

PROJECT BRIEF
GEF MEDIUM-SIZED GRANT PROPOSAL
IFC/GEF ARGENTINA EFFICIENT STREET-LIGHTING PROGRAM

PROJECT SUMMARY

1. **Project Name:** Argentina Efficient Street-Lighting Program
2. **GEF Implementing Agency:** World Bank/IFC
3. **Country where project will be implemented:** Argentina
4. **Country Eligibility:** Argentina is a ratified signatory of the UN FCCC
5. **GEF Focal Area:** Climate Change
6. **Operational Program/Short-Term Measure:** Operational Program Number 5 -- Removal of Barriers to Energy Efficiency and Energy Conservation
7. **Project linkage to national priorities, action plans and programs:** The Government of Argentina's Energy Subsecretariat seeks to mobilize private sector capital and project delivery mechanisms to develop and implement energy efficient municipal street-lighting projects. The power sector has recently been restructured and electric distribution utilities privatized in Argentina. This program will serve the following national energy policy goals: (i) develop utility demand management programs which reduce electricity consumption during peak late afternoon and early evening hours (in order to reduce the use of inefficient peaking generators); (ii) achieve the economic, environmental and greenhouse gas (GHG) emission reduction benefits related to implementation of efficiency projects; (iii) promote development and commercialization of the energy efficiency industry; (iv) develop viable mechanisms to provided needed and currently unmet public lighting services; and (v) help solve the municipal non-payment problems experienced by the utilities.
8. **GEF national operational focal point and date of country endorsement:**

Dra. Silvia B. Garcia, Direccion General de Cooperacion
Ministerio de Relaciones Exteriores, Comercio Internacional y Culto

Avenida Corrientes 327, piso 3, 1043 - Buenos Aires - Argentina

Tel. (54-1) 310-6700; Fax (54-1) 310-6704

Country endorsement obtained February 3, 1998 (see attached endorsement letter)

9. Project rationale and objectives:

- (a) Promotion of innovative commercial financing and delivery mechanisms for energy efficient street-lighting projects;
- (b) Preparation of project transactions for implementation and financing on commercial terms by local financial intermediaries (FIs), including ones with capital available from IFC; and
- (c) Reduction of CO₂ emissions.

Indicators:

- (a) Completion and financial closing of model street-lighting project finance transactions;
- (b) Increased investment in efficient street-lighting systems; and
- (c) CO₂ emissions reductions achieved by implemented efficiency projects.

10. Project outcomes:

- (a) Development, structuring and financial closure of model transactions that demonstrate innovative financial and contracting mechanisms and overcome existing market barriers;
- (b) Development of a series of new municipal street-lighting projects for implementation by commercial parties; and
- (c) Increase in the capacity of private sector energy efficiency businesses and development of an expanded commercial market in this field.

Indicators:

- (a) Investment in energy efficient street-lighting projects;
- (b) Increased number of projects under development and number of commercial and municipal parties participating in projects; and
- (c) Expanded market and increased capacity for developing and financing efficient street-lighting projects.

11. Planned activities to achieve outcomes:

- (a) Provision of investment banking and project finance transaction structuring services (approximately \$266,250 or 36% of program budget);
- (b) Street-lighting market research and project development services, (approximately \$280,000 or 38% of program budget); and

- (c) Promotion and general market development activities (approximately \$190,000 or 26% of program budget).

Indicators:

- (a) Entry of more commercial financial institutions into this market, with increased financing activity, both in total dollar volume and number of transactions;
- (b) Development of a pipeline of efficient street-lighting projects for implementation and financing by commercial parties;
- (c) Removal of municipal credit, information, high development and transaction cost and regulatory barriers to commercially sponsored street-lighting project financings; broader market acceptance of innovative financial mechanisms; and development of an expanded commercial market for efficient street-lighting projects.

12. Estimated budget (in US\$):

GEF:	\$736,250 (proposed budget, attached)
Co-financing/Associated	
Financing*:	Up to \$15-30 million (estimated)
Total:	Up to \$16-31 million (estimated)

*Expected level of commercial financing that the GEF support is expected to mobilize from IFC credit lines and private sources.

