

Palma Guinea

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Environmental & Social Review Summary

Project Number 32408	Company Name PALMA GUINEE SA	Date ESRS Disclosed Apr 10, 2013
Country Guinea	Region Sub-Saharan Africa	Last Updated Date
Environmental Category B	Status Active	Previous Events Approved : Jun 3, 2013 Signed: Apr 17, 2014 Invested: Sep 19, 2014
Sector City and Business Hotel	Industry Tourism, Retail, and Property	Department Regional Industry - MAS ME & Africa

Related SII

[Summary of Investment Information \(SII\)](#)

Client Documentation

File Name	File Type
ESAP Palma Guinée	pdf
Final	

Project Description

The Project involves the construction of the first internationally branded 5-star hotel in the country by Palma Guinée (the "Client" or the "Company"), which will be operated by Starwood, under the Sheraton brand. Characteristics of the property are: a 12-floor building above the ground floor which will permit all rooms to have a sea view, 186 guest rooms, 85 twin suites, 20 executive suites, 11 junior suites and one royal suite, 4 restaurants, 6 meeting rooms and one ballroom, shops, pool, spa/fitness center, children's play room, 2 bars and public terraces. The Project will be located on a 45,000 sqm-land plot in a prime sea facing location of Kipe, downtown Conakry, granted in May 2012 by the Government of Guinea (GoG) for a lease period of 60 years with an option to renew for a further 20 years.

Overview of IFC's Scope of Review

FC's review included an inspection of the proposed project site and other hotel projects in Conakry, meetings with Palma Guinée's project team (Palma Guinée's Chairman, Owner's representative, Public Relations Manager, HR Manager, Personnel Manager, Contractor' Site and Project Managers, Medical Doctor, Energy Department Manager, Security Manager, SGS consultants), and representatives of local communities. Other Palma Guinée's affiliate companies were also visited (e.g. Topaz Multi-Industries Sarl). IFC reviewed the Environmental and Social Impact Assessment and other relevant documents, including: Health and Safety Procedures; Employee Handbook; Summary of Public Consultations with local communities; Area Statement for Kipe Hotel; Memorandum on the land obtained by Palma Guinée from the Government of Guinea; Lease Agreement; Global Careers Overview of Starwood Hotels & Resorts Worldwide ("Starwood"); Starwood 'Sustainability Policy.

E & S Project Categorization and Applicable Standard

Identified Applicable Performance Standards

While all Performance Standards are applicable to this investment, IFCs environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards. If IFCs investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

PS 1 – Assessment and Management of Environmental and Social Risks and Impacts

PS 2 - Labor and working conditions

PS 3 - Resource Efficiency and Pollution Prevention

PS 4 – Community Health, Safety and Security

If IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

Environmental and Social Categorization and Rationale

Projects of this nature require an E&S assessment and management, and have issues related to labor and working conditions, resource efficiency and pollution prevention, community health, safety and security, and, therefore, IFC's Performance Standards 1 to 4 are relevant. The project is to be constructed in heavily modified habitat in urban settings. The land is government-owned and leased to Palma Guinée. PS5 is not relevant to the project while the nature of the site excludes PSs 6 and 8. No Indigenous Peoples will be impacted by the project, therefore PS7 is not applicable.

This proposed investment is an E&S Category B project according to IFC's Policy on Environmental and Social Sustainability, because potential adverse environmental or social risks and/or impacts are limited, few in numbers, site-specific, largely reversible and readily addressed through mitigating measures. Key environmental and social impacts include control of dust, noise and workplace safety during construction, labor and working conditions during construction and operation, energy efficiency and water consumption, effluent treatment and disposal, fire and structural safety aspects of the building design.

***Information on IFC's Policy and Performance Standards on Environmental and Social Sustainability can be found at www.ifc.org/sustainability*

Environmental and Social Mitigation Measures

Environmental and Social Mitigation Measures

IFC's appraisal considered the environmental and social management planning process and documentation for the project and gaps, if any, between these and IFCs requirements. Where necessary, corrective measures, intended to close these gaps within a reasonable period of time, are summarized in the paragraphs that follow and (if applicable) in an agreed Environmental and Social Action Plan (ESAP). Through the implementation of these measures, the project is expected to be designed and operated in accordance with Performance Standards objectives.

