

**TUPI CEMENT
(PR-L1054)
PROJECT ABSTRACT**

Name of Project:	Tupi Cement
Country:	Paraguay
Borrower:	Yguazú Cementos S.A.
Sponsors:	InterCement Brasil S.A. (35%), Votorantim Cimentos Ltda. (35%) and Concret Mix S.A. (30%)
Project Cost:	Approximately US\$150 million (including working capital, interest during construction and debt service reserve accounts).
IDB Participation:	IDB A-Loan: Currently estimated at US\$50 million (Up to US\$51.75 million)
Other finance sources:	Currently estimated at US\$50 million
Department:	Structured and Corporate Finance Department (SCF)
Status:	Due diligence
Date:	October 31, 2011

Project Description

The project entails the design, development, construction and operation of a cement plant, as well as production and commercialization of cement (the “Project”). The Project sponsors are: InterCement Brasil S.A. (35%), Votorantim Cimentos Ltda. (35%) and Concret Mix S.A. (30%), (together, the “Sponsors”). The Sponsors are already present in the Paraguayan market through Yguazú Cementos S.A. (the “Borrower”, or the “Company”), a cement import company that supplied Paraguay with 10% of its cement needs in 2010. The Company will act as the borrower and project company and will make use of its market knowledge and already existing distribution network to place its production.

The Project involves an initial production of approximately 300,000 tons of clinker p.a. and approximately 400,000 tons of cement p.a. The Project includes quarrying infrastructure for extracting and crushing limestone at Itapucumi, north of Asunción on the Paraguay River, and a port enabling transportation of the raw materials by barge. The clinker kiln, grinding mill, and bagging facility will be located in Villa Hayes, 40 km. from Asunción on the Paraguay River.

Development Impact

Paraguay produced only 75% of its cement needs in 2010. Approximately 25% of cement supply was imported. Cement is a key input in all aspects of construction and infrastructure growth rendering an adequate, consistent and price-competitive supply essential to economic development. The Project will replace imported cement, will cover much of the current unsatisfied demand as well as future market growth, and potentially could export cement surplus. The Project will generate 1,000 jobs during construction

and 300 jobs during operations. In addition, the Project will help to generate indirect jobs, in the construction and other sectors, by enabling the widespread use of cement to support sustainable growth and infrastructure development in the country.

IDB Participation

Bank participation will assist Paraguay's efforts to become more competitive and increase private investment, in a key sector like cement, to support the country's effort to develop infrastructure and the construction industry. The Bank will support the Project with long-term funding, a tenor and a grace period for principal repayment not available from commercial financing sources. Moreover, IDB's participation will help mobilize other long term financing to complete the financing package. Finally, IDB's participation will ensure the Project's compliance with high environmental and social standards.