13. Information on project proposers: International Finance Corporation (IFC) is the affiliate of the World Bank Group which invests exclusively in private sector projects. Supporting IFC in the design and implementation of the program, and serving as the primary program contractor, will be the International Institute for Energy Conservation (IIEC), an international non-governmental organization (NGO) with local offices in Santiago, Chile. IIEC will be supported in-country by Uso Racional de Energia (URE), the energy efficiency program development and implementation arm of the Energy Subsecretariat of the Government of Argentina, and Aguirre y Gonzalez, an Argentinean investment banking company. The program implementation will involve close working relationships with commercial banks and other relevant domestic FIs (several of whom have established relationships with IFC), energy efficiency (EE) businesses, utilities and municipalities.

14. Information on proposed executing agency: International Finance Corporation (IFC) through the World Bank as GEF Implementing Agency; IIEC will be the primary contractor to execute the program.

15. Date of initial submission of project concept: October 1997

16. Project identification number: 502226

17. Implementing Agency contact person:

Mr. Dana R. Younger, IFC GEF Coordinator, Washington D.C.

Phone: (202) 473-4779

Fax: (202) 974-4349

18. Project linkage to Implementing Agency program(s): IFC has investments in several Argentine financial institutions and will seek to deploy (though not exclusively) IFC funds for financing the subject street-lighting projects. IFC is also developing an Efficient Lighting Initiative (ELI) for GEF sponsorship, which is a multi-country project aimed at a wide range of efficient lighting services; this street-lighting finance program will: (i) open the way for development of other, complementary efficient lighting applications in the domestic and commercial sectors in Argentina; and, (ii) develop important experience in the street-lighting sector which can have application in other ELI countries.

PROJECT DESCRIPTION

Project Rationale and Objectives

19. The proposed activity is consistent with GEF Operational Program Number 5, "Removal of barriers to energy efficiency and energy conservation." The proposed program will develop and promote innovative commercial financing and delivery mechanisms for energy efficient street-lighting projects; it will further develop a pipeline of projects and contribute to development of an expanded commercial market in this field. Argentina has significant potential for electrical energy savings through use of proven efficient street-lighting technologies. Incandescent and mercury vapor street-lighting technologies are both common and inefficient. Substitution with high-pressure sodium fixtures, in a typical application, will reduce power demand from 400 watts to 150 watts per fixture, a savings of over 60%. Nationwide, cost-effective retrofits of existing street-lighting systems with high-efficiency technologies could achieve total electricity demand savings of over 400 MW. The Argentina electricity system obtains some 63% of its total energy from gas-fired powerplants (the balance comes from hydro and nuclear). On this basis, the potential carbon emission reductions from a switch-over to energy efficient street lamps would amount to some 152,000 tons of carbon per year. Further, municipalities in Argentina face an urgent need to extend street-lighting systems to under-served areas and should utilize the most efficient technologies when making this basic infrastructure investment. As street-lighting is an essential public service, with stable operating hours and a moderately high load coincidence with peak power demand, it is a good candidate for EE investments and Energy Service Company (ESCO) activity.

20. The program objective is to promote development of a commercial market for implementing and financing public lighting efficiency projects. Properly developed and managed, efficient street-lighting projects are economically viable. The key to opening this market is demonstrating and replicating viable project finance and contract structures and security mechanisms. The program will provide assistance to develop and prepare projects for investment and

implementation on commercial terms. The program complements activities of private sector businesses -- public lighting installation and maintenance contractors and ESCOs, equipment vendors and manufacturers, privatized distribution utilities, financial intermediaries (FIs) -- and works with municipalities, interested government agencies and NGOs. The program will focus on: (a) development, financial structuring and closing of model commercial transactions; (b) removal of municipal credit, information, high transaction cost and regulatory barriers to street-lighting project finance; and, (c) promotion and replication of successful financing mechanisms and growth of the commercial market in this field.

21. The program will seek, though not exclusively, to develop transactions for financing by those domestic commercial banks with whom IFC has existing or newly developed credit lines and relationships. IFC's existing portfolio includes more than US\$120 million placed with Banco Suquia, BanSud, Banco Galicia, Banco Rio, Banco Roberts and Banco Mercantile. Thus, GEF resources can be leveraged with IFC and commercial sources of capital. Several potential transactions have been identified for possible financing which can immediately be explored with one or more of these institutions and be the subjects of the program's transaction-development assistance. The program also offers an opportunity to develop energy efficiency (EE) finance products and solutions which may have potential applications elsewhere by IFC.

