

Early Warning System

IDBI-12345-01

Gigared

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Quick Facts

Countries	Argentina
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2019-05-07
Borrower	Gigared S.A. and Gigacable S.A.
Sectors	Communications
Investment Type(s)	Loan
Investment Amount (USD)	$ 30.00 million
Loan Amount (USD)	$ 20.00 million

Project Description

The transaction consists of a loan of up to US$30 million to Gigared S.A. and Gigacable S.A. ("Gigared"), US$20 million of which will be financed by the IDB Group and, if agreed to by the parties, it may include mobilizing funds of up to US$10 million (to be financed by commercial banks)[1]. The Loan will be for a term of up to 7 years, including a grace period of 2 years, and will be used to finance (i) the expansion of its broadband network by connecting more homes and businesses in Buenos Aires and 6 provinces in the Northeast of Argentina (organic growth) and (ii) possible acquisitions (inorganic growth).

Gigared is a telecommunications group that provides cable television ("CATV"), fixed telephony and cable modem Internet services ("ISP") through Fiber to the Home ("FTTH") urban networks wiring, Hybrid Fiber Optic-Coaxial Network ("HFC"), including triple play service (cable TV, Internet and fixed telephony) and connectivity and data center services for businesses (this activity, at its facilities in the Autonomous City of Buenos Aires). Gigared's activities take place in the provinces of Entre Rios, Santa Fe, Corrientes, Chaco and Misiones, and in the Autonomous City of Buenos Aires, Argentina. The laying down of fiber optics cables begins in Villa Ortuzar, Autonomous City of Buenos Aires, and extends along the coastline. The administrative facilities and central warehouses are located in the Autonomous City of Buenos Aires.

[1]To be confirmed.

Early Warning System Project Analysis

People Affected By This Project

1. Overview and Scope of IDB Invest's Environmental and Social Review

From January 28-30, 2019, staff responsible for the IDB Invest Environmental, Social, and Corporate Governance Division ("SEG") carried out the environmental and social due diligence of the corporations linked to this transaction, having held meetings with the staff responsible for the company at its headquarters located in the Autonomous City of Buenos Aires and at its Parana branch, evaluating, through a visual assessment, the environmental, safety and security conditions of the facilities.

2. Environmental Classification and Rationale

Considering the results of the assessment in light of IDB Invest's Environmental and Social Sustainability Policy, the transaction is a Category B operation. The possible environmental and social impacts and the health, safety and security risks associated with the activities involved in this transaction can feasibly be adequately managed by means of plans, programs and procedures whose content is known and use is widespread in the sector.

Among the possible environmental, social, health, safety and security risks and impacts linked to this transaction, the following are worth mentioning: (i) personal risks (risks of falls; electrical risks; respiratory risk due to entry into confined spaces and civil works activities; risk of traffic accidents; ocular risk due to handling fiber optics and laser lights); (ii) risk of polluting the soil and subsoil due to accidental spillage of fuel or due to improper handling of special waste (cables, electronic waste, electrical appliances); (iii) risk to third parties due to possible traffic accidents by a company or contractor vehicle.

Given the nature of the possible impacts and risks identified, the following International Finance Corporation ("IFC") Performance Standards apply: PS 1 (Assessment and Management of Environmental and Social Risks and Impacts), PS 2 (Labor and Working Conditions), PS 3 (Resource Efficiency and Pollution Prevention), and PS 4 (Community Health, Safety and Security). PS 5, 6, 7 and 8 are not considered applicable to the transaction.

3. Environmental and Social Context

Gigared's activities take place in the Autonomous City of Buenos Aires and the provinces of Entre Rios, Santa Fe, Corrientes, Chaco and Misiones, in Argentina, mainly in environments that are already subject to human intervention. The administrative facilities and central warehouses are located in the Autonomous City of Buenos Aires and in urban areas; the laying of networks is usually carried out in highway strips and streets. Therefore, the company's activities do not, in principle, interfere with protected natural environments or areas of high biodiversity value.

4. Environmental Risks and Impacts andProposed Mitigation and Compensation Measures

4.1. Assessment and Management of Environmental and Social Risks and Impacts

Environmental and Social Management System

Gigared manages the occupational risks and possible environmental impacts of its activities through internal plans and procedures, implementing preventive, corrective and mitigating actions that, in overall terms, are considered suitable. Occupational health, safety and security management at work is carried out by in-house staff in the cities of Corrientes and Resistencia, and by contractors in the Autonomous City of Buenos Aires and in the cities of Posadas, Parana, Crespo and Santa Fe. The integrated management system design currently under development ([1]) and the general advice on environmental, social, safety and security matters is carried out by an external specialist. No specific personnel has been assigned to environmental and social management.

As set out in Action 1.1 of the Environmental and Social Action Plan ("ESAP"), Gigared will implement an Integrated Environmental, Social, Health, Safety and Security Management System applicable to all activities carried out by its in-house and contracted personnel, in accordance with the requirements of IFC Performance Standard 1. For this purpose, Gigared will

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Private Actors Description

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Gigared S.A.	Undisclosed	-

Contact Information

ACCOUNTABILITY MECHANISM OF IDB INVEST

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).

For project inquiries, please contact:
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Bank Documents

- Environmental and Social Action Plan open/close