

PROJECT ABSTRACT¹

Project Number:	PN-0155
Project Name:	Bonyic Hydroelectric Project
Country:	Panamá
Sponsors:	Empresas Publicas de Medellín Administradora Serviagro Consultores Asociados de Ingenieria, S.A. MacEnergy Limited
Total Project Cost:	US\$50.0 million
IDB Participation:	IDB A-Loan: US\$15.0 million IDB B-Loan: US\$20.0 million (if applicable)
Department:	Private Sector Department
Status:	Due Diligence

Project Description

The project consists of the design, development, construction, operation and maintenance of a 30 megawatt (“MW”) run-of-the-river hydroelectric power plant and a small regulating day reservoir along with transmission facilities, including an 11 kilometre, 115 kilovolt transmission line and associated substation, to interconnect with the national grid (the “Project”). The Project is located on the Quebrada Bonyic located in northwestern Panama in the Province of Bocas del Toro. Power will be transmitted via the Project’s transmission line to the city of Changuinola and will terminate at a new substation constructed for the Caldera-Changuinola transmission line that is to be built by the Government of Panama (“GPN”), which will be the delivery point for the Project’s power.

The Project is being developed by Hidroecológica del Teribe S.A, (“HET”) a special purpose company owned by Empresas Publicas de Medellín of Colombia, Administradora Serviagro and Consultores Asociados de Ingenieria, S.A. of Panama and MacEnergy (Cayman) Limited. HET was granted a concession (the “Concession”) to generate hydroelectric power up to a capacity of 30MW for a period of fifty years by the Ente Regulador de los Servicios Públicos (“ERSP”) (Resolution N° JD-1497) on August 12, 1999. Water usage rights to utilize water from the Rio Bonyic for fifty years for hydroelectric generation has also been granted by the ERSP. The Contraloría of Panama approved the Concession on June 22, 2001.

Total project costs are estimated at US\$50.0 million and a financial plan comprising US\$15 million of equity and US\$35 million of debt, corresponding to a debt-to-equity ratio of 70/30, has been proposed. Senior debt financing from the Bank through an A/B loan structure is being contemplated including a US\$15 million A-loan and a US\$20 million B-loan.

¹ This Abstract was last updated on September 30, 2004.

Project Benefits

The Project will have a positive developmental impact particularly in the Province of Bocas del Toro, which is among the poorest regions of the country. The Project will generate electricity with more effective generation costs than those prevailing in the existing isolated system, which consists of out-dated, expensive, more environmentally sensitive diesel generation. In addition, the Project will provide a reliable source of electricity in the region. Upon interconnection with the national grid, due to its economic viability (dispatch), the Project should contribute to lower energy prices in general while being dispatched.

IDB Participation

Consistent with Bank objectives in Panama, the Project will contribute to the achievement of objectives set forth in the Panama Country Paper with respect to increasing private sector investment, achieving environmentally sustainable growth, and making the provision of services, in this case electricity, more efficient. In addition, the Project is consistent with the objective of the promotion of foreign investment and private sector participation in infrastructure projects.

The Project is also aligned with the Bank's fostering of sustainable and renewable sources of energy as specified in the Energy Sector Strategy as the Project is small-scale and utilizes a renewable energy source.

In Panama, renewable energy has been supported by the GPN. Bank participation in the Project is consistent with the priorities of the Panamanian Government and furthers support for renewable energy projects.