Current Situation

22. The current situation is characterized by lack of investment in efficient street-lighting projects. The main barrier to developing and financing public lighting EE projects is municipal credit risk (ability and willingness to pay). Other important barriers are lack of market organization, lack of experience in municipal and energy efficiency finance, and high transaction costs associated with developing projects and structuring creditworthy financings. Regulatory barriers exist for certain solutions, e.g., use of utility collections mechanism. Macroeconomic conditions are improving and funds are available in Argentinean capital markets. The general problem is *not* lack of capital but a lack of well-structured projects, indicating the need to structure creditworthy transactions.

23. A properly applied technical assistance program has good prospects to remove these barriers. Market conditions in Argentina are ready for this initiative. The program is designed to build on and address the following background conditions: (i) a strong base of private sector businesses with the experience and capability to deliver public lighting projects and services; (ii) viable public lighting project economics; (iii) a large commercially viable market and pent up demand for public lighting retrofits and expansion of service; (v) sufficient domestic sources of medium-term credit and a declining interest rate environment but a clear lack of well-structured, creditworthy projects; (vi) a recently restructured and privatized electric utility industry with new regulatory entities which are receptive, (but require an organized approach), to the removal of regulatory barriers to innovative project mechanisms; and (vii) electric utilities which are very interested in both demand management and addressing their municipal payments problem.

Expected Outcomes with Underlying Assumptions and Context

24. These background conditions indicate strong potential for the program to open a commercially viable market for municipal street-lighting EE projects and mobilize the resources for private sector financing to implement these projects. Strategies for structuring creditworthy financings have been researched and specific transactions have been identified. Thus, there are reasonable prospects for closing transactions in the near term by applying GEF technical assistance resources in a catalytic fashion with well qualified private sector parties, and therefore achieving significant leveraging of GEF funds. The intended results are to: (i) close model replicable transactions; (ii) open a commercial market in this area that will continue without external assistance; and (iii) create positive spin-off effects that will contribute to development of the EE project development and finance industry broadly.

Activities and Financial Inputs Needed to Enable Changes

25. A technical assistance program is needed to catalyze this market. Assistance is required to structure transactions. The program will leverage its activity by working with local private sector project sponsors and participants, including street-lighting installation and maintenance contractors and ESCOs, equipment vendors and manufacturers, privatized distribution utilities, and financial intermediaries, who will have on-going activities in this market. Structuring initial transactions is expensive but the projects themselves are economically and commercially viable if credit, structuring, legal and regulatory issues can be solved. No concessional finance is needed for project implementation; rather, assistance is needed to structure project investments for implementation on commercial terms. Primary activities include:

- Investment Banking and Transaction Structuring Services. Provide investment banking and deal structuring to develop, structure and close a set of initial transactions which demonstrate viable financing structures, including loans to public lighting contractors/ESCOs and use of the utility collections mechanism to finance projects; support transaction structuring activities of participating FIs; provide technical assistance to private sector companies, including privatized utilities, to develop their initial demonstration projects and ESCO operations as appropriate. (Cost for this program activity is approximately \$266,250.)
- Public Street-Lighting Research and System Inventories and Project Development Services. Conduct market research, and audits, inventories and performance evaluations of municipal street-lighting systems; prepare feasibility studies for select projects; provide assistance to municipalities to develop projects, including procurement of turnkey projects from commercial parties; develop a pipeline of new projects which can utilize the new financing and contracting mechanisms. All of this activity will be oriented to screening and developing projects consistent with commercial criteria; commercial linkages will be created so this assistance will lead to project implementation. (Cost for this program activity is approximately \$280,000.)

- Promotion and General Market Development Activities. Once viable financing structures are demonstrated by closing initial transactions, educational efforts will be undertaken to promote their widespread replication to build a commercial market, including removal of information and regulatory barriers, and trainings/seminars and targeted promotion and information activities will be conducted. (Cost for this program activity is approximately \$190,000).

Sustainability Analysis and Risk Assessment

26. The program has strong support from domestic commercial parties including EE and street-lighting businesses, distribution utilities and financial intermediaries. The program will work with qualified local project sponsors and commercial parties that will continue their business activities in this area after the conclusion of the program and be the market drivers to replicate viable financing mechanisms.

