Early Warning System

IDBI-12274-01

Texas Tech University Costa Rica Campus Building

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Quick Facts

Countries	Costa Rica
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-10-31
Borrower	Avenida Desarrollo Nuevo, S.A., Edubuilding, S.A. and EduLink, S.A.
Sectors	Education and Health
Investment Type(s)	Loan
Investment Amount (USD)	$ 22.00 million
Project Cost (USD)	$ 22.00 million

Project Description

Edulink (EDU) and Texas Tech University (TTU) have signed a framework agreement to establish a Texas Tech University satellite campus (TTU-CR) in San Jose, Costa Rica in order to offer mainly undergraduate, postgraduate and certificate programs in English with high quality and high demand careers such as Electrical Engineering, Industrial Engineering, Information Technology, Mathematics and Restaurant Management, and Hotels and Tourism, in Costa Rica. EDU will manage the operations of the university (except for academic), as well as the marketing and student recruitment; and TTU will be responsible for the enrollment of students, the academic offering, accreditation and research activities.

The project, Texas Tech University Campus Building ("TTU-CR") in Costa Rica (the "Project") is intended to provide long-term take-out financing of the capital expenditures associated with construction, operation and maintenance of the AE205 building which has been specifically designed for TTU-CR, located on Escazu Avenue ("Avenida Escazu"), Escazu Municipality (Canton de Escazu), San Jose, Costa Rica. Avenida Desarrollo Nuevo, S.A. ("ADN"), a subsidiary controlled by Portafolio Inmobiliario, S.A. ("Portafolio"), will own, operate and maintain and sign a master lease agreement with Edubuilding, S.A. who in turn will sub-lease 7 floors plus basement and parking to EDU. The total estimated cost of the Project is estimated US$ 28 million, which will be financed through an "A" loan from the IDB Group of up to US$ 12 million. The financial plan will be completed with the participation of a B-Lenders and/or parallel lenders and through capital contributions. The main interest of the IDB Invest in participating in this innovative project is that TTU-CR is intended to address the growing demand gap for local skilled labor, which industry in Costa Rica is demanding, by specifically targeting high demand careers through tailored degrees, in English, that would create positive trickle-down effects, resulting in additional indirect job opportunities. Moreover, the building and its interior fit-out has been designed and completed taking into consideration sustainable and climate friendly principles and is pending LEED Silver certification for the exterior and LEED Platinum for the interior.

The Project has been developed within Avenida Ezcazu, a premier lifestyle center in Central America, combining work, entertainment, dining, living and open spaces in a fun and safe environment. This AE205 building has 7 floors, plus basement floor and parking, of approximately 13,476 m2 of gross leasable area (GLA), pending LEED Silver certified facility. TTU-CR will occupy 11,521 m2, approximately 85% of the total GLA.

People Affected By This Project

This Project is a Category B project according to IDB Invest's Sustainability Policy because its environmental and social risks can be mitigated via measures that are readily available and feasible to implement in the context of the operation. The potential key Environmental, Social and Health and Safety ("ESHS") negative impacts and risks initially identified for the Projects, during the construction phase, include: (i) generation of solid waste, both hazardous and non-hazardous; (ii) air emissions; (iii) noise pollution; (iv) wastewater generation; (v) movement of soils; (vi) ground vibrations (vii) occupational health and safety of workers; and (viii) community health and safety concerns related to increase of heavy traffic. However, the construction phase was finalized on April 2018 . During the operations and maintenance (O&M), the risks tend to be related to: (i) occupational health and safety of workers, (ii) generation of solid waste, both hazardous and none-hazardous; and (iii) use of resources such as energy, water and local services (e.g.: sewage, access roads, etc.). Natural disasters such as earthquakes, fires, floods and electric storms, might also pose very limited risks to the project, both from the potential of risk to employees and students, and in terms of structural and environmental damage to physical infrastructure.

The IFC performance standards (PS) likely applicable to this Project, include:* PS 1 - Assessment and Management of Environmental and Social Risks and Impacts* PS 2 - Labor and working conditions

PS3 - Resource Efficiency and Pollution Prevention, does not apply to small and medium-sized projects, like this project, with limited potential emissions that may be achieved through compliance with emissions and effluent standards and the application of other pollution prevention and control approaches. PS 4 - Community Health, Safety and Security, does not apply also to the fact that it's unlikely for an emergency event extends beyond the project property or originates outside the projects property boundary. PS5 - Land Acquisition and Involuntary Resettlement, does not apply because this project will be built in land already developed by the Borrower, within Avenida Escazu business complex; therefore, PS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources, PS7 - Indigenous Peoples and PS8 - Cultural Heritage, won't also be applicable. However, once IDB Invest's investment proceeds, IDB Invest will periodically review the project's ongoing compliance with all the Performance Standards.

Investment Description

- IDB Invest (IDBI)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	EduLink SA	Client	-

Contact Information

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Bank Documents

- Annex 01 [ESAP].pdf [Original Source]
- Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures.pdf [Original Source]

Media

- EduLink SA website