

## PROJECT ABSTRACT MEXICO

### MANZANILLO CONTAINER PORT AND LOGISTICS FACILITY ME-L1152

#### PROJECT OVERVIEW

The Contecon Manzanillo Container Port and Logistics Facility (the “*Project*”) is a greenfield common-user container port and logistics facility in the Port of Manzanillo located in the western State of Colima, Mexico. The Project will add an annual 1.35 million TEU<sup>1</sup> of deep-water container capacity to the Mexican Pacific Coast by the year 2021. The Project will create new deep-water container capacity that will provide efficient container and logistics services to Mexican importers and exporters including the newest generations of large container vessels that have become critical to international trade in the Pacific and the competitiveness of the central regions of Mexico. The financial and non-financial support to be provided by the IDB to the Project, as well as to the Port of Manzanillo through technical assistance, will directly contribute to the Government of Mexico’s (“*GoM*”) *Plan Nacional de Desarrollo 2013-2018* (“*PND*”) which emphasizes the need for new modern deep-water container and logistics capacity as well as growth that is both sustainable and inclusive.

#### PROJECT DESCRIPTION

The Project was awarded to International Container Terminal Services, Inc. (“*ICTSI*”) of the Philippines in 2009-2010 pursuant to an open, international bidding process under the auspices of the *Administracion Portuaria Integral de Manzanillo S.A. de C.V.* (“*APIMAN*”) acting on behalf of the *Secretaria de Comunicaciones y Transporte* (“*SCT*”). Soon thereafter, ICTSI created *Contecon Manzanillo S.A. de C.V.* (“*CMSA*”) as a special purpose vehicle with the sole purpose of fulfilling its obligations pursuant to the terms and conditions of the documentation with APIMAN and the SCT. The Project to be funded by the Bank includes the capital expenditures program that will continue through 2021 (“Phases 1 and 2”) including works such as yard development, additional ship-to-shore cranes and all related yard equipment, ground slots, intermodal facilities and other related infrastructure as well as all indirect costs related to the financing itself. By 2021, the Project is expected to reach an annual capacity of 1.35 million TEU while future phases (not contemplated herein) will eventually bring the overall terminal capacity to an estimated 2.2 million TEU, representing one of the largest container and logistics facilities in Mexico.

#### DEVELOPMENT IMPACT AND ADDITIONALITY

The Project will have a number of positive developmental impacts including: i) adding 1.35 million TEU of common-user deep-water container cargo handling capacity within the congested Port of Manzanillo capable of providing modern and efficient container handling services for key hinterland markets such as Mexico DF and the Estado de Mexico, Bajio and Guadalajara

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<sup>1</sup> Twenty-Foot Equivalent Unit

regions; ii) creating approximately 400 construction jobs and over 900 permanent jobs during the operational phase (the vast majority of which is drawn from the local workforce); and iii) enhancing the infrastructure sustainability profile of the overall Port of Manzanillo through technical assistance from the Bank in partnership with APIMAN.

Regarding additionality, the Bank's program for Manzanillo is three-fold. Financial additionality stems from the long-availability financial support to the long build-out period of the terminal (through 2021) as well as the ability to provide longer tenors currently available from commercial institutions. Under B Loan programs, the Bank and IFC will also catalyze over US\$100 million in commercial financing from private financial institutions to support the Project.

The Bank's non-financial additionality is derived from the heightened due diligence standards regarding environmental, social, health and safety policies and guidelines of the Bank, all of which will be monitored for the life of the Project, including future stages of development of the Project. This presence is critical to the commercial banks participating in the Project, which will rely on the IDB and IFC support in confirming compliance with the Equator Principles.

Finally, the Bank has also strengthened the additionality profile of the operation through a multi-stakeholder technical cooperation to strengthen the infrastructure sustainability practices of APIMAN, which will impact the entire port complex. This technical assistance will strengthen the practices of APIMAN in the areas of: i) carbon footprint assessment; ii) climate change adaptation; and iii) certification with respect to best practices regarding gender and equality.

### **PROJECT CONTRIBUTION TO IDB OBJECTIVES**

The Bank's work with Manzanillo presents a strong development and additionality profile and directly addresses the objectives of the IDB's strategic goals of fostering development through the private sector as well as the sector priorities of infrastructure for competitiveness and global and regional integration done in an environmentally and socially responsible manner. It also directly supports IDB Country Strategy with Mexico 2013-2018 (GN-2749), which identifies business competitiveness through productive infrastructure targeting technological and logistics connectivity as a priority sector. The Project will also contribute by enhancing the economic opportunities for the local population as well as facilitating business performance through the provision of modern and sustainable port infrastructure that will enhance competitiveness of both importers and exporters of all sizes.