Early Warning System

IDBI-12282-01

Hotel La Compania

Early Warning System
Hotel La Compania

IDBI-12282-01

Quick Facts

Countries	Panama
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-11-20
Borrower	Shebandowan Holding, S.A.
Sectors	Construction, Infrastructure
Investment Type(s)	Loan
Investment Amount (USD)	$ 16.00 million
Project Cost (USD)	$ 16.00 million

Project Description

According to the bank, shebandowan Holdings S.A. (the "Borrower") is a special purpose vehicle established for the development, construction and operation of a historic heritage boutique hotel featuring an expansive food & beverage offering including five restaurants in Casco Antiguo (Historic District of Panama), within the Municipality of San Felipe, Panama (the "Project" or "Hotel La Compania" or the "Hotel").

The Project is a brownfield sustainable tourism transaction in a C country which will contribute to the economic and social development of the Municipality of San Felipe, and especially Casco Antiguo, through the provision of direct and indirect jobs and the integration of local farmers, fishermen and SMEs into the tourism value chain.

People Affected By This Project

The Hotel La Compania Project is located within block number 29 of Casco Antiguo in Panama (area declared in 1976, as a Historical Monument). It is enclosed by the 8th Street, A Avenue, 7th Street and Central Avenue. The block is composed by: (i) the Jesuit church ruins, lot #2476, property of the Tourism Authority of Panama ("ATP", for its acronym in Spanish); (ii) the future Jesuit museum, lot #3045 property of ATP; (iii) the internal courtyard, lot #2473, property of ATP with a current legal custodial agreement with Shebandowan Holdings; (iv) the Casa Galo Martinez, lot #2459, property of Shebandowan Holdings; (iv) the Casa Cattan, lot #1820, also property of Shebandowan Holdings; (v) the Casa Washington, lot #2479, also property of Shebandowan Holdings; (vi) the Miles de Arias, lot #2471, also property of Shebandowan Holdings; (vii) a playground, lot #455, property of the State, but operated by the Patronage of San Felipe; and finally, (viii) two privately owned buildings, lots #3708 and #3650, with no access to the central courtyard. According to the national laws for the protection of the Historical Heritage of Panama, the 4 buildings of the Project have each their own category of protection: (i) Casa Galo Martinez and Casa Cattan, are 3rd Category buildings[1]; (ii) Miles de Arias, is a 2nd Category building[2]; and (iii) Casa Washington, is a 1st Category building[3].

The IDB Invest initiated due diligence after eligibility was declared on April, 11th 2018, by beginning the review of key project documents, specifically those related to the environmental, social and cultural licenses or permits, which included the Environmental Statement DIEORA-DEIA-NC-0166-1505-15, of May 15, 2015 in which the Ministry of Environment mentions that this project does not require an Environmental Impact Assessment ("EIA"), due to the fact the project consists in the restoratior of an existing building, without modifying its existing height and footprint. This review was followed by an environmental and social due diligence ("ESDD") mission visiting, both the Borrower and the Project site in Casco Antiguo, from July 16th to 19th, 2018[4]. The mission included: (i) meetings with Mr. Christopher Lenz, the founder and main shareholder of the Borrower and Harnan K. Singh, the Strategic Development Director of the Borrower, to talk about different administrative and technical areas of the Project (Procurement, Construction, Operation and Maintenance - O&M, Environmental, Social, Health and Safety - ESHS, Corporate Social Responsibility, etc.); (ii) interview with local authorities, such as Arq. Ariana Lyma Y., Director of National Historical Heritage ("DNPH", for its acronym in Spanish) of the National Cultural Institute ("INAC", for its acronym in Spanish), Architect Manuel Trute, Director of Urban Planning of the Mayor Office of Panama City, Manuel Cambra, Investigator from the ATP, among others; and (iii) a site visit to the locations of the "Hotel La Compania" Project and surrounding areas of Casco Antiguo. Throughout this period, document review continued and included the Technical Review and Analysis Report form the Independent Engineer (PROSKENE, SLP; July 17, 2018), and others.

2. Environmental and Social Categorization and Rationale

This Project is aCategory Bproject 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 Project, during the demolition/construction phase, include: (i) generation of solid waste, both hazardous and non-hazardous; (ii) air pollutant emissions and dust; (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. 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 (cooking oil and grease, mainly from the restaurants' kitchens) and none-hazardous (domestic waste, mainly); 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 guest, and in terms of structural and environmental damage to physical infrastructure.

The IFC Performance Standards (PS) likely applicable to this Project, include:

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
-	-	-	-	Shebandowan Investments Pty Ltd	Client	-

Contact Information

For inquiries about the Project, contact:
Client Contact name: Chris Lenz
Title: CEO
Phone number: +(507)-6673-9247
email address:
chris@hlcpanama.com

For inquiries and comments to IDB Invest, contact: IDB Invest's Communications Group. E-mail: divulgacionpublica@iadb.org

For project inquiries, including environmental and social questions related to an IDB Invest investment, please contact the client or the IDB Invest using the contact information provided above.

As a final resort, Project affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism (http://www.iic.org/en/who-we-are/integrity-and-transparency).

Tel: +1 (202) 623-3952

Fax: +1 (202) 312-4057

Address: 1300 New York Ave. NW Washington, DC. USA. 20577

E-mail: mecanismo@iadb.org or MICI@iadb.org

Bank Documents

- Hotel La Compania - Environmental and Social Action Plan.pdf [Original Source]

Campaign Documents

- Company Overview of Shebandowan Investments Pty Ltd