27. The market is sufficiently large to motivate their continued activity. The Government of Argentina (through its “Uso Racional de Energia” program) estimates the total market for economic public lighting efficiency retrofits in Argentina to be approximately \$200 million. This market size estimate excludes: (i) on-going maintenance services and equipment replacement (fixtures have a useful life of approximately 7 years), and (ii) capital required to extend or provide new lighting service to un- or under-served areas, a major municipal priority which is more capital intensive than retrofits and likely more than doubles this market size estimate. In some cases, financing of initial transactions may lead to creation of multi-project finance facilities between participating FIs and the project sponsors or ESCOs so that replication will be built into the transaction structure. The program will seek to create positive spin-off effects for other types of EE projects and financing, including: (i) expansion of utility EE finance programs into other EE equipment and sectors; (ii) development of energy services companies (ESCOs) that can expand into other EE sectors; (iii) building experience and capacity of domestic FIs, financial advisors, consultants and NGOs in EE finance; (iv) regulator education on demand side management; and (v) development of replicable EE finance experience and financial products which IFC can propagate to other settings.

28. The program will also work cooperatively with the Government of Argentina Energy Secretariat. The Uso Racional de Energia program will provide technical assistance in implementing the municipal services and promotion components of the program.

29. Main program risks have been identified and assessed as follows:

- a) Risk: The long and political sales cycle by municipalities causes delays; public sector procurement issues or process cause delays; initial transactions are delayed or never close so as a result the program has no solutions to promote. Response: Pre-appraisal results indicate there are viable near-term transactions. Several initial transactions with various qualified project sponsors have been identified. The program will support development of

several transactions using various financing approaches to increase prospects of success and reach broader segments of the market.

b) Risk: Transactions require such intensive financial structuring that they cannot be replicated without continued external assistance/support. Response: While developing the initial transactions, EE businesses will be assisted in using financing and contracting methods so that the program builds the structuring capacity of project sponsors, FIs, financial advisors and other participants who can continue their activities after external assistance disappears. Program will seek to create multi-project financing facilities between participating FIs and project developers. Program will work to remove regulatory and other barriers so as to ease implementation of future projects.

c) Risk: Regulatory barriers to promoting utility collection mechanisms prove insurmountable. New regulatory infrastructure is immature and regulators have other priorities. Response: The program will: (i) identify utilities where collection mechanisms are already being used, just not yet for financing public lighting projects; (ii) seek support from government power sector; and (iii) organize “bottom up” demand for specific projects by working with project sponsors, municipalities and utilities, and encourage regulators to respond to this demand.

d) Risk: Project sponsors want or need limited recourse financing but FIs are not willing to offer it yet as it is a “second generation” finance product and the first generation of deals must be done first. Response: Some projects have been identified where the sponsors are creditworthy and willing to take recourse and/or able to offer bankable security (e.g., EDELAP, Siemens Servicios Urbanos and the City of Cordova). These projects offer opportunities to prove the various security mechanisms. Also, most likely project sponsors are fully willing and able to take all project performance and technical risks.

e) Risk: Some other party develops and offers a pre-emptive solution that eliminates the need for or effectiveness of this program. Response: No other government, donor or multilateral program in this area (e.g., credit enhancement for municipal lighting projects) is on the horizon or anticipated. Pre-appraisal research revealed a remarkable convergence amongst interested parties on utility collection mechanisms as one solution to financing municipal lighting projects which can effectively by-pass municipalities in the collections process; this program will develop and promote that solution. The problem of municipal credit is a basic impediment to mobilizing commercial finance; the program will pursue several solutions to this problem to cover a range of applications and conditions.

Stakeholder Involvement

30. Key stakeholders include:

- Domestic electric distribution utility companies;

- Domestic and international energy efficiency businesses, project developers and energy services companies, electrical installation and maintenance contractors, equipment manufacturers/suppliers;
- Utility system regulators, both national and provincial;
- Government of Argentina through its Energy Subsecretariat and Uso Racional de Energia program;
- Domestic and international financial intermediaries, including ones supported by IFC;
- Municipalities and provincial governments; and
- Local and international environmental and energy NGOs.

31. Parties representing each one of these stakeholder groups have been identified and will participate in the model transactions and/or the promotion and project development programs. A communications strategy will be developed to provide program information to these various groups. Later in the program, following the closing of initial transactions, national and perhaps regional seminars and conferences will be held and publications prepared to disseminate information. Existing IFC relationships with FIs, utilities, equipment manufacturers and project sponsors will be drawn on for program implementation.

INCREMENTAL COST ASSESSMENT

32. The baseline for incremental cost calculations is provided by the current situation, i.e., the existing street-lighting systems. Existing systems are characterized by mostly mercury vapor fixtures, some incandescent and some high pressure sodium; a given municipality's system will consist of many fixture types and wattages. The alternative case is the street-lighting system after the retrofit projects are implemented.

