

TC Document

I. Basic Information for TC

▪ Country/Region:	ARGENTINA
▪ TC Name:	Support for the Strengthening of the Argentine Mining Sector - Phase 2: Development in Mining Regions
▪ TC Number:	AR-T1357
▪ Team Leader/Members:	Walter, Martin (INE/ENE) Team Leader; Nunes Da Cunha, Natascha (INE/ENE) Alternate Team Leader; Snyder, Virginia Maria (INE/ENE) Alternate Team Leader; Oglialoro, Claudia (ORP/GCM); De Salvo, Carmine Paolo (CSD/RND); Gonzalez Claudina (CSD/RND); Nicolas Moreno (ORP/GCM); Barbosa Taves De Gouvea, Heleno (ORP/REM); Casalino Franciskovic, Juan Manuel (LEG/SGO); Jacquet, Bruno (CSD/RND); Guerrero Fernando Andres (INE/ENE); Sucre Pantin, Carlos Gustavo (INE/ENE); Sabra, Mariel
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	San Juan Province, Argentina
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Project Specific Contribution Account(PSC)
▪ IDB Funding Requested ¹ :	US\$427,500.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	October 15 2024
▪ Types of consultants:	Firms, Individual consultants
▪ Prepared by Unit:	INE/ENE-Energy
▪ Unit of Disbursement Responsibility:	CSC/CAR-Country Office Argentina
▪ TC included in Country Strategy (y/n):	N
▪ TC included in CPD (y/n):	Y
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Economic integration; Gender equality; Institutional capacity and rule of law; Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

2.1 The objective of this project is to promote socioeconomic development and the diversification of productive activities in the department of Iglesia, Province of San Juan, based on synergies between the public sector, the private sector and society. To this end, support will be provided for specific activities related to: (i) contributing to the updating, operationalization, and governance of the Strategic Plan for Local Development of Iglesia (ii) promoting local economic diversification by supporting the

¹ These funds will be administered by the IDB through a Project-Specific Grant (PSG). LUNDIN FOUNDATION will contribute US\$ 450,000. Out of this contribution, US\$ 22,500 will be set aside as a 5% administration fee. The remaining contribution of US\$ 427,500 corresponds to the project amount as indicated in the Basic Information table.

- implementation of projects aimed at sustainable economic development (iii) strengthening municipal management capacities.
- 2.2 Mining activity is currently an important pillar of Argentina's economy, including activities in exploration and development of first, second and third category minerals and contributing with annual exports of US\$3,878 million (2022). Major mining activities are concentrated in the provinces of Santa Cruz, San Juan, Jujuy and Catamarca, with San Juan being the province where mining exports grew the most at the national level during 2022, with exports of US\$661 MM up to September 28% higher than the same period of the previous year.
 - 2.3 The Department of Iglesia is located in the northwest of the Province of San Juan and has a total surface area of 19,801 km². Historically it was a department with low population growth due to the negative migratory balance, however, since the end of the 90's due to the development of the mining activity, it became a place of transitory and permanent settlement of an important population flow, mostly of young men.
 - 2.4 This situation of accelerated population growth has resulted in dynamics typical of cities located in the area of influence of large mining projects, such as: (i) rapid increase in the demand for services in a context of pre-existing infrastructure deficit; (ii) unplanned urban development with regulatory deficits; (iii) informality as a mechanism for resolving conflicts related to access to housing and services; and (iv) impacts on the dynamism and structure of the local labor market, generating opportunities and challenges for the development of economic activities.
 - 2.5 As an instrument to address these challenges, the public authorities of the Province of San Juan and Department of Iglesia initiated a participatory process of strategic planning and management starting in 2017, by virtue of which a first Strategic Plan for Iglesia was presented (year 2018) and a progress report on its implementation was published in March 2022. The objective of this process is the construction, based on citizen participation, of a sustainable development strategy for Iglesia that is materialized in a Vision and 4 strategic lines containing 21 projects.
 - 2.6 Among the challenges identified by the Strategic Plan of Iglesia is the need to improve access to training and employment opportunities for women, diversities and youth. Employment indicators, according to the 2010 National Census, show that of the total employed population, only 32.6% were women, while 70% of the inactive population were women. In addition, in the spaces for participation developed within the framework of the plan, citizens highlighted the need to strengthen capacities so that women and young people have the opportunity to work and live in Iglesia.
 - 2.7 The objectives and activities of this technical cooperation are aligned with the IDB Group Institutional Strategy: Transforming for Scale and Impact" (CA-631), in its Productivity and Innovation challenges, by promoting the development and implementation of a productive diversification strategy, as well as the cross-cutting area of Institutional Capacity, by promoting the improvement of institutional frameworks that contribute to the development of private and responsible economic activity. In this way, it is also aligned with the fulfillment of Argentina's Country Strategy 2021-2023 (GN-3051) in its items 2.1. promotion of entrepreneurship, innovation and competitive productive clusters, 2.3 reduction of infrastructure gaps, and 3.4. improvement of the regulatory framework. It is also consistent with the lines of action prioritized in the Extractive Industries Sector Framework Document (GN-3028-2), which indicates the importance of institutional quality, promotion of development opportunities around the activity and responsible mining practices.

