

**Project Abstract**  
**PUERTO CORTES**  
**Republic of Honduras**

**I. BASIC FACTS**

Country:	Honduras
Project Name:	Puerto Cortes
Project Number:	HO-L1037
Borrower:	Empresa Nacional Portuaria
Shareholder:	Republic of Honduras
Co financed by:	Inter-American Development Bank and Central American Bank for Economic Integration

**II. TRANSACTION FUNDAMENTALS**

**A. Project Structure**

The Empresa Nacional Portuaria (“ENP” or the “Borrower”) has approached the Bank for the financing of the expansion and modernization of Puerto Cortes (the “Port”). Puerto Cortes is a multipurpose facility that mobilizes almost 90% of the maritime cargo of the country. The Port is the most important deep-water port in Central America, with 1,000 meters of 11-meter deep docking areas mobilizing 8 million tons of cargo per year.

The Port is located on the Caribbean Sea, on the northeastern coast of the country. It is connected to the main cities of Honduras through highway CA-5, which is part of the denominated Atlantic Corridor intended to constitute an inter-oceanic dry channel (logistic corridor) linking Puerto Cortes and Puerto Cutuco in El Salvador.

There is insufficient berthing available for the ships, as indicated by the high berth occupancy rates at the Port. Carriers are being forced to wait for a berth or even sent back to anchorage after having commenced unloading according to vessel type priority (i.e. containerships, tankers and cruise vessels). In addition, there is no storage available at the Port, which results in the need to have “direct” discharge into trucks. These restrictions limit the Port’s efficiency and hinder its growth potential.

**B. Investment Program: The Project**

The general objective of the Project is to enhance the capacity of the Port operation, while reducing operational costs and delays in cargo handling. The Project will also improve the logistic operations of the Port avoiding contamination risks caused by a lack of adequate storage and separation of organic and inorganic bulk. The Project contemplates the following investments:

- ***New Container Terminal:*** The new container terminal (CT) involves the construction of a linear berth (400 to 500 meters long) with a draught of 14 meters, and 23 hectares of paved support area to be used for cargo handling, to place containers, for storage and to improve Port access. The support area will use existing

area plus additional area to be gained by landfill. The Project includes equipping the CT with a total of four overhead cranes (post-panamax) and auxiliary yard equipment.

- ***New Organic Bulk Terminal.*** The organic bulk terminal (OBT) involves the construction of two berths (260 meters long each) and land stabilization of the area. The Project includes equipping the OBT with silos for grains and modern high speed dry bulk unloading and handling equipment to allow for rapid discharge. The OBT will only handle food grains for human and animal consumption.
- ***Modernization of Equipment Existing Berth:*** The project also considers the restoration of Port's two gantry cranes, increasing the number of mobile cranes, upgrading (and/or replace) the existing merchandise handling machinery, purchasing of maritime equipment (i.e. higher capacity tugboats) and general upgrading of current equipment.

### **III. THE BORROWER**

ENP administers all ports in Honduras (Puerto Cortes, Puerto Castilla, San Lorenzo, La Ceiba, and Tela), as well as the free zones of Puerto Cortes and La Ceiba. ENP was created as an autonomous and decentralized public entity through the Organic Port Law, approved by decree number 40, on October 14, 1965. As a decentralized entity, ENP works under the direction and supervision of the State, through the Secretariat of Public Works, Transport and Housing (SOPTRAVI).

### **VI. ENVIRONMENTAL AND SOCIAL IMPACT**

The main environmental and social impacts associated with the Project are those related to the construction and operation of the container and bulk terminals, as well as buildings, road improvements, drainage and land reclamation. These works will be built on an already existing port facility. Consequently, no resettlement or direct impact on indigenous territories is expected to occur, and no critical natural habitats or cultural sites are expected to be disrupted or endangered.

Based on O.P.-703 on Environmental and Safeguard Compliance Policy, as all impacts can be managed with readily available practices, the Project was classified as a category B operation.