33. GEF's operational strategy indicates that "the costs of removing barriers...are incremental costs." It further mandates that "[t]he emphasis of operational programs will be two-pronged: (a) *removing barriers to implementation of climate-friendly, commercially viable technologies*, and (b) reducing the cost of prospective technologies that are not yet commercially viable, to enhance their commercial viability" (emphasis added). This program falls into category (a). Efficient street-lighting projects are economically viable but, because of the market barriers cited earlier, investments in them are not being made. Development and financing of efficient street-lighting projects requires removal of these barriers. The goal of this GEF program is to develop projects and organize and achieve financial closing and implementation of street-lighting efficiency projects that would not occur without the GEF program assistance. Once these barriers can be overcome, projects can be implemented on commercial terms, as they offer economic benefits to project participants. The incremental costs of the energy efficient alternative, therefore, consist of the initial expenses for removing the institutional, financial and market obstacles that currently prevent the introduction, development and financing of such systems on their own merits. One advantage of this program is that it uses relatively small amounts of funds to organize commercial transactions, and, therefore, if it succeeds, will provide significant leveraging of GEF resources. The projected, direct project effects have summarized in the Incremental Cost Matrix below.

Incremental Cost Matrix¹

	Base Case	Alternative	Incremental
Global Environmental Benefits	-0-	100,200 tons of carbon emission avoided	100,200 tons of carbon emission avoided
Domestic Benefits ²	Adequate street lighting	Adequate street lighting	Zero ³
Life Cycle Costs ⁴	\$52,500,000	\$53,236,250	\$736,250

¹Based on a single, 7-year life cycle of high pressure sodium lamps only. It can be assumed, however, that these bulbs will once again be replaced by a similar type, so that the total benefits of the project over time will be substantially higher. Assumed total investment costs \$30 million.

²This assumes that the actual cost to beneficiaries of providing street lighting will remain unchanged, while the expected financial benefits from the lower life cycle costs of the new bulbs will be fully appropriated by the suppliers or municipalities themselves.

³This assumes that the new high efficiency bulbs will not improve the quality of lighting provided. This is a very conservative assumption.

IMPLEMENTATION PLAN

34. IFC will act as executing agency and will have a primary contract for program implementation with the International Institute for Energy Conservation (IIEC), an NGO. IIEC, in turn, will have major subcontracts with: (a) a domestic financial advisor, (b) a program manager, and (c) URE. Following GEF approval of the program, these contracts for implementation will be finalized and program operations will commence. IFC will retain an external financial advisor to work with IIEC to complete program start-up, provide technical support to the program and provide program management on behalf of IFC. Program activities will take place over a two-year period.

35. Implementation of the program involves three main skill areas: (i) investment banking, including structuring and closing project finance transactions; (ii) market research and project development, including engineering and procurement, working in conjunction with municipalities; and (iii) energy efficiency program development, advocacy, promotion and general market development.

36. The investment banking skills require a high-level professional organization and will be obtained locally on a subcontracted basis by IIEC. These services will be focused on structuring and closing project finance transactions. Experience gained from undertaking the model transactions will be shared with the program manager to be included in the education and promotion components of the program. Program activities will lead to development of a pipeline of new transactions and these will be referred to the investment banker and linked to commercial energy efficiency businesses for development, transaction structuring and financing. The investment banker will maintain close contacts with IFC, both in Buenos Aires and Washington DC, to identify and help develop investment opportunities for IFC which arise from program activities. As part of its compensation, the investment banker will be allowed to obtain transaction closing fees from transaction participants; this provision will leverage the program

resources and further assure the commercial basis of the transactions being developed. A domestic financial advisor has been identified by IIEC.

37. Skill sets (ii) and (iii) are easily combined and will be performed by a full-time program manager, with substantial additional assistance from subcontracted staff and engineers. The program manager will be hired on a consultant basis by IIEC and located in the offices of URE. As URE is well-established as the lead entity in Argentina promoting energy efficiency, the program manager will enjoy the support of URE's network to various stakeholders including and energy efficiency businesses, municipalities, utility regulators, and government agencies. The program manager will be supported and guided by IIEC management and staff from its offices in Santiago and Washington DC.

38. The first phase of the program (during the first 12 months) involves: (i) structuring and closing initial model transactions; and (ii) performing public street-lighting system inventories and early stage project development services for selected municipalities. The second phase of the program (second 12 months) will involve: (i) continued finance transaction structuring services on new transactions; and (ii) promotion and dissemination of successful models, on-going development of the pipeline of projects, and general market development activities.