III. Description of activities/components and budget

- 3.1 Within the framework of the guidelines of the Strategic Plan of Iglesia, the project seeks to support actions for economic diversification, updating, operationalizing and strengthening the governance of the departmental strategy, and strengthening municipal management capacities through consulting services. For this purpose, the activities are structured into the following components:
- 3.2 **Component I – Updating and operationalization of the Strategic Plan of Iglesia:** The objective of this component is to support the sustainable economic development of Iglesia, based on its long-term strategy and intersectoral cooperation (government, industry and civil society). This will be done by updating the department's development strategy and designing and implementing initiatives to strengthen local production chains.
 - 3.2.1 **Activity I.1. Update and governance of the Iglesia Strategic Plan.** Based on the Strategic Plan for Local Development of Iglesia, formulated between 2017 and 2018, participatory activities will be carried out for updating, identification and prioritization of projects, including the analysis of strategies to amplify the availability of funding for the implementation of the plan. A public-private management space will be designed for the governance and management of the Strategic Plan.
 - 3.2.2 **Activity I.2. Territorial planning and development strategy.** In line with activity I.1.2., participatory activities will be developed for the analysis and proposal of a land use planning strategy, considering the efficient use of space, improvement of the population's quality of life, local economic development, and mitigation of environmental risks, among other relevant aspects.
- 3.3 Workshops and project recommendations will include special provisions to ensure the participation of vulnerable segments of the population, such as women, diversities and youth.
- 3.4 **Component II. Support for the economic diversification of Iglesia.** The objective of this component is to identify and execute actions conducive to sustainable and diversified economic development, considering ongoing and planned initiatives.
 - 3.4.1 **Activity I.2.1. Incubator for agro-productive entrepreneurs:** The objective of this activity is to accelerate and strengthen the development of local agro-productive entrepreneurs through the creation of a space that provides them with personalized technical assistance and tools for the technical and commercial development of their products and services, both in the initial phases and through monitoring during the development phases. The technical assistance activities and development tools will include objectives of efficient use of water resources and the adaptation of agricultural production to climate change. Special provisions will be ensured to guarantee the participation of vulnerable segments of the population, such as women, diversities and youth.
 - 3.4.2 **Activity I.2.2. Strengthening the local agricultural production chain:** The activity's objective is to strengthen the commercial capacities of small agricultural producers by developing commercial alliances with wholesale operators in the sector. The activity will focus on building effective linkage processes between local supply and demand for agricultural products to ensure sustainable commercial relations for both parties, while also contributing to the transfer of technology and best practices.
 - 3.4.3 **Activity I.2.3. Design of a financing mechanism for entrepreneurs:** The objective of this activity is to promote the development of local entrepreneurs with limited access to existing lines of credit, based on the design and implementation

of a financial assistance program for working capital adapted to the needs of the local entrepreneurial ecosystem. The activities will cover both the design of the tools and the granting of loans to qualified entrepreneurs, as well as subsequent assistance and monitoring of the instrument's performance.

3.4.4 **Activity I.2.4. Tourism Development Plan:** In line with the departmental strategy, a tourism development plan will be prepared, which will include: (i) analysis of gaps and opportunities for tourism development with characterization of current and potential supply and demand (ii) survey of attractions (natural and cultural heritage) with identification of activities, evaluation and prioritization based on their development potential, (iii) determination of existing and required infrastructure and support services, (vi) identification of needs for strengthening the business fabric and improvement and work on the quality of existing resources, (v) generation of a road map (programs, actions and tasks) detailing a set of initiatives and recommendations reflecting short, medium and long-term strategic priorities, also contemplating a gender approach (vi) analysis of the economic viability of the initiatives and identification of possible sources of financing for prioritized activities, and (vii) a scheme for monitoring initiatives and projects.

3.4.5 **Activity I.2.2.5. Exchange and dissemination of knowledge on project results and best practices.** This activity will finance publications, conferences and other activities to exchange and disseminate knowledge on project lessons learned and sectoral best practices.

3.5 **Component III - Institutional capacity building.** This component's objective is to strengthen the municipal government's project governance capacities. Under this component, activities will be carried out to improve the capacities of the municipal government of Iglesia on issues related to the implementation of the activities of Subcomponent I.2.

3.5.1 **Activity II.1. Strengthening municipal capacities for technical and financial assistance to productive enterprises.** Support will be provided for the incorporation of new tools that will enable the municipal government to lead and manage the assistance programs for local productive enterprises contemplated in activities I.2.1 to I.2.3. Assistance will be provided to the municipal government in aspects related to: (i) design and technical support for the creation of a space for assistance to entrepreneurs within the municipal government structure (e.g. Local Development Agency), (ii) training of municipal personnel for the start-up and operation of the space for assistance to entrepreneurs, (iii) post-implementation support and monitoring of activities.