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

Policy

The hotel will be branded Sheraton. Design of the hotel was pre-approved by Starwood and it will be operated in compliance with their Environmental Sustainability Policy aiming at conserving natural resources, minimizing waste and pollution, enhancing indoor environmental quality, establishing and reporting on key environmental performance indicators, and raising environmental awareness. Starwood also subscribes to a Code of Business Conduct and Ethics, a Human Rights Policy, a Human Trafficking Position Statement, and a Corporate Opportunity Policy. Starwood is also part of the Carbon Disclosure Project (CDP), which is an independent not-for-profit organization holding the largest database of primary corporate climate change information.

Identification of Risks and Impacts

Palma Guinée commissioned SGS to carry out an environmental and social impact assessment (ESIA). The study was presented in August 2012. Main impacts identified in the study relate mainly to construction: occupational health and safety, air and soil pollution, erosion and sedimentation, water pollution, community health and safety.

Management Programs

The ESIA identified a whole range of management programs during construction: an Occupational Health and Safety Plan, a plan for the diffusion of information, a Grievance Mechanism for affected communities, a Waste Management Plan, a Hazardous Material Management Plan, a Transport Safety Plan, an Emergency Preparedness and Response Plan, and other environmental and social impacts mitigating measures. At the time of the appraisal, Health and Safety Procedures had been developed. Development of other mitigation measures was pending the hiring of an Environment, Health and Safety Manager. During hotel operations, management programs will comply with Starwood' standards related to resource consumption, waste management, water and food safety, occupational health and safety, waste water treatment, Life and Fire Safety, and community health and safety.

Organizational Capacity and Competency

At the time of the appraisal, civil works were commencing and Environmental, Health and Safety were the responsibility of the Project Manager and the Site Manager. Palma Guinée will hire an Environment, Health and Safety Manager in the next coming weeks. This person will be responsible to set up a Health and Safety Committee, to develop Environmental, Health and Safety Action Plans, and to ensure training of all workers on Environmental, Health and Safety issues. The Environment, Health and Safety Manager will also be responsible to draft and implement procedures for briefing visitors and accessing the construction site, procedures for reporting injuries, rules for Protective Personnel Equipment, transport safety practices, waste management, resources monitoring, community engagement, etc.

During operation, Starwood will nominate an EHS Officer who will be responsible to implement Starwood's established environmental and social procedures to achieve their corporate Sustainability Policy. Key E&S issues to be addressed by the management programs are: local EHS regulations, Life and Fire Safety, emergency preparedness and response, energy and water efficiency, labor and working conditions, occupational health and safety, food hygiene procedures, waste management, equipment maintenance, and environmental performance monitoring.

Emergency Preparedness and Response

Palma Guinée will develop an emergency preparedness and response plan during construction. For the hotel operation, Starwood will develop an emergency preparedness and response system as part of its Environmental and Social Management System (ESMS), which includes an evacuation plan. Muster points will be identified and clearly marked. Fire wardens will be appointed in sufficient number to ensure adequate coverage; and they will be trained in first aid, and first response. Fire drills will be undertaken at least twice a year and involving the local fire department.

Stakeholder Engagement

During the ESIA, consultations with representatives of local communities were held July 11-12, 2012. Main concerns of the surrounding communities were related to waste management, noise, and traffic safety during construction. Job creation was seen as a major opportunity of this project during both construction and operation.

PS 2: Labor and Working Conditions

Human Resources Policy and Procedures

Core construction services are provided by the Hi-Tek Construction Industry and Trading Co., a large Turkish international contractor with a strong HR and occupational safety policy and practices. For support functions, Palma Guinée also hired local workforce directly. At the time of appraisal, for civil works a total of 132 local workers were hired by Palma Guinée and 50 workers were provided by the contractor. During construction, there will be about 250 workers, out of which 90 from Turkey and 160 locals.

During construction, Human Resources are managed in compliance with an Employee Handbook ("Manuel de l'employé"), and a Health and Safety Plan ("Consignes de sécurité"). At the moment of the appraisal, none of the local workers had written contracts. The company was in the process of reviewing its existing Internal Regulations ("Règlement intérieur") to also cover direct construction workers.

To be in line with IFC Performance Standard 2, all workers performing work for the company will have a contract which describes the employment relationship with the company or a third party. This contract will be provided as part of the hiring process and will explain in detail the policies and procedures related to the labor and working conditions. This will include terms and duration of the employment relationship, wages and benefits, wage calculation and pay slips, hours of work, overtime, rest days, breaks, grievance procedures, deductions, working conditions, termination procedures, health insurance, and pension. The working conditions and terms of employment may be communicated to the workers orally for daily workers or where workers are illiterate. The Employee Handbook will also include a grievance mechanism for workers. A Human Resources Policy will also be drafted.