BUDGET

39. A program budget is attached reflecting the implementation plan discussed above.

MONITORING AND EVALUATION PLAN

40. The program will be monitored on an ongoing basis by IIEC and URE and periodically by independent experts hired by IFC. The program's initial objective is structuring and closing of model transactions, which will be the primary performance indicator. Other performance indicators include: number of similar transactions stimulated and served by the program; number of new businesses active in this field in Argentina; total business volume in this market, new projects identified and under development, and removal of regulatory barriers in additional provinces.

41. An initial amount of US\$25,000 has been budgeted for project evaluation. Evaluations will include the calculation of GHG emission reductions resulting from the reduced energy consumption of the lamps installed by the projects supported by the program. As the overall program implementation period is short, internal program management evaluation will be conducted every six months. All monitoring and evaluation activities will conform to guidelines established by the World Bank for GEF-funded climate change mitigation projects

OFFICE MEMORANDUM

DATE: June 2, 1998

TO: Lars O. Vidaeus, Executive GEF Coordinator, ENVGC

FROM: Dana R. Younger, IFC GEF Coordinator, CTEEP (through Louis C. Boorstin, Unit Head, CTEEP)

EXTENSION: 34779

SUBJECT: IFC/GEF Argentina Efficient Street-Lighting Program - - Global Environment Facility (GEF) Medium Sized Grant Proposal

Further to the concept clearance meeting with the GEF Secretariat on October 21, 1997, IFC has further developed the attached project concept paper on efficient street-lighting in Argentina proposed to us by the International Institute for Energy Conservation (IIEC), an NGO. Attached is a completed application for a US\$736,250 GEF medium-sized grant (MSG) for you to clear and forward to the GEF Secretariat for its endorsement. This will be IFC's first MSG under this new GEF program.

The endorsement of the GEF focal point in Argentina's Ministerio de Relaciones Exteriores, Comercio Internacional y Culto was secured on February 3, 1998 with the assistance of Argentina's Secretaria de Energia and its Direccion de Uso Racional de Energia (URE). The project's submission was withheld to ensure that Argentina could be both one of the seven countries in the restructured \$15 million multi-country IFC/GEF Efficient Lighting Initiative (ELI) and the recipient of a separate award of GEF grant funds for this proposed medium-sized grant. Confirmation of this was received from GEF Secretariat staff during the course of bilateral consultations on ELI.

Please do not hesitate to contact us if any further information is required at this time.

Attachments

cc: Messrs./Mmes. A. Raczynski, M. Riddle, D. Salloum, C. Breslin, J. MacLean, G. Schramm, S. Sullivan, D. Koromzay, S. Sethi, K. Voltaire, B. Pasquier, H. Celaya, M. Alloway, I. Boza, C. Feinstein, C. Kimes



Ministerio de Relaciones Exteriores,
Comercio Internacional y Culto

LETRA: DGCIN

Nro.: 100548/98

BUENOS AIRES. 3 FEB 1998

La CANCELLERIA -Dirección General de Cooperación Internacional- presenta sus atentos saludos al Banco Internacional de Reconstrucción y Fomento/Banco Mundial y, en el marco del Global Environment Facility (GEF), tiene el agrado de presentar el siguiente proyecto.

Al respecto, se trata del Proyecto "**Programa de Alumbrado Público Eficiente**", cuyo monto solicitado al GEF es de U\$S 700.000.- y la contraparte nacional es la Secretaría de Energía de La Nación.

Asimismo, esta Dirección General ha efectuado las evaluaciones pertinentes con la Dirección General de Asuntos Ambientales, área de competencia política de esta Cancillería en temas ambientales, la que manifiesta al analizar el "Concept Paper", que se ha observado en el punto 9) referente a la racionalidad y los objetivos del proyecto, que no se menciona como objetivo del proyecto la reconversión industrial para un uso más eficiente de la energía, de conformidad con el convenio marco de Cambio Climático. Para cumplir con este propósito, se podría incluir en el proyecto los aspectos referidos a la transferencia de tecnología y la capacitación técnica para el uso racional de la energía.

La CANCELLERIA -Dirección General de Cooperación Internacional- reitera sus atentos saludos al Banco Internacional de Reconstrucción y Fomento/Banco Mundial.

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**AL BANCO INTERNACIONAL DE
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