Early Warning System

IDBI-12597-01

CRN - CCN Reciclaje

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Quick Facts

Countries	Nicaragua
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2019-10-29
Borrower	Compania Cervecera de Nicaragua SA (CCN) and Compania Recicladora de Nicaragua SA (CRN)
Sectors	Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 30.00 million
Loan Amount (USD)	$ 30.00 million

Project Description

According to IDB Invest website, the IDB Invest loan will be used to (i) finance production line expansions in Compañía Cervecera de Nicaragua SA (CCN), (ii) improve and expand CCN infrastructure, (iii) acquire machinery from Compañía Recicladora de Nicaragua SA (CRN), (iv) expand CRN infrastructure, (v) as working capital and to finance the future growth of CCN and CRN.

People Affected By This Project

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

This Project involves two main companies or components, each with specific investment needs. The companies involved are both located in the city of Managua, Nicaragua. They are: (i) Compania Cervecera de Nicaragua S.A. (CCN), whose loan will finance the expansion of its production lines and the improvement and expansion of its infrastructure, in addition to leveraging its working capital and future growth; and (ii) Compania Recicladora de Nicaragua S.A. (CRN), whose loan will be used to purchase machinery, expand infrastructure and leverage working capital and future growth.

CCN is a private equity company incorporated as a corporation in Nicaragua, which develops, produces and distributes beer, natural mineral water, and soft drinks. Its main beer and beverage production facilities are located in Managua,[1]the capital of Nicaragua. In addition, it has a water filling plant in the city of Rivas and in 2018 it opened a water filling plant in the city of Leon. It has eight foreign distribution centers and silos in the city of El Realejo, Chinandega, where raw materials are received.

CCN was founded by a group of Nicaraguan investors and started operations in 1926. Throughout all these years, it has been expanded, modernized, and diversified according to the constant and changing requirements of the market. By 2018, CCN facilities had machinery and equipment to prepare the following products: Tona, Tona Lite, Victoria Clasica, Victoria Frost, Premium, Victoria Maestro, and Mytos beers; Fuente Pura and Brisa mineral water; D'Frutta and Yupi flavored beverages.

CRN's objective is the operation and management of an industrial complex dedicated to the collection and recycling of selected solid waste into export raw materials that will be used in other production processes. The waste managed by the Project is solid ferrous and non-ferrous non-hazardous solid waste; in addition to other recyclable waste, such as PET plastic containers, HDPE, PP, cardboard, paper, etc.

CRN aims to be the first plant to complete the recycling cycle through the transformation of solid waste, generating economic, social, and environmental value. The Project considers a new industrial production line to process recycled plastic (PET) into plastic containers for use in the food and beverage industry.

The scope of BID Invest's environmental and social review during the evaluation of CCN and CRN included the analysis of the Project's environmental and sanitary permits, meetings and conference calls with the Borrower's representatives. In addition, BID Invest's environmental and social specialist conducted an Environmental and Social Due Diligence (ESDD) visit from April 24-26, 2019 in the City of Managua in Nicaragua, which included the following activities: (i) meeting with CNN and CRN staff; (ii) inspection visit to each Plant (that of CNN and that of CRN) in Managua and their surrounding areas of influence; and (iii) informal "spot" interviews with CRN workers and transporters. At the end of this ESDD visit, documents associated with manuals, procedures, licenses and permits, 2017 and 2018 operation reports, laboratory test results reports (mainly on the quality of the discharge waters), among others, were reviewed.

2. Environmental and Social Categorization and Rationale

This is aCategory BProject, in accordance with IDB Invest's Environmental and Social Sustainability Policy, since its environmental and social (E&S) impacts and risks are expected to be generally reversible and can be mitigated using available measures and existing technologies.

Possible environmental and social impacts and risks of activities related to the first Project component, i.e. those associated with CCN infrastructure expansions and its future growth (see Section 1) include: (I) non-hazardous waste generation; (ii) pollutant emissions into the atmosphere (mainly, combustion gases from construction machinery and equipment); (iii) noise pollution; and (iv) occupational health and safety risks for workers. The environmental risks and impacts associated to the operation and maintenance ("O&M") of CNN's production lines and/or infrastructure relate to: (i) occupational health and safety risks for workers; (ii) generation of hazardous and non-hazardous solid waste inherent to the processes; and (iii) use of

Investment Description

- IDB Invest (IDBI)

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ACCOUNTABILITY MECHANISM OF IDB INVEST

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).