

## PROJECT ABSTRACT

<b>Project number:</b>	CR-0143
<b>Project name:</b>	San Jose-Caldera Toll Road Project
<b>Country:</b>	Costa Rica
<b>Sponsors:</b>	<i>SNC-Lavalin International Inc.</i> (Canada) <i>José Cartellone Construcciones Civiles S.A.</i> (Argentina)
<b>Total project cost:</b>	US\$162 million
<b>Department:</b>	Private Sector Department
<b>Status:</b>	Eligible for Bank's financing
<b>Estimated approval date:</b>	April 2004

### Project Description

The Project consists of a 25-year concession (including the construction period) for the design, planning, financing, construction, rehabilitation, improvement, operation and maintenance of the 76.8-km San José-Caldera toll road in Costa Rica (the "Project"). The Project is comprised of three main road segments:

*Segment I: San José – Ciudad Colón.* This segment corresponds to an existing 14.2-km long highway from Gimnasio Nacional in San José to the entrance of Ciudad Colón. In this segment, the Project Company shall undertake a complete rehabilitation of the components of the road, as required, and the addition, expansion and or/improvement of certain elements. The works to be carried out in this segment will only consist of rehabilitation works.

*Segment II: Ciudad Colón – Orotina.* This segment comprises 38.8-km of road to be constructed between Ciudad Colón and Orotina. The borrower shall prepare the design of the pavement structure to be built in accordance with the technical specifications and design standards defined in the Concession Agreement. The Government of Costa Rica ("GOCR") has already completed the construction of the five major bridges located on this segment.

*Segment III: Orotina – Caldera.* This segment corresponds to an existing 23.8-km long highway that starts at the end of the Ciudad Colón-Orotina segment and ends at Caldera. In this segment, the Project Company shall undertake a complete rehabilitation of the components of the road, as required, and the addition, expansion and or/improvement of certain elements. The works to be carried out in this segment will only consist of rehabilitation works.

The location of the toll plazas has been established in a manner enabling the Concessionaire to charge the users of the road according to an approximation of the total or partial distance traveled on the highway.

The Sponsors of the Project are SNC Lavalin de Costa Rica S.A., a wholly owned subsidiary of SNC-Lavalin International Inc. and José Cartellone Construcciones Civiles S.A. SNC-Lavalin International Inc.

is a Canadian based company, one of the leading engineering and construction firms in the world, and a key player in the ownership and management of infrastructure. José Cartellone Construcciones Civiles S.A. is a large, privately owned Argentinean Construction Company that specializes in civil construction and infrastructure development.

Total Project Costs are estimated at approximately US\$162 million. The financial plan envisages a financing structure of US\$64.8 million of equity and US\$97.2 million of debt of which the IDB will contribute with an IDB A Loan estimated at US\$40.5 million and an IDB B Loan estimated at US\$16.1 million.

### **Project Benefits**

The Project, which will provide safer and faster travel between *San José* and the Central Pacific Region of the country, is a response to traffic demand that has originated from import and export activities in the port of *Caldera*, and a support to tourism and farming development in the region.

The Project will also contribute to provide the necessary resources to support the GOCR's efforts to modernize the country's road infrastructure. The GOCR considers this project as a priority for the development of the country's road infrastructure, as an essential step in modernizing the Costa Rican economy, and as a contribution in support of the country's exporting industry.

### **IDB Participation**

The Project is consistent with the Bank's strategy for Costa Rica by providing a modern and competitive infrastructure, whose investments will spur the economy and increase the demand for labor. The Bank's strategy further states that, "this strategy proposes to speed up the concession of public works and to permit the private sector to invest in highways".

The Concession is indicative of the GOCR's plans to involve private sector capital in the development of its productive infrastructure and is consistent with the Bank's mandate to support private infrastructure development in areas where it can serve a catalytic role in attracting financing.

The participation of the Bank is necessary to structure terms and conditions for the Project, which are compatible with the required amounts and duration period of the investment program and its long repayment profile. Given the large up-front investments to be made during the first years of the Concession, the Bank's participation is essential to mobilizing long-term financing to mirror the Project's ability to maintain the road, and to repay the loan out of project cash flow. Without the support of a multilateral institution, such long-term financing is simply unavailable for a toll road financing in Costa Rica.