Early Warning System

IDBI-12362-01

American Industrial Park

Early Warning System
American Industrial Park

IDBI-12362-01

Quick Facts

Countries	El Salvador
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-12-14
Borrower	American Industrial Park, S.A. de C.V. ("AIP")
Sectors	Energy, Infrastructure
Investment Type(s)	Loan
Investment Amount (USD)	$ 8.00 million
Project Cost (USD)	$ 8.00 million

Project Description

According to the bank, IDB Invest is considering granting a long-term loan to finance installation of the solar plant, which will have a nominal capacity of 6.5 MW, for which the Nordic Development Fund is expected to provide a first loss guarantee for up to $1.25 million. The loan would also cover the construction of industrial space infrastructure, targeting the logistics and storage sector, with the construction of 17,000 m2 in a new park called the Sirius Industrial Park (SIP), which will belong to AIP, and will offer additional medical clinic services for the employees of the companies to be installed there. All of the above is called "the Project."

Both AIP and its SIP expansion program are located on the Pan American Highway, 30 minutes from the country's main seaport and close to rural cities outside the metropolitan area of greater San Salvador such as La Libertad, Santa Ana, and Sonsonate, where 48% of the population is concentrated.

The proposed loan has the following objectives: (i) to convert AIP into the first industrial park and free zone in El Salvador with a fully redundant power supply, which will serve as a model to be replicated; (ii) to help develop with AIP a plan for comprehensive utilization of wastewater for different uses in the park; and (iii) to increase employment opportunities in the zone by providing a greater supply of services for the logistics and storage sector in the zone, supplemented by an approach that integrates health with clinic services not existing in the area of expansion.

People Affected By This Project

1. General Information and Perspectives on the Scope of IDB Invest's Environmental and Social Review

Based on the information provided by American Industrial Park, S.A. de C.V. (AIP), the Project is divided into two (2) main components: (i) installation of an 8.2 MWp photovoltaic plant, equal to a nominal power of 6.5 MW, over an area of approximately 4.95 hectares, on the roofs of six existing buildings within the AIP industrial park; (ii) construction of a new industrial park called Sirius Industrial Park (SIP), with an approximate area of 17,000 m2 of industrial space (about 48% of the total area of the industrial park), intended to house companies in the logistics and storage sector, plus necessary auxiliary services (roadways, drinking water pipeline, power lines, storm drainage, and sanitary sewer, etc.), as well as other infrastructures for the benefit of employees such as: daycare for children up to age 5, a medical clinic, recreational areas, and sports fields. All of the above is defined as "the Project."

The scope of IDB Invest's environmental and social review during the evaluation of API included analysis of environmental permits and health licenses for the Project, meetings and conference calls with the borrower's representatives. In addition, the IDB Invest environmental and social specialists conducted an environmental and social due diligence (ESDD) visit in El Salvador during the period October 26-28. That visit included the following activities: (i) a meeting with AIP staff; (ii) an inspection visit to the AIP American Industrial Park, particularly the buildings where the solar panels will be installed; and (iii) a visit to the land where the Sirius Industrial Park (SIP) will be constructed and the surrounding area of influence. Upon completion of this ESDD visit, the team continued with a review of documents associated with manuals, procedures, 2016 and 2017 operational reports, reports on laboratory test results (primarily on discharge water quality), and other documents.

2. Environmental and Social Classification and Rationale

This is aCategory Bproject in accordance with the IDB Invest Environmental and Social Sustainability Policy, in that its environmental and social impacts and risks can generally be expected to be reversed and mitigated using available measures with current technologies. For the activity of installing the solar panels and auxiliary infrastructure to support the photovoltaic plant, the potential environmental and social impacts and risks include: (i) generation of non-hazardous waste; (ii) atmosphere polluting emissions (primarily combustion gases from machinery and construction equipment); (iii) noise pollution; and (iv) the workers' occupational health and safety risks. During the operation and maintenance (O&M) of the photovoltaic plant, the environmental risks and impacts are related to: (i) workers' occupational health and safety risks; (ii) generation of solid wastes (hazardous and non-hazardous) due to replacement of panels and/or electrical equipment that are damaged or beyond their useful life; and (iii) the use of resources, primarily water sources (surface or ground water).

In addition, in the construction of the new Sirius Industrial Park, potential environmental and social risks will include: (i) generation of hazardous and non-hazardous waste; (ii) atmosphere polluting emissions (primarily combustion gases from machinery and construction equipment); (iii) generation of waste water; (iv) noise pollution; (v) ground movement; (vi) removal of vegetation; (vii) ground vibrations; (viii) workers' occupational safety and health risks; and (ix) community health and safety concerns related to increased vehicular traffic. During operation and maintenance (O&M), the environmental risks and impacts are related to: (i) workers' health and safety; (ii) generation of solid wastes (hazardous and non-hazardous) and liquid waste (primarily domestic wastewater), (iii) greenhouse gas (GHG) emissions and odors; and (iv) the use of resources such as energy and water sources (surface or ground water).

In both cases, both for AIP and for the Sirius Industrial Park, natural disasters such as earthquakes, fires, floods, and hurricanes do not pose a significant risk in terms of potential damages to the physical infrastructure or possible loss of business.

Based on the ESDD visit and the information provided in the Environmental and Social Questionnaire, this business unit is expected to have an effect on the following IFC Performance Standards (PS):

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
-	-	-	-	American Industrial Partners	Client	-

Contact Information

Mr. Adonay Rosales
Financial Director
E-mail:
adonay.rosales@aristos.com.sv
Telephone: (+503) 7852-7683

For questions and comments for IDB Invest, contact:
IDB Invest Communications Group
E-mail: divulgacionpublica@iadb.org

In the case of queries regarding the Project, including questions on environmental and social issues related to IDB Invest's investment, contact the Client or IDB Invest using the contact information provided above.

As a last resort, communities affected by the Project 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. United States. 20577
E-mail: mecanismo@iadb.org or MICI@iadb.org

Bank Documents

- ESRS y ESAP ENG table.pdf [Original Source]

Campaign Documents

- Company Overview of American Industrial Partners