the World Bank and the government of Argentina.

6.3. Public disclosure and consultation of Project Safeguards documents

56. The draft ESMF, IPPF and RPF were disclosed in-country on September 16, 2016 and in the Bank’s external website on September 27, 2016, as part of the original design for the PDSAPyS which envisaged category A water supply and sanitation investments. The documents are available at [http://www.ucpypfe.gov.ar/BirfPIVNG/](http://www.ucpypfe.gov.ar/BirfPIVNG/).

57. All three safeguard frameworks (ESMF, IPPF and RPF) have been consulted through three different channels: (i) expert peer review of the documents by two internationally recognized professionals with substantial experience in the WSS sector and also in working
with indigenous communities in Argentina; (ii) a virtual review through communication of the documents to a variety of institutional stakeholders, including provincial environmental agencies and institutions related to water resources provision and management, NGOs and indigenous affairs institutions; and (iii) organization of focus group discussions through targeted meetings in Chaco and La Rioja provinces on July 26-28, 2016, to gather feedback from local stakeholders. This consultation approach was adopted given that the three instruments for the proposed project are largely similar to the instruments used for the Norte Grande I Project, which have been extensively consulted.

6.4 Institutional Arrangements

58. UCPyPFE’s role. The UCPyPFE (through a dedicated unit) within the MIOPyV at the federal government level will be responsible for ESMF implementation, including safeguard compliance and supervision of environmental and social management issues. The UCPyPFE will assign qualified staff dedicated to supervise the implementation of EMPs (and IPP and/or RP if applicable) during subproject construction and ensure periodic independent audits, and supervise environmental and social performance by contractors, the provinces and service providers. These arrangements would be complemented by specific supervision contracts, to be hired by the UCPyPFE at the national level to ensure proper safeguards monitoring during the implementation of all subproject. The UCPyPFE will also provide support in coordinating information disclosure and consultations and will be the main responsible for the implementation of the Environmental and Social Management Capacity Building Program.

59. Contractor’s role. All construction contractors will be required to assign an environmental engineer or other suitably qualified environmental specialist, a health and safety specialist, and a social specialist, to oversee compliance with the EMP (construction phase) and IPP and/or RP if applicable, on a day-to-day basis. The specific requirements for environmental and social mitigation measures will be included in bidding documents and as part of the construction contract. The contractors will be required to develop environmental and management Environmental and Social Management Plans, manuals or guidelines for the operation phase of the subprojects.

60. Province and Service Provider role. As part of the PTA to be signed between the federal and provincial governments, the UCPyPFE will transfer to the provincial level the following roles and responsibilities: co-participation with the UCPyPFE in subprojects’ screening, consultations processes, environmental and social assessments, design and implementation of IPPs and RPs, and monitoring and supervision. The WSS service providers will have the primary responsibility for establishing baselines and monitoring specific activities under the construction and operation of the systems. This coparticipated transfer of roles and responsibilities will also include coordination arrangements to ensure that local service providers internalize capacity towards the environmental and social management of the proposed works, both during the construction and operation phases. This capacity will be created in collaboration with the UCPyPFE during construction, though capacity building will continue during the operation as necessary.
61. During the operational phase, the relevant WSS service provider in charge of operating the applicable subproject will have specific institutional responsibilities to address prevention and mitigation of operationally related environmental and social impacts. Through their staff, utilities will ensure that competent core staff will be available at all times to supervise the implementation of environmental and social management measures directly under their control and to ensure compliance with the agreed ESMPs (operational phase) and environmental license obligations. The Project, through Component 2, will finance capacity building and TA activities to help provide sufficient and qualified resources are available for the management of environmental and social aspects related to the proposed works during their operation.

