

1. **Project Description.** The proposed Project consists of a senior unsecured loan for up to US\$100 million to Galicia comprised of an IDB loan for up to US\$70 million and an IIC loan for up to US\$30 million. The project objective is to promote access to finance green projects mostly related to renewable energy (wind, solar and biomass) and energy efficiency, and to promote other investments to reduce emissions of greenhouse gases (sustainable projects) through SMEs. The potential pipeline is expected to involve only medium E&S risk operations and will be restricted to category "A" sub-projects.
2. **Environmental and Social Categorization and Rationale.** This is a category FI-2 project according to the IIC's Environmental and Social Sustainability Policy because of the medium risk of the subprojects in the financial intermediary's current or future portfolio.
3. **Environmental and Social Risks and Impacts.** The key risks and impacts derive from Galicia's capacity to manage the potential environmental and social risks associated to renewable energy lending. Risks may include, but are not limited to social and environmental issues such as: (i) environmental: biodiversity impacts, waste management, agrochemicals and hazardous materials; (ii) OHS: risks such as process safety, mechanical and chemical hazards, fire and explosions; and (iii) social issues: such as land acquisition, health and safety and stakeholder engagement. Galicia has a strong and evident commitment to environmental and social management since 1998, when it incorporated environmental aspects into its credit risk assessment of projects financed under an IFC line. Galicia is a member of Global Compact since 2004 and has adhered to the Banking Practice Code of the Argentine Association of Banks and Financial Entities since 2006 when also expanded its environmental risk assessment to all Project Finance. In 2007, was the first Argentinean Bank to adopt the Equator Principles. In 2008, incorporated environmental risk assessment into its credit risk appraisals for all lines of credit, adhere to the Carbon Disclosure Project and started as a member of the Argentine Institute for Corporate Social Responsibility (IARSE).
4. **Mitigation Measures/E&S Action Plan.** Galicia will be required to ensure that activities financed with IIC funds are not found on the IIC's list of excluded activities and that they comply with domestic environmental and occupational safety standards. Galicia currently has an ESMS with sufficient capacity to manage the E&S risks, but given that it has limited experience in renewable energy projects, the bank will be required to update its procedures and improve its capacity as well as to expand the scope of application of its ESMS. The IIC will adopt the commonly agreed Environmental and Social Action Plan between Galicia and the International Finance Corporation ("IFC"). In addition, Galicia will be required to submit annual environmental reports to the IIC indicating the progress made and problems encountered in the implementation of its ESMS.

## Contact Information

For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email [requestinformation@idbinvest.org](mailto:requestinformation@idbinvest.org). As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.