During the operation of the hotel, human resources will be managed in compliance with the Starwood's Human Resources Policy. At the time of appraisal the Operating Services Agreement (OSA) between Palma Guinée and Starwood was not signed. More information on Human Resources Management during operations will be available after signature of the OSA.

Workers' Organizations

The Guinea Labor Code requires election of workers' representatives in all enterprises with more than 25 employees hired for a period of one year. To be in line with requirements of IFC's Performance Standards, Palma Guinée will facilitate the creation of a workers' organization for the purpose of furthering and defending the interests of workers with regard to working conditions and terms of employment.

Grievance Mechanism

To be in line with requirement of IFC's Performance Standard 2, Palma Guinée will provide a grievance mechanism for workers to raise workplace concerns. Palma Guinée will inform the workers of the grievance mechanism at the time of recruitment and make it easily accessible to them.

Child Labor

At the time of appraisal, a look at the infirmity registry allowed to see that a 17-year old worker had previously consulted. Although the legal age for workers in Guinea is 16 years old, Palma Guinea will develop procedures for age verification in hiring. Palma Guinea will review and retain copies of verifiable documentation

concerning the age and employment profile of all people under 18 years old. The work of persons under the age of 18 will be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work. Any people under 18 are allowed to work up to a maximum of 40 hours per week subject to the work being age appropriate.

Occupational Health and Safety

Palma Guinée has developed Health and Safety Procedures applicable to all contracts for construction services and cascaded to construction subcontractors. It is available in French, English and Turkish. It includes provisions on Personal Protective Equipment, Housekeeping and Access to the site, Stairways and Ladders, Scaffolds and the Work Platform, Planking, Scaffold Guardrails, Fall Protection, Excavations and Trenching, Foundations, Tools and Equipment, Welding and Cutting Equipment, Electricity, and Fire Prevention.

PS 3: Resource Efficiency and Pollution Prevention

Resource Efficiency

Building design has given considerable attention to energy efficiency. Measures were developed to reduce solar heat gain and, consequently, minimize air conditioning load which is expected to be the largest element of building energy use. These measures include double pane glass filled with argon, well insulated walls, roof insulation to provide solar protection to the top floor, and window shades. Other energy efficiency measures include LED lighting, motion sensors and key cards, and a Building Management System to control ventilation, lighting, power, fire and security systems. The hotel will also be equipped with solar PVs covering an area of about 48 m X 6 m to feed the boilers. With an Energy Efficiency potential of 22.6% and Water Efficiency potential of 21.3%, if achieved, the hotel will meet the standard for an IFC Green Building.

The Heating, Ventilation and Air Conditioning system will be designed conforming to the American Society of Heating, Refrigerating and Air Conditioning Engineer standards. Central water cooled high coefficient of performance centrifugal chilled water system will be used for cooling the building. Cooling towers and chillers will be located at ballroom level in an external compound. Guest rooms will be provided with a 2 pipe, 3 speeds, horizontally mounted chilled water fan coils units and the public areas will be provided with chilled water air handling units. Fresh air to guest rooms will be fed through central Treated Fresh Air (TFA) units. The TFA units will be provided with heat recovery wheel to recover cooling from guest room toilet extract. Variable frequency drives will be used suitably for the air handling units and chilled water pumps to ensure demand controlled cooling and energy savings.

The hotel will have a dedicated power line coming from the Kipe Substation and will have two backup generators to support the load of the building. Life safety equipment will be provided with an alternate supply from the first generator. Emergency lighting will be supported from a central battery system. Steam off generators will be used for boilers and the laundry. The hotel will have a Sewage Treatment Plan for its waste water, and will include grey water recycling for irrigation purposes.

Greenhouse Gas

Starwood is committed to annually report and publicly disclose its carbon footprint, via the Carbon Disclosure Project Survey (CDP) for all of its hotel and corporate office operations. Annual GHG emissions are estimated at around 2,966 tonnes CO₂ equivalent.