Indicative Budget

Component	Description	IDB/Fund Funding (PSC)	Total Funding
I. Updating and operationalization of the Strategic Plan of Iglesia	Update and governance of the Iglesia Strategic Plan.	U\$S 20,000.00	U\$S 20,000.00
	Territorial planning and development strategy.	U\$S 15,000.00	U\$S 15,000.00
II. Support for the economic diversification of Iglesia	Incubator for agro-productive entrepreneurs	U\$S 210,000.00	U\$S 210,000.00
	Strengthening the local agricultural production chain	U\$S 85,000.00	U\$S 85,000.00
	Design of a financing mechanism for entrepreneurs	U\$S 15,000.00	U\$S 15,000.00

	Tourism Development Plan	U\$S 22,500.00	U\$S 22,500.00
	Exchange and dissemination of knowledge on project results and best practices	U\$S 10,000.00	U\$S 10,000.00
III. Institutional capacity building	Strengthening municipal capacities for technical and financial assistance to productive enterprises.	U\$S 50,000.00	U\$S 50,000.00
Total		U\$S 427,500.00	U\$S 427,500.00

- 3.6 LUNDIN FOUNDATION expects to commit US\$ 427,500 to this project.
- 3.7 Resources of this project to be received from LUNDIN FOUNDATION through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the “Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)” (Document SC-114). As contemplated in these procedures, the commitment by LUNDIN FOUNDATION will be established through a separate Administration Agreement. Under such agreement, the resources for this project will be administered by the Bank.
- 3.8 The project team will be responsible for preparing and submitting the project reporting to the donor, as well as for all other actions and deliverables pertaining to project execution and agreed with the donor in the Administration Agreement.

IV. Executing agency and execution structure

- 4.1 The Bank, through the Energy Division of the Infrastructure and Energy Sector (INE/ENE), will be responsible for the execution of activities, in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and in the Procedures for the Processing of Technical Cooperation Operations (OP-619-4). Per the request of the beneficiary and owing to the multi-agency scope of the TC and recent experience executing similar sector initiatives throughout the region, INE/ENE is best equipped to manage this operation and to assure the coordination needed. In accordance with OP-1155-2, the Bank will leverage its technical knowledge, ability to convene regional expertise and relationship with stakeholders for the execution of this project.
- 4.2 **Procurement.** All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.
- 4.3 **Evaluation.** A qualitative evaluation, to be contracted with resources from the operation, will be carried out to identify project results and generate lessons learned.
- 4.4 **Coordination.** In order to ensure that the different parties involved in the project are informed, a Technical Coordination Committee will be formed. The committee will be composed of two representatives from each organization (Josemaría Resources/LMC, Lundin Foundation and the Bank). This committee will meet at least once per quarter to analyze the performance of the technical corporation executed by the Bank and technical coordination of activities in the territory. In case of need, an ad-hoc meeting may be convened to deal with these issues. A quorum of at least one representative from each organization will be required for committee meetings. In addition, the participating entities of the committee may designate delegates to deal with more detailed technical matters.
- 4.5 **Project reporting.** The project team will be responsible for the preparation and submission to the donor of the project reporting, in compliance with the stipulations of

the Administration Agreement. Within the framework of the activities of the Technical Coordination Committee, a progress report will be prepared at the end of each quarter and an Annual Report containing information on the progress of activities and unaudited financial information. The periodicity of this report may be adjusted to coincide with the Technical Coordination Committee meetings as relevant input to these meetings.

V. Major issues

- 5.1 A risk to project success is limited access to reliable and up-to-date data and information. The project team will take advantage of its fluid dialogue with authorities and stakeholders to review and update available information and fill existing gaps. Project partners will collaborate in data collection. Where data does not exist, the project will generate new information and/or support access to knowledge.
- 5.2 To avoid potential overlaps with work being carried out by other organizations and stakeholders, priority will be given to projects that foster partnerships, build on established experience and build on dialogue with relevant stakeholders and organizations operating in the sector. The project team will work closely with local partners to ensure that lessons learned and knowledge generated are incorporated into policy and investment decisions.
- 5.3 In order to mitigate the risk of potential delays in execution, associated with the interinstitutional and intersectoral coordination and articulation that will be required at different levels to implement this project, the team will work closely with local, provincial and national authorities, stakeholders and civil society to propose transparent execution conditions and modalities, based on a participatory decision-making structure and with first-rate technical support. Capacity gaps will be complemented with specific actions to address them.

VI. Exceptions to Bank policy

- 6.1 None.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_51243.pdf](#)

[Results Matrix_37801.pdf](#)

[Terms of Reference_22723.pdf](#)