

PROJECT ABTRACT

June 24, 2014

Country: Honduras

Sector: Energy Efficiency and Renewable Energy

Project Name: Corinsa Self-Supply Solar

Project Number: HO-L1099

Borrower: Corporación Industrial del Norte S.A. (Corinsa)

Proposed A Loan: US\$5 million

PROJECT OVERVIEW


Corporacion Industrial del Norte, SA (Corinsa), is a Honduran beverage company headquartered in San Pedro Sula, which through its subsidiaries bottles and distributes soft drinks and water for domestic consumption. In addition to purified water, Corinsa bottles carbonated, non-carbonated and natural juice products for domestic and international brands. Corinsa has over 50 years of experience in the Honduran market and owns the largest purified water company Aguazul. Corinsa's industrial processes require significant electricity consumption that is costly and contributes to the emission of greenhouse gases. Seeking an innovative solution, Corinsa plans to reduce its electricity consumption by installing rooftop solar panels for self-consumption and investing in energy efficiency.

PROJECT DESCRIPTION

The proposed project will generate zero-emission electricity for self-consumption through photovoltaic solar panels on the roofs of Corina's buildings. The total project costs for the solar system are expected to be \$6 million. In addition, the project includes energy efficiency, replacing older, inefficient process equipment with new and more efficient equipment which is estimated to cost \$4 million. Both projects will to reduce the peak demand and consumption of electricity. The proposed IDB loan will support this project by providing 50% of the project costs, or US\$5 million in debt to finance the equipment and construction costs.

DEVELOPMENT IMPACT

The project will reduce greenhouse gas emissions by replacing grid electricity with electricity generated from emission-free solar power. In addition, the energy efficiency improvements will reduce demand on the electrical grid. Through reductions in electricity consumption the project is expected to generate approximately 100,000 tons of CO2 emission reductions over 20 years. As one of the larger-scale rooftop



solar projects in all of Latin America, this project also stands to provide demonstration effect for the Honduran and Latin American industry considering similar projects.

IDB'S ADDITIONALITY

The IDB's Structured and Corporate Finance Department (SCF) provided technical assistance under RG-X1125 "Increasing Private Sector Investment in Clean Energy", which was established with donor partner the Nordic Development Fund (NDF), to perform in-depth energy engineering studies and identify the project's potential. SCF's loan for project implementation is critical for the financial feasibility of the Project as it provides financing at tenors that are not available in the commercial market and with less collateral than often required thanks to the risk-sharing participation of NDF in the transaction, this is the first commercial-scale solar project in Honduras so it is a first-of-kind barriers. IDB's loan will be supported by a partial credit guarantee from NDF under RG-X1175.

PROJECT CONTRIBUTION TO IDB OBJECTIVES

The project is behind the fence, produces less electricity than the demand of the company and does not benefit from tariff subsidies. The project will provide a demonstration impact to other private companies. The project is in compliance with the Honduran Public Utility Policy, promoting innovation to foster efficiency, access and environmental sustainability. In addition, the project supports article 3.20(i) of the Honduras Country Strategy (GN-2645) to support the diversification of energy sources, by increasing power generation from renewable sources such as water, wind, geothermal, and solar through financing, leveraging of co-financing resources, and technical assistance.

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