Management of Claims and Disputes System. A Management of Claims and Disputes System has been established in the ESMF and will be the joint responsibility of the UCPyPFE and the participating Provinces, and will be channeled through four levels, one internal (at the subproject level in the field through contractors, the Province and the UCPyPFE), and the other three external including mediations, ombudsman, and judicial. Specific mechanisms will be located in the work sites, in the Provinces, and in the UCPyPFE’s facilities in Buenos Aires. Channels to receive claims and disputes will comprise a phone line, web site, social monitoring, among others, according to the characteristics and needs of users, including indigenous peoples as needed. In all cases, a systematic record will be kept of the date of reception and resolution of claims.

7. Capacity Building Plan

63. The Project will support capacity building required in relation to the Bank-funded subprojects and their wide provincial dispersion. Project design includes an institutional development component (Component 2) that includes funding for environmental and social management activities and technical assistance, including consultants required to complement the existing capacity at the provincial level to conduct the screening and assessment of subprojects proposed for funding, the monitoring of subprojects in execution and the training of permanent staff at the central and local levels in environmental and social issues.

64. An assessment of the current institutional capacities at the UCPyPPF and local provincial levels was conducted during Project preparation.

65. A preliminary identification of capacity building activities was conducted, and an Institutional Strengthening Plan for the management of social and environmental aspects of water and sanitation projects was developed, identifying to capacity gaps or topics to be addressed, some of the target audiences, the proposed timing for the activities, and the resources required, which totalize US$9.8 million, approximately.

66. During the Project implementation, the GoA and the Bank will determine eventual additional environmental and social management strengthening needs in each subproject implementing agency, and will propose specific activities for each agency team. The provinces will create counterpart teams to lead institutional development efforts, staffed with environmental and social specialists as needed.
67. The following table includes a summary of the Institutional Strengthening Plan for the management of social and environmental issues, which is described in more detail in the ESMF.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Estimated cost (in US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional workshop on environmental issues with a focus on safeguards</td>
<td>US$ 40,000</td>
</tr>
<tr>
<td>Regional workshop on social issues with a focus on safeguards</td>
<td>US$ 40,000</td>
</tr>
<tr>
<td>Baseline and platform for the environmental control monitoring of the sanitation system</td>
<td>US$ 650,000</td>
</tr>
<tr>
<td>Aspects and guidelines for corporate environmental management for a service provider</td>
<td>US$ 1,300,000</td>
</tr>
<tr>
<td>Participation in national and international conferences and events related to the sector activity</td>
<td>US$ 26,000</td>
</tr>
<tr>
<td>Participation in Study Tours</td>
<td>US$ 75,000</td>
</tr>
<tr>
<td>Hiring of an environmental specialist and a social and communications specialist for the UEP.</td>
<td>US$ 585,000</td>
</tr>
<tr>
<td>Environment and social impact assessments/Strategic environmental and social assessments</td>
<td>US$ 1,300,000</td>
</tr>
<tr>
<td>Technical staff to support subprojects</td>
<td>US$ 650,000</td>
</tr>
<tr>
<td>Consulting services for works environmental and social inspections</td>
<td>Cost will be determined by the amount of works contracts</td>
</tr>
<tr>
<td>Equipment for provincial agencies</td>
<td>US$ 1,300,000</td>
</tr>
<tr>
<td>Tailored training on social issues at operational and strategic level</td>
<td>US$ 65,000</td>
</tr>
<tr>
<td>Tailored training on social issues at strategic level</td>
<td>US$ 195,000</td>
</tr>
<tr>
<td>Operating and strategic management instruments: manuals, instructions and operating protocols</td>
<td>US$ 130,000</td>
</tr>
<tr>
<td>Project and subprojects’ communications plans</td>
<td>US$ 390,000</td>
</tr>
<tr>
<td>Interaction, attention complaints and conflict resolution system</td>
<td>US$ 390,000</td>
</tr>
<tr>
<td>Institutional capacity building for management of indigenous peoples and resettlement issues, according to IPPF and RPF</td>
<td>US$ 1,365,000</td>
</tr>
<tr>
<td>Capacity building plan for environmental knowledge</td>
<td>US$ 1,365,000</td>
</tr>
<tr>
<td>Total</td>
<td>US$ 9,866,000</td>
</tr>
</tbody>
</table>