Water Consumption

Annual water consumption of the hotel is expected to be 331 m³/room/year, to be drawn from 3 bore holes. Flow rate is estimated at 4m³/hour. A water balance diagram will be developed to detail the water strategy for the building and will focus on demand reduction at point of use, using water efficient low flow fixtures and fittings. A metered incoming supply from borehole water will serve the building. Domestic cold water will be treated and stored within a ballroom level external plant compound.

Pollution Prevention

Air emissions will arise from the diesel generators. Emissions specifications will meet IFC/World Bank Group guidelines and local requirements. On site central waste water and sewage treatment will be provided at ballroom level. Effluents will comply with the indicative guideline values applicable to sanitary wastewater found in the WBG/IFC EHS General Guidelines and will be discharged to sea.

Waste

Palma Guinée will characterize its waste according to composition, source, types of wastes produced, and generation rates. It will develop a waste management system that addresses issues linked to waste minimization, generation, transport, disposal, and monitoring. Plastics will be recycled in one of the extruding plastic plants owned by an affiliate of Palma Guinée.

PS 4: Community Health, Safety and Security

Community Health and Safety

During construction, one of the sources of potential impacts on surrounding communities is the prevalence of heavy traffic to and from the site. To mitigate these risks on communities before occurrences of intense traffic, Palma Guinée will communicate with District Chiefs to inform them about intensification of traffic patterns. The chiefs will in turn inform the affected neighborhood to prevent any incidents.

After the opening of hotel operations, international food and water safety standards will be adopted. The hotel will follow a Hazard Analysis Critical Control Point (HACCP) based system and designed the kitchen accordingly. The hotel maintenance team will regularly test swimming pool water quality, and will regularly treat cooling tower water, and maintain domestic hot water at sufficiently high temperature to prevent growth of Legionella bacteria, and will test to confirm the effectiveness of these treatments. Potable water will be treated and will conform to World Health Organization indicative guideline values.

Infrastructure and Equipment Design and Safety

The design of the building will be in line with requirements of an international five star Hotel Operator, including compliance with the US National Fire Protection Association (NFPA) Life Safety Code. The client will engage a qualified professional, acceptable to IFC, to review and certify that engineering design of the hotel is fully responsive to the requirements of the IFC/WBG General EHS Guidelines. The building will be inspected on completion of construction by Starwood to confirm that it was constructed in accordance with the approved design, and in accordance with structural safety and an internationally accepted Life and Fire Safety standard. The building will be specified in accordance with International Building Code requirements for seismic design considerations.

Stakeholder Engagement

Stakeholder Engagement

During construction, the ESIA recommends that a plan for the diffusion of information to interested stakeholders be set up. A grievance mechanism for affected communities will also be developed. The mechanism describes the process by which people affected by the project can bring their grievances to the company for consideration and redress; who will receive grievances; the delay of response; and how will the response be communicated back to the complainant.

Starwood created a Foundation to mobilize its assets and core business competencies to empower individuals and communities to achieve sustainable positive actions. Strategic giving allows Starwood to address global priorities while continuing to meet unique local needs. Through grant contributions, employee volunteerism, guest engagement and in-kind support, the Foundation helps individuals and communities reach their development objectives.

Local Access of Project Documentation

Palma Guinée will make available for the public this ESRS and Action Plan in French, at the local building site in Conakry and publish an advertisement about the ESRS and Action Plan in a local newspaper.

IFC's Determination of BCS

Broad Community Support is not applicable for this project

IFC supports its clients in addressing environmental and social issues arising from their business activities by requiring its real sector clients to set up and administer appropriate grievance mechanisms and/or procedures to address complaints from Affected Communities in relation to environmental and social issues arising from IFC's clients' business activities. Since 2012, IFC's Financial Intermediary clients applying the Performance Standards are required to develop External Communications Mechanisms to receive and review inquiries or complaints from any interested party regarding the E&S risks and impacts of their operations.

In addition, Affected Communities have unrestricted access to the Compliance Advisor Ombudsman (CAO), the independent accountability mechanism for IFC. The CAO is mandated to address complaints from people affected by IFC-supported business activities in a manner that is fair, objective, and constructive, with the goal of improving environmental and social project outcomes and fostering greater public accountability of IFC.

Independent of IFC management and reporting directly to the World Bank Group President, the CAO works to resolve complaints using a flexible, problem-solving approach through its dispute resolution arm and oversees project-level audits of IFC's environmental and social performance through its compliance arm.

