

## PROJECT ABSTRACT

<b>Project Number:</b>	HO-0211
<b>Name of the Project:</b>	Aguas de San Pedro
<b>Country:</b>	Honduras
<b>Sponsors:</b>	Acea S.p.A., Agac S.p.A., Astaldi S.p.A., Ghella Sogene C.A., Terra Representaciones y Servicios S.A. de C.V., and Carlo Lotti & Associati Societa di Ingegneria S.p.A.
<b>Total Project Costs:</b>	US\$43.3 million
<b>IDB Participation:</b>	A Loan: US\$13.7 million
<b>Status:</b>	Loan Approval
<b>Date:</b>	November 5, 2002

### Project Description

The *Aguas de San Pedro* Project results from an international tender for the transfer of water and sewerage services of the city of *San Pedro Sula* in Honduras to a private operator under a 30-year Concession Contract (the "Concession") awarded by the city's *División Municipal de Agua* ("DIMA"). The consortium Aguas de San Pedro S.A. de C.V. ("ASP" or the "Company") was awarded the Concession on August 1, 2000.

Under the Concession, ASP must provide water and sewerage services to the city of *San Pedro Sula*. The Concession area, defined as the territory under the jurisdiction of the Municipality, has a total extension of 837.6 km<sup>2</sup>. *San Pedro Sula* has a population of approximately 527,000 inhabitants, and had an annual average population growth of 5 percent during the last decade.

### Project Highlights

As established in the Concession, in relation to water services, ASP is responsible, *inter alia*, for: (a) extraction and treatment of raw water; (b) distribution of potable water; (c) expansion of the network; (d) control of the water quality; (e) operation and maintenance of water infrastructure; and (f) reduction of water losses. In relation to sewerage services, ASP is responsible for: (a) treatment of the wastewater produced by the service subscribers; (b) collection, drainage and disposal of wastewaters; and (c) operation and maintenance of sewerage infrastructure.

Although the Concession does not specify an investment plan, it does require the operator to meet a series of performance criteria, which will require considerable investments throughout the concession period. To that end, ASP expects to carry out US\$207.9 million of capital investments in the water and sewerage facilities, including the investments for a waste water treatment plant that has to enter in operation starting in 2007.

The Project presently to be financed by IDB is the investment program to be carried out by ASP during the first five years of the Concession in an approximate amount of US\$43.3 million. Of this amount, US\$13.7 million will be financed by an A-Loan, US\$9.4 million by equity, and US\$20.2 million by the company's operating cash flow.