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# Grunin Prize Winner Helped Argentinian Network Of Municipalities Step Up Sustainable Purchasing



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Entrepreneurs

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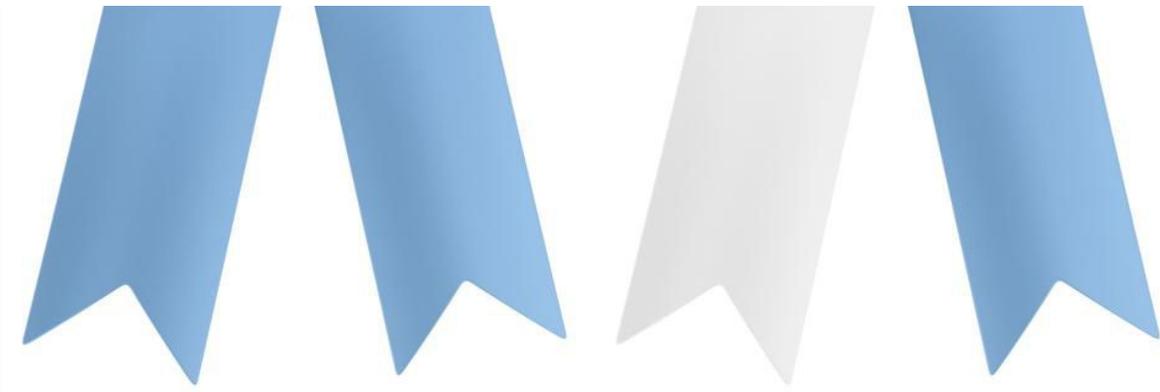
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Back in 2018, a network of Argentinian municipalities aiming to fight climate change were looking for help—specifically, they needed a method through which they could make significant environmentally-oriented purchases that were also cost-effective and high-quality. They ended up choosing [Beccar Varela](#), a Buenos Aires-based law firm, to develop, structure and implement the arrangement.





Argentinian flag on ribbon GETTY

It took two years, but the legal team ended up devising a legal structure that would let the municipalities share funding and accomplish their goal. Last year, they did their first project—an initiative to install LED street lighting—and there are six more in the works.

The team also recently won the annual [Grunin Prize for Law and Social Entrepreneurship](#), an award from NYU School of Law’s [Grunin Center for Law and Social Entrepreneurship](#) that recognizes lawyers who have developed innovative structures to help advance social entrepreneurship and impact investing. That also underscores an issue that often flies under the radar: the importance of creative work by lawyers to make impact happen.

## Brainstorming a Trust

It all started when a 10-year-old network of 224 Argentinian municipalities in 18 provinces needed a legal structure with which they could finance environmental projects. (There are approximately 2,000 municipalities in the country). To that end, a legal team of eight at Beccar Varela brainstormed a variety of solutions.

Ultimately, they came up with a trust to be controlled by an independent bank through which municipalities could propose projects and arrange for financing, called Trust of the Argentine Network of Municipalities against Climate Change (RAMCC Trust, for its acronym in Spanish “Red Argentina de Municipios frente al Cambio Climático”). Each municipality

would contribute money to the trust for maintenance, providing extra funding only for specific projects of interest. The amount of contributions would depend on the size, population and financial capacity of each entity. The structure also would potentially allow for financing from other sources, like donations or endowments.

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They also created a governance structure to guide participation, with three layers. Once a year, all municipalities meet to decide on critical financial issues. Also, a board of eight mayors approves projects. Finally, there's an executive committee of technical officers from the network that's in charge of daily management.

The goal: By banding together, the municipalities would get a better price and higher quality. Plus, it would allow far-flung municipalities that would otherwise have had difficulty purchasing a way to do so. What's more, under normal circumstances, legal restrictions on funding for such projects require the authorization of the province or federal government. But with the trust, the trustee gets the financing and makes the purchases. As a result, the municipalities can sidestep those restrictions, since they receive the product as beneficiaries of the trust, without assuming any liability with suppliers or creditors. "Some municipalities don't have the know how for these projects on their own," says Carolina Serra, a partner at the firm.

## **766 LED Lights**

Last year, in the middle of the pandemic, the municipalities launched their first project—replacing existing street lighting in nine municipalities with 766 LED lights. Through the trust, they sought bids from potential

providers for the project, which ended up costing about AR\$12,000,000, or around \$200,000 in US dollars at the time of the project's date. An EU agency also funded technical advisors. In addition, the law firm helped prepare a manual with guidelines for sustainable procurement.



LED streetlights GETTY

The legal team estimates that the communities saved 45% in energy consumption, translating to a reduction of 239 MWh/year and 110tCO<sub>2</sub>e less per year. Plus, the cost for the municipalities was about 40% less than it would have been otherwise.

This year, the trust is working on six more projects that range from LED street lighting to solar water heaters and remote-control micro-water meters. Total cost: about \$1.5 million. The goal is for the trust to have around \$20 million by 2030, the date when the municipalities committed to reduce their greenhouse gas emissions by 45%. Currently, 24 municipalities have joined the trust.

For the legal team, the work provided a different experience from their usual focus. For example, they did much more than create the structure and manual. They also worked closely with local officials to help them understand the complexities of the structure. “We traveled across the

country sharing ideas with them,” says Daniel Levi, a partner at the firm. “It was very challenging, but we learned a lot, too.”

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I'm an award-winning journalist with a particular interest in for-profit social enterprise, as well as entrepreneurship and small business in general. I've covered those areas for many many places, including The New York Times, Bloomberg Businessweek, Crain's New York Business, Inc. and Business Insider. As an entrepreneurial journalist--ie, a freelancer--I work from my home office in Pelham, NY. **Read Less**

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