Complaints may relate to any aspect of IFC-supported business activities that is within the mandate of the CAO. They can be made by any individual, group, community, entity, or other party affected or likely to be affected by the environmental or social impacts of an IFC-financed business activity. Complaints can be submitted to the CAO in writing to the address below:

*Compliance Advisor Ombudsman
International Finance Corporation*

2121 Pennsylvania Avenue NW
 Room F10K-242
 Washington, DC 20433 USA
 Tel: 1 202 458 1973
 Fax: 1 202 522 7400
 E-mail: cao@worldbankgroup.org

The CAO receives and addresses complaints in accordance with the criteria set out in its Operational Guidelines which are available at: www.cao-ombudsman.org

Environmental & Social Action Plan

Environmental & Social Action Plan

ACTION	DEADLINE
PS1 Assessment and Management of Environmental and Social Risks and Impacts	
1. <u>Environmental and Social Assessment and Management System</u>	
a) During construction, hire an Environment, Health and Safety Manager. he/she will need to develop an Environment, Health and Safety Action Plan; develop a Health and Safety Training plan for all workers; coordinate with the doctor and other staff (Health and Safety Committee) to analyze incidents/illnesses and propose prevention measures; set up a Health and Safety Committee; develop waste management and resources monitoring systems; develop an emergency preparedness and response plan; develop a community engagement plan; etc	Condition of first disbursement (31 December 2013)
b) During hotel operation, hire or designate an Environment, Health and Safety Officer to develop and implement an Environmental and Social Management System addressing the followings: local EHS regulations, Life and Fire Safety, emergency preparedness and response, energy and water efficiency, labor and working conditions, occupational health and safety, food hygiene procedures, waste management, equipment maintenance, and environmental performance monitoring.	Prior to opening of hotel (1 January 2016)
c) Develop emergency preparedness and response plans (for the construction and operation phases) that will include zoning, roles and responsibilities, communication (staff, authorities, and local population), emergency procedures, available resources (fire stations, health center, list and location of available equipment, contacts lists), and training program. The plans will provide for staff training to ensure that all employees are knowledgeable of existing emergency procedures and emergency contingency plans, including evacuation routes. The plans will include schedule for fire drills.	Condition of first disbursement for the construction phase (31 December 2013); Prior to opening of hotel for the operation phase (1 January 2016)
PS2 Labor and Working Conditions	
2. <u>Human Resources Policies and Procedures.</u>	
a) Prepare a Human Resources Policy during construction to cover staff and management working relationships, working conditions & terms of employment, workers' organizations, non-discrimination & equal opportunity, retrenchment, grievance redress, child labor, occupational health & safety, workers engaged by third parties, and supply chain.	Condition of first disbursement (31 December 2013)
b) Develop a procedure for age verification at hiring. Palma Guinée will review and retain copies of verifiable documentation concerning the age and employment profile of all people. The work of persons under 18 will be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work.	Condition of first disbursement (31 December 2013)
PS3 Resource Efficiency and Pollution Prevention	
3. <u>Pollution Prevention</u>	
a) Appropriate secondary containment capable of containing 110% of the fuel will be installed around the fuel tank.	Condition of first disbursement (31 December 13)
4. <u>Wastes</u>	
a) Build a wastewater treatment system to ensure wastewater is treated to local and IFC/WBG General EHS Guidelines requirements prior to discharge.	Prior to opening of hotel (1 January 2016)
b) Develop a waste management strategy for the hotel with the aim to reduce the amount of waste generated, followed by reuse, recycling and proper disposal	Six months after opening of hotel (30 June 2016)
PS4 Community Health, Safety and Security	
5. <u>Community Health and Safety</u>	
a) Develop formal food safety handling, use and storage procedures consistent with an HACCP system	Six months after opening of hotel (30 June 2016)

<p>6. <u>Infrastructure and Equipment Design and Safety</u></p>	
<p>a) Provide a certification by a qualified professional, acceptable to IFC, that Life and Fire Safety design of the hotel is fully responsive to the requirements of the IFC/WBG General EHS Guidelines</p>	<p>Condition of first disbursement (31 December 2013)</p>
<p>b) Conduct an audit of the hotel as built to obtain certification of structural and fire safety aspects by engineering and fire safety professionals. The building should be designed, constructed, and operated in full compliance with local building codes, local fire department regulations, local legal/insurance requirements, and in accordance with an internationally accepted Life and Fire Safety standard.</p>	<p>Prior to opening of hotel (1 January 2016)</p>